



Legislation Text

File #: ID 15-1222, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Development Services/Economic Development

CM/ ACM: Jon Fortune

Date: December 1, 2015

SUBJECT

Consider adoption of an ordinance approving an Economic Development Agreement under Chapter 380 of the Local Government Code to promote economic development and to stimulate business activity in the city of Denton between the City of Denton and BUC-EE's LTD, regarding the development of an approximate 38-acre parcel of land generally located on the west side I-35 E, north of Wind River Lane, in south Denton; authorizing the expenditure of funds therefor; and providing an effective date.

BACKGROUND

A commercial development anchored by a Buc-ee's Travel Center is proposed for a site in south Denton. The proposal would include an approximately 53,000 square foot retail store, fuel sales, a car wash, and peripheral development along I-35E for future development. The main retail store and the associated fuel sales would be open 24 hours a day, 7 days a week, but the facility would not cater to semi-trucks.

The subject property was rezoned in 2008 from Regional Center Residential 1 (RCR-1) District to Regional Center Commercial Downtown (RCC-D) District with overlay conditions to provide additional buffering between the commercially zoned property and the adjacent residential neighborhoods. The current zoning designation permits all of the proposed uses.

The purpose of Regional Center Commercial Downtown (RCC-D) District is to "create high density centers of activity including shopping, services, recreation, employment and institutional facilities supported by and serving an entire region." The RCC-D district is one of the most intense zoning districts in the Regional Mixed Use future land category and the City of Denton as a whole. It is intended to promote mixed use development with an urban character and businesses with a highly regional customer base to attract visitors to the city. Moderate to high density residential uses with a maximum density of 100 units per acre are permitted including townhomes and apartments associated with a mixed-use development. All commercial and institutional uses are permitted with the exception of the sale of products grown on site, motels, equestrian facilities, outdoor recreation, sexually oriented businesses, elementary schools, and cemeteries. Most industrial uses are either limited or not permitted.

The proposed Buc-ee's Travel Center meets the intent of the RCC-D District, and its associated uses of Retail Sales and Service, Quick Vehicle Servicing, and Drive-through Facility are permitted in RCC-D.

The City Council is contemplating an incentive for the project in order to reimburse the developer for public infrastructure improvements and other neighborhood/public amenities. A Neighborhood Meeting was held on November 11, 2015 where approximately 100 citizens attended to learn about the project, ask questions, and express their concerns.

The City Council will discuss incentive options for the proposed commercial development. All options are performance-based incentives that rebate a portion of local sales tax produced by the development.

The proposed development has resulted in TxDOT advancing several mobility improvements to the intersections of Loop 288/Lillian Miller and I35E, Mayhill Road and I35E, and Brinker Road and I35K. These improvements will enhance mobility and address traffic congestion, and will be complete in the spring of 2018 (see Exhibits 1 and 8 for more details). In order to facilitate these improvements, TxDOT requires a local funding match of \$2 million. The developer is willing to fund all or a part of the \$2 million, to be reimbursed as a part of an incentive agreement.

Additionally, the developer will incur approximately \$5.2 million in public infrastructure costs, including water, wastewater, storm sewer, right-of-way dedication, and constructing a new city street. See Exhibit 7 for an Opinion of Probable Costs. The exhibit includes the cost of retaining the existing pond; however, that cost is not included in the \$5.2 million total (it has been intentionally subtracted).

About the potential incentive, the following details should be noted:

- The incentive is a rebate of a portion of local sales tax generated by the proposed development only (i.e. new tax revenue that the City would otherwise not receive)
- The City would collect 100% of the property tax revenue on the development
- The incentive is intended to reimburse the developer for public infrastructure, and
- The incentive is the City's only opportunity to require the developer to take measures to protect the adjacent neighborhood and minimize the impact of the development on the neighborhood

The Grant Agreement will require the developer to take the following measures to protect the neighborhood and minimize impact:

- Maintain an average setback from all residential properties of at least 400 feet
- Maintain a minimum setback from all residential properties of at least 200 feet
- Have a Photometric Engineer design a lighting system that minimizes light impact to the neighborhood (maximum of 0.2 foot candles of light at all residential property lines)
- Retain and amenitize the pond area with access, walking trails, and seating
- Provide an opportunity for the homeowners whose property lines directly border the development to give input regarding the landscape buffer and the masonry & wrought iron walls to be constructed

The Economic Development Partnership Board has recommended an incentive of 50% sales tax rebate for 25 years, on the Buc-ee's parcel as well as the outparcels.

At the time of this writing, the incentive options were still being finalized. Current discussions include the following proposed terms:

- The developer and the City would split the cost of the TxDOT local match of \$2 million
- The developer would receive a 50% sales tax rebate on all parcels for three years to be repaid for the \$1 million contribution

- The City would provide a one-time payment to the developer at the end of Year 3 if developer was not fully compensated for the \$1 million contribution at that time
- An incentive term of 20 years would then commence, with the developer receiving a 50% sales tax rebate on the Buc-ee's tract, and a 25-50% rebate on the outparcels (depending on the type of development)
- The 20 year term would partially, but not fully, compensate the developer for the infrastructure cost of \$5.2 million (including interest costs for financing the infrastructure)
- The 20 year term would obligate the developer take measures (defined above) to protect the neighborhood and minimize impact of the development

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

- November 17, 2015 - City Council Work Session on Buc-ee's Project
- November 17, 2015 - City Council Closed Session discussion on incentives
- November 10, 2015 - City Council Closed Session discussion on incentives
- October 30, 2015 - City Council Closed Session discussion on incentives
- October 20, 2015 - City Council Closed Session discussion on incentives
- October 13, 2015 - City Council Closed Session discussion on incentives
- September 22, 2015 - Economic Development Partnership Board recommended approval of an incentive for the project

EXHIBITS

- 1 - Preliminary Staff Report
- 2 - Aerial Map
- 3 - Zoning Map
- 4 - Future Land Use Map
- 5 - Preliminary Concept Site Plan
- 6 - Preliminary Elevations
- 7 - Public Infrastructure Costs
- 8 - Buc-ee's Presentation
- 9 - Draft Grant Agreement (under separate cover)
- 10 - Draft Ordinance (under separate cover)

Respectfully submitted:
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