



Legislation Text

File #: ID 17-500, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Economic Development

DCM: Bryan Langley

Date: April 18, 2017

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding Downtown Reinvestment Grants for 112 W. Oak and 421 E. Oak.

BACKGROUND

Under the FY 2016-17 budget, Council authorized \$100,000 of expenditures from the fund balance of the Downtown Reinvestment Grant Fund. To date, \$70,000 has been paid or approved for three grants, leaving expenditure authority of \$30,000.

In March, the Downtown Task Force reviewed and scored two grant applications. Before the review and scoring began, staff informed the Task Force about the funds already committed and the available balance of \$30,000.

Grants are scored with a 0 to 5 point range in each of the following categories:

- Economic Impact (increases property value, sales tax, jobs)
- Historic Accuracy or Design Quality
- Upgrades to Utilities/Impact Fees (increases water, sewer or electrical capacity to the immediate area)
- Increases Population (residents, day or night time users)
- Location (Proximity to Courthouse-on-the-Square or Brock Transit Center)
- Other (Shares parking/target business/promotes arts & entertainment district)

Both projects scored in the 25-30 point range, making them each eligible for a grant of \$25,000. The Task Force recommended a grant in the amount of \$25,000 to each applicant and requested that a budget amendment be adopted by Council to accommodate that additional \$20,000 needed. The Economic Development Partnership Board concurred with the Task Force's recommendation.

Below are details about the two projects:

- 112 W. Oak (formerly Carol's Custom Draperies) - On January 10, staff received an application from the new owner of 112 W. Oak. The building is on the face of the Square and in the National Register District. The owner wants to restore the building based on a photo of it from 1943. Work will include removing the aggregate rock slipcover, exposing the original brick façade, restoring the upper story and transom windows, rerouting electrical and plumbing throughout the building, and installing a fire

suppression system. Preliminary tests have found the brick behind the slipcover to be in good shape; the owners will have to see if the slipcover can be safely removed without damaging the brick. The original tin ceiling also was found under the suspended acoustic tile ceiling. Plumbing and electrical for the upstairs apartment were run between the tin ceiling and the acoustic tiles. To expose the original ceiling, those will have to be rerouted. They do not have a tenant at this time, but have talked to several interested parties.

- 421 E. Oak (Monroe-Pearson Building) - On February 28, staff received an application from the owner of 421 E. Oak, which is near the Euline Brock Transit Center. This building was most recently Fantasia Fans, and was originally a grocery warehouse in the early 1900s. The owner wants to restore it by building a dock on the west face of the building, replacing overhead doors and all original openings with windows, cleaning and preserving the original brick façade, and placing awnings in the original locations on the east and south sides. The new tenant, Walters Wedding Estates, will operate an event center that will accommodate approximately 1,200 occupants. It's expected that many of the events will be weekend wedding celebrations, which will require overnight stays for many of the guests. At the completion of the project, the event center will share 269 parking spaces with the owner's other adjacent buildings.

RECOMMENDATION

The Downtown Task Force and the Economic Development Partnership Board recommend a budget amendment of an additional \$20,000 to accommodate the maximum grant amounts of \$25,000 for each project.

OPTIONS

1. Accept the recommendation of the Task Force and EDP Board and bring a budget amendment to Council.
2. Divide balance of authorized funds evenly between the projects.
3. Award the maximum amount to the higher-scoring project.
4. Award the maximum amount to the project with the application that was submitted first.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

March 9, 2017 - Downtown Task Force recommends approval (11-0)

April 12, 2017 - Economic Development Partnership Board (8-0)

FISCAL INFORMATION

The Downtown Reinvestment Grant Fund was established by ordinance dedicating \$100,000 of City mixed beverage tax annually. The fund balance as of Sept. 30, 2016, was \$224,573. The Council approved an expenditure budget of \$100,000 for FY 2016-17 and directed staff to delay any transfer of the \$100,000 in mixed beverage tax until further Council direction.

Commitments to date are:

\$20,000	JT Clothiers (paid)
\$25,000	Armadillo Ale (approved, waiting on completion of project)
\$25,000	Denton County Brewing (approved, waiting on completion of project)
\$30,000	Balance

Since 2007, 40 projects have been funded for a total City expenditure of \$317,785. The return on investment

(property improvements only) is \$30 of private investment to \$1 of City investment.

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: **Economic Development**

Related Goal: **3.4 Encourage development, redevelopment, recruitment, and retention**

EXHIBITS

Exhibit 1 - 112 W. Oak application

Exhibit 2 - 421 E. Oak application

Exhibit 3 - Presentation

Respectfully submitted:

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