



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Economic Development

CM/ ACM: Bryan Langley

Date: November 17, 2017

SUBJECT

Receive a report, hold a discussion, and make a recommendation to Council regarding Capital Improvement Projects in Tax Increment Financing Zone Number One (Downtown TIF).

BACKGROUND

Economic Development staff worked with several City departments to compile information on *planned* capital improvement projects for the next five years within the Downtown TIF Zone (Exhibit 2). Staff then expanded the request and worked with the departments to develop a list of additional *proposed* capital improvement projects that could be done within the Downtown TIF Zone in the next five years (Exhibit 2). This group of projects is designed to complete a full capital improvement plan in the Downtown TIF.

Total estimated costs for the *planned* projects are \$11.9 million and total estimated costs for the *proposed* projects are \$35 million.

Staff presented the information on the *planned* projects to three stakeholder groups (Economic Development Partnership Board, Downtown Task Force, and the Denton Main Street Association Board) to solicit their input on project prioritization. Feedback from the majority within the three groups was consistent in placing parking projects first, sidewalk projects second, and street light projects third. Some stakeholders advocated for the completion of the Industrial Street Park, and others expressed a preference for prioritization of downtown drainage projects. Staff shared the *proposed* projects with stakeholder groups via email.

Based on feedback from stakeholder groups and other interested citizens, staff recommends the following projects be funded from the Downtown TIF fund and completed:

1. Sidewalks and lighting on the mews streets around the Square (Austin, Walnut, Pecan, with the exception of Austin Street sidewalks, east from McKinney to Oak)
2. North Locust, north of the Square: sidewalks on both sides need repair or replacement, ADA ramps, and pedestrian-scale lighting to McKinney
3. North Elm, north of the Square: sidewalks on both sides need repair or replacement, ADA ramps, and pedestrian scale lighting to Parkway
4. Pedestrian scale lighting on W. Oak Street, west of the Square, from the 200 block to the east side of Carroll Blvd
5. Pedestrian scale lighting on W. Hickory Street, west of the Square, from the 200 block to the east side of Carroll Blvd

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

October 24, 2017 - City Council held a work session regarding the Downtown TIF, and a majority of the members agreed to continue the Downtown TIF. Council directed that the funding for the Downtown Reinvestment Grant Program come from the Downtown TIF fund beginning in fiscal year 2018-19. Council requested that a list of capital projects for cash funding in the Downtown TIF area be developed and brought back for review. Finally, Council requested a future work session to discuss the terms of the Downtown TIF and whether the contribution percentages should remain as-is or be altered.

September 18, 2017 - Main Street Association Board received a presentation regarding the Downtown TIF, including planned capital improvement projects within the next 5 years within the zone. The Board provided input regarding prioritization of planned projects.

September 14, 2017 - Downtown Task Force (a subcommittee of the Economic Development Partnership Board) received a presentation regarding the Downtown TIF, including planned capital improvement projects within the next 5 years within the zone. The Task Force provided input regarding prioritization of planned projects.

September 13, 2017 - Economic Development Partnership Board received a Work Session presentation regarding the Downtown TIF, including planned capital improvement projects within the next 5 years within the zone. The Board provided input regarding prioritization of planned projects.

June 20, 2017 - Council held a courtesy public hearing regarding the Downtown TIF.

June 6, 2017 - Council received a Work Session presentation regarding the Downtown TIF.

September 15, 2015 - Council passed Ordinance No. 2015-300 approving a Chapter 380 incentive grant of \$76,000 for five years (\$380,000) from the Downtown TIF fund for the Railyard development at 608 E. Hickory.

August 5, 2014 - Council passed Ordinance No. 2014-221 approving the following amendment to Exhibit D of the Project Plan:

“Pursuant to the Texas Local Government Code, section 272.001, the City of Denton may utilize City-owned property that is located in a reinvestment zone to facilitate economic projects which the City and TIF Board deem appropriate and desirable. The City may acquire, lease, sell or otherwise transfer property to accomplish the public purpose of economic development that is consistent with the Project Plan. Such projects may include public-private partnerships, transit-oriented developments, or the recruitment of specific industries including, but not limited to, hi-tech or emerging technology companies, local start-up businesses, artisan or “maker” industries, the creative sector, bakeries, microbreweries, micro-distilleries, wineries, grocery stores, or other industries that the TIF Board and the City Council deem desirable.”

August 16, 2011 - Council passed Ordinances No. 2011-128 and 2011-129, the Downtown TIF Project Plan and Finance/Feasibility Plan, respectively. The plans define the boundaries, scope, feasibility, and projects that may be funded by the TIF.

December 7, 2010 - Council passed Ordinance No. 2010-316, which established the Downtown TIF. It took effect on January 1, 2011, and the City of Denton is the sole participating jurisdiction.

August 17, 2010 - The DTIP was approved by City Council (Resolution No. R2010-032). It identified specific projects and goals in order to spur development and redevelopment in Downtown, as well as financing opportunities, which included creating a TIF district. The Downtown Master Plan, the RTKL Catalyst Project study, and the DTIP all were reviewed and endorsed by stakeholders, the Downtown Task Force, the Economic Development Partnership Board and City Council. All three of these studies/plans recommended the creation of a TIF.

2008 - Council reviewed the process and purpose of a TIF. After several meetings regarding the Downtown TIF, it was decided to postpone the establishment of the TIF until the Downtown Implementation Plan (DTIP) was complete.

2005 - RTKL was hired to identify five catalyst projects Downtown that would be capable of becoming viable developments and would spur other development in those areas. This information was one of the primary sources ultimately used in formulating the Downtown TIF Project, Feasibility and Finance Plans.

2003 - The Downtown Master Plan (Ordinance No. 2003-164) was adopted by the City Council after a review process that included a public hearing and a report and recommendation by the Planning and Zoning Commission. The plan was a framework of recommendations on future land use, transportation, and public improvements that was formulated to assist with redevelopment and development in the Downtown area.

FISCAL INFORMATION

The Downtown TIF is set to terminate on December 31, 2041, or when the budget of \$24.8 million has been collected. The percentage of the increased valuation allocated to the TIF fund is as follows:

Years 1-5	100%
Years 6-10	95%
Years 11-20	90%
Years 21-30	85%

Estimated project costs are as follows:

<u>PROJECT</u>	<u>ESTIMATED COST</u>
Parking / Transportation	\$8.0 million
Complete Streets	\$7.9 million
Support for Downtown Projects	\$4.9 million
Utility / Drainage Improvements	\$4.0 million
TOTAL	\$24.8 million

On September 15, 2015, the City Council passed Ordinance No. 2015-300 approving a Chapter 380 incentive grant of \$76,000 for five years (\$380,000) for the Railyard development at 608 E. Hickory. To date, two payments have been made.

As of September 30, 2017, the actual tax revenue that has gone into the Downtown TIF Fund is \$1,313,757. The year-end estimated fund balance for the fund is \$1,161,757. The current estimated bonding capacity of the Downtown TIF fund is \$9-12 million based on a 4% growth in revenue.

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: **2.5 Develop Capital Improvement Program (CIP) based on community needs**

EXHIBITS

1. Agenda Information Sheet
2. Planned and Proposed Capital Projects for the next five years within the Downtown TIF Zone

Respectfully submitted:
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