

RESOLUTION NO. 21-157

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DENTON, TEXAS, APPROVING THE 2019 – 2020 TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (TIRZ #1) ANNUAL REPORT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Denton recognizes the importance of its role in local economic development initiatives and programs; and

WHEREAS, the City has established Tax Increment Reinvestment Zone Number One (TIRZ #1) and established a Board of Directors for TIRZ #1 (TIRZ #1 Board) to promote development or redevelopment in the downtown area pursuant to Ordinance No. 2010-316, authorized by the City Council on December 7, 2010, as provided by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on December 7, 2010, the City Council authorized the Project and Finance Plans for the TIRZ #1; and

WHEREAS, the Tax Increment Financing Act specifies that the governing body of a city shall submit an annual report on the financial status of TIRZ #1 to the Chief Executive Officer of each taxing unit that levies taxes on real property in a reinvestment zone, and a copy of the report shall be forwarded to the State Comptroller; and

WHEREAS, on February 5, 2021, the TIRZ #1 Board reviewed and recommended approval of the 2019 – 2020 Annual Report for Tax Increment Reinvestment Zone Number One to the City Council. NOW, THEREFORE,

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

SECTION 1. That the 2019 – 2020 Annual Report for Tax Increment Reinvestment Zone Number One, City of Denton, Texas, as of February 16, 2021, a copy of which is attached here to as Exhibit A, is hereby accepted.

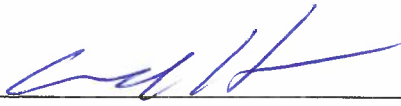
SECTION 2. That the City Manager, or his designee, is hereby authorized to submit the 2019 – 2020 Annual Report for Tax Increment Financing Reinvestment Zone Number One to the Chief Executive Officer of each taxing jurisdiction that levies tax on real property in the TIRZ #1; and to the State Comptroller, as required by state law.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Denton, and it is accordingly so resolved.

The motion to approve this resolution was made by John Ryan and seconded by Jesse Davis, the resolution was passed and approved by the following vote [7 - 0]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Birdia Johnson, District 1:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Connie Baker, District 2:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jesse Davis, District 3:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Ryan, District 4:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deb Armintor, At Large Place 5:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Paul Meltzer, At Large Place 6:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


PASSED AND APPROVED this the 23rd day of February, 2021.



 GERARD HUDSPETH, MAYOR

ATTEST:


ROSA RIOS, CITY SECRETARY

BY: 



APPROVED AS TO LEGAL FORM:

AARON LEAL, CITY ATTORNEY

BY:  Digitally signed by Mack Reinwand
 Date: 2021.02.11 08:18:17
 -06'00'

Downtown
Tax Increment Reinvestment Zone
Number One



2019 – 2020 Annual Report
Reporting Period
October 1, 2019 to September 30, 2020

City of Denton
Economic Development Department
215 E. McKinney Street
Denton, Texas 76201
940-349-7776
www.cityofdenton.com

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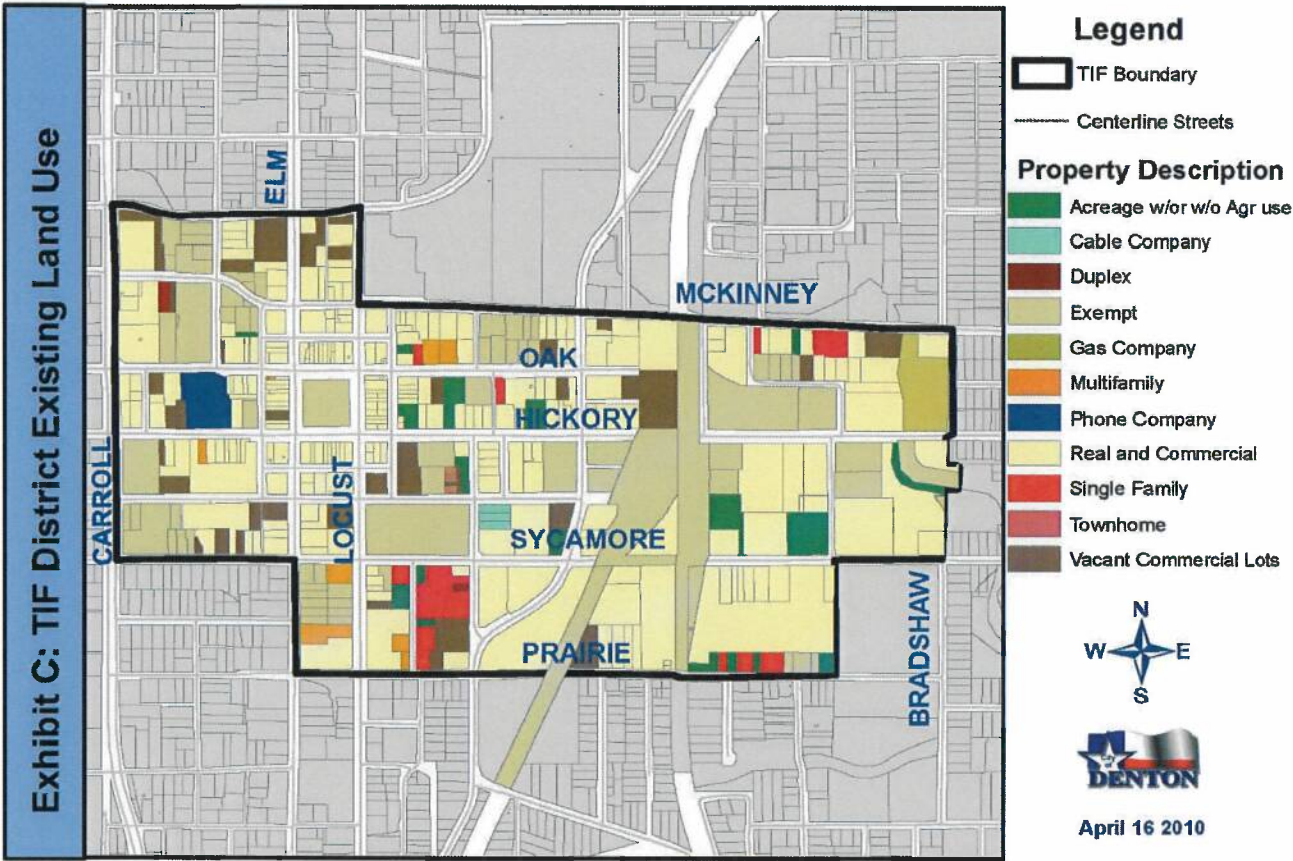
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Downtown Tax Increment Reinvestment Zone Number One

District Map



This map is a graphic representation prepared by the City of Denton and is intended for use only as a reference. Data depicted is not guaranteed for accuracy and may be subject to revision at any time without notification. A Registered Surveyor for the State of Texas was not consulted. For Survey level accuracy, supervision and certification of the produced data by a Registered Professional Land Surveyor for the State of Texas would need to be performed.

Mission Statement

The mission of the Downtown Tax Increment Reinvestment Zone Number One (TIRZ #1) is to provide a source of funding for public infrastructure improvements to encourage and accelerate necessary development and redevelopment within the Downtown TIRZ District area.

The TIRZ #1 took effect on January 1, 2011, and will terminate on December 31, 2041, or when the budget of \$24.8 million has been collected.

The City of Denton is the sole participating jurisdiction. The City's participation is as follows:

Year	Participation
1 – 5	100%
6 – 10	95%
11 – 20	90%
21 – 30	85%

District Accomplishments

This report represents October 1, 2019 through September 30, 2020 (FY 2019-20). During FY 2019-20, \$730,722 was collected after the end of the supplemental period determined by the City of Denton. An additional \$16,930 in interest brings the total contribution in FY 2019-20 to \$747,652.

The final grant payment of \$76,000 was distributed to Rail Yard Partners, LTD, through a Chapter 380 Agreement for a catalyst project located within TIRZ #1. The Agreement with Rail Yard Partners, LTD., involved an annual grant of \$76,000 for five years, for a total incentive of \$380,000.

In FY 2019-20, the City was approached by multiple developers with interest in pursuing projects inside the TIRZ #1 and the consideration of public-private partnerships with the TIRZ #1 as a funding source for certain project components. Staff engaged a TIRZ consultant, TXP, Inc., an economic analysis and public policy consulting firm, to assist with the financial analysis of the proposed projects and assist the City in determining how to best prioritize TIRZ #1 funds for future projects. The focus of the analysis has been expanded to be more inclusive of overall TIRZ #1 performance and consideration of possible investments and projects to increase the long-term viability of the TIRZ #1 in a manner that generates the greatest benefit in downtown Denton.

Five of the phases of the study have been completed and involved the review of foundational documents and holding discussions with the TIRZ #1 Board and relevant stakeholders; working with the City's Capital Projects/Engineering and Finance departments to understand full project costs and possible impacts of construction inflation; identifying possible return on investment or future development value that would be created by making certain infrastructure improvements; creation of a modified tax revenue forecast; and gathering public input.

Value and Increment Summary

According to Denton Central Appraisal District supplemental figures, the FY 2019-20 total appraised valuation of taxable real property in TIRZ #1 was \$209,626,251. This represents a \$38,947,498 increase from the previous supplemental value of \$170,678,753. The annual TIRZ #1 fund contribution of property taxes and interest income for FY 2019-20 is \$747,652. Since its inception, the final value with supplements of the TIRZ #1 has increased an estimated \$130.3 million, which represents a 164.2% increase in valuation.

Summary of TIRZ #1 Board meetings

Board Member List and attendance

Board Member		Nov. 20, 2019	Jan. 22, 2020	July 22, 2020	Sept. 23, 2020
Name	Seat	Present			
Ben Esely	Business Owner	x	x	x	x
Ken Gold	Qualified Voter	x	x		
Gerard Hudspeth	Council Member		x	x	x
Melissa Lenaburg	Property Owner		x	x	x
John Lenz	Property Owner	x	x	x	
Paul Meltzer	Council Member	x	x	x	x
Alex Payne	Property Owner	x	x	x	x

During 2019 – 2020, the TIRZ #1 Board took the following action on items:

- Recommended to City Council approval of the following:
 - Downtown Reinvestment Grant in the amount of \$25,000 for 216 W. Oak St.
 - Downtown Reinvestment Grant in the amount of \$25,000 for 211 N. Cedar St.
 - Downtown Reinvestment Grant in the amount of \$7,188.59 for 109 W. Hickory St.
 - Downtown Reinvestment Grant in the amount of \$25,000 for 109 W. Walnut St.
 - Downtown Reinvestment Grant in the amount of \$25,000 for 104 W. McKinney St.
 - Downtown Reinvestment Grant in the amount of \$7,313 for 215 E. Hickory St.
- Recommended approval of the 2018-2019 TIRZ #1 Annual Report to the Denton City Council
- Directed staff to move forward with a study and analysis by TXP Inc. on the TIRZ #1

- Approved an update to the Downtown Reinvestment Grant Programs Policy
- Approved the Fiscal Year 2020 – 2021 TIRZ #1 budget

Budget and Spending Status

The Downtown TIRZ #1 has established in its Project and Finance Plans a budget for public improvement expenditures necessary to support private investment in the district.

Revenue

In FY 2019-20, \$747,652 of property taxes and interest income was collected.

Expenses

TIRZ #1 expenditures in FY 2019-20 amounted to \$139,587. The final payment of The Railyard Project in the amount of \$76,000, was distributed in FY 2019-20. The Agreement with Rail Yard Partners, LTD. involved an annual grant of \$76,000 for five years, for a total incentive of \$380,000.

Downtown Reinvestment Grant Program with Expenditures

On September 17, 2013, Council adopted Ordinance 2013-237, which designated mixed beverage tax to the Downtown Reinvestment Grant fund. In 2017, Council adopted Ordinance 2017-251, removing the designation of future mixed beverage taxes, but committing the existing fund balance in the fund for the same purpose.

On September 18, 2018, City Council amended Ordinance number 2012-001, changing the funding source, policy and procedures for the Downtown Reinvestment Grant Program. Changes included that grants will be funded by the TIRZ #1. Once the current fund balance reached \$0, the approval sequence updated to the following process 1.) Recommendation from the Downtown Economic Development Committee (formerly Downtown Task Force) to the TIRZ #1 Board, 2.) Recommendation from the TIRZ #1 to City Council, 3.) Final approval from City Council.

In this first year of funding the Downtown Reinvestment Grant, \$74,000 was approved for the program in the TIRZ #1 budget. Of the \$74,000 budgeted for the Downtown Reinvestment Grant \$63,587 was expended, which leaves a balance of \$10,413 at the close of the Fiscal Year.

Grant Activity:

- A Downtown Reinvestment Grant in the amount of \$25,000 was granted to the property located at 216 W. Oak of which \$18,726.24 was paid from the balance of the previous fiscal year's funds creating a zero balance. The remainder of that approved grant, \$6,274, was the first grant payment from the TIRZ #1 fund.
- The following Downtown Reinvestment Grants were also paid:
 - \$25,000 for 211 N. Cedar
 - \$25,000 for 109 W. Walnut
 - \$7,313 for 215 E. Hickory.

- The grant awarded to 104 W. McKinney has not been expended.

2019 – 20 Work Program

The TIF Valuation and interest contribution into the TIRZ fund are illustrated in the table that follows.

Certified and Supplement Summary

YEAR	FISCAL YEAR AS OF 9/30	TIRZ CERTIFIED TAX VALUE	SUPPLEMENTAL TIRZ TAX VALUE	ANNUAL CAPTURED SUPPLEMENT VALUE	SUPPLEMENTAL CONTRIBUTION TO TIRZ	INTEREST	TOTAL TIRZ REVENUE
2010	2010-2011	79,356,854	79,356,854	N/A	N/A	N/A	N/A
2011	2011-2012	81,657,808	80,331,050	\$974,196	6,720	17	6,737
2012	2012-2013	89,605,635	93,040,263	\$13,683,409	94,381	297	94,678
2013	2013-2014	96,287,950	100,452,300	\$21,095,446	145,506	1,084	146,590
2014	2014-2015	114,885,073	116,769,435	\$37,412,581	258,053	2,821	260,874
2015	2015-2016	118,440,576	127,204,599	\$47,847,745	330,030	5,855	335,885
2016	2016-2017	136,021,478	150,021,979	\$70,665,125	458,739	11,439	470,178
2017	2017-2018	142,050,751	161,351,215	\$81,994,361	496,856	6,712	503,568
2018	2018-2019	167,000,575	170,678,753	91,321,899	538,300	11,589	549,889
2019	2019-2020	210,529,139	209,626,251	130,269,397	730,722	16,930	747,652
TOTALS					\$3,059,307	\$56,744	\$3,116,051

Fund Balance as of 9/30/2020 is \$1,125,619

Appendix A:
TIRZ One
Balance Sheet

**CITY OF DENTON
TAX INCREMENT FINANCING REINVESTMENT ZONE (TIRZ) NUMBER ONE DOWNTOWN
ACTUAL REVENUE**

Tax Year	Fiscal Year as of 9/30	Supplemental Tax Value	Incremental Increase (Decrease)	Contribution	Adjusted Incremental Value	Tax Rate	Annual TIRZ Ad Valorem Revenue	Interest Income**	Total Revenue	Total Expenditures	Fund Balance*
2010	2010-2011	\$ 79,356,854	N/A	N/A			N/A	N/A	N/A	N/A	N/A
2011	2011-2012	80,331,050	974,196	100%	974,196	0.68975%	6,720	17	6,737	-	6,737
2012	2012-2013	93,040,263	13,683,409	100%	13,683,409	0.68975%	94,381	297	94,678	-	94,678
2013	2013-2014	100,452,300	21,095,446	100%	21,095,446	0.68975%	145,506	1,084	146,590	-	146,590
2014	2014-2015	116,769,435	37,412,581	100%	37,412,581	0.68975%	258,053	2,821	260,874	-	260,874
2015	2015-2016	127,204,599	47,847,745	100%	47,847,745	0.68975%	330,030	5,855	335,885	76,000	259,885
2016	2016-2017	150,021,979	70,665,125	95%	67,131,869	0.68334%	458,739	11,439	470,178	76,000	394,178
2017	2017-2018	161,351,215	81,994,361	95%	77,894,643	0.637856%	496,856	6,712	503,568	1,542,845	(1,039,277)
2018	2018-2019	170,678,753	91,321,889	95%	86,755,804	0.620477%	538,300	11,589	549,889	156,000	393,889
2019	2019-2020	209,626,251	130,269,397	95%	123,755,927	0.590454%	730,722	16,930	747,652	139,687	608,065
Totals							<u>\$ 3,059,307</u>	<u>\$ 56,744</u>	<u>\$ 3,116,051</u>	<u>\$ 1,990,432</u>	<u>\$ 1,125,619</u>

* Fund Balance as of September 30, 2020 is \$1,125,619.