

## CITY OF DENTON CITY COUNCIL MINUTES

March 5, 2018

After determining that a quorum was present, the City Council of the City of Denton, Texas convened in a Work Session on Monday, March 5, 2018 at 11:30 a.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items were considered:

**PRESENT:** Council Member Hudspeth, Council Member Briggs, Council Member Duff, Council Member Ryan, Council Member Gregory, Mayor Pro Tem Bagheri, and Mayor Watts.

**ABSENT:** None.

### **1. Work Session Reports**

- A. ID 18-350 Receive a report, hold a discussion, and give staff direction regarding an incentive request from United States Cold Storage.

Caroline Booth, Director of Economic Development, presented an incentive request from United States Cold Storage. United States Cold Storage provided clients with refrigerated and frozen food warehousing and transportation with 38 facilities in 13 states and 2500 employees. The project was a refrigerated warehouse on a 40-acre site on Jim Christal Road in the Westpark TIRZ. The land sale closed on February 2.

Booth stated that staff had analyzed the project with a 6-year, 25% tax abatement model and a construction sales and use tax rebate model. DME's Economic Growth Rider incentive was included in both models. The Economic Growth Rider was offered to new customers on certain commercial rate schedules whose electric demand exceeded 1,000 kVA and load factor was greater than DME's system load factor.

Booth stated that staff did not recommend ad valorem tax incentives for this project because of its location within the Westpark TIRZ. The Economic Development Partnership Board did not agree with staff's recommendation and opted to recommend a 5-year, 25% tax abatement, the construction sales and use tax rebate, and the DME Economic Growth Rider for a total incentive of \$561,165 (6-1).

Council discussion included the DME Economic Growth Rider and impact on residential customers, client designating office space for a police substation location, the ad valorem tax incentive, and purchase of construction materials and how sales tax money collected would go to Denton.

General consensus of Council was to move forward with the staff recommendation.

- B. ID 18-351 Receive a report, hold a discussion, and give staff direction regarding an incentive request from Fisher59.

Caroline Booth, Director of Economic Development, presented an incentive request from Fisher59. She stated that the family-owned and -operated company was headquartered in Denton and employed about 140 people locally and did more than \$120 million in business annually. She stated that the company distributed MillerCoors beverage brands to 40 counties in North Texas and Southern Oklahoma. The company's current site in Denton was at 2421 and 2419 I-35W North and consisted of 85,000 square feet of warehouse and office space. The company was seeking to expand by building a new 205,000-square-foot warehouse/distribution/office facility. The company had closed on a 50-acre site in Denton at US380/Masch Branch in late February. The company expected to create 67 new jobs with an average salary of \$50,922. Benefits were offered to full-time employees.

Staff analyzed the project with a 25% tax abatement model on the incremental value and a construction sales and use tax rebate model. Because the project retained an existing business, was a headquarters facility, had an average salary for new jobs that was 12% higher than the Denton County average, would be a LEED certified construction project, and was not located in a TIRZ, staff recommended the following incentive: construction sales and use tax rebate of \$59,504 and 5-year, 25% abatement on incremental value of \$71,577. The Economic Development Partnership Board concurred with staff's recommendation (7-0).

Council discussion included the number of new jobs, percentage of full-time employees and part-time employees, retention of an existing business, and the LEED certification.

General consensus of Council was to move forward with the staff recommendation.

## **2. Concluding Items**

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Hudspeth stated that he would like to see something similar to the Economic Incentive Application used by Economic Development be used for HOT funds.

Council Member Briggs asked when the luncheon meetings started and if they were still necessary.

With no further business, the meeting was adjourned at 12:58 p.m.

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CHRIS WATTS  
MAYOR  
CITY OF DENTON, TEXAS

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JANE RICHARDSON  
ASSISTANT CITY SECRETARY  
CITY OF DENTON, TEXAS