



City of Grand Island

Tuesday, August 23, 2016

Council Session

Item I-6

**#2016-209 - Consideration of Approving an Interlocal Agreement
with the CRA**

Staff Contact: Jerry Janulewicz

Council Agenda Memo

From: Jerry Janulewicz, City Attorney
Meeting: August 23, 2016
Subject: Interlocal Agreement with CRA
Presenter(s): Jerry Janulewicz, City Attorney

Background

Nebraska State Statutes permit cities to impose or increase city sales tax at a rate greater than 1 ½ percent. The tax generated by the rate that exceeds 1 ½ percent must be used for public infrastructure projects and must terminate no later than 10 years from the effective date of the increase unless the revenue generated by the increased rate is pledged for the repayment of the bonds, in which case the increased rate may continue until the bonds are paid. The proposal to increase the tax rate above 1 ½ percent requires adoption of a resolution passed by a vote of at least 70 percent of all the members of the council, and must be approved by majority vote of the electorate at a primary or general election.

In addition to the requirements stated above, as a condition of imposing sales tax at the increased rate, Neb.Rev.Stat. § 77-27,142 requires a city be a party to an interlocal agreement with a political subdivision within the city or the county creating a separate legal or administrative entity relating to a public infrastructure project. Such interlocal agreement must contain provisions, including benchmarks, relating to the long-term development of unified governance of public infrastructure projects with respect to the parties. The separate legal or administrative entity created cannot not be one that was in existence for one calendar year preceding the submission of the question of such tax or increase at a primary or general election.

Concurrent with a resolution to submit to the electorate a proposal to increase the city sales tax rate, City administration is recommending approval of an interlocal agreement with the Grand Island Community Redevelopment Authority. The Interlocal agreement was approved by the CRA. The Interlocal agreement is effective upon, and contingent upon, the City's enactment of an ordinance increasing the sales tax rate above 1 ½ percent.

Discussion

There exists within the City of Grand Island numerous important infrastructure projects for which funding does not exist and is not projected to exist in amounts sufficient to compete including, but not limited to:

- Public sidewalk construction, reconstruction and rehabilitation and pedestrian safety improvement projects;
- Downtown parking improvements to serve the needs of business owners and the public;
- Flood control and water drainage improvements;
- Street and road paving, construction, and improvements;
- Railroad-street grade separation projects, including rehabilitation of current underpasses;
- Train noise reduction; and
- Public safety capital equipment purchases.

The projects as described above would, if completed, preserve, promote and enhance the health, safety and welfare of Grand Island's citizens and visitors by:

- Improving automobile, freight, bicycle and pedestrian traffic safety;
- Protecting property values through drainage improvements and railroad noise reduction; and
- Promoting a vibrant and economically thriving downtown business district through rehabilitation of public parking lots and, if needed, development of new parking capacity.

Currently, many of the projects described above could only be funded by the City's general fund. The additional revenue generated by the increased sales tax rate would permit such projects to be funded by the additional sales tax thus reducing the need to increase property tax rates in order to pay for needed infrastructure projects.

If a sales tax rate increase is approved, the city's ability to expend the additional revenue on projects would be restricted unless a measure to increase the city's budgeted restricted funds is also approved. Thus, the proposed resolution, if approved by council, would submit the following separate questions to the city electorate at the 2016 general election:

1. Shall the governing body of the City of Grand Island increase the local sales and use tax rate by an additional one-half of one percent (1/2%) from the current rate of one and one-half percent (1 1/2%) to a rate of two percent (2%) and impose a sales and use tax at the increased rate upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax, the revenue from such increased rate to be used for public infrastructure projects as allowed pursuant to the Local Option Revenue Act, which increased rate shall terminate no more than ten years after the effective date of the increased sales and use tax or, if bonds are issued and the local option sales and use tax revenue is

pledged for payment of such bonds, upon payment of such bonds and any refunding bonds, whichever date is later?

2. Shall the governing body of the City of Grand Island increase its budgeted restricted funds for fiscal year 2017-2018 by five million five hundred thousand dollars (\$5,500,000), sixteen percent (16%) over the current year's restricted funds?

Concurrent with a resolution to submit to the electorate a proposal to increase the city sales tax, City administration is recommending approval of a resolution approving an interlocal agreement with the Grand Island Community Redevelopment Authority. The Interlocal agreement was approved by the CRA. The Interlocal agreement is effective and contingent upon the City's enactment of an ordinance increasing the sales tax rate above 1 ½ percent.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve and adopt the resolution.

Sample Motion

Move to approve resolution #2016-209.

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT (“Agreement”) is made and entered into this _____ day of August, 2016, by and between THE CITY OF GRAND ISLAND, Hall County, Nebraska, a municipal corporation (the “City”), and THE CITY OF GRAND ISLAND COMMUNITY REDEVELOPMENT AUTHORITY (the “CRA”). The City and the CRA are individually referred to as “Party” and collectively as “the Parties.”

WHEREAS, the City owns and is charged with constructing, operating, and maintaining various elements of public infrastructure projects within the City;

WHEREAS, the City has identified in its Economic Development Plan public infrastructure and public works needs critical to realizing the City’s community and economic development strategy, including but not limited to streets, water, sewer, gas, electrical, storm drainage, railroad extension and spurs, telecommunications, cable, fiber optic, satellite service, and airport expansion and upgrades;

WHEREAS, the City and CRA jointly approved a General Redevelopment Plan for the City that identifies similar public infrastructure and public works needs critical to the success of the goals of the General Redevelopment Plan for the City, including but not limited to storm drainage; water and sewer mains; utility mains; street construction, resurfacing, and paving projects; parks and public spaces; and sidewalks;

WHEREAS, the CRA is charged with approving funds for such public infrastructure projects as part of its statutory responsibilities in carrying out the General Redevelopment Plan;

WHEREAS, the Parties find that there is considerable overlap in the goals of the City’s Economic Development Plan and the General Redevelopment Plan, and that better coordination and long-term development of unified governance of public infrastructure projects between the City and CRA in implementing the public infrastructure goals of the General Redevelopment Plan and the Economic Development Plan would be beneficial to achieving the goals of the City and the CRA in providing for the public infrastructure needs of the City;

WHEREAS, the Parties wish to enter into this Interlocal Agreement to accomplish such coordination;

WHEREAS, this Agreement is authorized by the Interlocal Cooperation Act, Neb. Rev. Stat. §§ 13-801 *et seq.*

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. **Coordination of Public Infrastructure Efforts.** The Parties acknowledge that the City is authorized by law to provide the public infrastructure contemplated by this Agreement and in pursuance of the goals of the City’s Economic Development Plan, and that the

8/19/16

CRA is authorized by law to provide funding for public infrastructure projects contemplated by this Agreement in pursuance of the goals of the City's General Redevelopment Plan. The Parties agree that they will coordinate their respective efforts in implementing the public infrastructure goals of the City's General Redevelopment Plan and its Economic Development Plan through steps including, but not limited to:

- a. creating a separate administrative entity relating to public infrastructure projects that will be tasked with reviewing the efforts of both the City and CRA to implement the public infrastructure goals of the Parties and any public infrastructure projects undertaken by the Parties or a Party
 - b. tasking such separate administrative entity with establishing a plan, including benchmarks, for long-term development of unified governance of public infrastructure projects between the City and CRA
 - c. tasking such separate administrative entity with reporting to both the CRA and City Council as determined necessary by the Parties regarding the coordination of public infrastructure efforts between the Parties
 - d. tasking such separate administrative entity with suggesting changes to the Economic Development Plan and/or the General Redevelopment Plan to better effectuate the public infrastructure goals of such plans
 - e. joint meetings of the CRA and City Council as determined necessary by the Parties regarding the coordination of public infrastructure efforts between the Parties
 - f. other action as deemed necessary by the Parties for the long-term development of unified governance of public infrastructure projects between the City and CRA
2. **Public Infrastructure Projects.** The public infrastructure projects that may be subject to coordination between the Parties pursuant to this Agreement include, but shall not be limited to, public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects, including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; airports; port facilities; buildings and capital equipment used in the operation of municipal government; convention and tourism facilities; redevelopment projects as defined in Neb. Rev. Stat. § 18-2103; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.
3. **Duration.** This Agreement shall be in force and effect, and shall be contingent upon, City's enactment of an ordinance imposing a Local Option Sales Tax of the City that exceeds one and one-half percent (1 ½%), and shall continue thereafter for such time as the Local Option Sales Tax of the City exceeds one and one-half percent (1½%), or until both Parties agree to terminate this Agreement. The value of any property jointly held by

the Parties pursuant to this Agreement, if any, shall be divided equally between them upon termination of this Agreement.

4. **Separate Administrative Entity.** There is hereby created under this Agreement the Public Infrastructure Coordination Committee (the “Committee”). The Committee shall be comprised of the chairperson of the CRA or his or her designee, the Mayor of the City of Grand Island or his or her designee, and at least one other members of the City Council and at least one other member of the CRA as the Parties shall determine by mutual agreement, if any. The Committee shall be a separate administrative entity and a joint board, and not a separate legal or joint entity, for purposes of the Interlocal Cooperation Act and the Local Option Revenue Act. The powers delegated to the Committee shall be:
 - a. review the efforts of both the City and CRA to implement the public infrastructure goals of the Parties and any public infrastructure projects undertaken by the Parties or a Party
 - b. establish a plan, including benchmarks, for long-term development of unified governance of public infrastructure projects between the City and CRA, and report to the City and CRA as the Parties request on the progress of meeting such benchmarks
 - c. report to both the CRA and City Council as determined necessary by the Parties regarding the coordination of public infrastructure efforts between the Parties
 - d. suggest changes to the Economic Development Plan and/or the General Redevelopment Plan to better effectuate the public infrastructure goals of such plans
 - e. such other powers deemed by the Parties to be necessary and proper to be delegated to the Committee

The Committee shall not have the powers to contract, sue or be sued, hire staff or employees, or create rules or regulations.

5. **Financing of the Cooperative Undertaking.** Financing of the cooperative undertaking under this Agreement shall include all sources of financing permitted by the Interlocal Cooperation Act and the Local Option Revenue Act. As public infrastructure projects are undertaken by either Party under the coordination of this Agreement, a budget for such project shall be prepared and reported to the Committee and the Parties.
6. **Manner of Acquiring, Holding, and Disposing of Real and Personal Property.** The Committee may acquire, hold, and dispose of real and personal property used in the cooperative undertaking under this Agreement only as directed by the Parties.
7. **Invalidity/Severability.** If any portion of this Agreement is held invalid, the remainder

hereof shall not be affected thereby if such remainder would then continue to conform to the terms and requirements of applicable law.

- 8. **Authority to Bind.** Each of the signatories executing this Agreement acknowledges and represents that he or she has been authorized to execute this Agreement on behalf of the Party for whom he or she is signing, and has the legal authority to bind and commit such Party to the agreements set forth herein.
- 9. **Applicable Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska.
- 10. **Entire Agreement.** This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations and agreements between the Parties and/or their representatives.

This space intentionally left blank

Signature page follows

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

THE CITY OF GRAND ISLAND, NEBRASKA:

ATTEST:

BY: _____
Jeremy L. Jensen, Mayor

RaNae Edwards, City Clerk

THE CITY OF GRAND ISLAND COMMUNITY
REDEVELOPMENT AUTHORITY:

ATTEST:

BY: _____
_____, Chair

Chad Naby, Director

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ___ day of August, 2016, by Jeremy L. Jensen, Mayor of the City of Grand Island, on behalf of the City of Grand Island, Nebraska.

(S E A L)

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

Notary Public

The foregoing instrument was acknowledged before me this ____ day of August, 2016,
by _____, Chairperson of the City of Grand Island Community Redevelopment Authority, Hall
County, Nebraska.

(S E A L)

Notary Public

8/19/16

RESOLUTION 2016-209

WHEREAS, the City of Grand Island (the “City”) owns and is charged with constructing, operating, and maintaining various elements of public infrastructure projects within the City; and

WHEREAS, the City has identified in its Economic Development Plan public infrastructure and public works needs critical to realizing the City’s community and economic development strategy, including but not limited to streets, water, sewer, gas, electrical, storm drainage, railroad extension and spurs, telecommunications, cable, fiber optic, satellite service, and airport expansion and upgrades; and

WHEREAS, the City and the City of Grand Island Community Redevelopment Authority (the “CRA”) jointly approved a General Redevelopment Plan for the City that identifies similar public infrastructure and public works needs critical to the success of the goals of the General Redevelopment Plan for the City; including, but not limited to, storm drainage; water and sewer mains; utility mains; street construction, resurfacing, and paving projects; parks and public spaces; and sidewalks; and

WHEREAS, the CRA is charged with approving funds for such public infrastructure projects as part of its statutory responsibilities in carrying out the General Redevelopment Plan; and

WHEREAS, the City finds that there is considerable overlap in the goals of the City’s Economic Development Plan and the General Redevelopment Plan, and that better coordination and long-term development of unified governance of public infrastructure projects between the City and CRA in implementing the public infrastructure goals of the General Redevelopment Plan and the Economic Development Plan would be beneficial to achieving the goals of the City and the CRA in providing for the public infrastructure needs of the City; and

WHEREAS, the City wishes to enter into an Interlocal Agreement with the CRA to accomplish such coordination.

NOW THEREFORE, BE IT HEREBY RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. The City, through this Resolution, authorizes the Mayor of the City to cause the City to enter into an Interlocal Agreement pursuant to the Interlocal Cooperation Act, Neb. Rev. Stat. §§ 13-801 *et seq.*, to coordinate the efforts of the City and CRA in implementing the public infrastructure goals of the City’s General Redevelopment Plan and its Economic Development Plan, as outlined by the Interlocal Agreement. The public infrastructure projects that may be subject to coordination between the City and CRA pursuant to such Interlocal Agreement include, but shall not be limited to, public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects,

Approved as to Form August 19, 2016	by _____ City Attorney
--	---------------------------

including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; airports; port facilities; buildings and capital equipment used in the operation of municipal government; convention and tourism facilities; redevelopment projects as defined in Neb. Rev. Stat. § 18-2103; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.

SECTION 2. All resolutions and portions thereof that are in conflict with this Resolution are hereby repealed.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, August 23, 2016.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk