



Community Redevelopment Authority (CRA)

Wednesday, October 18, 2017
Regular Meeting

Item I3

Redevelopment Plan Mendez Enterprises

Staff Contact: Chad Nabity

Resolution Number 2018-03

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF A SITE SPECIFIC REDEVELOPMENT PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA; AND APPROVAL OF RELATED ACTIONS

WHEREAS, the Chairman and Board of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the “**Authority**”), referred **the Redevelopment Plan for Redevelopment Area No. 6 for property located along Old Lincoln Highway between Carey and Waldo avenues in Grand Island by Mendez Enterprises** to the Hall County Regional Planning Commission, (the “**Commission**”) for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska, pursuant to Section 18-2112 of the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “**Act**”); and

WHEREAS, the Commission has reviewed said Redevelopment Plan as to its conformity with the general plan for the development of the City of Grand Island, Hall County finding;

The proposed use as described in this plan is in compliance with the Comprehensive Plan for the City of Grand Island.

NOW, THEREFORE, BE IT RESOLVED BY THE HALL COUNTY REGIONAL PLANNING COMMISSION AS FOLLOWS:

Section 1. The Commission hereby recommends approval of the Redevelopment Plan.

Section 2. All prior resolutions of the Commission in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

Section 3. This resolution shall be in full force and effect from and after its passage as provided by law.

DATED: October 11, 2017

HALL COUNTY REGIONAL PLANNING COMMISSION

ATTEST:

By: _____
Chair

By: _____
Secretary

**COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND ISLAND, NEBRASKA**

RESOLUTION NO. 252

A RESOLUTION RECOMMENDING APPROVAL OF A REDEVELOPMENT PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA; RECOMMENDING APPROVAL OF A REDEVELOPMENT PROJECT OF THE CITY OF GRAND ISLAND, NEBRASKA; APPROVING A COST BENEFIT ANALYSIS FOR SUCH PROJECT; AND APPROVAL OF RELATED ACTIONS

WHEREAS, the Mayor and Council of the City of Grand Island, Nebraska (the “**City**”), upon the recommendation of the Planning Commission of the City of Grand Island, Nebraska (the “**Planning Commission**”), and in compliance with all public notice requirements imposed by the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “**Act**”), duly declared the redevelopment area legally described on **Exhibit A** attached hereto (the “**Redevelopment Area**”) to be blighted and substandard and in need of redevelopment; and

WHEREAS, pursuant to and in furtherance of the Act, a Redevelopment Plan (the “**Redevelopment Plan**”), has been prepared by Community Redevelopment Authority of Grand Island, Nebraska, (the “**Authority**”) pursuant to an application by Mendez Enterprises (the “**Redeveloper**”), in the form attached hereto as **Exhibit B**, for the purpose of redeveloping Redevelopment Area legally described on **Exhibit A**, referred to herein as the Project Area (the “**Project Area**”); and

WHEREAS, pursuant to the Redevelopment Plan, the Authority would agree to incur indebtedness and make a grant for the purposes specified in the Redevelopment Plan (the “**Project**”), in accordance with and as permitted by the Act; and

WHEREAS, the Authority has conducted a cost benefit analysis of the Project (the “**Cost Benefit Analysis**”) pursuant to Section 18-2113 of the Act, a which is included in the Redevelopment Plan attached hereto as **Exhibit B**; and

WHEREAS, the Authority has made certain findings and pursuant thereto has determined that it is in the best interests of the Authority and the City to approve the Redevelopment Plan and approve the Redevelopment Project and to approve the transactions contemplated thereby.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA AS FOLLOWS:

Section 1. The Authority has determined that the proposed land uses and building requirements in the Redevelopment Plan for the Project Area are designed with the general purposes of accomplishing, and in conformance with the general plan of the City, a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency in economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provisions for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and communitive facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary or unsafe dwelling accommodations, or conditions of blight.

Mendez Enterprises

Section 2. The Authority has conducted a Cost Benefit Analysis for the Project, included in the the Redevelopment Plan attached hereto as Exhibit B, in accordance with the Act, and has found and hereby finds that the Project would not be economically feasible without the use of tax increment financing, the Project would not occur in the Project Area without the use of tax increment financing and the costs and benefits of the Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services, have been analyzed and have been found to be in the long term best interests of the community impacted by the Project.

Section 3. In compliance with section 18-2114 of the Act, the Authority finds and determines as follows: (a) the Redevelopment Area constituting the Redevelopment Project will not be acquired by the Authority and the Authority shall receive no proceeds from disposal to the Redeveloper; (b) the estimated cost of project acquisition and the estimated cost of preparation for redevelopment including site work, onsite utilities and related costs are described in detail in Exhibit B attached hereto; (c) the method of acquisition of the real estate shall be by private contract by the Redeveloper and not by condemnation; and (d) the method of financing the Redevelopment Project shall be by issuance of tax increment revenue bond issued in the approximate amount of \$886,965, which shall be granted to the Redeveloper and from additional funds provided by the Redeveloper. No families will be displaced from the Redevelopment Project Area as a result of the project.

Section 4. The Authority hereby recommends to the City approval of the Redevelopment Plan and the Redevelopment Project described in the Redevelopment Plan.

Section 5. All prior resolutions of the Authority in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

Section 6. This resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED this 18th day of October, 2017.

**COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF GRAND
ISLAND NEBRASKA**

ATTEST:

By: _____
Chair

By: _____
Secretary

Mendez Enterprises

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA

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EXHIBIT B

FORM OF REDEVELOPMENT PLAN

Mendez Enterprises

**Redevelopment Plan Amendment
Grand Island CRA Area 6
September 2017**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 6 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project in Area 6.

**Executive Summary:
Project Description**

THE REDEVELOPMENT OF PROPERTY LOCATED ALONG OLD LINCOLN HIGHWAY BETWEEN WALDO AVENUE AND CAREY AVENUE INCLUDING ACQUISITION OF PROPERTY, RENOVATION OF EXISTING BUILDINGS FOR COMMERCIAL AND EDUCATIONAL USES ALLOWED IN THE DISTRICT AND CONSTRUCTION OF NEW BUILDINGS ON VACANT PROPERTY WITHIN THE AREA BY THE DEVELOPER. ELIGIBLE REDEVELOPMENT COSTS ARE ANTICIPATED TO INCLUDE: ACQUISITION OF PROPERTY, RENOVATION OF EXISTING BUILDINGS, SITE PREPARATION, DEMOLITION, UTILITY IMPROVEMENTS, AND PARKING IMPROVEMENTS.

The use of Tax Increment Financing (“TIF”) for this project is to aid in the acquisition of property, demolition and renovation of existing structures, necessary site work and installation of public utilities and street improvements necessary to redevelop this site. The use of TIF makes it feasible to complete all of the phases of the proposed project within the timeline presented. This project could not be completed without the use of TIF.

The acquisition of property, renovation, demolition, site work and construction of all improvements will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2019 towards the allowable costs and associated financing for the acquisition, demolition, renovation and site work as outlined.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND RELATED SITE WORK WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

This property is located at the north of the Union Pacific Railroad and south of George Street between Waldo Avenue and Carey Avenue (Not all properties in this area are included in the plan) in central Grand Island including the attached map identifies the subject properties and the surrounding land uses:

Legal Descriptions

PACKER & BARR'S SECOND ADDITION LOTS 4,5, 6 & 7 BLOCK 44, LOTS 8, 9, &10 BLOCK 39, LOTS 5, 9 & 10 BLOCK 38, LOTS 4,5, 6 & 7 BLOCK 45, WEST'S SECOND SUBDIVISION LOTS 1 & 2, WEST'S SUBDIVISION FRACTIONAL LOT 8, BLOCK 1, LOTS 1,2, FRACTIONAL LOTS 3 & 8 BLOCK 2, VACATED CLARENCE STREET ADJACENT TO LOTS ABOVE AND STREET RIGHT OF WAY FOR OLD LINCOLN HIGHWAY, WALDO AVENUE, GRACE AVENUE, CAREY AVENUE AND GEORGE STREET WHERE THEY ABUT THE PROPERTIES ABOVE.

- **It is anticipated that the tax increment will be captured for the tax years the payments for which become delinquent in years 2020 through 2034 inclusive. Changes to these years may be approved within the TIF agreement.**

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from the construction of new commercial space on this property.

Statutory Pledge of Taxes.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property in the Redevelopment Project Area shall be divided, for the period not to exceed 15 years after the effective date of the provision, which effective date shall be January 1, 2019 or such date as stated in an approved TIF agreement.

a. That portion of the ad valorem tax which is produced by levy at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds, of each such public body in the same proportion as all other taxes collected by or for the bodies; and

b. That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such redevelopment project shall be paid into the funds of the respective public bodies.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CRA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Redevelopment Plan Amendment Complies with the Act:

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan Amendment meets the statutory qualifications as set forth below.

1. The Redevelopment Project Area has been declared blighted and substandard by action of the Grand Island City Council on October 9, 2007.[§18-2109] Such declaration was made after a public hearing with full compliance with the public notice requirements of §18-2115 of the Act.

2. Conformation to the General Plan for the Municipality as a whole. [§18-2103 (13) (a) and §18-2110]

Grand Island adopted a Comprehensive Plan on July 13, 2004. This redevelopment plan amendment and project are consistent with the Comprehensive Plan, in that no changes in the Comprehensive Plan elements are intended. This plan merely provides funding for the developer to acquire property, rehabilitate existing structures and provide for the necessary site work and utilities for the construction of a permitted use on this property.

3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]

a. Land Acquisition:

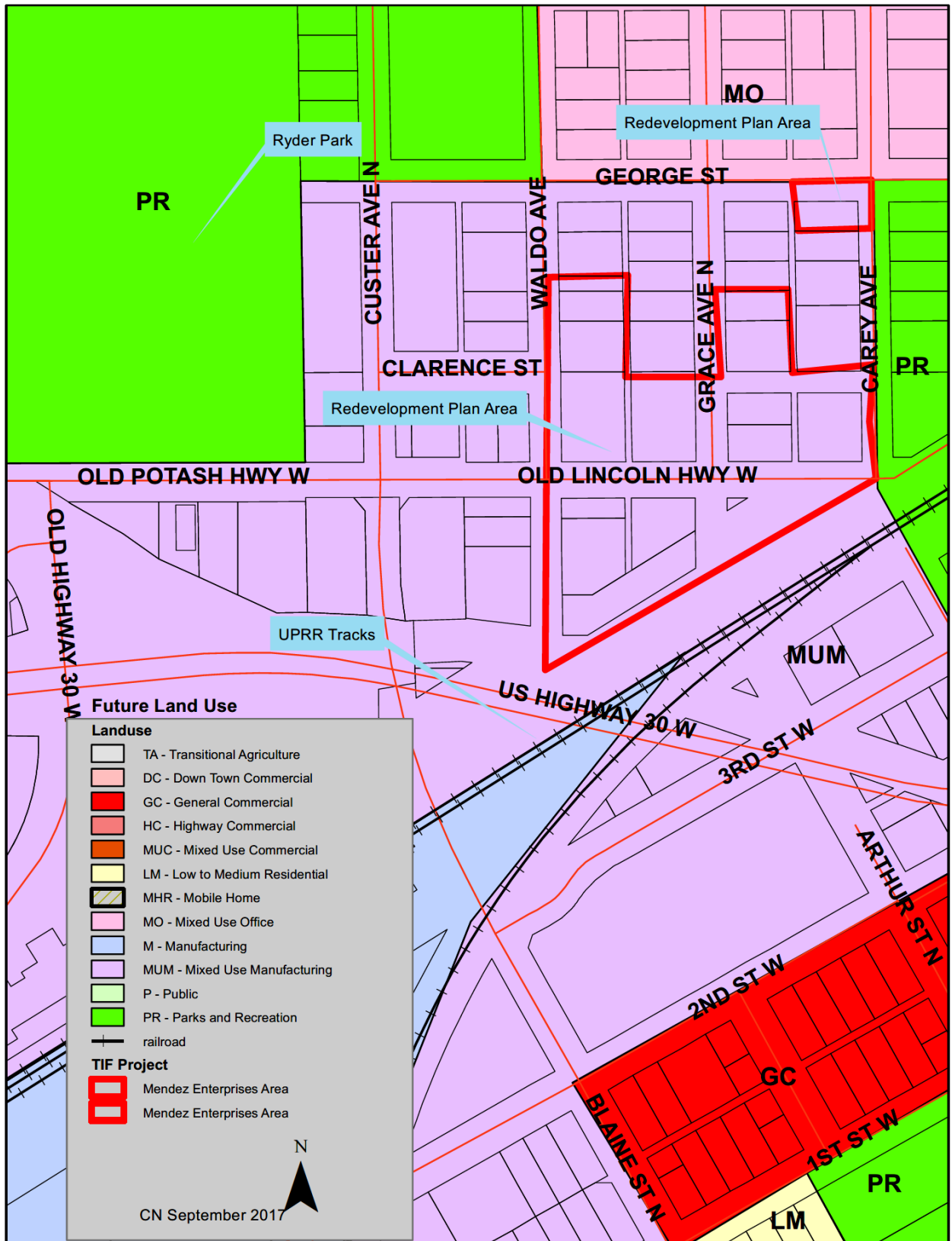
The Redevelopment Plan for Area 6 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The applicant will be acquiring the property from the current owner.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does allow for the demolition of structures within the area to provide for new construction.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for commercial development. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



City of Grand Island Future Land Use Map

d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.

The area is zoned M3- Mixed Use Manufacturing zone. No zoning changes are anticipated with this project. No changes are anticipated in street layouts or grades. No changes are anticipated in building codes or ordinances. Nor are any other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing renovate several structures on the site, move utilities and construct the Sky Zone trampoline center on the subject property in two phases. The property is zoned M3 and could accommodate buildings covering of up to 65% of each property [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. New water and sewer services may be required for this building.

Electric lines will need to be relocated to facilitate this development.

The developer will be responsible for replacing any sidewalks damaged during construction of the project.

No other utilities would be impacted by the development. [§18-2103(b) and §18-2111]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. This amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§18-2103.02]

5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106]

6. Section 18-2114 of the Act requires that the Authority consider:

a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.

The developer owns some of this property and is proposing to other portions (specifically those owned by Woody's Welding) for redevelopment for \$662,479 in the next year provided that TIF is available for the project as defined. The cost of property acquisition is being included as a TIF eligible expense. Costs for site preparation, rehabilitation, demolition, utility improvements and parking improvements are included as a TIF eligible expenses. It is estimated based on the proposed increased valuation of \$2,830,825 will result in \$886,965 of increment generated over a 15 year period, substantially less than the TIF allowable expenses.

No property will be transferred to redevelopers by the Authority. The developer will provide and secure all necessary financing.

b. Statement of proposed method of financing the redevelopment project.

The developer will provide all necessary financing for the project. The Authority will assist the project by granting the sum of \$886,965 from the proceeds of the TIF Indebtedness issued by the Authority. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest after January 1, 2022 through December 2034 or as agreed to in the TIF agreement.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan.

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs,

promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan Amendment. This amendment, in and of itself will promote consistency with the Comprehensive Plan, in that it will allow for the utilization of and redevelopment of commercial lots. This will not significantly impact at this location. New and renovated commercial development will raise property values and provide a stimulus to keep surrounding properties properly maintained. The proposed private education facility will provide opportunities for local youth to enhance their career choices within the community. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions.

8. Time Frame for Development

Development of phase one of this project (including construction of the Sky Zone and educational facility) is anticipated to be completed between November of 2017 and December of 2018. Phase two of the project will begin in 2018 and be completed by the end of 2019. Excess valuation should be available for this project for 15 years beginning with the 2019 and 2020 tax years.

9. Justification of Project

This location along Old Lincoln Highway has been a manufacturing and mixed use commercial center since the earliest days of the City of Grand Island. Several transportation projects including closing the railroad crossing at the east edge of this property and the construction of the Highway 30 overpass have impacted the property in a negative manner cutting it off and blanketing it in shadow. The proposed changes will bring more people into the area and highlight properties that are visible from above while traveling on Highway 30. The cleanup, repairs and new investment in the area will enhance and protect the property values and tax base in this central area of the community.

10. Cost Benefit Analysis Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of the plan amendment in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island has analyzed the costs and benefits of the proposed Mendez Enterprises LLC Redevelopment Project, including:

Project Sources and Uses. Approximately \$1,887,000 in public funds from tax increment financing and grant funds provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$6,049,495 in private sector financing; a private investment of \$3.20 for every TIF and grant dollar investment by the CRA.

Use of Funds Phase 1.			
Description	TIF Funds	Private Funds	Total
Site Acquisition		\$1,285,000	\$1,285,000
Site preparation	\$155,236	\$587,704	\$742,940
Legal and Plan	\$60,000	\$79,300	\$139,300
Building Costs		\$993,100	\$993,100
Personal Property		\$892,347	\$892,347
Soft Costs		\$487,044	\$487,044
TOTALS	\$215,236	\$4,324,495	\$4,539,731

Use of Funds Phase 2			
Description	TIF Funds	Private Funds	Total
Site Acquisition	\$662,429		\$662,429
Site preparation		\$239,400	\$239,400
Legal and Plan	\$9,300		\$9,300
Building Costs		\$474,000	\$474,000
Personal Property		\$1,060,443	\$1,060,443
Soft Costs		\$251,157	\$251,157
TOTALS	\$671,729	\$2,025,000	\$2,696,729

Use of Funds Total			
Description	TIF Funds	Private Funds	Total
Phase 1	\$215,236	\$4,324,495	\$4,539,731
Phase 2	\$671,729	\$2,025,000	\$2,696,729
TOTALS	\$886,965	\$6,349,495	\$7,236,460

Tax Revenue. The property to be redeveloped in Phase 1 is anticipated to have a January 1, 2018, valuation of approximately \$1,057,768. Based on the 2017 levy this would result in a real property tax of approximately \$21,897. It is anticipated that the assessed value will increase by \$2,215,400, upon full completion, as a result of the site redevelopment. This development will

result in an estimated tax increase of over \$46,300 annually, resulting in \$694,514 of increment over the 15 year period.

The property to be redeveloped in Phase 2 is anticipated to have a January 1, 2019, valuation of approximately \$507,936. Based on the 2017 levy this would result in a real property tax of approximately \$10,575.58. It is anticipated that the assessed value will increase by \$615,425 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$12,830 annually, resulting in \$192,452 of increment over the 15 year period. The total increment expected across both phase 1 and 2 of the project is \$886,955.

The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2018 assessed value both phases	\$ 1,565,704
Estimated value after completion	\$ 4,396,629
Increment value	\$ 2,830,825
Annual TIF generated (estimated)	\$ 59,131
TIF bond issue	\$ 886,965

(a) Tax shifts resulting from the approval of the use of Tax Increment Financing;

The redevelopment project area currently has an estimated valuation of \$1,565,704. The proposed acquisition rehabilitation demolition, and site work at this location will result in an additional \$2,830,825 of taxable valuation based on an analysis by the Hall County Assessor's office. No tax shifts are anticipated from the project. The project creates additional valuation that will support taxing entities long after the project is paid off.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will impact schools. Fire and police protection are available and should not be impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

This project will protect and enhance the existing employment within the Project Area by maintaining and expanding business opportunities at this location. The proposed educational facility may result in additional skilled workers to fill positions within the community. Temporary construction employment will increase during the construction. The construction period is expected to exceed 12 months.

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

This facility could draw employees from other similar facilities within the City. The educational facilities if successful will provide additional skilled employees for the labor market, benefiting other employers with an increased employee base.

(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.

This will provide appropriate development at this location in Grand Island. This location has struggled since the change in traffic patterns that resulted from the closing of the at-grade crossing across the Union Pacific Railroad.

Personal property in the project is subject to current property tax rates. Personal property for the Project is estimated at \$1,900,000. Personal property tax is not subject to TIF and will be paid to the normal taxing entities. There will additionally be more city sales taxes paid to the city of Grand Island as a result of new taxable sales at the restaurant and Sky Zone.

Time Frame for Development

Development of phase 1 of this project is anticipated to be completed between November 2017 and December of 2018. The base tax year should be calculated on the value of the property as of January 1, 2018. Excess valuation should be available for this project for 15 years beginning with the 2019 tax year. Excess valuation will be used to pay the TIF indebtedness issued by the CRA per the contract between the CRA and the developer for a period not to exceed 15 years or an amount not to exceed \$886,965 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the purchase price of the property and estimates of the expenses of renovation activities and associated engineering fees, the developer will spend more than \$1,500,000 on TIF eligible activities.

See Attached Site Plan and Interior Renovation Plan

