



City of Grand Island

Tuesday, August 14, 2018

Council Session

Item S-1

Discussion Concerning Proposed Fiscal Year 2018-2019 Community Redevelopment Authority (CRA) Budget

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP, Director

Meeting: August 14, 2018

Subject: Community Redevelopment Authority 2018-2019
Annual Budget

Presenter(s): Chad Nabity

It is my privilege to present to you the budget for the Community Redevelopment Authority (CRA) for 2018-2019. This plan and budget continues the high-quality services that have enabled the CRA to partner with the City of Grand Island, private developers and businesses and with property owners in the blighted and substandard areas to make Grand Island vibrant, clean, safe and attractive.

The CRA budget for 2018-2019 is offered to you with a review of the responsibilities of the CRA. Those responsibilities and abilities are outlined in State Statutes and are summarized, in part, as follows:

The creation of a Redevelopment Authority was authorized by the Nebraska Legislature in order to provide communities with the ability to address certain areas of a city in need of improvement and development. Powers granted to CRAs are outlined in Chapter 18 of the Statutes and include the ability to expend funds to acquire substandard or blighted areas, make public improvements, and assist with development and redevelopment projects in specified areas. The Authority has virtually the same powers as any political subdivision, including borrowing money, issuing bonds, undertaking surveys and appraisals and asking for a levy of taxes.

A five-member board, appointed by the Mayor with the approval of the City Council, governs the CRA. The CRA is administered by a Director and devotes the overwhelming share of its resources to highly visible and effective programs. The CRA funds its programs primarily through assessments on taxable properties within the Grand Island city limits.

BLIGHTED AND SUBSTANDARD AREAS

There are 25 designated Blighted and Substandard Areas within the Grand Island City Limits. The City of Grand Island has the authority to designate up to 35% of the community a blighted and substandard. At present 20.11% of the City has been designated blighted and substandard. Council has approved one blight study during the

last year for area 26 south of Capital Avenue and west of the Central Nebraska Railroad line. The CRA does have a study that completed that includes the Veteran's Home and surrounding area.

CRA MISSION

The CRA is charged with taking action in specified areas of the community to assist in the prevention and to inhibit physical deterioration (blighted and substandard conditions) thereby enhancing property values and creating incentives for private investment. They do this by encouraging new investment and improved infrastructure in older areas of the community through the use of tax increment financing. They also take an active role in purchasing and demolishing properties that need to be cleared. This property is then made available for redevelopment.

FISCAL RESOURCES

General Revenues for 2018-2019

The CRA is requesting property tax revenues of \$684,000 including \$197,000 for Lincoln Pool Construction and Bonds and \$489,000 for all other CRA programs. The CRA is requesting the same levy that was approved last year 0.0229. The CRA is allowed a levy of up to 0.026. This will allow the CRA to meet obligations, continue with their successful programs, the levies and tax asking have been:

2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
0.0229	0.026	0.026	0.026	0.026	0.026	0.026	0.017742
\$670,241	746,691	\$732,050	\$691,245	\$669,384	\$654,437	\$639,405	\$425,000

Program Funding

The CRA has the ability to assist private developers and governmental entities with the commercial, residential or mixed-use redevelopment projects throughout the City. Specific detail on projects is as follows:

- **Facade Development:** For the façade development program \$200,000 has been budgeted, including grants and interest buy down. More and more people are taking advantage of the façade development grants and the CRA already has over \$600,000 in applications for the next year, only \$200,000 will be funded. No projects will be approved until after the budget is finalized. This program has been used extensively in the Downtown part of Redevelopment Area #1 but has also been used in Areas #2 and #6. It is only available in those areas that have a generalized redevelopment plan including commercial façade development

- **Life Safety and Infrastructure Grants:** This is a proposed program to encourage upper story residential development in Downtown Grand Island. The CRA has budgeted \$200,000 in this line item but is also showing revenue of \$100,000 from the City of Grand Island General Fund for this year. It is anticipated that this program would be a multi-year program to encourage the development of 50 additional residential units over the course of a 5 year period. This is the last year of the program. The redevelopment plan for this program was approved by Council in February of 2015. The CRA has allocated the full \$200,000 this year to four projects. A total of 13 housing units were funded.
- **Husker Harvest Days Commitments:** Farm Progress, the City of Grand Island and the CRA entered into an agreement in November of 2017 to facilitate infrastructure improvements at the Husker Harvest Days site. The CRA has committed to transfer \$200,000 a year to Farm Progress for 10 years beginning in November of 2018. The City has agreed to transfer \$200,000 from the food and beverage tax collections to the CRA in October of each year to cover that payment. Farm Progress made more than \$7,500,000 worth of improvements to the site and will continue to hold at least a three day event on the site for the next 20 years or be subject to repayment penalties.
- **TIF Payments:** The largest portion of the CRA Budget is the payments on the TIF Bonds. These payments are funded by the tax increment created by each project. The funds are received from the County Treasurer in the month after the taxes have been paid and the CRA places those funds in a separate account for each project and send payment in the amount received from the treasurer to the bond holder of record. Accounts are set up by the finance department after the first payment is received from the treasurer. The projected revenue and expenditures from TIF is shown in this budget with \$900,000 more revenue and expenditures than projected to accommodate new projects as they come on line and their permanent accounts are created. This year there is also an expectation that we will receive a payment in lieu of taxes from the Pump and Pantry for the project approved at the corner of Webb and Old Potash. That project will not be happening there and the property is for sale so they will send the CRA the balance of the bond of almost \$750,000 and the CRA will pay that back to them as the bond holder to cancel the bond. There are 50 TIF projects with signed contracts and one project with an approve and unsigned contract (Mendez) and one with an approved development plan and contract approval pending (Hedde Building). The CRA will pay off the notes on two projects during the 2018 fiscal year, Procon (Old City Hall) and Bruns Pet Grooming. Procon (Old City Hall) was paid off in just over 14 years and Bruns will be paid off within 12 years of approval. It is expect that the first of Todd Enck's projects at Blake and Darr will be paid off in 2019, five years before the end of the contract, and the Walnut Apartments bond will also be paid off by the end of 2019.
- **Other Projects:** In the blighted and substandard areas \$25,000 has been reserved for other projects. Council has indicated an interest in additional study into the effectiveness and overall impact of Tax Increment Financing projects in Grand Island. Money from this line item could be allocated toward that project and analysis.

This funding can be assigned to specific projects including but not limited to infrastructure improvements in the blighted and substandard areas that would support larger redevelopment plans. The CRA has used this funding item in the past to fund additional façade improvement projects and to make grants to fund specific projects for: the Business Improvement Districts, the Grand Island Parks Department, Fonner Park, The Central Nebraska Humane Society, St. Stephens, Habitat for Humanity and other community groups for specific projects that meet the mission of the CRA.

CONCLUSION

This budget provides for measured funding of redevelopment efforts during the 2018-2019 fiscal year. The investments this community has made in housing, redevelopment efforts, infrastructure and economic development bode well for the future of the community. This budget is reflective of the commitments the CRA has made and will enable them to pay off existing commitments and maintain a cash balance to guarantee payment of future commitments.

The CRA will also continue to examine the community to identify areas that might benefit from a Blighted and Substandard declaration and to review and recommend approval of redevelopment plan amendments for tax increment financing projects on both large and small scale developments. **The CRA is charged with taking action in specified areas of the community to assist in the prevention and to inhibit physical deterioration (blighted and substandard conditions) thereby enhancing property values and creating incentives for private investment.** All of the tools used by the CRA are necessary for them to accomplish this mission:

**COMMUNITY REDEVELOPMENT AUTHORITY
2019 BUDGET**

	<u>2018 BUDGET</u>	<u>2017-2018 YE Projected</u>	<u>2019 BUDGET</u>
CONSOLIDATED			
Beginning Cash	1,092,980	862,003	675,752
REVENUE:			
Property Taxes - CRA	472,191	465,000	489,000
Property Taxes - Lincoln Pool	198,050	198,050	197,000
Property Taxes - TIF's	1,827,558	1,500,000	2,400,000
Loan Income (Poplar Street Water Line)	10,500	13,500	14,000
Interest Income - CRA	300	21	300
Interest Income - TIF'S	23,316	23,316	
Land Sales	100,000	14,122	100,000
Other Revenue - CRA	130,000	116,000	430,000
Other Revenue - TIF's	-	14,000	749,000
TOTAL REVENUE	2,749,338	2,344,009	4,379,300
TOTAL RESOURCES	3,842,318	3,206,012	5,055,052
EXPENSES			
Auditing & Accounting	5,000	4,625	3,000
Legal Services	3,000	800	3,000
Consulting Services	5,000	-	5,000
Contract Services	75,000	50,000	75,000
Printing & Binding	1,000	-	1,000
Other Professional Services	16,000	5,150	16,000
General Liability Insurance	250	-	250
Postage	200	200	200
Life Safety	200,000	175,000	200,000
Legal Notices	500	400	500
Travel & Training	1,000	-	1,000
Other Expenditures	-	-	-
Office Supplies	1,000	-	1,000
Supplies	300	-	300
Land	200,000	39,000	-
Bond Principal - Lincoln Pool	175,000	175,000	180,000
Bond Interest	20,863	19,769	17,065
Husker Harvest Days Payment Year 1			200,000
Façade Improvement	350,000		200,000
Building Improvement	554,732	537,000	926,000
Other Projects	150,000	-	25,000
Bond Principal-TIF's	1,859,558	1,500,000	3,149,000
Bond Interest-TIF's	23,316	23,316	
Interest Expense	-	-	-
TOTAL EXPENSES	3,641,719	2,530,260	5,003,315
INCREASE(DECREASE) IN CASH	(892,381)	(186,251)	(624,015)
ENDING CASH	200,599	675,752	51,737