



City of Grand Island

Tuesday, August 25, 2020

Council Session

Item S-1

CRA Budget Presentation

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP, Director

Meeting: August 25, 2020

Subject: Community Redevelopment Authority 2020-2021
Annual Budget

Presenter(s): Chad Nabity, Director

It is my privilege to present to you the budget for the Community Redevelopment Authority (CRA) for 2020-2021. 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 2020-2021 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 30 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 22.76% of the City has been designated blighted and substandard. Council has approved one blight study during the last year for 31 (Ada and Henry). The proposed study for the Conestoga Mall Area (28) was pulled for consideration by the applicant in December of 2018 and it does not appear

there is any traction on that study. Information about all of the Grand Island CRA Areas and TIF Projects that have been approved are available at: <https://tinyurl.com/GI-CRA>.

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 2020-2021

The CRA is requesting property tax revenues of \$700,008 including \$195,805 for Lincoln Pool Construction and Bonds and \$504,203 for all other CRA programs. The CRA is requesting the same amount of funding as was approved last year. At this point it is based on the certified valuation for 2020 the levy will be 0.02056 per \$100 valuation. 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:

2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
0.02056	0.021661	0.0224	0.026	0.026	0.026	0.026	0.026
\$700,008	\$700,008	\$686,000	746,691	\$732,050	\$691,245	\$669,384	\$654,437

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. Last year the CRA funded \$220,000 of façade projects and received applications and approved this expenditure for 3 projects. It is anticipated that all three of these projects will be completed and the grants paid prior to the end of September 2020. We currently have 1 project in line for the 2021 fiscal year. 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.

- **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. This will be extended an additional year per the redevelopment contract due to the fact that Farm Progress is not holding a show during the 2020 year. This is the third of ten scheduled payments.
- **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. It is expected that the CRA will make TIF payments totaling around \$4,100,000 on all project. The TIF line item does budget \$500,000 to accommodate new projects and the possibility that a project may need to pay off prior to the end of the bond period. There are 66 TIF projects with signed contracts and one project with an approved and unsigned contract (Paramount 9th Street) The CRA paid off the Old Walnut project and the first of Todd Enck's projects on Blake and Darr. Additional projects will be paid off during the 20-21 tax year including.
- **Other Projects:** In the blighted and substandard areas \$200,000 has been reserved for other projects. 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 is assisted in the development of property in northeast Grand Island as part of the Starostka's Fifth Street project in a manner similar to the Poplar Street project for Habitat for Humanity. A grant of just over \$111,000 was approved in August to pay for sewer assessment costs against this property. The CRA purchased a portion of the bonds related to the sanitary sewer improvement district for a portion of the lots being developed by Starostka Contracting LLC. The CRA will be paid back with the TIF on the development of housing in that area. The CRA also granted \$3,000 to the Senior Center for landscape improvements along their Third Street entrance. 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 2020-2021 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. This budget as submitted is also trying to be responsible to the City and taxpayer during these uncertain times. The budget as requested does not include any increase in expenditures by the CRA and does reflect a lower tax levy.

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
2021 BUDGET**

CONSOLIDATED	2020 BUDGET	2019-2020 YE Projected	2021 BUDGET
Beginning Cash	622,763	622,763	677,632
REVENUE:			
Property Taxes - CRA	505,779	505,779	504,203
Property Taxes - Lincoln Pool	194,229	194,229	195,805
Property Taxes -TIF's	2,500,000	2,500,000	4,858,000
Loan Income (Poplar Street Water Line)	13,000	13,000	20,000
Interest Income - CRA	10,000	10,000	10,000
Land Sales	200,000	39,000	
Other Revenue - CRA	300,000	610,000	200,000
Other Revenue - TIF's			
TOTAL REVENUE	3,723,008	3,872,008	5,788,008
TOTAL RESOURCES	4,345,771	4,494,771	6,465,640
EXPENSES			
Auditing & Accounting	3,000	3,000	3,000
Legal Services	3,000	500	3,000
Consulting Services	5,000	-	5,000
Contract Services	75,000	65,000	75,000
Printing & Binding	1,000	-	1,000
Other Professional Services	16,000	200	16,000
General Liability Insurance	250	-	250
Postage	200	100	200
Legal Notices	500	250	500
Travel & Training	4,000	-	4,000
Other Expenditures	-	-	-
Office Supplies	1,000		1,000
Supplies	300	200	300
Land	100,000	10,000	30,000
Bond Principal - Lincoln Pool	180,000	180,000	185,000
Bond Interest- Lincoln Pool	14,229	14,229	10,805
Husker Harvest Days Payment (Year 3 of 10 Nov 2020)	200,000	200,000	200,000
Façade Improvement	220,000	223,660	200,000
Building Improvement	715,000	450,000	670,000
Other Projects	220,000	170,000	200,000
TIF Payments	2,500,000	2,500,000	4,857,800
TOTAL EXPENSES	4,258,479	3,817,139	6,462,855
INCREASE(DECREASE) IN CASH	(535,471)	54,869	(674,847)
ENDING CASH	87,292	677,632	2,785

COMMUNITY REDEVELOPMENT AUTHORITY
2021 BUDGET ESTIMATED TIF PAYMENTS

	Expected Pass Through
GIRARD VET CLINIC	\$ 14,500
GEDDES ST APTS-PROCON	\$ 32,000
SOUTHEAST CROSSING	\$ 18,000
POPLAR STREET WATER	\$ 16,000
CASEY'S @ FIVE POINTS	\$ 15,000
SOUTHPOINTE DEVELOPMENT LLC (Hotel)	\$ 90,000
JOHN SCHULTE CONSTRUCTION	\$ 8,000
PHARMACY PROPERTIES INC	\$ 12,000
TOKEN PROPERTIES RUBY	\$ 3,000
GORDMAN GRAND ISLAND	\$ 70,000
BAKER DEVELOPMENT INC	\$ 4,000
STRATFORD PLAZA	\$ 35,000
COPPER CREEK 2013 HOUSES	\$ 80,000
CHIEF INDUSTRIES AURORA COOP	\$ 40,000
GI HABITAT OF HUMANITY	\$ 6,000
AUTO ONE INC	\$ 14,000
EIG GRAND ISLAND	\$ 72,000
TOKEN PROPERTIES CARY ST	\$ 8,008
WENN HOUSING PROJECT	\$ 4,200
COPPER CREEK 2014	\$ 285,000
TC ENCK BUILDERS (Token Kimball)	\$ 3,000
SUPER MARKET DEVELOPERS (SMG-AWG)	\$ 120,000
MAINSTAY SUITES	\$ 72,000
TOWER 217	\$ 26,000
COPPER CREEK 2015 HOUSES	\$ 280,000
NORTHWEST COMMONS (GI Mall)	\$ 200,000
TC ENCK BUILDERS (1616 S Eddy)	\$ 3,000
HABITAT 8TH AND SUPERIOR	\$ 14,000
KAUFMAN (T & S Development)	\$ 20,000
TALON 2016	\$ 75,000
VICTORY VILLAGE (Pridon LLC)	\$ 20,000
THINK SMART	\$ 7,000
BOSSELMAN (1607 S. LOCUST)	\$ 100,000
TALON 2017	\$ 60,000
WEINRICH DEVELOPMENT	\$ 4,000
WING PROPERTIES INC	\$ 3,000
HATCHERY HOLDINGS	\$ 190,000
FEDERATION LABOR TEMPLE	\$ 8,000
MIDDLETON PROPERTIES II	\$ 15,000
COPPER CREEK 2016 HOUSES	\$ 100,000
EAST PARK ON STUHR	\$ 110,000

MENDEZ ENTERPRISES	\$	1,000
TAKE FLIGHT	\$	4,000
PRATARIA VENTURES HOSPITAL	\$	1,600,000
O'NEILL WOOD RESOURCES	\$	5,000
COPPER CREEK 2017 LOOKBACK	\$	20,000
COPPER CREEK PHASE 2 2017 HOUSES	\$	20,000
HEDDE BUILDING	\$	10,000
URBAN ISLAND	\$	5,000
PEACEFULL ROOT	\$	4,000
CENTRAL NEBRASKA TRUCK WASH	\$	20,000
COPPER CREEK PHASE 2 2018 HOUSES	\$	100,000
GRAND ISLAND HOTEL	\$	128,000
PARAMOUNT OLD SEARS 1	\$	12,000
ORCHARD 2019 LOOKBACK	\$	24,000
PARAMOUNT OLD SEARS 2	\$	13,500
WING PROPERTIES 112 E 3RD	\$	7,000
RAWR HOLDINGS	\$	5,000
AMUR REAL ESTATE	\$	27,000
WALD 12 PROPERTIES	\$	35,500
TALON 2019 LOOKBACK	\$	10,000
COPPER CREEK PHASE 2 2019 HOUSES	\$	50,000
Future TIF's (hold for budget authority)	\$	500,000
TOTAL REVENUE	\$	4,857,708