



Community Redevelopment Authority (CRA)

Wednesday, October 12, 2011
Regular Meeting

Item B1

Meeting Minutes

Staff Contact: Chad Nabity

OFFICIAL PROCEEDINGS

MINUTES OF COMMUNITY REDEVELOPMENT AUTHORITY MEETING OF September 21, 2011

Pursuant to due call and notice thereof, a Regular Meeting of the Community Redevelopment Authority of the City of Grand Island, Nebraska was conducted on September 21, 2011 at City Hall 100 E First Street. Notice of the meeting was given in the September 14, 2011 Grand Island Independent.

1. CALL TO ORDER. Barry Sandstrom called the meeting to order at 4:02 p.m. The following members were present: Tom Gdowski, Glen Murray, and Sue Pirnie. Also present were; Director, Chad Nabity; Secretary, Rose Woods and Legal Council Duane Burns, Council Liaison Randy Gard, Arnold Wenn and Todd Enck .

Sandstrom stated this was a public meeting subject to the open meeting laws of the State of Nebraska. He noted that the requirements for an open meeting were posted on the wall easily accessible to anyone who would like to read through them.

2. APPROVAL OF MINUTES. A correction was made to the meeting minutes on item #6 there was an error, a word was incorrectly spelled. With the correction noted, a motion for approval of the Minutes for the July 27, 2011 meeting was made by Pirnie. Motion was seconded by Murray. Upon roll call vote, all present voted aye. Motion carried unanimously.
3. APPROVAL OF FINANCIAL REPORTS. The financial reports for the period of August 1, 2011 through August 31, 2011. Motion to was made by Gdowski and seconded by Pirnie to approve the financial reports. Upon roll call vote, all present voted aye. Motion carried unanimously.
4. APPROVAL OF BILLS. The bills were reviewed by Sandstrom. Motion made by Murray and seconded by Pirnie to approve the bills in the amount of \$215,634.13. Upon roll call vote all present voted aye. Motion carried unanimously to approve the payment of bills totaling \$215,634.13.
5. CONSIDERATION OF RESOLUTION OF INTENT. Consideration to approve a Resolution of intent to enter into a Redevelopment Contract with Arnold Wenn, for redevelopment of an area within the city limits of the City of Grand Island, at 1822 W 13th Street, Grand Island. The CRA passed Resolution 125 notifying City Council of their intent to enter into a redevelopment contract at their meeting on July 27, 2011. The Hall County Regional Planning Commission met on August 3, 2011 and

passed Resolution 2011-02 finding that this plan amendment is consistent with the comprehensive development plan for the City of Grand Island. The Grand Island City Council passed Resolution 2011-224 approving the redevelopment plan at their meeting on August 23, 2011. Motion made by Murray and seconded by Pirnie to approve the Resolution of intent to enter into a Redevelopment Contract with Arnold Wenn. Upon roll call vote all present voted aye. Motion carried unanimously to approve the Redevelopment Contract.

6. CONSIDERATION OF RESOLUTION OF INTENT. Consideration to approve a Resolution of intent to enter into a Redevelopment Contract with TOKEN, LLC (Todd & Kelly Enck), for redevelopment of an area within the city limits of the City of Grand Island, at 213 N Ruby Street, Grand Island. The CRA passed Resolution 124 notifying City Council of their intent to enter into a redevelopment contract at their meeting on July 27, 2011. The Hall County Regional Planning Commission met on August 3, 2011 and passed Resolution 2011-03 finding that this plan amendment is consistent with the comprehensive development plan for the City of Grand Island. The Grand Island City Council passed Resolution 2011-223 approving the redevelopment plan at their meeting on August 23, 2011.

Grand Island builder Todd Enck spoke at the meeting noting without the availability of tax-increment financing, there's no way he would have pursued constructing a new duplex in an old Grand Island neighborhood. He said with the recent questions raised by the Grand Island City Council about the financing have made him skittish about pursuing such development in the future.

"The council made me nervous," he said Wednesday to the Community Redevelopment Authority (CRA), which finalized a contract extending \$51,000 of tax-increment funding to a \$140,000 duplex Enck plans to build at 213 N. Ruby. The new duplex will replace a \$14,000 substandard house that the assessor has listed as "worn out," which had been red-tagged as a problem property by the city. Despite its poor condition, people were living in the property one month prior to Enck buying it. "If (TIF) didn't get approved, I don't know what I'd do with it," Enck said. "I would definitely try to sell it and it would probably be rented" again in substandard condition.

When the city council reviewed Enck's contract on Aug. 23, several council members raised questions about the 15-year length of time for financing on smaller scale projects like his and the possible depreciation of the improved property when it's a rental. They seemed to imply that city tax revenues were being lost on tax-increment financing projects.

But nothing could be further from the truth, Enck said. Tax-increment financing adds property valuation, creates construction jobs and revitalizes older parts of town, he said. As a tax-increment financing project, Enck is

forbidden from protesting his higher valuation, so depreciation isn't even an issue. The valuation on his property will raise from \$14,000 to \$140,000 of brand new duplex. He'll pay property taxes on the \$140,000, but get the property taxes on the new \$126,000 of value back to help with expenses for the project for up to 15 years.

CRA Director Chad Nabity said you don't have to look much past the cost of buying a bad property and demolishing to understand that such revitalization projects simply wouldn't occur without tax-increment financing. In Enck's case, he spent \$25,000 on the substandard house and another \$15,000 to clear the lot and prepare it for construction. For the same \$40,000, Enck could have purchased a brand new lot in a new development west of town, built a new duplex there and made more money selling it outright or renting it. The \$40,000 lot on north Ruby simply doesn't carry the same value, even though it's the same cost, Nabity said.

"What's the incentive to build on North Ruby?" he asked the CRA. The incentive is tax-increment financing, answered CRA Chairman Barry Sandstrom. It's not a flat-out gift to builders and developers, it's simply a way to leverage the builder's own capital. The builder's capital is what is replacing bad homes with good ones in Grand Island, a mission the CRA and city have been vocal about supporting.

City councilman Randy Gard, a liaison to the CRA, said he was uneasy to hear Enck's comments Wednesday. "I'm concerned there's a wrong message being sent," Gard said. "All of a sudden we're scared of TIF and we've got a bunch of folks who may be willing to do something that aren't because they don't know where the council is going. We need to fix that." Gard said a bunch of smaller-scale projects like Enck's could have the same affect as one large-scale one.

And no larger-scale projects have come forward lately, said CRA member Tom Gdowski. Isn't it wrong to hold out for something that hasn't come?

The smaller projects, like an apartment complex on Lincoln Avenue, a duplex on 13th Street and a water line on Poplar, spread the revitalization across town, Nabity said. Whenever the city conducts a blight and substandard study, it's in essence preparing to invite tax-increment financing applications, he said.

A motion was made by Gdowski and seconded by Murray to approve the Resolution of intent to enter into a Redevelopment Contract with TOKEN, LLC or (Todd & Kelly Enck). Upon roll call vote all present voted aye. Motion carried unanimously to approve the Redevelopment Contract.

7. REVIEW OF COMMITTED PROJECTS & CRA PROPERTIES.

Nabity briefly reviewed the Committed Projects. The first phase of the Wayside horns will be completed this fall. This will be presented to Council at the September 27, 2011. The Grand Island Christian School demo is complete. The bills have been submitted for payment and the checks were just approved for payment. The Façade is nearing completion as well. The check will be sent for the \$80,000 Façade however the demo needs to have the lien wavier signed then the check for the \$129,000 can be released. Meyer and Erives are still working on the 3rd St project. It's still all boarded up. The Grand Façade is still moving forward, they just received there grant from DED. The Wilmar Realty LLC is moving forward as well they should be done this fall as the project is nearing completion. The downtown BID is still moving forward as the first project the POW Memorial is completed and the bills should be coming in next month.

8. DISCUSSION CONCERNING PURCHASE/SALE OF REAL ESTATE.
9. APPROVE RESOLUTION OR RESOLUTIONS TO PURCHASE/SELL PROPERTY.
10. DIRECTORS REPORT.
11. ADJOURNMENT.

Sandstrom adjourned the meeting at 4:58 p.m.

The next meeting is scheduled for October 12, 2011 at 4:00 p.m.

Respectfully submitted
Chad Nabity
Director