



City of Grand Island

Tuesday, August 12, 2014

Council Session

Item G-2

Approving Minutes of July 29, 2014 City Council Special Meeting/Study Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL SPECIAL MEETING/STUDY SESSION
July 29, 2014

Pursuant to due call and notice thereof, a Study Session of the City Council of the City of Grand Island, Nebraska was conducted in the Council Chambers of City Hall, 100 East First Street, on July 29, 2014. Notice of the meeting was given in the *Grand Island Independent* on July 23, 2014.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmembers were present: Vaughn Minton, Mike Paulick, Mark Stelk, John Gericke, Peg Gilbert, Mitch Nickerson, Linna Dee Donaldson, Chuck Haase, Julie Hehnke, and Kent Mann. The following City Officials were present: City Administrator Mary Lou Brown, Assistant to the City Administrator Nicki Stoltenberg, City Treasurer and Finance Director Jaye Monter, City Attorney Robert Sivick, and City Engineer and Public Works Director John Collins.

INVOCATION was given by Community Youth Council member Jimmy Riley followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council member Jimmy Riley.

ORDINANCE:

Councilmember Gilbert moved “that the statutory rules requiring ordinances to be read by title on three different days are suspended and that ordinance numbered:

#9493 - Consideration of Authorizing Clean Water State Revolving Fund Loan (Second and Final Reading)

be considered for passage on the same day upon reading by number only and that the City Clerk be permitted to call out the number of this ordinance on second reading and then upon final passage and call for a roll call vote on each reading and then upon final passage.” Councilmember Nickerson seconded the motion. Upon roll call vote, all voted aye. Motion adopted.

Motion by Haase, second by Paulick to approve Ordinance #9493 on second and final reading.

Assistant to the City Administrator: Ordinance #9493 on second and final passage. All those in favor of the passage of this ordinance on second and final passage, answer roll call vote. Upon roll call vote, all voted aye. Motion adopted.

Mayor Vavricek: By reason of the roll call votes on second reading and then upon final passage, Ordinance #9493 is declared to be lawfully adopted upon publication as required by law.

Mayor Vavricek recessed the Special Meeting and opened the Study Session at 7:09 p.m.

STUDY SESSION

SPECIAL ITEMS:

Presentation of Enhanced Employment Area. Regional Planning Director Chad Nabity reported that Enhanced Employment Areas (EEA) were created by the Nebraska Unicameral in 2007 with the passage of LB 562 and modified by LB 474 in 2014. Cities have the authority to create EEAs and levy occupation taxes within those areas for specific purposes and under specific conditions.

Mr. Nabity explained that an EEA is an area of 600 acres or less declared by an Authority or by the City Council. If it is located in a Blighted and Substandard area the CRA can make the declaration. If it is not in a Blighted and Substandard area the City Council may declare an area an EEA if the owners of the property show that they will make an investment of \$1,000,000 in the property and create 15 additional full time equivalent jobs in that area.

The benefits of an EEA are the ability to issue and sell revenue bonds and levy an occupation tax on the businesses within the district to pay for development/redevelopment costs. Revenue bonds issued are not counted as part of the City's general obligation debt, bonds can be issued or certified upon completion of the agreed upon improvements and EEA allows revitalization of targeted areas of the community. Reviewed were the items that an EEA bond could pay for.

The occupation tax would be an extra sales tax on all retail transactions unless otherwise exempted per statute. Typically this would not exceed 1% of \$1 on a \$100 purchase. The occupation tax would have to be agreed to by the owners of the property, the businesses within the EEA and the City Council.

Explained were the following risks to the City: possible litigation with businesses that were not remitting the occupation tax to the City and the creation of additional commercial space that could be leased at a rate lower than current market rate which might impact the marketability and rates for existing commercial property.

The benefits to the developer were an income stream from customers who choose to do business at that location which could help offset costs of the redevelopment. Also an increased ability to garner financing because of multiple sources of income generation and the ability to lease the property more aggressively to get favored tenants by offering better lease rates.

The risks to the developer mentioned were consumers may choose to do business in other places to avoid paying the additional tax. Also existing tenants might choose to relocate in a different commercial area to avoid collecting the additional tax and bonds.

Mr. Nabity explained the process of seeking an EEA if Council elected to develop an area. He stated multiple areas could be created.

Cindy Johnson with the Grand Island Chamber of Commerce, 309 West 2nd Street commented on the benefits and incentives of an EEA.

Mayor Vavricek adjourned the Study Session and reconvened the Special Meeting at 8:12 p.m.

ADJOURN TO EXECUTIVE SESSION: Motion by Gilbert, second by Paulick to adjourn to Executive Session at 8:12 p.m. for the purpose of a strategy session with respect to threatened litigation. Unanimously approved.

RETURN TO REGULAR SESSION: Motion by Gilbert, second by Paulick to return to Regular Session at 9:13 p.m. Unanimously approved.

ADJOURNMENT: The meeting was adjourned at 9:13 p.m.

Nicki Stoltenberg
Assistant to the City Administrator