City of Scottsbluff, Nebraska

Monday, December 17, 2018 Regular Meeting

Item Pub. Hear.1

Council to conduct a Public Hearing for this date at 6:00 p.m. to consider a Redevelopment Plan by PIVO, Inc. for the HPB Expansion Project.

Lot 3B, Block 2 Amended Plat of Lots 3A and 5, Block 2, Case Subdivision to the City of Scottsbluff, Scotts Bluff County, Nebraska located at 2810 Avenue M.

Staff Contact: City Council

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To: City of Scottsbluff City Council

From: John L. Selzer, Deputy City Attorney

Date: December 12, 2018

Re: HPB Expansion Redevelopment Plan

Introduction: At your December 17, 2018 City Council Meeting, you will consider approval of the Redevelopment Plan for the *HPB Expansion* (the "Plan" and the "Project") submitted by Pivo, Inc. (the "Redeveloper"). The proposed Project is in an area that has previously been designated as blighted and substandard and in need of redevelopment.

Standards of Review:

1. Conformity to Comprehensive Plan and Community Development Law.

One of the standards of your review is to analyze whether the Project and Plan conform to the 2016 Scottsbluff Comprehensive Plan (the "Comprehensive Plan"). The "Project Site" is located at 2810 Avenue M. According to the Comprehensive Plan, the Project Site is in the Northwest District and in an Automobile Commercial Neighborhood, which contemplates daytime and nighttime activity, commercial vehicle access, and a wide variety of building types and sizes. The Project Site is zoned as C-3 (Heavy Commercial), which includes warehousing/wholesaling activities as a permitted use. Thus, no zoning changes are necessary. Both the Planning Commission and CRA have conducted this same review and recommended approval of the Plan.

In addition, you must consider whether the Plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law. Those declarations include, among other things that:

[Blighted and substandard] conditions are beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids herein provided. The elimination of such conditions and the acquisition and preparation of land in or necessary to the renewal of substandard and blighted areas and its sale or lease for development or redevelopment in accordance with general plans and redevelopment plans of communities and any assistance which may be given by any state public body in connection therewith are public uses and purposes for which public money may be expended and private property acquired. The necessity in the public interest for the provisions of the Community Development Law is hereby declared to be a matter of legislative determination. NEB. REV. STAT. § 18-2102.

2. The "But For" Test.

Because this Plan proposes the use of tax-increment financing ("TIF"), in order to approve the Plan you must determine that the Plan would not be economically feasible or occur in the blighted and substandard area without the use of TIF. The Redeveloper has certified these requirements on Page 3 of the Plan.

3. Cost-Benefit Analysis.

You must also analyze and, in order to approve the Plan, make a finding that 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, having been analyzed by the City Council, are in the long-term best interests of the community. The CRA adopted a cost-benefit analysis which is in your packet.

<u>Conclusion</u>: The above findings must be documented in writing. To that end, a proposed resolution for Plan approval is in your packet. Please don't hesitate to contact us with any questions or concerns prior to the Council meeting.

Sincerely, SIMMONS OLSEN LAW FIRM, P.C., L.L.O.

/s/ John L. Selzer

John L. Selzer

Attachments:

Redevelopment Plan Planning Commission Plan Resolution CRA Plan Resolution CRA Cost Benefit Analysis Proposed City Council Resolution

CITY OF SCOTTSBLUFF REDEVELOPMENT PLAN

HPB Expansion By PIVO, Inc.

1. Introduction/Executive Summary

PIVO, Inc. (the "Redeveloper") submits this Redevelopment Plan ("Plan") to the City of Scottsbluff City Council (the "City"), the City of Scottsbluff Planning Commission ("Planning Commission"), and the City of Scottsbluff Community Redevelopment Authority (the "CRA"), pursuant to the Nebraska Community Development Law, NEB. REV. STAT. § 18-2101 et seq.

Under this Plan, the Redeveloper proposes to expand its building on the "Project Site" (as defined below) to make room for expanded operations. The Project Site has been declared to be blighted and substandard. On the Project Site the Redeveloper desires to build an addition to its current building (the "Project"). The Project will require demolition of a portion of the City's storm drain, which runs east/west through the Project Site, and re-routing of the drain in City right-of-way, north of the Project Site. The Redeveloper is requesting tax increment financing for certain eligible costs and expenses related to the Project.

Blighted and Substandard Condition of Project Site (NEB. REV. STAT. §§ 18-2103 (3) and (31) and 18-2109)

On November 20, 2017, the City declared the Project Site and surrounding areas as blighted and substandard as defined in the Nebraska Community Development Law.

Statutory Elements (NEB. REV. STAT. §§ 18-2103(27) and 18-2111)

- A. Boundaries of the Project Site: The Project Site is located at 2810 Avenue M and is legally described as Lot 3B, Block 2, Amended Plat of Lots 3A and 5, Block 2, Case Subdivision to the City of Scottsbluff, Scotts Bluff County, Nebraska and the adjacent City right-ofway. Aerial maps of the Project Site are found in Attachment 1.
- **B.** Land Acquisition: No land acquisition is contemplated under this Plan. The Redeveloper owns the Project Site.
- C. Land Coverage, and Building Intensities: The Project Site is 153,767 square feet (3.53 acres). The current warehouse building is 41,870 square feet, with additional paving. There is a utility building on the north area of the Project Site which is 3,600 square feet. See Attachment 2. The new expansion will be an additional 11,955 square feet.
- **D.** Land Uses: See Attachment 3 for existing land uses of the area surrounding the Project Site. This Project is the expansion of a current business operation, so no changes in land uses of the Project Site are contemplated.
- E. Existing Uses and Condition: The south portion of the Project Site includes the Redeveloper's current warehouse and office building. This Plan primarily addresses the expansion of the building to the northwest portion of the Project Site which currently is vacant, unused land.
- F. Site Plan: See Attachment 4.

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- G. Demolition and Removal of Structures: The City's storm drain running east/west through the Project Site will need to be demolished and removed. The lean-to structure on the northwest side of the building will also be demolished and abandoned electrical and refrigeration components will be removed. See Attachment 5 for a picture of the lean-to to be demolished.
- H. Population Densities: The Plan does not contemplate a change in population densities around the Project Site.
- I. Zoning Changes: The Project Site is zoned as C-3 (Heavy Commercial), which includes warehousing/wholesaling activities as a permitted use. Thus, no zoning changes are necessary.
- J. Additional Public Facilities and Utilities: The City storm drain must be reconstructed as shown on the Site Plan. This Plan also includes the potential improvements to the alley on the west side of the Project Site, to the extent tax increment financing is available.
- K. Street Layouts, Street Levels, and Grades: No changes to street layouts, street levels, and grades are needed for this Plan.
- L. Ordinance and Building Code Changes: No ordinance or building code changes are contemplated by the Plan.

4. <u>Conformity to General Plan of the City (NEB. REV. STAT. §§ 18-2112, 18-2113(1), and 18-2116(1)(a)).</u>

The Planning Commission, City, and CRA are all tasked with determining whether this Plan conforms to the general plan for the development of the City as a whole. NEB. REV. STAT. §§ 18-2112, 18-2113(1), and 18-2116(1)(a).

According to the 2016 Scottsbluff Comprehensive Plan, the Project Site is in the Northwest District and in an Automobile Commercial Neighborhood, which contemplates daytime and nighttime activity, commercial vehicle access, and a wide variety of building types and sizes. The Redeveloper's potential expansion of its business on the Project Site is consistent with the Comprehensive Plan.

5. Proposed Financing

A. Tax Increment Financing. The Redeveloper is requesting tax increment financing to pay for statutorily eligible expenses, to the extent such funds are available. The tax increment financing will be generated from the increased property taxes to be paid on the Project Site after development. The amount of the available proceeds from tax increment financing ("TIF Revenues") is estimated at approximately \$276,000.00, calculated as follows:

Current Assessed Value: Land: Building/Improvements Total	\$ 114,256.00 \$1,837,360.00	\$1,951,616.00
Estimated Value after Completion Land: Building: Total	\$ 114,256.00 \$2,685,744.00	\$2,800,000.00
Increment Value:		\$848,384.00
Multiplied by approximate 2.17% levy		x 0.0217
Annual TIF Revenues Generated (Rounded)		\$ 18,400.00
Multiplied by 15 years (Maximum Duration of	f TIF)	<u>x 15</u>
Estimated TIF Revenues Available:		\$276,000.00

This estimated amount must be reduced to present value based on an interest rate to be agreed upon by the Redeveloper and the City to support a tax increment financing bond ("TIF Indebtedness").

Because the Plan proposes the use of tax increment financing, the City must find that the Plan would not be economically feasible without the use of tax increment financing and the Project would not occur in the blighted and substandard area without the use of tax increment financing. The City and the CRA must also find that 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 been found to be in the long-term best interest of the community. NEB. REV. STAT. §§ 18-2113(2) and 18-2116(1)(b).

The Redeveloper certifies that this Plan would not be economically feasible, and the Project would not occur at the Project Site without the use of tax increment financing. The City storm drain was not located on City maps prior to project conception and was not marked by the City during location services. However, re-routing the drain is necessary to preserve the integrity of the building expansion and to avoid future issues the City may face in terms of accessing the drain. This unanticipated expense adds approximately \$100,000.00 to the cost of the Project. Demolishing and moving the drain was an unanticipated expense not originally accounted for by the Redeveloper, is not typical in a development project, and has inhibited development potential in this case. Upon discovery of the storm drain issue, the Redeveloper sought options from the City for addressing the issue and tax increment financing became the public/private solution for the Project to move forward. Other eligible expenses were also identified to enhance the feasibility of the Project, which will incentivize this development.

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Notwithstanding the foregoing, the Redeveloper understands the liability of the CRA and City is limited to the TIF Revenues received by the CRA related to the Project to pay the TIF Indebtedness. The Redeveloper shall look exclusively to the TIF Revenues related to this Project for the payment of any TIF Indebtedness. The Redeveloper acknowledges that the above figures are, and any TIF Indebtedness will be set, based on estimates and assumptions, including expectations as to the completion of construction and property valuations suggested by the Redeveloper, which may alter substantially and materially, and that tax increment revenues may be altered or eliminated entirely based on future decisions of the Nebraska Legislature or the voters of the State of Nebraska or by future court decisions.

Below are the portions of the project, and estimated costs, which the Redeveloper proposes to be paid for with TIF Revenues:

Description	Estimated Cost	
Site Preparation	\$	16,032.00
Storm Drain Demolition and Reconstruction	\$	81,250.00
Civil Engineering/Site Design	\$	13,500.00
Plan Preparation/Legal \$ 10,000.		
Demolition/Relocation of abandoned		
Electrical and refrigeration	\$	5,000.00
Storm Water Retention/Fee	\$	20,000.00
Alley Improvements*	\$	12,000.00
TOTAL	\$	157,782.00

*Alley improvements on the west side of the Project Site may be added based on final costs of other items and remaining TIF Revenues available.

A statutory Cost-Benefit Analysis of the Project is attached as Attachment 6.

B. Private Investment/Financing. The Redeveloper will make a substantial private investment in and obtain private financing for in the private improvements such as the building and personal property estimated between \$600,000.00 and \$800,000.00.

Please note that all the figures in this Plan are estimates.

This Redevelopment Plan is submitted by the Redeveloper on the date set forth below.

Dated: 12/06/2018

PIVO, Inc.

By: Joseph Schemost, President

HPB Expansion Redevelopment Plan Attachment 1 Aerial Maps

Beacon Scotts Bluff County, NE



010246223 Alternate ID n/a Owner Address PIVO INC Parcel ID

D/B/A HIGH PLAINS BUDWEISER 15/22/55 Sec/Twp/Rng Class PO BOX 771 Property Address 2810 AVE M Acreage n/a

SCOTTSBLUFF NE 69363

LT3B, BLK 2, AMENDED PLAT OF LTS 3A & 5, BLK 2, CASE SUB **Brief Tax Description**

(Note: Not to be used on legal documents)

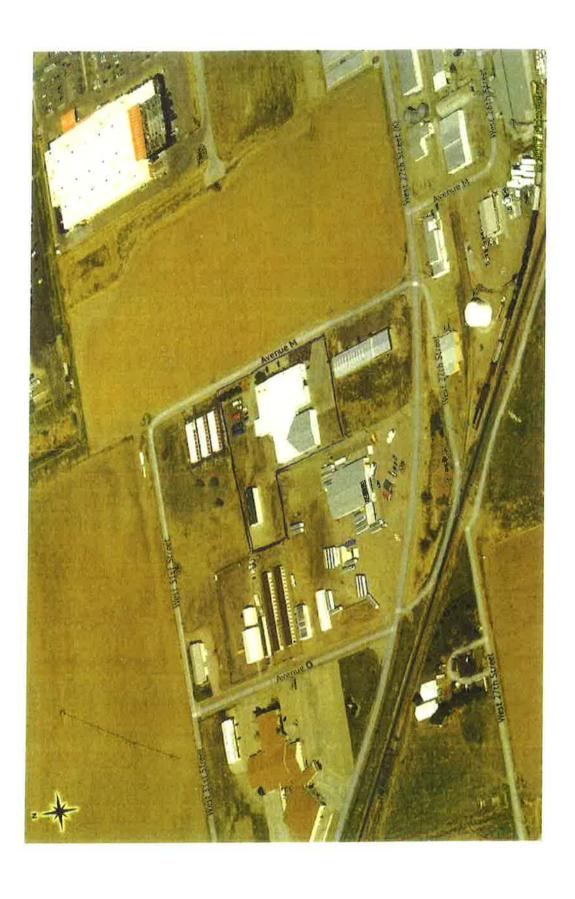
DISCLAIMER: This map measurement's and all associated data are approximate and not to be used for any official purposes. Scotts Bluff County assumes no liability associated with the use or misuse of this information.

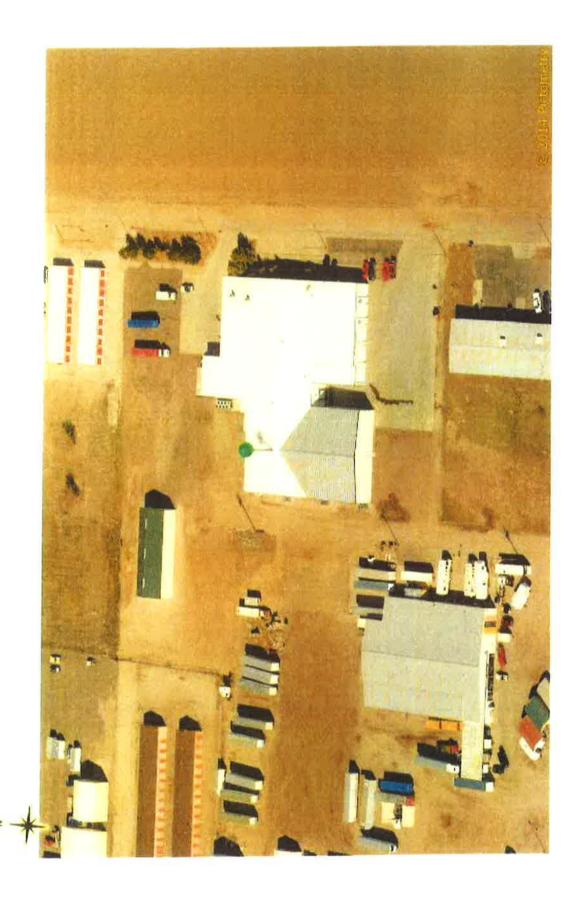
Date created: 11/16/2018

Developed by Schneider

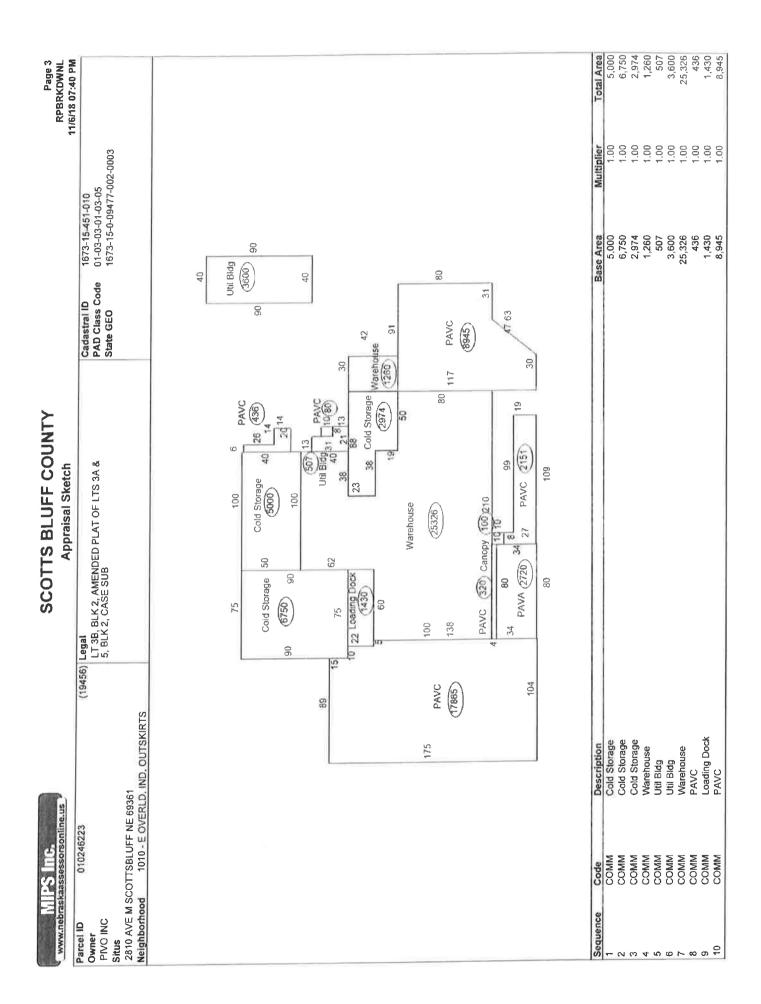
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Subdivisions Roads



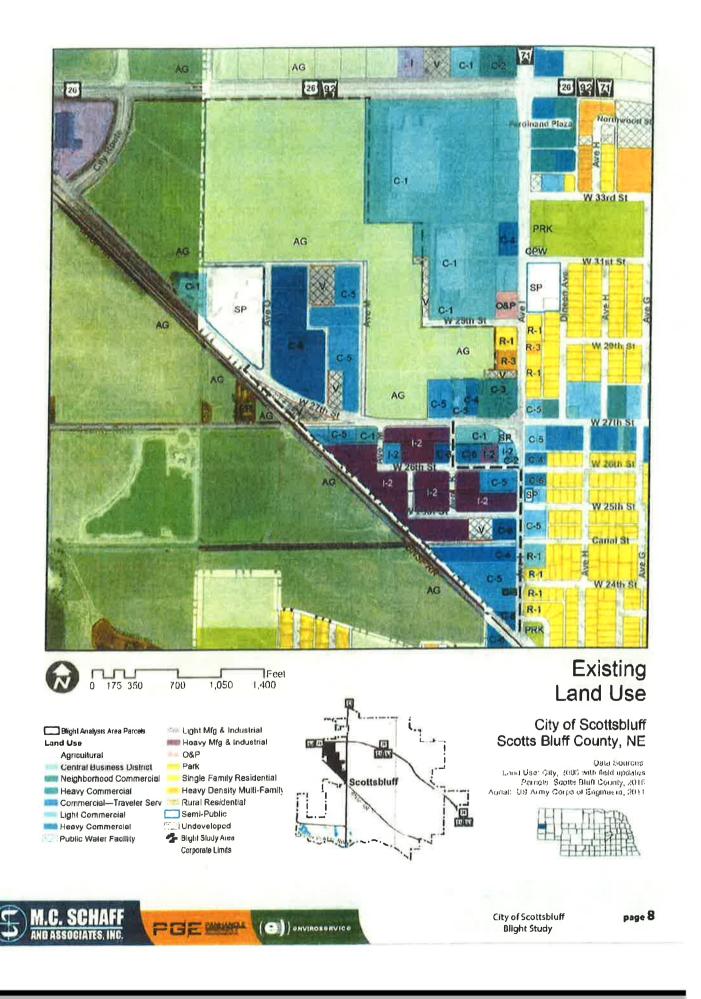


HPB Expansion Redevelopment Plan Attachment 2 Land Coverage

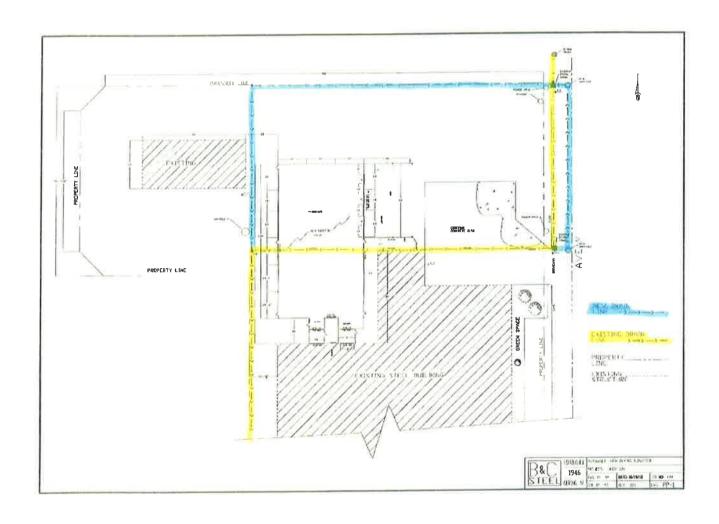


Page 4 RPBRKDWNL 11/6/18 07:40 PM	Total Area	2.720	320	100	2,131	
	Multiplier	1.00	1.00	1.00	1.00	
	Base Area	2,720	320	100	80	
SCOTTS BLUFF COUNTY Appraisal Sketch						
nline.us	Description	PAVA	PAVC	Canopy PAVC	PAVC	
MIPS Inc. www.nebraskaassessorsonline.us	Code	COMM	COMM	COMM	COMM	
www.nebr	Sequence	12	13	4 <u>5</u>	16	

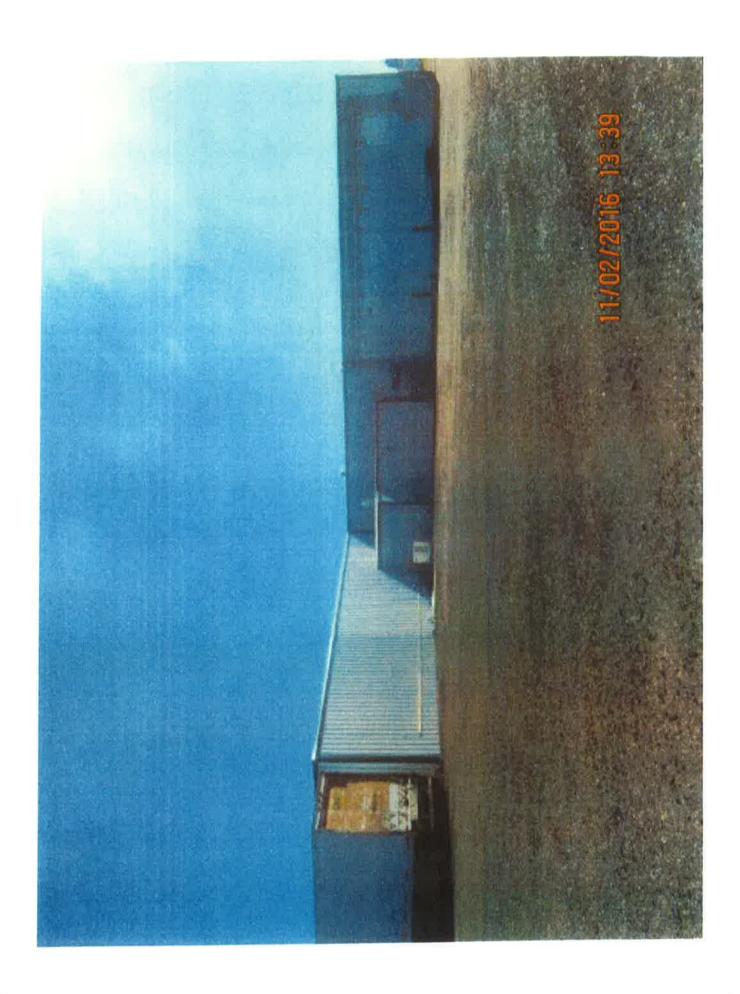
HPB Expansion Redevelopment Plan Attachment 3 Land Use



HPB Expansion Redevelopment Plan Attachment 4 Site Plan



HPB Expansion Redevelopment Plan Attachment 5 Lean-To to be Demolished



HPB Expansion Redevelopment Plan Attachment 6 Cost-Benefit Analysis

CITY OF SCOTTSBLUFF REDEVELOPMENT PLAN

HPB Expansion
By PIVO, Inc.

Cost Benefit Analysis

- A. Tax Revenues and Tax Shifts Resulting from the Division of Taxes. The base values of the Project Site will be available to the local taxing jurisdictions regardless of the tax increment financing. The local taxing jurisdictions are the City, Scotts Bluff County, Scottsbluff Public Schools, WNCC, ESU 13, and North Platte NRD. It is anticipated that the assessed value will increase in the Project Site by approximately \$850,000.00 resulting in a tax increase after completion of approximately \$18,400.00 annually. This tax increment will not be available to local taxing jurisdictions for 15 years after the effective date of the division of taxes, or earlier if the TIF Revenues pay off the TIF Indebtedness early. During those times, the tax increments from the Project Site will be used to reimburse the Redeveloper for the eligible development costs (with interest) necessary for the Project, as set forth in the Redevelopment Plan.
- B. Public Infrastructure and Community Public Service Needs Impacts and Local Tax Impacts Arising from Project Approval. This Project will demolish portion of the City's storm drain which runs under and directly across the Project Site. The storm drain will be rebuilt and identified in City right-of-way and easements, thus addressing an element of blight in the area. If tax increment financing is available, alley improvements on the west side of the Project Site may also be made to enhance drainage from the Project Site and the property to the west of the Project Site. Tax increment financing will pay for these improvements, and thus, no additional local tax impacts, except those identified in section A above will result from the Project.
- C. Impacts on Employers and Employees of Firms Locating or Expanding Within the Boundaries of the Redevelopment Project Area. Currently the employment on the Project Site is approximately 20 employees. Employment on the Project Site could increase as a result of the Project due to the possibility of business expansion.
- D. Impacts on other Employers and Employees within the City and immediate area located outside the Redevelopment Project Area. No negative impacts on other employers and employees in the area are expected.
- E. Impacts on Student Populations of School Districts within the City. No negative impacts on the student population at Scottsbluff Public Schools are expected.
- F. Other Impacts.
 - The Redeveloper estimates approximately \$20,000.00 of personal property to be added as a result of this Project. Personal property taxes are not included in tax increment financing and are immediately available to the local taxing jurisdictions.
 - The expansion of the building on the Project Site will enable the Redeveloper to expand its business operations in Scottsbluff.
 - Local contractors and financial institutions will be used for this Project. Tax increment financing in this case will leverage approximately \$600,000.00 to \$800,000.00 in private investment in the community.

*This Cost Benefit Analysis may be revised upon further review of the Redevelopment Plan by the Scottsbluff Community Redevelopment Authority.

CITY OF SCOTTSBLUFF REDEVELOPMENT PLAN

HPB Expansion By PIVO, Inc.

Cost Benefit Analysis

- A. Tax Revenues and Tax Shifts Resulting from the Division of Taxes. The base value of the Project Site will be available to the local taxing jurisdictions regardless of the tax increment financing. The local taxing jurisdictions are the City, Scotts Bluff County, Scottsbluff Public Schools, WNCC, ESU 13, and North Platte NRD. It is anticipated that the assessed value will increase in the Project Site by approximately \$850,000.00 resulting in a tax increase after completion of approximately \$18,400.00 annually. This tax increment will not be available to local taxing jurisdictions for 15 years after the effective date of the division of taxes, or earlier if the TIF Revenues pay off the TIF Indebtedness early. During those times, the tax increments from the Project Site will be used to reimburse the Redeveloper for the eligible development costs (with interest) necessary for the Project, as set forth in the Redevelopment Plan.
- B. Public Infrastructure and Community Public Service Needs Impacts and Local Tax Impacts Arising from Project Approval. This Project will demolish portion of the City's storm drain which runs under and directly across the Project Site. The storm drain will be rebuilt and identified in City right-of-way and easements, thus addressing an element of blight in the area. If tax increment financing is available, alley improvements on the west side of the Project Site may also be made to enhance drainage from the Project Site and the property to the west of the Project Site. Tax increment financing will pay for these improvements, and thus, no additional local tax impacts, except those identified in section A above will result from the Project.
- C. Impacts on Employers and Employees of Firms Locating or Expanding Within the Boundaries of the Redevelopment Project Area. Currently the employment on the Project Site is approximately 20 employees. Employment on the Project Site could increase as a result of the Project due to the possibility of business expansion.
- D. Impacts on other Employers and Employees within the City and immediate area located outside the Redevelopment Project Area. No negative impacts on other employers and employees in the area are expected.
- E. Impacts on Student Populations of School Districts within the City. No negative impacts on the student population at Scottsbluff Public Schools are expected.
- F. Other Impacts.
 - The Redeveloper estimates approximately \$20,000.00 of personal property to be added as a result of this Project.
 Personal property taxes are not included in tax increment financing and are immediately available to the local taxing jurisdictions.
 - The expansion of the building on the Project Site will enable the Redeveloper to expand its business operations in Scottsbluff.
 - Local contractors and financial institutions will be used for this Project. Tax increment financing in this case will leverage approximately \$600,000.00 to \$800,000.00 in private investment in the community.

Approved ty the Scottsbluff Redevelopment Authority on December 12 2018

Attest:

Secretary

RESOLUTION PC 12-10-2

BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF SCOTTSBLUFF, NEBRASKA:

Recitals:

- a. Pursuant to the Community Development Law, NEB. REV. STAT. § 18-2101 *et seq.*, a redevelopment plan titled *HPB Expansion*, prepared by Pivo, Inc. (the "Redevelopment Plan") has been submitted to the Planning Commission.
- b. The Planning Commission has reviewed the Redevelopment Plan as to its conformity with the 2016 Scottsbluff Comprehensive Plan (the "Comprehensive Plan").

Resolved:

- 1. The Planning Commission finds that Redevelopment Plan conforms to the Comprehensive Plan and recommends approval of the Redevelopment Plan to the Scottsbluff Community Redevelopment Authority and City Council.
- 2. All prior resolutions of the Commission in conflict with the terms and provisions of this Resolution are repealed to the extent of such conflicts.
 - 3. This Resolution shall become effective immediately upon its adoption.

PASSED and APPROVED on December 10, 2018

PLANNING COMMISSION OF THE CITY OF SCOTTSBLUFF, NEBRASKA

ATTEST:

Recording Secretary

RESOLUTION NO. CRA121218-1

BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF SCOTTSBLUFF, NEBRASKA:

Recitals:

- a. Pursuant to the Community Development Law, NEB. REV. STAT. § 18-2101 et seq., a redevelopment plan for the HPB Expansion Project, submitted by Pivo, Inc. (the "Redevelopment Plan") has been submitted to the Scottsbluff Community Redevelopment Authority ("CRA"). The Redevelopment Plan proposes to redevelop an area of the City which the City Council has declared to be blighted and substandard and in need of redevelopment. The Redevelopment Plan includes the use of tax increment financing.
- b. The Redevelopment Plan has been reviewed by the Planning Commission, which found that the Redevelopment Plan conforms to the 2016 Scottsbluff Comprehensive Plan (the "Comprehensive Plan"). The Planning Commission recommended approval of the Redevelopment Plan to the CRA and City Council.
- c. The CRA has reviewed and conducted a cost-benefit analysis of the Redevelopment Plan and makes the findings and recommendations as set forth in this Resolution.

Resolved:

- 1. The proposed land uses and building requirements in the Redevelopment Plan are designed with the general purposes of accomplishing, in conformance with the Comprehensive 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 provision of adequate transportation, water, sewerage, and other public utilities, 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 conditions of blight.
- 2. The CRA has conducted a cost benefit analysis for the project in accordance with the Community Redevelopment Law, and finds that the project as proposed in the Redevelopment Plan would not be economically feasible or occur in the project area without 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, are in the long term best interests of the community. The CRA Vice-Chair is authorized to execute the cost benefit analysis to show the CRA's review and discussion thereof.
- 3. The CRA states: (a) the Redeveloper owns the project area and thus there will be no acquisition costs involved in the project; (b) the estimated cost of preparing the project area for redevelopment is \$16,032.00; (c) the Redevelopment Plan does not propose that either the CRA or City will acquire the project area and neither the CRA nor City will receive proceeds or revenue from disposal of the project area to the Redeveloper; (d) the proposed methods of financing of the project are (i) tax increment financing for eligible costs and (ii) private investment and borrowing for the remainder of the project costs; and (e) no families or businesses will be displaced as a result of the project.

- 4. The CRA recommends approval of the Redevelopment Plan to the City Council.
- 5. This Resolution along with the recommendation of the Planning Commission shall be forwarded to the City Council for its consideration when reviewing the Redevelopment Plan.
- 6. All prior resolutions of the CRA in conflict with the terms and provisions of this Resolution are repealed to the extent of such conflicts.
 - 7. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED on December 2018

COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF SCOTTSBLUFF

WAA

ATTEST

Secretary