

# **City of Scottsbluff, Nebraska**

**Wednesday, April 10, 2019**

**Regular Meeting**

## **Item Aulick1**

**Review Redevelopment Plan for Aulick Industries Office and Truck Shop.**

**Staff Contact: Starr Lehl**

## **CITY OF SCOTTSBLUFF REDEVELOPMENT PLAN**

### ***Aulick Industries Office and Truck Shop***

***By: HVS, LLP and Original Equipment Co. d/b/a Aulick Industries***

#### **1. Introduction/Executive Summary**

HVS, LLP and Original Equipment Co. d/b/a Aulick Industries (together, the “Redeveloper”) submit 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 develop the “Project Site” (as defined below) into Aulick Industries’ Offices and Truck Shop. The Project Site has been declared to be blighted and substandard. The Redeveloper is requesting tax increment financing for certain eligible costs and expenses related to the Project.

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

The City has declared the Project Site and surrounding areas as blighted and substandard as defined in the Nebraska Community Development Law.

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

**A. *Boundaries of the Project Site:*** The Project Site is located at 709 W. South Beltline Highway, Scottsbluff, Nebraska. The legal description of the Project Site is:

Block 3, Marvin Addition to the City of Scottsbluff, Scotts Bluff County, Nebraska, EXCEPT that part deeded to the State of Nebraska in Deed Book 152, Page 293 of the records of Scotts Bluff County, Nebraska.

Aerial maps of the Project Site are found in Attachment 1.

**B. *Land Acquisition:*** HVS, LLP owns the Project Site, so no land acquisition of the Project Site is necessary. The Redeveloper may wish to modify this Plan in the event additional property can be acquired related to this redevelopment.

**C. *Land Coverage and Building Intensities:*** The proposed building coverages/intensities are as follows:

- Approximately 30,000 square foot building (See Attachment 2 for Floor Plans)
  - 25,000 sq. ft. shop space
  - 5,000 sq. ft. office space
- 100,000 square foot of concrete paving
- Privacy Fencing

**D. *Land Uses:*** After development, the Project Site will be used as Aulick Industries’ Offices and Truck Shop.

- E. Existing Uses and Condition:* The Project Site is currently used as storage of Aulick Industries' belt trailers and other equipment.
  - F. Site Plan:* See Attachment 3 for a preliminary Site Plan.
  - G. Demolition and Removal of Structures:* The old building on the Project Site was demolished at the beginning of 2019 in contemplation of redevelopment under this Plan. Existing concrete will need to be demolished and removed and the storm drain on and servicing the property will need to be demolished.
  - H. Population Densities:* The Plan does not contemplate a change in population densities around the Project Site. Employment will increase on the Project Site after redevelopment to approximately 30 to 50 employees.
  - I. Zoning Changes:* The Project Site is zoned as C-3(Heavy Commercial), which includes machine shops, truck and tractor repair, and service offices as permitted uses. Thus, no zoning changes are necessary.
  - J. Additional Public Facilities and Utilities:* The storm drain on and servicing the property will need to be demolished and rebuilt.
  - 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. Conformity to General Plan of the City (NEB. REV. STAT. §§ 18-2112, 18-2113(1), and 18-2116(1)(a)).

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 Southwest District and in an Automobile Commercial Neighborhood. An Automobile Commercial Neighborhood contemplates daytime and nighttime activity, commercial vehicle access, a wide variety of building types and sizes, and noises and heavier commercial traffic associated with business. A principle of sustainable development for the Southwest District is to encourage infill development through mitigation of blighted properties and incentives. A principle of interconnection of neighborhoods and amenities for the Southwest District is to encourage location of transportation reliant business along South Beltline. 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 all in accordance with NEB. REV. STAT. § 18-2147. The amount of the available proceeds from tax increment financing (“TIF Revenues”) is estimated at approximately \$1,162,905.00, calculated as follows:

2018 Assessed Value:		
Land:	\$ 105,290.00	
Building/Improvements	\$ 105,494.00	
Total		\$ 210,784.00
Estimated Value after Completion		
Land:	\$ 105,290.00	
Building/Improvements:	\$3,694,710.00	
Total		\$3,800,000.00
Increment Value:		\$3,589,216.00
Multiplied by approximate 2.16% levy	x .0216	
Annual TIF Revenues Generated (Rounded)	\$ 77,527.00	
Multiplied by 15 years (Maximum Duration of TIF)	x 15	
Estimated TIF Revenues Available:		\$1,162,905.00

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 the Plan would not be economically feasible and would not occur in the blighted and substandard area without the use of tax increment financing. Tax increment financing and other incentives are critical in the Redeveloper’s decision to proceed with the Project as planned. Aulick Industries is very careful not to leverage its existing financial resources in such a way to inhibit the development of new products, inventories and efficiencies. Tax increment financing will allow the Redeveloper to take a more aggressive approach with a larger facility better suited to promote new growth, products, and sales, than would have been possible otherwise.

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 decision 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,

<u>Description</u>	<u>Estimated Cost</u>
Site Preparation	
Compacted Fill	\$ 66,000.00
Demolition	
Site Concrete	\$ 91,000.00
Storm Drain	\$ 8,000.00
Building	\$ 30,000.00
Storm Drain Construction	\$ 16,000.00
Sanitary Lines	\$ 20,000.00
Water Service	\$ 7,200.00
Lighting	\$ 96,000.00
Landscaping Highway ROW	\$ 30,000.00
Geo Tech/Civil Engineering	\$ 45,000.00
<u>Plan Preparation/Legal</u>	<u>\$ 10,000.00</u>
TOTAL	\$ 419,200.00

A preliminary statutory Cost-Benefit Analysis of the Project is attached as Attachment 4.

**B. Nebraska Advantage Act.** The Redeveloper has applied for and received approval of tax incentives under the Nebraska Advantage Act which includes a refund of City sales tax.

**C. 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 at \$4,000,000.00.

*Please note that all the figures in this Plan are estimates and tax increment financing granted will be based on actual costs incurred for eligible expenses.*

6. Implementation of the Plan.

Upon approval of this Plan, the Redeveloper will enter into a Redevelopment Contract with the CRA which shall govern the implementation of this Plan. All public improvements related to this Plan shall be according to (a) engineered plans and specifications approved in writing by the City in advance of commencement of construction, (b) all ordinances and codes adopted by the City, as in effect at the time that the public improvements are constructed, and (c) any other agreement related to the public improvements between the Redeveloper and the City. The Redevelopment Contract between the Redeveloper and the CRA shall not replace or supersede the need for the Redeveloper to obtain other agreements, consents, permits, or licenses from the City related to the public improvements or other improvements as may be required by the City for the type of work to be performed on the Project Site.

Dated: 4-8-19

HVS, LLP

By: 

Original Equipment Co. d/b/a Aulick Industries

By: 

**Aulick Industries Office and Truck Shop Redevelopment Plan  
Attachment 1  
Aerial Maps of Project Site**



Beacon<sup>IM</sup>

Scotts Bluff County, NE



Overview



Legend

- ☐ Parcels
- ☐ Roads

Parcel ID	010240489	Alternate ID	n/a	Owner Address	HVS LLP
Sec/Twp/Rng	26/22/55	Class	n/a		PO BOX 259
Property Address	709 W SOUTH BELTLINE HWY	Acres	n/a		SCOTTSBLUFF NE 69361
District	n/a				
Brief Tax Description	PT BLK 3, MARVIN ADD				
	(Note: Not to be used on legal documents)				

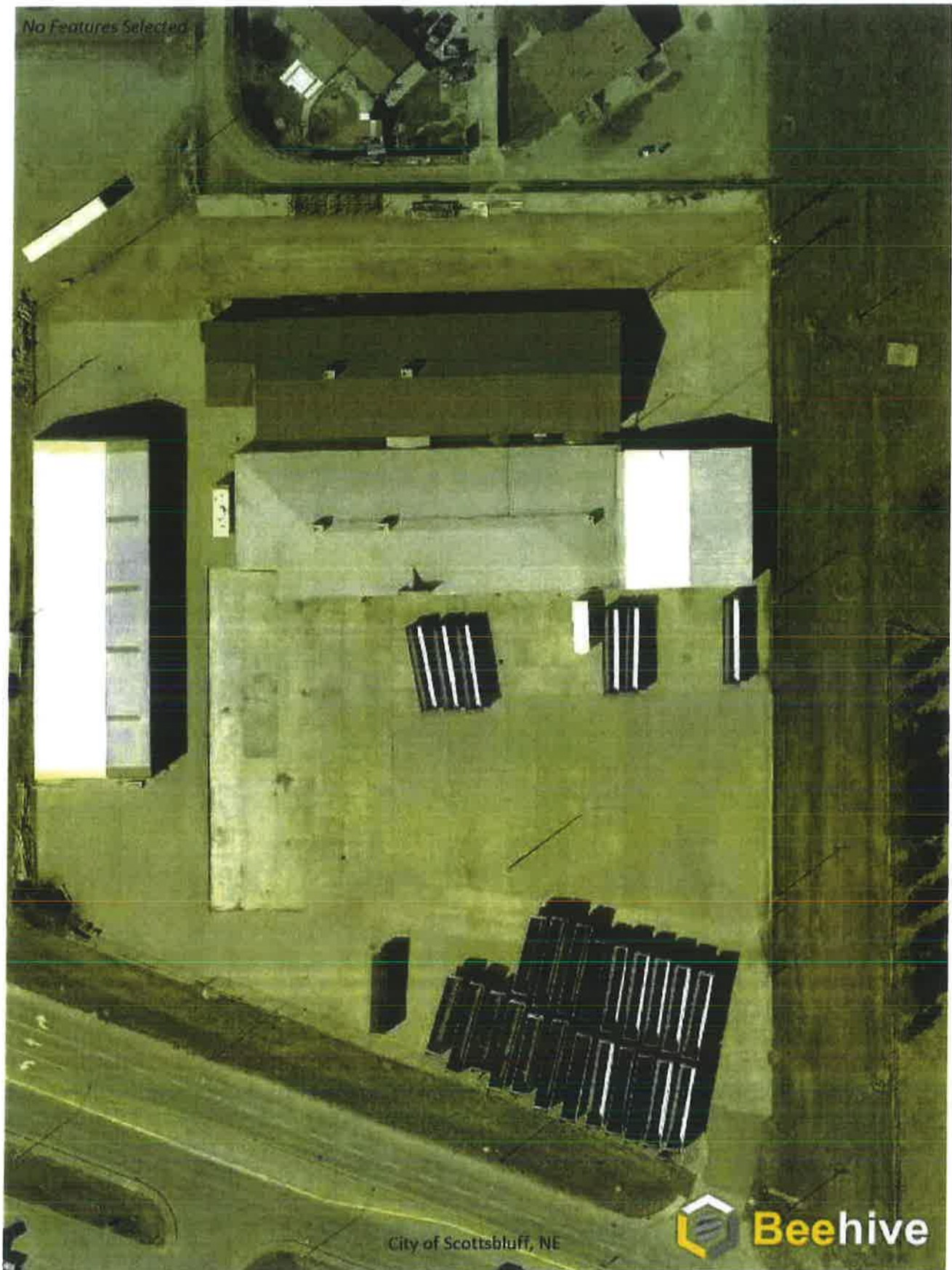
DISCLAIMER: This map measurement's and all associated data are approximate and not to be used for any official purposes. Scotts Bluff County assumes no liability associated with the use or misuse of this information.

Date created: 3/16/2019

Developed by  Schneider  
GEOSPATIAL







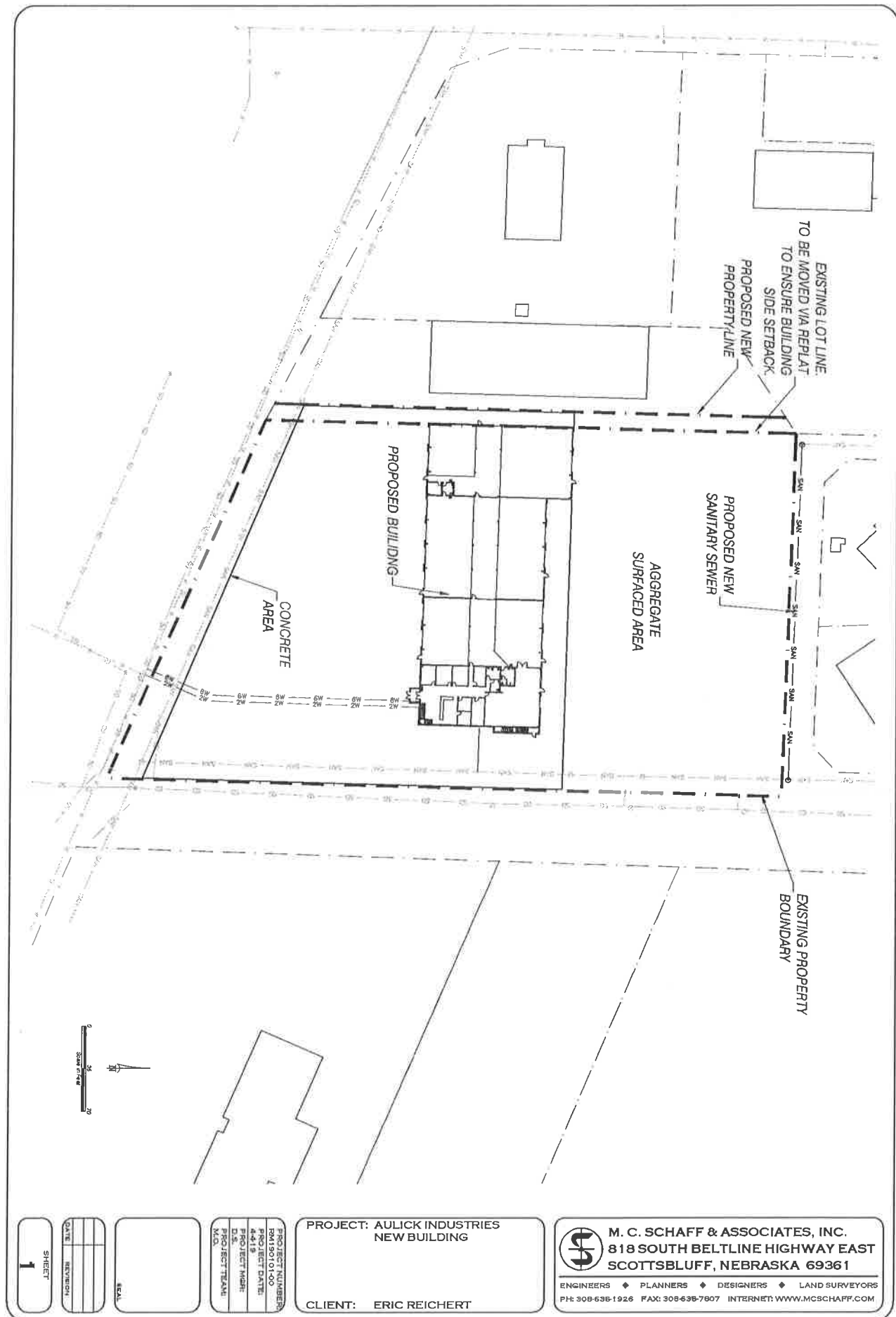
**Aulick Industries Office and Truck Shop Redevelopment Plan  
Attachment 2  
Floor Plans**





**Aulick Industries Office and Truck Shop Redevelopment Plan  
Attachment 3  
Site Plan**









**Aulick Industries Office and Truck Shop Redevelopment Plan  
Attachment 4  
Cost Benefit Analysis**

## **CITY OF SCOTTSBLUFF REDEVELOPMENT PLAN**

### ***Aulick Industries Office and Truck Shop***

***By: HVS, LLP and Original Equipment Co. d/b/a Aulick Industries***

#### **Cost Benefit Analysis**

**A. *Tax Revenues and Tax Shifts Resulting from the Division of Taxes.*** Real estate taxes from the base value of the Project Site will be available to the local taxing jurisdictions regardless of the tax increment financing. The base value of the Project Site is \$210,784.00 which produces an annual real estate tax of approximately \$4,379.00. The tax increment revenues created by the Project are estimated at approximately \$77,527.00 per year. The local taxing jurisdictions are the City, Scotts Bluff County, Scottsbluff Public Schools, WNCC, ESU 13, and North Platte NRD. The tax increment revenues will not be available to local taxing jurisdictions for up to 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 increment revenues 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 require demolishing and reconstructing the existing storm drain on and serving 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 Project Site is used for storage and there is not employment on the Project Site. After redevelopment under the Plan, employment is expected to grow to 30 to 50 employees on the Project Site over the next five years. Approximately 20 of these employees will come from adjacent locations operated by the Redeveloper, but the remaining employees will be new hires.

**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 a substantial amount 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.
- Local contractors will be used for the redevelopment under the Plan.
- The Redeveloper has applied for and received approval of tax incentives under the Nebraska Advantage Act which includes a refund of City sales tax.

# Simmons Olsen Law Firm, P.C., L.L.O.

Attorneys at Law

Howard P. Olsen, Jr.\*  
Rick L. Ediger  
Steven W. Olsen  
Kent A. Hadenfeldt  
John L. Selzer  
Adam A. Hoelsing  
Leslie A. Shaver\*\*  
Jonathan C. Hunzeker\*  
Elizabeth A. Stobel  
Megan A. Dockery  
Paul W. Snyder

1502 Second Avenue  
Scottsbluff, Nebraska 69361-3174  
(308) 632-3811  
Fax (308) 635-0907

Website: [www.simmonsolsen.com](http://www.simmonsolsen.com)  
E-mail: [jlselzer@simmonsolsen.com](mailto:jlselzer@simmonsolsen.com)

John A. Selzer, Of Counsel  
Steven C. Smith, Of Counsel

Robert G. Simmons, Jr. (1918-1998)  
John F. Simmons, Retired

ALLIANCE OFFICE  
129 East 5th Street  
Alliance, NE 69301  
(308) 761-0474

\*Also admitted in Wyoming  
\*\*Also admitted in Colorado

Please Direct All Correspondence  
To Scottsbluff Office

---

To: City of Scottsbluff Community Redevelopment Authority  
From: John L. Selzer, Deputy City Attorney  
Date: April 8, 2019  
Re: Aulick Industries Office and Truck Shop

---

**Introduction:** At your April 10, 2019 meeting, you will consider a resolution regarding the Redevelopment Plan for the Aulick Industries Office and Truck Shop project submitted by HVS, LLC and Original Equipment Co. d/b/a Aulick Industries (the "Plan" and the "Project"). The proposed Project is in an area that has previously been designated as blighted and substandard and in need of redevelopment.

The resolution will be to recommend the Plan to the City Council. If the resolution is passed, then the City Council will then review the Plan on April 15, 2019. If the City Council approves the Plan, then the CRA and Redeveloper will enter into a redevelopment contract to implement the Plan.

Attached with this letter are: (1) the Plan; (2) the proposed resolution you will consider on April 10, 2019; (3) a proposed resolution of the Planning Commission regarding the Plan, (to be considered at the Planning Commission's April 8, 2019 meeting); and (4) a proposed cost-benefit analysis for the Project. Below are the standards of your review of the Plan.

## **Standards of Review:**

***1. Conformity with Comprehensive Plan.*** First, you must consider whether the proposed land uses and building requirements in the Plan are designed with the general purpose 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. Thus, you must analyze whether the Project and Plan conform to the 2016 Scottsbluff Comprehensive Plan (the "Comprehensive Plan").

The Project Site is located at 709 W. South Beltline Highway, Scottsbluff, Nebraska. According to the Comprehensive Plan, the Project Site is in the Southwest District and in an Automobile Commercial Neighborhood. An Automobile Commercial Neighborhood contemplates daytime and nighttime activity, commercial vehicle access, a wide variety of building types and sizes, and noises and heavier commercial traffic associated with business. A principle of sustainable development for the Southwest District is to encourage infill development through mitigation of blighted properties and incentives. A principle of

interconnection of neighborhoods and amenities for the Southwest District is to encourage location of transportation reliant business along South Beltline. The Redeveloper's potential expansion of its business on the Project Site is consistent with the Comprehensive Plan.

The Project Site is zoned as C-3(Heavy Commercial), which includes machine shops, truck and tractor repair, and service offices as permitted uses. Thus, no zoning changes are necessary.

**2. Cost-Benefit Analysis.** Second, you must conduct a cost-benefit analysis of the Plan using the following factors:

- a. Tax Shifts from the approval of TIF funds;
- b. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;
- c. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;
- d. Impacts on other employers and employees within the City and the immediate area that are located outside of the boundaries of the area of the redevelopment project;
- e. Impacts on the student populations of Scottsbluff Public Schools; and
- f. Any other impacts determined by the CRA to be relevant to the consideration of costs and benefits arising from the redevelopment project

A proposed cost benefit analysis is included in your packet, which you may adopt with or without revisions.

**3. But-For Test.** The CRA should consider whether the Project in the Plan would not be economically feasible or occur in the community redevelopment area without the use of tax-increment financing. Technically, this determination is imposed on the Council by statute, but I believe it is good practice for the CRA also to consider the issue. The Redeveloper's certification as to these elements is included on page 3 of the Plan.

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

/s/ John L. Selzer

John L. Selzer

RESOLUTION 4-08

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 *Aulick Industries Office and Truck Shop*, prepared by HVS, LLP and Original Equipment Co. d/b/a Aulick Industries (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 April 8, 2019

PLANNING COMMISSION OF THE CITY  
OF SCOTTSBLUFF, NEBRASKA

By:   
Chair

ATTEST:

By:   
Recording Secretary