

City of Scottsbluff, Nebraska

Wednesday, January 13, 2021

Regular Meeting

Item 1

26 Group, LLC Fuel Station Project

Review of application for tax increment financing by 26 Group, LLC for fuel station and convenience store.

Conduct and approve preliminary cost-benefit analysis based on application by 26 Group, LLC for fuel station and convenience store.

Refer 26 Group, LLC's Redevelopment Plan to the Planning Commission.

Staff Contact: Starr Lehl

Tax Increment Financing Application

By



**To Build A New Branded Fuel Station
And Convenience Store
In The Scottsbluff Community**

APPLICATION FOR TAX INCREMENT FINANCING

Please note that the following application must be typed prior to submission to the City of Scottsbluff. You should attach additional pages when necessary. The applicant(s) or a designated representative must be present at the Community Redevelopment Authority (CRA), Planning Commission, and City Council meetings to answer any questions related to the project. Proper notice of both meetings will be given to applicants by City Staff. **Failure to complete any of these application requirements may result in ineligibility for or delay of approval of Tax Increment Financing.**

1. Please state, the name, address, telephone number and email address of the Redeveloper(s) (the applicant). If the Redeveloper is a business entity, please include the name of the designated representative of the business and the position title.

26 Group, LLC (Eric Reichert, President)

1502 19th Ave Scottsbluff, NE 69361

(308)633-3595

ereichert@eric-inc.com

2. Please describe the property to be redeveloped (the “Project Site”) by address, legal description, or, if necessary, general location. Please include all parcel numbers included in the Project Site. These can be obtained from the Scotts Bluff County Assessor website: <http://www.scottsbluffcounty.org/assessor/assessor-disclaimer-do.html>. Please attach a map of the Project Site if available.

Lots 11, 12 and 13, Hight’s Addition to the City of Scottsbluff, Scotts Bluff County,

Nebraska (Northeast Corner of 27th Street and Ave I)

3. Please describe the existing uses and condition of the Project Site.

Currently the site is occupied by three buildings:

Gaming Machine Business, Laundry Mat, and Plumbing Business

4. If you do not currently own the Project Site, please explain your plan for acquiring the Project Site, including whether you have a current agreement to acquire the Project Site.

26 Group, LLC currently has a purchase agreement on the property and is

set to close on January 5th 2021.

5. Please describe the Redevelopment Plan on the Project Site. In your description, please address (please include your answers in an attached document):

- A. Proposed land uses after redevelopment (please attach a land use plan if available).
- B. The necessity of and plan to demolish or remove structures.
- C. Land coverage and building intensities in the Project Site after redevelopment (please attach a site plan if available).
- D. Standards of population densities in the Project Site expected after redevelopment.
- E. A statement of any proposed changes to zoning, street layouts, building codes, or ordinances.
- F. A statement of any planned subdivision to the Project Site.
- G. A statement of additional public facilities and utilities required to support the Project Site after redevelopment.
- H. Employment within the Project Site before and after redevelopment.
- I. Any other information you deem relevant.

6. Please itemize your estimated project costs (please attach copies of bids or estimates to support estimated project costs):

A. Land Acquisition (if applicable):	\$ 425,000
B. Site Development (itemize):	\$ 540,000
C. Building Cost:	\$ 612,000
D. Architectural & Engineering Fees:	\$ 86,000
E. Legal Fees:	\$ 7,500
F. Financing Costs:	\$ 2,008,472 (over 25 yrs)
G. Broker Costs:	\$ 0.00
H. Contingencies:	\$ 0.00
I. Other (itemize):	\$ 0.00

TOTAL \$ 3,678,972.00 (See Attached Document)

7. Please list the names and addresses of all known architects, engineers, and contractors who will be involved with the Project.

Joseph R. Hewgley & Associates, Inc. 702 South Bailey, North Platte, NE 69101

Eric Reichert Insulation & Construction, Inc 1502 19th Ave, Scottsbluff, NE 69361

M.C. Schaff, 818 S Beltline Hwy E, Scottsbluff, NE 69361

8. Please itemize the following regarding the valuation of the Project Site:

A. Total estimated assessed valuation of Real Property at completion: \$3,000,000.00

B. Latest property valuation (from R.E. Tax Statement): \$366,745.00

9. Please itemize your projected sources of financing for the Project (please include a construction pro forma if available):

A.	Equity:	\$ 585,600
B.	Bank Loan:	\$ 1,342,400
C.	Tax Increment Financing:	\$ 1,000,000
D.	Other (itemize):	\$ 0.00
TOTAL		\$ 2,928,000

10. Please set forth your Project schedule.

A. Expected acquisition date (if applicable): January 2021

B. Demolition start date (if applicable): April 2021

C. Construction start date: May 2021

D. Construction completion date: December 2021

E. If project is phased: N/A

Year _____ % Complete

Year _____ % Complete

11. Please name any other municipality wherein you, or other entities the applicant has been involved with, has completed developments within the last five years.

Scottsbluff will be the only municipality 26 Group, LLC will have worked

in the last 5 years.

12. Tax Increment Financing Request:

A. Describe amount and purpose for which Tax Increment Financing is required:

We are requesting TIF funds of \$1,000,000. The purpose of the funds is to offset the costs of the acquisition of the land, getting water and sewer utilities to the site, remove existing fuel tanks on the property, removing existing unusable buildings from the building site, removing existing trees, and paving of the building site for drainage.

The approximate costs of all the above items is \$995,000.

B. Statement of necessity for use of Tax Increment Financing:

It is necessary to receive these funds in order to complete the project. Our bank is requesting 26 Group to get extra funding from another source other than just them.

(Attached Document)

C. Have you filed or do you intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the Nebraska Advantage Act for a project located or to be located within the Project Site?

_____ Yes X No

D. If your answer to the previous question 12.C is “Yes,” does such application include, or will such application include, as one of the tax incentives, a refund of the City’s local option sales tax revenue?

_____ Yes X No

E. If your answer to question 12.C is “Yes,” has the application been approved under the Nebraska Advantage Act?

_____ Yes X No

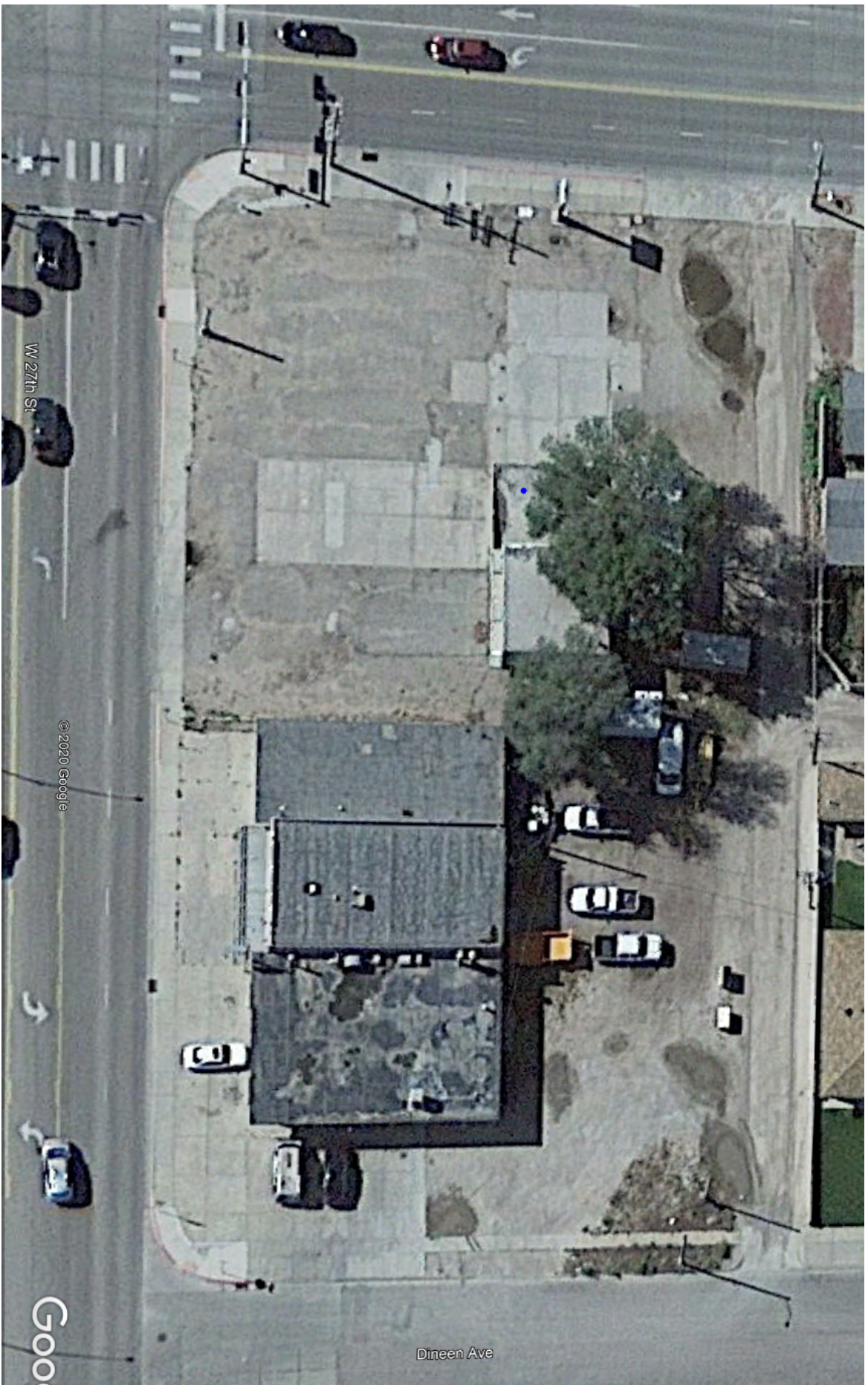
I certify that the facts and estimates set forth in this application for Tax Increment Financing (TIF) are true and accurate to the best of my knowledge. I understand that false statements on this application shall be considered sufficient cause for ineligibility.

I understand that the City may request additional information it deems relevant and that submitting this application does not guarantee a grant of TIF. All TIF grants are conditional upon (1) approval by the appropriate City authorities and (2) the execution of a contract between you and the CRA.

I agree to maintain all project related receipts for a period of five (5) years beginning at final payment of Tax Increment Financing for audit purposes.

26 Group, LLC		12-4-2021
Applicant Name	Signature	Date
_____	_____	_____
Applicant Name	Signature	Date

Project Site



Question #6 Attachment

Fuel Station #2 Budget Plan			
Category	Estimated Quantity	Estimated Cost per Unit	Estimated Subtotal
Land Cost			
Initial Land Cost	1	\$425,000.00	\$425,000.00
Closing and Attorney Fee	1	\$15,000.00	\$15,000.00
			\$0.00
Land Costs Total			\$440,000.00
Building Cost			
Building	4,500	\$136.00	\$612,000.00
Paving	40,000	\$7.25	\$290,000.00
Tank Removal	1	\$50,000.00	\$50,000.00
Site Demolition	1	\$150,000.00	\$150,000.00
Site Utilities	1	\$50,000.00	\$50,000.00
Restaurant Equipment/Frig/Freezers	1	\$250,000.00	\$250,000.00
Fuel Pump/Tanks/Readers (Doubles)	5	\$142,000.00	\$710,000.00
Signage	1	\$80,000.00	\$80,000.00
Management Fee (8.5%)	1	\$194,905.00	\$194,905.00
Civil Engineer	1	\$21,000.00	\$21,000.00
Architect Fee (No Civil)	1	\$65,000.00	\$65,000.00
Landscaping	1	\$15,000.00	\$15,000.00
Building Costs Total			\$2,487,905.00

Question #5 Attachment

5. Please describe the Redevelopment Plan on the Project Site. In your description, please address (please include your answers in an attached document):

A. Proposed land uses after redevelopment (please attach a land use plan if available).

- Our intent is to build a new fuel station to accommodate cars and pickups for both diesel fuel and gas. There will be a new imaged convenience store.
- 5 Multiple Pump Dispensers featuring both “pure gas” and a 10% ethanol blend with diesel hoses on the outside islands in a dive-in configuration.
- ±24’ X 132’ canopy over gas dispensers
- ±4500 sf bldg. to include beer/wine cave, liquor license, 750 sf co-branded fast-food area, 500 sf restrooms, 250 sf office area, 500 sf restrooms, 250 sf office area.

B. The necessity of and plan to demolish or remove structures.

- All structure will be removed from site with the possible exception of the laundry mat.

C. Land coverage and building intensities in the Project Site after redevelopment (please attach a site plan if available.)

- Lot Size- +/-1 acres
- Convenience Store- 4500 Sqft
- Canopy’s- 24’x132’
- Paving- ± 40,000 Sqft

D. Standards of population densities in the Project Site expected after redevelopment.

- None

E. A Statement of any proposed changes in zoning, street layouts, building codes, or ordinances.

- We are not planning on changing in the current zoning.

F. A statement of any planned subdivision to the Project Site.

- We have no plans to subdivide this property.

G. A statement of additional public facilities and utilities required to support the Project Site after redevelopment.

- Public Restrooms
- WiFi
- ATM
- Possible Fax machine
- Electric
- Natural Gas
- City Water
- City Sewer
- City Storm Water

H. Employment within the Project Site before and after redevelopment.

- Currently there is no employment available on the site
- Our plan is to employ
 - 1- Full time Manager
 - 1- Full time Assistant Manager
 - 4- Part time Cashiers
 - 2- Part time Cooks
 - 1- Full time Cook

I. Any other information you deem relevant.

- None



December 11, 2020

26 Group, LLC
C/O Eric and Brandy Reichert
5415 Oriole Dr.
Scottsbluff NE 69361

RE: Tax Increment Financing

Eric & Brandy:

Sandhills State Bank has reviewed the proposed project to be built at I and 27th Street in Scottsbluff, Nebraska. The success of this proposed project is dependent on 26 Group, LLC receiving a minimum of \$995,000 of approved Tax Increment Financing (TIF) from the CRA of Scottsbluff, with such an approval from the CRA of Scottsbluff, Sandhills State Bank would be willing to move forward with offering financing arrangements for the said project subject to any terms, conditions, and contingencies established by Sandhills State Bank.

Sincerely,

<i>Dennis Wright SVP</i>	<i>Todd Kraus MP</i>
Dennis Wright	Todd Kraus
Senior Vice President	Market President

Community Redevelopment Authority, City of Scottsbluff, Nebraska
26 Group Fuel Station and Convenience Store-West
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)

A. Project Sources/Use of Funds: An estimated \$865,485.00 of TIF Revenues are available for this Project with an estimated \$708,210.00 in TIF eligible expenses. The public investment from TIF will leverage approximately \$2,231,905.00 in private sector investment; a private investment of approximately \$3.15 for every TIF dollar invested. Below is a breakdown of estimated costs and expenses of the Project and the use of funds for each. (This breakdown does not account for interest to be paid out of TIF Revenues).

Description	TIF Funds	Private Funds	
Land Acquisition	\$ 425,000.00		
Legal (non TIF)/Closing Costs		\$ 15,000.00	
Building		\$ 612,000.00	
Paving		\$ 290,000.00	
Tank Removal	\$ 50,000.00		
Site Demolition	\$ 150,000.00		
Site Utilities	\$ 50,000.00		
Restaurant Equipment/Frig/Freezers		\$ 250,000.00	
Fuel Pumps/Tanks/Readers		\$ 710,000.00	
Signage		\$ 80,000.00	
Civil Engineering	\$ 21,000.00		
Architect		\$ 65,000.00	
Landscaping		\$ 15,000.00	
Management Fee		\$ 194,905.00	
Sub Totals	\$ 696,000.00	\$ 2,231,905.00	
Plan Preparation/Legal (City Application, Processing, and Administrative Fees)	\$ 12,210.00		
Estimated TIF Eligible Expenses	\$ 708,210.00		
			Total Project Costs
Totals	\$ 708,210.00	\$ 2,231,905.00	\$ 2,940,115.00

B. Tax Revenues and Tax Shifts Resulting from the Division of Taxes.

Taxes from base value of the Project Site will be available to the local taxing jurisdictions regardless of the tax increment financing. The Project Site is Scotts Bluff County Parcel Nos. 010128581, 010128573, and 010128565. The current value of the Project Site is \$341,050.00. Real estate taxes assessed against the Project Site are currently \$7,052.86 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 from this Project will not be available to local taxing jurisdictions for up to 15 years after the effective date of the division of taxes. 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. The estimated tax increment revenues are calculated as follows:

a. Estimated Base Value:	\$ 341,050.00
b. Estimated Value at Completion:	\$3,000,000.00
c. Tax Increment (b minus a):	\$2,658,950.00
d. Estimated Levy:	2.17%
e. Average Annual Projected Shift (rounded):	\$ 57,699.00
f. Total TIF Available (e multiplied by 15)	\$ 865,485.00

Note: The above figures are based on estimated values, project completion/phasing timelines, and levy rates. Actual values and rates may vary materially from the estimated amounts.

C. Public Infrastructure and Community Public Service Needs Impacts and Local Tax Impacts Arising from Project Approval.

No public infrastructure and community public service needs impacts are anticipated.

D. Impacts on Employers and Employees of Firms Locating or Expanding Within the Boundaries of the Redevelopment Project Area.

The Redeveloper anticipates the following employment on the Project Site after redevelopment:

1 full time Manager
 1 full time Assistant Manager
 4 part time Cashiers
 2 part time Cooks
 1 full time Cook

E. Impacts on other Employers and Employees within the City and immediate area located outside the Redevelopment Project Area.

No negative impacts on employers and employees within and surrounding the City are anticipated.

F. Impacts on Student Populations of Scottsbluff Public Schools.

No negative impacts on Scottsbluff Public Schools are anticipated.

G. Other Impacts

- Use of local contractors for construction
- Increase in personal property taxes