

City of Scottsbluff, Nebraska

Wednesday, January 12, 2022

Regular Meeting

Item 1

Application for Tax Increment Financing from Javier Parra for Property at 2809 Avenue I.

Review application and conduct preliminary cost-benefit analysis.

Take action to conceptually approve the application and refer Redevelopment Plan to Planning Commission.

Staff Contact: Zachary Glaubius, Planning Administrator

Tax Increment Financing (TIF) Guidelines and Application

City of Scottsbluff, Nebraska

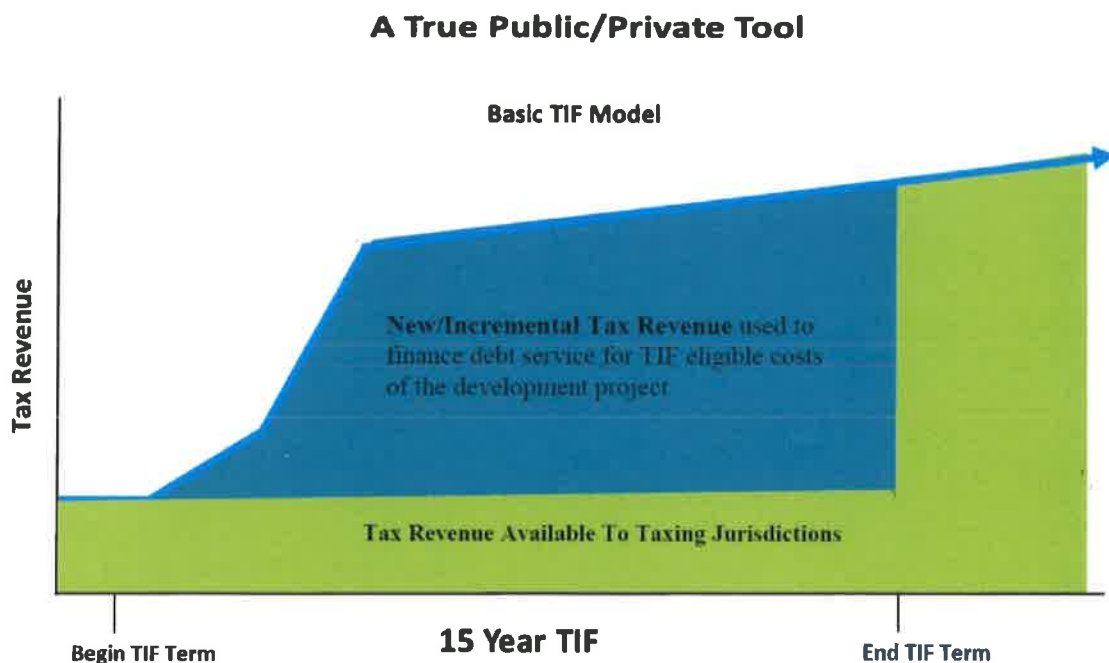
Revised June 2020



I. INTRODUCTION

The procedures below are used by the City of Scottsbluff City Council, Planning Commission, and Community Redevelopment Authority (“CRA”) for evaluating proposals requesting Tax Increment Financing (“TIF”) for projects within the City of Scottsbluff. These are guidelines only, and TIF applications, plans, and projects are subject to final approval by the City and the provisions of the Nebraska Community Development Law, as it may be amended from time to time.

Property located in a blighted and substandard area can be extremely expensive to develop. TIF encourages private investment in these areas by allowing the City to pledge, for up to 15 years, increases in property tax revenue resulting from the development to the payment of certain costs associated with the development. The chart below demonstrates the public and private benefits of TIF.



II. PROGRAM CRITERIA

1. The project must be located within an area that has been, or is eligible to be, designated as blighted and substandard as defined in the Community Development Law.
 - A.) If the proposed project is not within an area designated as blighted and substandard, the applicant may submit to the City of Scottsbluff a written request for a study to determine whether the area qualifies to be designated as blighted and substandard. Any study will be at the expense of the applicant.
 - B.) The qualification of an area as blighted and substandard does not automatically mean the City will designate the area as blighted and substandard. Making this designation remains in the sole and absolute discretion of the City Council.
2. The costs and benefits of the project must be in the long-term best interest of the community.
3. The project would not be economically feasible and would not occur in the blighted and substandard area without the use of TIF.
4. The project must further the objectives of the City's Comprehensive Plan.
5. The applicant must be able to show the financial ability to complete the project, including any public improvements, as presented. The financial ability can be contingent on TIF being granted. However, the applicant must understand that TIF typically only pays for a small portion of a project. The City assumes no responsibility for the payment of any TIF project expenses, except to the extent tax increment financing is granted. The City assumes no responsibility for selling or purchasing any TIF note or bond.
6. All TIF projects must comply with City codes and zoning ordinances.

III. TIF ELIGIBLE COSTS

The following are generally considered TIF eligible costs (but is not an exhaustive list):

1. Public improvements associated with the redevelopment project. Public improvements can be located on a redevelopment project site, directly adjacent to the redevelopment project site, or within the general vicinity of the redevelopment project site if those improvements are necessary for or associated with the project.
2. Acquisition costs of redevelopment project sites.
3. Site preparation, demolition, grading, and other pre-development work prior to construction of the project.
4. Architectural and engineering services related to the project as well as environmental services and studies. *Civil Engineer*
5. Utility extensions.

6. Rehabilitation, major renovations, and retrofitting of structures within the redevelopment project area which exceed minimum building and design standards and prevent the recurrence of substandard and blighted conditions.
7. Public parking.
8. Costs associated with plan preparation and approval.

IV. APPLICATION/PLAN DEVELOPMENT

1. **Application Process:** The City Manager or Economic Development Director will be the applicant's primary point of contact for the project. All applications for TIF must be submitted to City Staff for review along with at \$250.00 application fee before the project is initially presented to the CRA. (See Appendix A.) The TIF application will be evaluated by City Staff, which may request further information from the applicant or require revisions to the application. After the TIF application is approved by City Staff, the applicant will be notified of the appropriate CRA meeting to attend to present the proposed TIF project.
2. **Preparation of a Redevelopment Project Plan:** The Redevelopment Plan has certain statutory requirements. City Staff can prepare the Plan with the assistance of the applicant. Alternately, the applicant can hire a qualified person to prepare the Plan and submit that plan to the City for consideration. If the applicant submits a Plan to the City staff, the City staff may require certain revisions to the Plan. If further information or revisions are required, the approval of the Plan may be delayed.

V. APPROVAL PROCESS

1. **Conceptual Approval of the Application/Redevelopment Plan by the CRA:** The TIF application or draft of the Redevelopment Plan is first submitted the CRA which will conduct a preliminary cost-benefit analysis. (See Appendix B.) The CRA will determine whether to conceptually approve the application or draft Plan. Conceptual approval of the application or Plan by the CRA does not guarantee the applicant that final approval of the Plan will be granted.
2. **Approval of the Redevelopment Plan:** After conceptual approval, the Plan is then referred to the Planning Commission for a public hearing and its recommendation as to whether the Plan is consistent with the goals set out in the City's Comprehensive Plan. Following the Planning Commission recommendation, the Plan is then submitted to the CRA for further review. The CRA will conduct an updated cost-benefit analysis and make a recommendation regarding the Plan to City Council. The Plan is then forwarded to City Council for a public hearing. Following the public hearing, City Council can approve a resolution adopting the Redevelopment Plan.
3. **Approval of the Redevelopment Agreement:** Following approval of the Redevelopment Plan, the CRA and the owner/developer must enter into a Redevelopment Agreement. The Agreement sets forth the responsibilities of both parties. The CRA may simultaneously authorize a TIF note. However, a TIF note will not be issued by the CRA until eligible project costs are incurred. Interest rates on TIF notes will be determined by the market at the time the note is issued.

VI. TIF FEE STRUCTURE

The fee structure for TIF projects are as follows:

1. An initial application fee of \$250.00 is due upon submission of the TIF application.
2. Upon conceptual approval of TIF application or draft Plan by the CRA, a processing fee based on the schedule below shall be remitted if the applicant wishes a Plan to be considered by the Planning Commission, CRA, and City Council. The processing fee is intended to cover the City's costs and expenses in creating and/or reviewing the Plan and cost-benefit analysis and running the Plan through the appropriate approval process.

If the processing fee has not been paid for a period of six (6) months after notification of conceptual approval, the application shall be deemed abandoned and the application fee forfeited. The processing fee schedule is as follows:

- If the estimated TIF proceeds available for the Project are \$50,000.00 to \$75,000.00, the processing fee shall be equal to 5% of the estimated TIF proceeds, and the processing fee will also cover the administrative fee.
 - If the estimated TIF proceeds available for the Project are \$75,000.01 to \$100,000.00, the processing fee shall be equal to 8% of the estimated TIF proceeds, and the processing fee will also cover the administrative fee.
 - If the estimated TIF proceeds available for the Project are over \$100,000.00, the processing fee shall be the greater of (a) \$5,000.00 or (b) 1% of the estimated TIF proceeds. This processing fee will be in addition to the administrative fee set forth below.
3. Upon approval of the Redevelopment Plan and Redevelopment Agreement, the person or organization receiving the TIF Proceeds estimated to be over \$100,000.00 shall pay an administrative fee of \$5,000. The administrative fee is intended to cover the City's costs and expenses of administering the TIF note during its life.

Below are examples of the fees due to the City for particular projects:

Estimated TIF Proceeds	Application Fee	Processing Fee	Administrative Fee	Total
\$50,000.00	\$250.00	\$2,500.00 (5%)	Included in Processing Fee	\$2,750.00
\$75,000.00	\$250.00	\$3,750.00 (5%)	Included in Processing Fee	\$4,000.00
\$80,000.00	\$250.00	\$6,400.00 (8%)	Included in Processing Fee	\$6,650.00
\$100,000.00	\$250.00	\$8,000.00 (8%)	Included in Processing Fee	\$8,250.00
\$110,000.00	\$250.00	\$5,000.00 (minimum)	\$5,000.00	\$10,250.00
\$350,000.00	\$250.00	\$5,000.00 (minimum)	\$5,000.00	\$10,250.00
\$500,000.00	\$250.00	\$5,000.00 (1%)	\$5,000.00	\$10,250.00
\$600,000.00	\$250.00	\$6,000.00 (1%)	\$5,000.00	\$11,250.00
\$1,000,000.00	\$250.00	\$10,000.00 (1%)	\$5,000.00	\$15,250.00

VII. DISCLAIMER

These guidelines contain general guidance only and shall not be deemed a contract or promise by the City or any of its departments to provide TIF proceeds or any services outlined above. Any timeline given by the City or its representative shall be deemed an approximation only and while developers may use these timelines for planning purposes, they should not rely on such timelines, nor shall the City, the CRA, the Planning Commission, or any of their respective officers, agents, employees, and representatives be liable for not strictly adhering to any deadline set forth or implied. The City, by and through the City Manager, reserves the right to reasonably alter these policies or equitably adjust the fee charged in connection with any project if, in the City Manager's discretion such alterations or adjustments are in the best interest of the City. Nothing in these guidelines, including the payment of any fees, shall guarantee TIF to any person or entity. The receipt of TIF is subject to the developer meeting all statutory and local requirements of TIF and the approval of the City.

APPENDIX A

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 may be asked to 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 all 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.

Javier Parra

80903 Stonegate Rd

Minatare NE. 69356

j7777 Parra@gmail.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.

Parcel 0010128468

Address 2809 Ave I Scottsbluff NE 69361

legal LT1, SKH ADD REPLAT OF HEIGHTS ADD

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

at this moment is empty lot.

will be use as a restaurant

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.

I own the project site

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):	\$ 300,000
B. Site Development (itemize):	\$ -10,000
C. Building Cost:	\$ 500,000
D. Architectural & Engineering Fees:	\$ 90,000
E. Legal Fees:	0 \$ -
F. Financing Costs:	0 \$ -
G. Broker Costs:	0 \$ -
H. Contingencies:	\$ 30,000
I. Other (itemize):	\$ -

TOTAL \$ 930,000

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

David A. Shaff. (MCS family of companies)
Albert Ramirez Licensed Plumber) Scottsbluff.
- Harold Park Licensed Electrician Adams Electric
- Allen Compton Electrician

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

A. Total estimated assessed valuation of Real Property at completion:

1,200,000 —

B. Latest property valuation (from R.E. Tax Statement): —

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

A. Equity:	\$ 0 —
B. Bank Loan:	\$ 500,000 —
C. Tax Increment Financing:	\$
D. Other (itemize):	\$
TOTAL	\$

10. Please set forth your Project schedule.

A. Expected acquisition date (if applicable): —

B. Demolition start date (if applicable): —

C. Construction start date: March 01 2022

D. Construction completion date: August 1 2022

E. If project is phased:

Year	2022	100	% 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.

none

12. Tax Increment Financing Request:

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

- ① Architectural & engineering 90000
- ② Utility extension (Plumbing & Electrical work) 42000 Plumb
60000 Elec
- ③ Public parking

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

Yes No

 Yes No

 Yes No

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.

Applicant Name _____ Signature _____ Date Dec 3 2021

Applicant Name	Signature	Date
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APPENDIX B

COMMUNITY REDEVELOPMENT AUTHORITY, CITY OF SCOTTSBLUFF, NEBRASKA
[NAME OF PROJECT]
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)

A. Project Sources/Use of Funds: An estimated \$_____ of TIF Revenues are available for this Project. This public investment will leverage approximately \$_____ in private sector investment; a private investment of almost \$_____ for every TIF dollar invested. Below is a breakdown of estimated costs and expenses of the Project and the use of funds for each:

<u>Description</u>	<u>TIF Funds (eligible)</u>	<u>Private Funds</u>	<u>Total</u>
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B. Tax Revenues and Tax Shifts Resulting from the Division of Taxes.

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

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

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

F. Impacts on Student Populations of School Districts within the City.

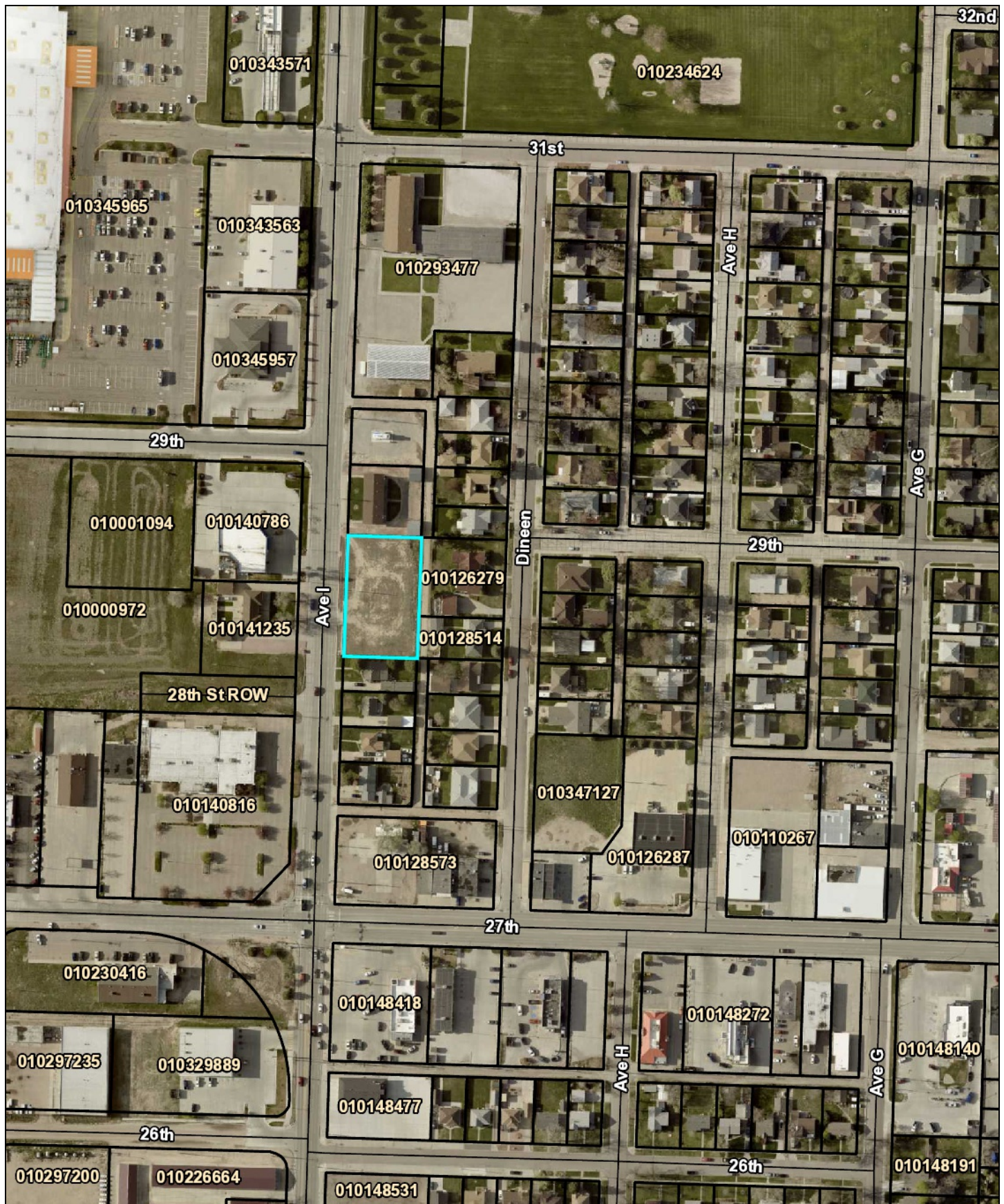
G. Other Impacts.

Approved by the Community Redevelopment Authority, City of Scottsbluff
on _____

Chair

Secretary

Project Site



COMMUNITY REDEVELOPMENT AUTHORITY, CITY OF SCOTTSBLUFF, NEBRASKA
El Torito Restaurant
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)

A. Project Sources/Use of Funds: An estimated \$379,080.00 of TIF Revenues are available for this Project. This public investment will leverage approximately \$561,170.00, in private sector investment; a private investment of approximately \$1.48 for every TIF dollar invested. Below is a breakdown of estimated costs and expenses of the Project and the use of funds for each. A “TIF Adjustment” is made to show certain TIF eligible expenses that will not be covered by TIF, but rather private investment. This breakdown does not account for interest to be paid out of TIF funds.

Description	TIF Funds	Private Funds	
Land Acquisition	\$ 300,000.00		
Site Development	\$ 10,000.00		
A/E	\$ 90,000.00		
Building		\$ 500,000.00	
Contingencies		\$ 30,000.00	
Sub Totals	\$ 400,000.00	\$ 530,000.00	\$ 930,000.00
Plan Preparation/Legal (City Application, Processing, and Administrative Fees)	\$ 10,250.00		
TIF Adjustment*	\$ (31,170.00)	\$ 31,170.00	Total Project Costs
Totals	\$ 379,080.00	\$ 561,170.00	\$ 940,250.00
*Adjustment showing certain TIF costs estimated to not be covered by TIF proceeds			

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 estimated current value of the Project Site is \$31,589.00. Taxes from the current value of the Project Site are approximately \$650.00 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 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 average annual tax increment revenues are calculated as follows:

a. Estimated Base Value:	\$ 31,589.00
b. Estimated Project Completion Value:	\$1,200,000.00
c. Tax Increment (b minus a):	\$1,168,411.00
d. Estimated Levy:	2.163%
e. Annual Projected Shift (rounded):	\$ 25,272.00
f. Total TIF Available (e multiplied by 15)	\$ 379,080.00

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 or community public service needs are anticipated.

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

Not known.

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

None anticipated.

F. Impacts on Student Populations of School Districts within the City.

None anticipated.

G. Other Impacts.

Local contractors and consultants will perform the work.
Infill development
