

City of Scottsbluff, Nebraska

Monday, June 8, 2015

Regular Meeting

Item NewBiz1

Redevelopment Plan

Redevelopment Plan: Elite Health

Applicant(s): Jason & Sami Webb/

Property Owner(s): Jason & Sami Webb

Location: SE corner of Avenue I & 42nd St.

Staff Contact: Annie Folck



*SCOTTSBLUFF
PLANNING COMMISSION
Staff Report*

To: Planning Commission
From: Planning Staff
Date: June 8, 2015
Subject: Redevelopment Plan – Elite Health
Location: SE corner Avenue I & 42nd Street (802 W 42nd St.)

Jason & Sami Webb, property owners, of Lot 1, Block 9, Five Oaks Subdivision is proposing to redevelop the vacant land which is situated on the southeast corner of West 42nd Street and Avenue I.

The major estimated improvements funded from the TIF, are listed below.

Site Acquisition	\$786,028.00
Site preparation	\$250,000.00
Infrastructure and utilities	\$268,733.00
Planning/design	\$450,000.00
Legal	\$ 30,000.00
Total	\$1,784,761.00

The redevelopment plan is attached for your review.

**CITY OF SCOTTSBUFF
REDEVELOPMENT PLAN FOR THE
ELITE HEALTH DEVELOPMENT**

I. INTRODUCTION.

The City of Scottsbluff, Nebraska, recognizes that blight is a threat to the continued stability and vitality of the City as a focal point of business, financial, social, cultural and civic activity of the region, and a focus of community pride and achievement. Therefore, the City has initiated a program of revitalization whose goal is to enhance the City of Scottsbluff as the center of government in the county-wide region; as the center of retail, business, industry, office, financial and as a center for health services for the region. To reach this goal of the City of Scottsbluff intends to declare/(has recently declared) blighted and substandard the Highway 71 and 42nd Area in the City. This area is impacted by significant blight and substandard factors. This plan seeks to begin the improvement of that area by assisting in the site acquisition, site preparation, infrastructure and planning for the development of a commercial complex dedicated to health, and wellness. The facility will provide space for dental, optical, physician and other health care professionals and is intended to include a daycare center. The level of investment to finance the project will require the combined efforts of the public and private sectors. Current estimates of total investment exceed \$14,500,000.

This Redevelopment Plan covers an area consisting of approximately 281,684 +/- s.f. square feet located east of and adjacent to Highway 71 and south of West 42nd Street which is legally described on Exhibit "A", attached hereto and incorporated herein by this reference ("Community Redevelopment Area"). The area qualifies as part of a blighted and substandard area and the City Council will determine, through the blight and substandard resolution, that the Community Redevelopment Area is in need of revitalization and strengthening to ensure that it will contribute to the economic and social well-being of the City. All available evidence suggests that the area has not had the private investment necessary to contribute to the well-being of the community, nor would the area be reasonably anticipated to be developed without public action.

To encourage private investment in the Community Redevelopment Area, this Redevelopment Plan has been prepared to set forth the Elite Health Redevelopment Project ("Redevelopment Project"), which is considered to be of the highest priority in accomplishing the goal of revitalizing and strengthening the Community Redevelopment Area.

II. EXISTING SITUATION.

This section of the Redevelopment Plan examines the existing conditions within the designated Community Redevelopment Area. This section is divided into the following subsections: existing land use, existing zoning, existing public improvements, and existing building condition/blighting influences.

A. Existing Land Use. The Community Redevelopment Area contains platted and undeveloped land consisting of approximately 1,814,709 square feet. This use is shown on Exhibit "B".

B. Existing Zoning. The Community Redevelopment Area is zoned C-2 for a portion and A (Agricultural) for a smaller portion. The area must be rezoned to provide for the proposed Redevelopment Project.

C. Existing Public Improvements.

1. Street System. The Redevelopment Area is adjacent to Highway 71 and West 42nd Street. There is no internal street network or system constructed within the Community Redevelopment Area.

2. Utilities. The existing public utilities are available adjacent to the Redevelopment Area.

D. Existing Building Conditions/Blighting Influences. Charles K. Bunker, Attorney at Law, conducted a study entitled "Study of Blight and Substandard Conditions" dated May 1, 2015 ("Blight Study"). The "study area" for the Blight Study, which includes the Community Redevelopment Area, as well as additional property. The evaluation and subsequent findings of the Blight Study were based upon the criteria outlined in the Nebraska Community Development Law (Neb. Rev. Stat. § 18-2101 et seq.). The Blight Study determined that the study area exhibited a number of deficiencies applicable to the consideration of a "substandard and blight" designation including the existence of conditions which endanger life or property by fire or other causes, improper subdivision and dilapidation/deterioration. In addition, the Blight Study identified the existence of one condition within the study area that is a determinant of blight – the area substantially impairs or arrests the sound growth of the community and the average age of structures in the area is greater than 40 years. The City Council will hold a public hearing to declare the Community Redevelopment Area blighted and substandard and eligible for a Redevelopment Project on _____, 2015. After the public hearing action will be taken by resolution of the Scottsbluff City Council to declare the Redevelopment Area blighted and substandard pursuant to the Nebraska Community Development Law. The Blight Study is incorporated herein by this reference. A copy of the Blight Study is available at the City of Scottsbluff Clerk's Office.

III. FUTURE SITUATION.

This section of the Redevelopment Plan examines the future conditions within the Community Redevelopment Area. This section is divided into the following subsections:

- A. Proposed Land Use Plan
- B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations
- C. Relationship to Local Objectives
- D. Building Requirements and Standards after Redevelopment
- E. Proposed Changes and Actions
- F. Cost-Benefit Analysis
- G. Proposed Cost and Financing
- H. Procedure for Changes in the Approved Redevelopment Plan

A. Proposed Land Use Plan. Changes are contemplated in the current Land Use Plan for the area. The use of this site will go from undeveloped agriculture to developed commercial. This plan contemplates site acquisition and site development resulting in the construction of a two story facility dedicated to health and wellness professionals, including a daycare and fitness facility. The proposed site plan for the area after completion of a Redevelopment Project is shown on attached Exhibit "C" which is attached hereto and incorporated herein by this reference. The land use plan shows a proposed Redevelopment Project consisting of approximately 51,927 s.f. +/- square feet (ground floor) and 31,463 s.f. +/- square feet for the upper story. The plan currently proposes 367 parking spaces, interior private roadways and landscaping. The specific site plan, land uses, open space, buildings, parking lots, are shown on Exhibit "C".

The City of Scottsbluff, will negotiate a specific redevelopment agreement with the redeveloper outlining the proposed Redevelopment Project, and contributions are necessary from the City of Scottsbluff. The written redevelopment agreement will include a site plan, Redevelopment Project description, specific funding arrangements, and specific covenants and responsibilities of the City and the redeveloper to implement the Redevelopment Project.

B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations. In accordance with Nebraska State Law, the Redevelopment Plan described in this document has been designed to conform to the City of Scottsbluff Comprehensive Plan 2004 ("Comp Plan"). The City Council finds that this redevelopment plan is feasible and in conformity with the general plan for the development of the City as a whole and the plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law.

C. Relationship to Local Objectives. The Redevelopment Plan has been developed on the basis of the goals, policies and actions adopted by the City for the community as a whole and for the Redevelopment Area. General goals, policies and actions relating to the community as a whole and for Redevelopment Area are contained in the Comp Plan.

D. Building Requirements and Redevelopment Standards. The redevelopment of the Community Redevelopment Area should generally achieve the following requirements and standards:

1. Population Density. There are no dwelling units currently located within the Community Redevelopment Area. The development proposed under this Redevelopment Plan does not include any residential construction. Consequently, there will be no change proposed for the permanent population density within the Community Redevelopment Area.

Redevelopment of the Community Redevelopment Area with the development of offices for health care professionals should incent further development within the Redevelopment Area. Often an investment and improvement of the magnitude proposed by this Plan has the benefit of spurring improvements in adjacent developed and undeveloped commercial areas.

2. Land Coverage and Building Density. There are no existing buildings located within the Community Redevelopment Area. After redevelopment project completion, building coverage will be approximately 51,927 square feet on the ground floor. Paved parking lots are shown on Exhibit "C".

3. General Environment. The commercial structure and parking lot will cover all of the Redevelopment Project Area. This commercial activity will intensify and strengthen Scottsbluff as a focal point for local and regional retail sales and development.

The Plan will provide for the establishment of a multitenant facility for health care professionals. Exhibit "D" provides a proposed rendering of the structure that would be constructed pursuant to this Plan. This activity is intended to have a significant positive visual and economic impact in the Redevelopment Area. Final renderings will be provided after plan approval.

The Plan provides an environment that minimizes automobile-pedestrian conflicts, assures that lighting, signs, pedestrian ways, and communication devices are oriented to the human scale and provides an attractive commercial facility for the community.

4. Pedestrian ways and Open Spaces. Provide a pedestrian circulation system to facilitate the movement of pedestrians to and within the major development activities within the area.

5. Building Heights and Massing. Building heights and massing for the proposed project will comply with any proposed zone change.

6. Circulation, Access and Parking. The Plan provides for vehicular access to the Community Redevelopment Area in a manner consistent with the needs of the development and the community.

The Plan provides for an adequate supply of appropriately located parking in accordance with applicable zoning district regulations. Adequate parking needs to be provided so the development does not generate parking problems for abutting commercial and residential streets.

7. Off-Street Loading, Service and Emergency Facilities. The Plan provides for consolidated off-street loading and service facilities.

The Plan provides for emergency vehicle access in a manner compatible with established design and environmental objectives.

The Plan provides a maximum floor area ratio in accordance with applicable zoning district regulations in the Community Redevelopment Area.

E. Proposed Changes and Actions. The Community Redevelopment Area is anticipated to function as a multitenant facility attracting area wide patients. See Exhibit "C" for an example of a conceptual land use and site plan for the Community Redevelopment Area. This section describes the proposed changes needed, if any, to the zoning ordinances or maps, street layouts, street levels or grades, and building codes and ordinances, and actions to be taken to implement this Redevelopment Plan.

1. Zoning, Building Codes and Ordinances. Most of the Community Redevelopment Area is zoned C-2. A strip of land is zoned Agricultural. Zoning changes for the Redevelopment Project will be required to change a portion of the zone to C-2. No changes to Building Codes, or other local ordinances are contemplated to implement this Redevelopment Plan.

2. Traffic Flow, Street Layout and Street Grades. The access will be limited to West 42nd Street.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. In order to support the new land uses in the Community Redevelopment Area, utility extensions on private property and right of way landscaping will be required.

4. Site Preparation and Demolition. Site preparation will consist of general earthmoving to support the building construction and parking areas.

5. Private Redevelopment, Improvements, Facilities and Rehabilitation. The private improvements anticipated within the Community Redevelopment Area include site preparation and the construction of a new 2 story multitenant commercial building.

6. Open Spaces, Pedestrian ways, Landscaping, Lighting, Parking. The proposed site plan and private sector improvements will comply with the City’s minimum open space, pedestrian way, landscaping, lighting, and parking standards as defined in the Zoning and Subdivision Ordinances, Building Codes, or other local ordinances. In addition, the City may elect to require additional standards in these areas as described in a written redevelopment agreement in order to help remove blight and substandard conditions

F. Cost-Benefit Analysis. A City of Scottsbluff Redevelopment Project TIF Statutory Cost Benefit Analysis is incorporated herein by this reference (“Cost-Benefit Analysis”) and is shown on Exhibit “E”. The Cost-Benefit Analysis complies with the requirements of the Community Development Law in analyzing the costs and benefits of the Redevelopment Project, including costs and benefits to the economy of the community and the demand for public and private services.

G. Proposed Costs and Financing; Statements. The City will work with the redeveloper owner of the Community Redevelopment Area to identify proposed funding, timeframe, ability to carry out the proposed Redevelopment Project, and the level of contributions necessary to be made by the City of Scottsbluff.

The City will begin good faith negotiating on a specific written redevelopment agreement with the redeveloper owner of the Community Redevelopment. The written redevelopment agreement will include a site plan consistent with this Redevelopment Plan, development descriptions, specific funding arrangements, and specific covenants and responsibilities of the City and the redeveloper to implement the Redevelopment Project.

Estimated Redevelopment Project costs, including site acquisition and site preparation, and are shown as follows:

POTENTIAL ELIGIBLE PRIVATE IMPROVEMENTS*

Site Acquisition	\$786,028.00
Site preparation	\$250,000.00
Infrastructure and utilities	\$268,733.00
Planning/design	\$450,000.00
Legal	\$ 30,000.00
Total	\$1,784,761.00

The figures above are estimates. Final figures are subject to a specific site plan, design specifications, City approval and public procedures and regulations.

This Plan proposes that TIF Bonds, purchased by the developer fund the Redevelopment Area site acquisition and site preparation for the project. The balance of private improvements and any required public right of way improvements will be paid by the developer.

The amount of the available proceeds from the TIF Bonds is estimated at approximately \$1,835,000.00, (including capitalized interest) assuming the commercial will generate an estimated property valuation of \$14,000,000.00 over the present estimated property valuation base.

Any ad valorem tax levied upon the real property in a Redevelopment Project for the benefit of any public body shall be divided, for a period not to exceed fifteen (15) years after the effective date of such provision established in the redevelopment contract to be executed by the Redeveloper and the Community Development Agency. Said tax shall be divided as follows:

a. That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the Redevelopment Project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and

b. That portion of the ad valorem tax on real property in the Redevelopment Project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, a Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a Redevelopment Project shall be paid into the funds of the respective public bodies.

Because the redevelopment plan proposes to use tax-increment financing funds as authorized in section 18-2147 of the Community Development Law, the City Council in approving this Redevelopment Plan will be required to find as follows:

a. the Redevelopment Project in the plan would not be economically feasible without the use of tax-increment financing;

b. the Redevelopment Project would not occur in the community redevelopment area without the use of tax-increment financing; and

c. the costs and benefits of the Redevelopment 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 by the governing body and been found to be in the long term best interest of the community impacted by the Redevelopment Project.

H. Procedure for Changes in the Approved Redevelopment Plan. If the City of Scottsbluff desires to modify this Redevelopment Plan, it may do so after holding a public hearing on the proposed change in accordance with applicable state and local laws. A redevelopment plan which has not been approved by the governing body when recommended by the authority may again be recommended to it with any modifications deemed advisable. A redevelopment plan may be modified at any time by the authority, provided, that if modified after the lease or sale of real property in the Redevelopment Project Area, the modification must be consented to by the redeveloper or redevelopers of such property or his successor, or their successors, in interest affected by the proposed modification. Where the proposed modification will substantially change the redevelopment plan as previously approved by the governing body the modification must similarly be approved by the governing body.

EXHIBIT "A"
REDEVELOPMENT AREA

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

A parcel of land known as Block 9 Five Oaks Subdivision, containing 482,821 sq. ft. (11.08 acres) more or less, in the Northwest Quarter of Section 14, Township 22 North, Range 55 West, of the 6th Principal Meridian, in Scotts Bluff County, Nebraska, said tract or parcel being more particularly described as follows:

COMMENCING at the Northwest corner of Section 14, Township 22 North, Range 55 West, of the 6th Principal Meridian, whence the west quarter corner of said Section 14, Bears South 02°03'39" West, a distance of 2675.32 feet; Thence along north line of the northwest quarter of said Section 14, South 88°13'30" East, a distance of 69.51 feet; Thence South 01°46'30" West, a distance of 33.00 feet to a point on the existing south right of way of 42nd Street and to the **POINT OF BEGINNING**;

Thence along said existing south right of way of 42nd Street South 88°13'30" East,

a distance of 638.16 feet;

Thence departing said existing south right of way of 42nd Street, South 02°09'33" West, a distance of 689.61 feet;

Thence South 89°54'43" West, a distance of 82.99 feet;

Thence on the arc of a curve to the left, a radius of 126.00 feet, a central angle of 58°59'23", a distance of 129.73 feet, (a chord bearing South 60°25'02" West, a distance of 124.07 feet);

Thence South 30°55'20" West, a distance of 33.14 feet;

Thence on the arc of a curve to the right, a radius of 74.00 feet, a central angle of 80°57'43", a distance of 104.57 feet, (a chord bearing South 71°24'12" West, a distance of 96.08 feet);

Thence North 68°06'57" West, a distance of 194.50 feet;

Thence on the arc of a curve to the left, a radius of 226.00 feet, a central angle of 19°49'23", a distance of 78.19 feet, (a chord bearing North 78°01'39" West, a distance of 77.80 feet);

Thence North 87°56'20" West, a distance of 87.56 feet to a point on the existing east right of way of Highway 71 (Avenue I);

Thence continuing along said east right of way of Highway 71 (Avenue I), North 02°03'39" East, a distance of 262.75 feet;

Thence continuing along said east right of way of Highway 71 (Avenue I), North 02°37'26" East, a distance of 475.46 feet, more or less, to the **POINT OF BEGINNING**;

The above described parcel contains 482,821 sq. ft. (11.08 acres), more or less.

BASIS OF BEARINGS: All bearings are based on the line connecting the Northwest corner of Section 14, Township 22 North, Range 57 West, of the 6th Principal Meridian and the West Sixteenth Corner of said Section 14, being a **GRID** bearing of **South 88°13'30" East** a distance of **1326.35 feet** as obtained from a global positioning system (GPS) survey based on the Nebraska High Accuracy Reference Network (NHARN). Said grid bearing is NAD 83 (2011) Nebraska State Plane Zone 2600.

EXHIBIT "B" AERIAL PHOTO OF SITE

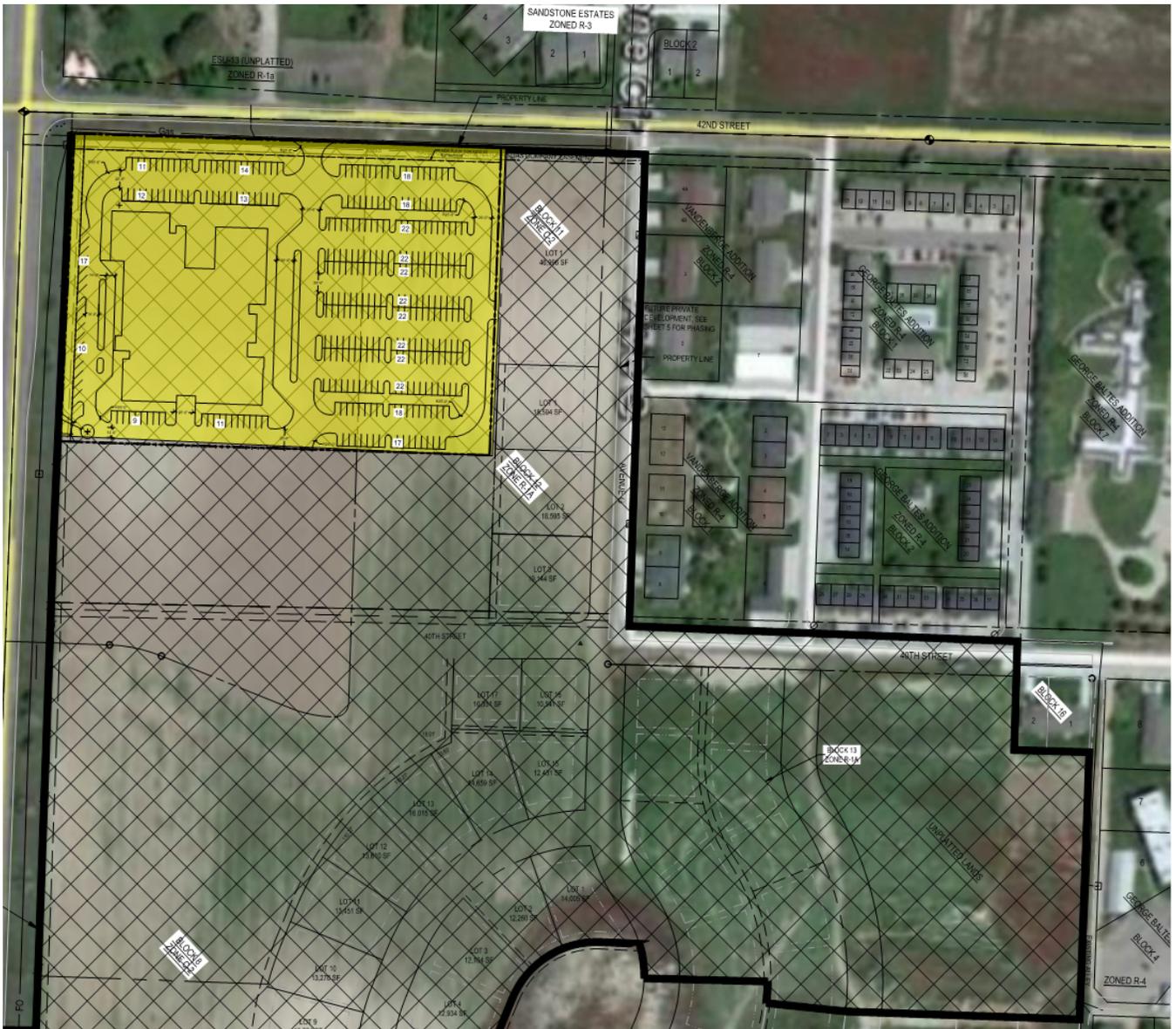


Exhibit "D" Concept Drawing 2nd Floor

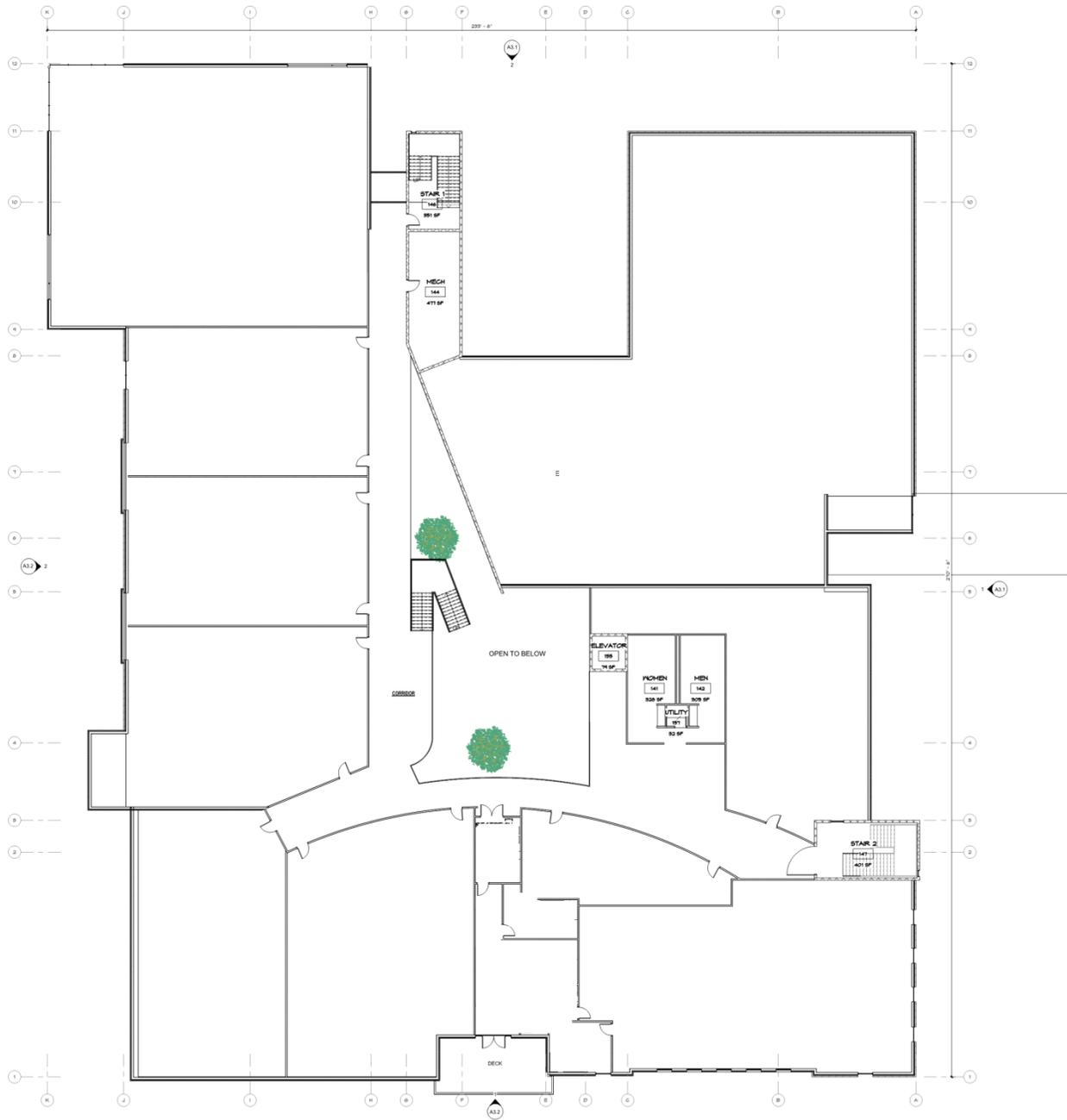


EXHIBIT "E"
 STATUTORY COST BENEFIT ANALYSIS
 ELITE HEALTH REDEVELOPMENT PROJECT

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Scottsbluff has analyzed the costs and benefits of the proposed Elite Health Redevelopment Project, including:

Project Sources and Uses. Approximately \$1,835,000.00 in public funds from tax increment financing provided by the City of Scottsbluff will be required to complete the project. This investment by the city will leverage \$12,902,217.00 in private sector financing; a private investment of \$7.03 for every city dollar investment.

Use of Funds.

Description	TIF Funds	Private Funds	Total
Site Acquisition	\$ 786,028.00	\$	\$ 786,028.00
Site preparation	\$ 250,000.00	\$	\$ 250,000.00
Infrastructure	\$ 268,733.00	\$	\$ 268,733.00
Plan/Design	\$ 450,000.00	\$	\$ 450,000.00
Core Building	\$	\$ 11,300,075.00	\$ 11,300,075.00
Soft Costs	\$	\$ 1,602,142.00	\$ 1,602,142.00
TOTALS	\$ 1,784,761.00	\$ 12,902,217.00	\$ 14,687,053.00

Tax Revenue. Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2015, valuation of approximately \$83644. Based on the 2014 levy this would result in a real property tax of approximately \$1,680. It is anticipated that the assessed value will increase by \$11,500,000, upon full completion in 2016, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$230,000.00 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2014 assessed value:	\$ 83,644.00
Estimated value after completion	\$ 11,500,000.00
Increment value	\$ 11,416,000.00
Annual TIF generated (estimated)	\$ 230,000.00
TIF bond issue	\$ 1,835,000.00

Public Infrastructure and Community Public Service Needs. The Project is currently served by sanitary sewer and potable water by the city; however, minor modifications will need to be made to accommodate the site layout. This cost will be borne by the developer.

Employment Within the Project Area. Employment within the Project Area is currently zero. At project stabilization employment is expected to increase to over 50 full time equivalent employees. Temporary construction employment will increase during the construction. The construction period is expected to exceed nine months.

Employment in the City Outside the Project Area. The latest available labor statistics show that the Scotts Bluff County labor pool is 19,591, with a 3.2% unemployment rate.

Other Impacts. Personal property in the project is subject to current property tax rates. Personal property for the Project is estimated at \$500,000, resulting in an estimated personal property tax for the first year of operations of \$10,000.00, Personal property tax is not subject to TIF and will be paid to the normal taxing entities. City sales tax on construction material is expected to exceed \$75,000.

Tax shifts. No shift of taxes or other negative impact is expected.