



CITY OF GERING COMMUNITY DEVELOPMENT AGENCY MEETING

Tuesday, May 28, 2024, 5:40 p.m.

Gering City Hall Council Chambers, 1025 P Street, Gering, NE 69341

AGENDA

1. Call to Order

2. Roll Call

OPEN MEETINGS ACT - NEB.REV.STAT. CHAPTER 84, ARTICLE 14

As required by State Law, public bodies shall make available at least one current copy of the Open Meetings Act available in the meeting room. Agenda items may be moved up or down on the agenda at the discretion of the CDA Chairman. As required by State Law, additions may not be made to this agenda less than 24 hours before the beginning of the meeting unless they are considered under this section of the agenda and CDA determines that the matter requires emergency action.

3. Approve the minutes of the May 22, 2023 Community Development Agency Meeting

4. Review of application for Tax Increment Financing submitted by Mountain States Builders for the Integrity Development Housing Project

5. Conduct and approve preliminary Cost-Benefit Analysis based on an application submitted by Mountain States Builders for the Integrity Development Housing Project

6. Refer the Integrity Development Housing Project Redevelopment Plan to the City of Gering Planning Commission

CLOSED SESSION: (The Gering CDA reserves the right to enter into closed session if deemed necessary.)

7. Adjourn

THE OFFICIAL PROCEEDINGS OF THE CITY OF GERING COMMUNITY DEVELOPMENT AGENCY (CDA) MEETING, May 22, 2023

A meeting of the City of Gering Community Development Agency was held on May 22, 2023 at Gering City Hall Council Chambers, 1025 P Street, Gering, NE at 5:40 p.m. Present were Chairman Ewing and CDA Members Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. Also present were City Administrator Pat Heath, City Clerk Kathy Welfl, City Engineer Annie Folck, TIF Attorney John Selzer and City Attorney Jim Ellison. Notice of the meeting was given in advance by publication in the Star-Herald, the designated method of giving notice. All proceedings hereafter were taken while the meeting was open to the public.

1. CALL TO ORDER

Chairman Ewing called the meeting to order at 5:40 p.m. and stated that there was a quorum of the CDA present and business could be conducted.

2. Roll Call

OPEN MEETINGS ACT - NEB.REV.STAT. CHAPTER 84, ARTICLE 14

Chairman Ewing stated: As required by State Law, public bodies shall make available at least one current copy of the Open Meetings Act, posted in the meeting room. Agenda items may be moved up or down on the agenda at the discretion of the Chairperson. Additions may not be made to this agenda less than 24 hours before the beginning of the meeting unless they are considered under this section of the agenda and the CDA determines that the matter requires emergency action.

3. Approve the minutes of the February 13, 2023 CDA meeting

Motion by Member Gillen to approve the minutes of the February 13, 2023 CDA meeting. Second by Member Bohl. There was no discussion. Chairman Ewing called the vote. "AYES": Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Abstaining: None. Absent: Shields. Motion carried.

4. Review and conduct Cost-Benefit Analysis of the Redevelopment Plan for the MonumentAUL Development Project

City Engineer, Annie Folck, showed the conceptual site plan on the overhead screens for the MonumentAUL Development Project. The project includes several different portions. Commercial along the frontage of the highway (which requires an access road that runs along Highway 71), an RV Park, a container home portion and the rest would be single-family development. As far as the public infrastructure needs, there's an existing 12-inch water line, there's also an 18-inch sewer interceptor that would go through that same retention area; that would become a buffer between the commercial and the residential. Those have enough capacity for everything but additional sewer would have to be extended to each of these lots and water and sewer would have to be extended to the remainder of the properties in order to serve all the different lots. None of the streets that are shown are existing; the frontage road for the commercial and all the streets for the residential and all the utility hook-ups for all these areas would be necessary. The City would require them to eventually loop the waterlines in order to have better water quality and better fire flows. They would need fire hydrants along with that in order to meet code for all of the waterlines as well. They are looking at doing a small park area that would help serve the residents of the area, particularly for the container homes (as they will not have much outdoor space of their own).

Right now, the applicant is not asking for any funding other than Tax Increment Financing. All of the expenses for the greenspace, everything for the utilities and streets, would be at the developer's cost. There would be no other infrastructure needs other than if they looped that portion of the watermain, the City would require them to pay for the 8-inch portion of it and the City would upsize that to a 12-inch (as the City normally does on developments such as this). As far as employers and employees, there isn't very much information on that yet. This is going to be a lot different than a lot of the TIFs the City has done in the past because they don't know exactly what they're going to build there yet. Everything listed are going to be TIF-eligible expenses that they will incur as part of this project. They know they can't do this project without the use of TIF in one form or another. The question is whether they sell off the lots and each individual developer utilizes TIF and then use the money from the sale of the lots to reimburse themselves for the cost of the lots, or if they develop some of these lots themselves and then they would

be able to capture TIF on that. The biggest reason for doing this generalized redevelopment plan is because of the but-for test. The applicant wants to make it clear that they would not be moving forward with this project if TIF is not going to be an option for them. That way if they do end up developing some of these lots themselves, and they've talked about development of the RV campground and some of the other areas themselves, they would still have to do an individual TIF that would still go to Council for approval. But it would still pass the but-for test even if they put in some of the streets, waterlines or things that they completed prior to having that individual TIF approved. That's why this is being done this way. They do not know yet as far as employers and employees, student populations and other impacts. No one will know that until they're a little farther into the project, this is more of a generalized "Is Tiff appropriate" in general on this project. If so, that allows them to move forward with getting the infrastructure in, trying to market the lots, sell the lots, and if they do end up developing some of that themselves, then there's assurance that they're not going to fail on that "but-for" piece of it because they'll know a head of time before they start the project that TIF was going to be necessary in order to get this project to go.

Councilmember Morrison asked if anything would be a hinderance of the TIF funding. Engineer Folck replied not that she knows of. The biggest thing is if the City didn't do this generalized plan, and they just went and paved all the streets and put in all the water and sewer and everything, and then they came back and asked for TIF. Then the question is would they have been doing it anyway and does it pass the but-for test. It would be hard for her, as a staff member, to say that it passes. That's the reasoning for doing it this way.

Councilmember Backus asked if she's trying to say that some of the individual lots might apply for TIF. Engineer Folck replied, yes. He asked how that would work if the TIF applicant puts in the infrastructure. Ms. Folck replied TIF can be used for different things, one of the big ones is for property purchase. If they don't use TIF on one of these individual lots and they allow it to be used for the person who purchases the lot, the person who purchases the lot can use TIF once they know what they're building and once they know what it's going to value at and how much TIF they can get out of that, they can build that it in to the purchase price which would then reimburse the developer for the cost of all that infrastructure. Councilmember Backus stated that would be kind of hard to justify that you couldn't build on an empty lot unless you got TIF, wouldn't it? Maybe they shouldn't be developing at that point. TIF Attorney, John Selzer, stated that Aulicks want to use this as a Plan B, their main goal is to sell the individual lots and use that money (there would be an increased purchase price for those lots). And the buyer of that lot could use TIF to reimburse themselves for the purchase price, in addition to other things potentially on those individual lots. That is really what Aulicks want to do, they don't really even want to mess with TIF themselves. But they want to have a Plan B in case they decide to develop some of the lots themselves, they would want that development to be able to pay for these improvements that are in this redevelopment plan. One of the concepts is that you have to approve the costs before you do the work. They're going to do the work right now, but they're not necessarily going to apply for TIF until later, so they want to get this redevelopment plan now because they don't want to apply for TIF, they want the individual developers to apply for TIF, and then they would get paid back. Aulicks would get paid back through the person for the sale of the lots. That owner, developer, buyer of the lot can then use the TIF. The second possibility is if Aulicks decide to develop the lots, or one of the lots, they could use TIF for these costs. The third possibility is, and he doesn't think they'll probably want to do this, but they could negotiate with one of the buyers to say we (Aulicks) will apply for the TIF and get it if the buyer develops the lot. That's probably not going to happen. They would want all three of those options.

Councilmember Gillen asked who is going to be responsible for the greenspace. Engineer Folck replied that staff have been talking to them about that. It's going to depend on the level of maintenance they expect. These also double as retention areas. If the City does take that on, if it's going to be anything more than something the City mows a couple times a year (like the City does a lot on our other more generalized retention areas), then the City would need to be reimbursed for a lot of those costs. Aulicks have talked about an HOA and different mechanisms for having the funding that either they would hire their own person and have them maintain it, or they would contract with City and the City would bill them every year for the maintenance on that.

5. Review and take action on Resolution CDA 5-23-1 relating to the MonumentAUL Development Project to:

- (i) approve the Redevelopment Plan;
- (ii) adopt the Cost-Benefit Analysis;
- (iii) forward Planning Commission recommendation to the City Council; and
- (iv) forward recommended approval of Redevelopment Plan to City Council

RESOLUTION CDA 5-23-1

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF GERING, NEBRASKA:

Recitals:

a. Pursuant to the Community Development Law, NEB. REV. STAT. § 18-2101 *et seq.*, a redevelopment plan for the *MonumentAUL Development* Project submitted by AKAJRV 314, LLC (the "Redevelopment Plan") has been submitted to the Gering Community Development Agency ("CDA"). 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 City's Comprehensive Plan (the "Comprehensive Plan"). The Planning Commission recommended approval of the Redevelopment Plan to the CDA and City Council.

c. The CDA 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 CDA has conducted a cost benefit analysis for the project in accordance with the Community Development 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 Chairperson of the CDA is authorized to execute the cost benefit analysis to show the CDA's review and discussion thereof.

3. The CDA states: (a) the Redeveloper owns the project site, so no land acquisition is contemplated by the Redevelopment Plan; (b) the estimated cost of preparing the project area for redevelopment is \$2,270,800.00 for Phase 1 which includes the frontage road, water, sewer and storm sewer; (c) the proposed methods of financing of the project are (i) private investment and borrowing for the initial costs, (ii) sale of lots within the Project Site to recover redevelopment costs, and (iii) tax increment financing for eligible costs and expenses if necessary; (d) the Redevelopment Plan does not propose that either the CDA or City will acquire the project area and neither the CDA nor City will receive proceeds or revenue from disposal of the project area to the Redeveloper; and (e) no families or businesses will be displaced as a result of the project.

4. The CDA 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 CDA in conflict with the terms and provisions of this Resolution are repealed or amended, as the case may be, to the extent of such conflicts.

7. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED on May 22, 2023

**COMMUNITY DEVELOPMENT
AGENCY OF THE CITY OF GERING**

Chairperson

ATTEST:

Secretary

Motion by Member Morrison to approve Resolution CDA 5-23-1. Second by Member O’Neal. There was no discussion. Chairman Ewing called the vote. “AYES”: Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. “NAYS”: None. Abstaining: None. Absent: Shields. Motion carried.

CLOSED SESSION: (The Gering CDA reserves the right to enter into closed session if deemed necessary. None.

6. Adjourn

Motion by Member Gillen to adjourn. Second by Member Cowan. There was no discussion. Chairman Ewing called the vote. “AYES”: Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. “NAYS”: None. Abstaining: None. Absent: Shields. Motion carried.

Meeting adjourned at 5:54 p.m.

Kent E. Ewing, Chairman

ATTEST:

Kathleen J. Welfl, City Clerk

APPLICATION FOR 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.**

Integrity Developments, LLC 161 E Saturn Dr, Unit 4-B Fort Collins, CO 80525
Byron J Hedahl (Owner) (970) 480-7663 byron@integritydevelopmentsllc.com
John Busch (Owner) (970) 702-3462 john@integritydevelopmentsllc.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. Please attach a map of the Project Site if available.**

There are five contiguous lots on the corner of K St and 13th St, going north. These five lots will be replatted into 8 duplex lots. There is also a block of land between 12th and 13th with the south bordering on K St that is currently platted as 2 lots. We will be replatting this portion of the property into 14 duplex lots. Total there will be 2 lots that will be designated for duplex units so overall there will be 11 duplex buildings with 22 duplex units.

- 3. Please describe the existing uses and conditions of the Project Site.**

This is currently raw land, nothing built on it. We will need to install a new main sewer line and main water line, as well as a new alleyway on the lot between 12th & 13th.

- 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.**

We closed on this property on Dec 29, 2023 with an agreement that we would have it paid for by Dec 29, 2024 so we could hold a deed for this property.

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

- Proposed land uses after redevelopment (please attach a land use plan if available).
 - This property will have 22 duplex units built on it and be a residential neighborhood.
- The necessity of and plan to demolish or remove structures.
 - There are currently no structures on the property.
- Land coverage and building intensities in the Project Site after redevelopment (please attach a site plan if available).
 - I have included a proposed site plan that shows property with duplex units & garages as designed.
- Standards of population densities in the Project Site expected after redevelopment.
 - This will still be residential as each unit will be a 3 bedroom/2 bath unit.

- E. A statement of any proposed changes to zoning, street layouts, building codes or ordinances.
 - a. We will be adding an alleyway, that is it for streets.
- F. A statement of any planned subdivision to the Project Site.
 - a. I believe we need to have paperwork filed for a subdivision - I am working with Annie Folck on that process.
- G. A statement of additional public facilities and utilities required to support the Project Site after redevelopment.
 - a. We will need to install a new main sewer line and main water line, as well as a new alleyway on the lot between 12th & 13th. In addition, the electrical will need to be installed by the City of Gering.
- H. Employment within the Project Site before and after redevelopment.
 - a. No new employment - all residential

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

- A. Land Acquisition (if applicable): \$201,835.75
- B. Site Development (itemize):
 - a. Utilities: \$372,583
 - b. Concrete sidewalks/gutters/curbs: \$187,000
 - c. Alleyway: \$24,300
- C. Building Cost: \$250,000 per building (11 buildings total)
- D. Architectural & Engineering Fees: \$47,400
- E. Legal Fees: \$18,900
- F. Financing Costs: n/a
- G. Broker Costs: n/a
- H. Contingencies: (10% contingency built into above numbers)
- I. Other (itemize): n/a

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

Contractor: Mountain States Building Services
JB Construction
Eric Henning (utility work)
Fahl Bros Excavation & Septic
VS Concrete

Surveyor: MC Schaff & Associates
JEO Consulting Group

Engineer: MC Schaff & Associates
Paul Sorenson

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

- A. Total estimated assessed valuation of Real Property at completion:
 - a. 22 units at \$160,000 each = \$3,520,000
- B. Latest property valuation (from R.E. Tax Statement):
 - a. The total property valuation assessment is currently \$118,505

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

- We will be using a combination of sources to finance the project. The previous owner of the property is financing the land at interest only rates until we acquire the TIF funding. TIF funding is imperative for this project as it will cover the cost of the land, all of the utility work, engineering, legal work, survey work and associated fees that are required. We have a private investor in Colorado who will supply the funds for the first two buildings (and beyond, however once the initial two buildings are completed, we hope to be able to self-finance the rest). In addition, we are working with Platte Valley Bank to become a lender for units that we are hoping to pre-sell over the upcoming months.
- A. Equity: n/a
- B. Bank Loan: n/a
- C. Tax Increment Financing: \$852,018.75
- D. Other (initial private funding): \$750,000

10. Please set forth your Project schedule.

- A. Expected acquisition date (if applicable): n/a
- B. Demolition start date (if applicable): n/a
- C. Construction start date: Appx July, 2024
- D. Construction completion date: 2025
- E. If project is phased:
 - Year - 2024 - 50% Complete
 - Year - 2025 - Remaining 50% Completed

11. Please name any other municipality wherein you, or other entities the applicant has been involved with, has completed developments within the last 5 years.

I have completed multiple new builds, additions, remodels, basement finishes, barns, sheds, etc over the past 5 years in multiple municipalities in Colorado. I personally have not been involved with the development of 22 units at once but am extremely confident that we can complete the task simply because we have already completed so many projects in the past 5 years. We will just be focusing more on this project than others this year.

12. Tax Increment Financing Request:

- A. Describe amount and purpose for which Tax Increment Financing is required:
 - a. We are applying for \$852,018.75 in TIF funding. We will be using these funds for the utility and infrastructure work, land purchase, survey work, engineering fees, legal fees.
- B. Statement of necessity for use of Tax Increment Financing (attach any supplementary documentation):
 - a. Without the TIF funding, we will be unable to complete this project. Between the infrastructure work that is required (including the engineering), the cost of the land, the fees associated with the process, the legal work and all of the other aspects of the project, the TIF funding is the only way we will be able to build this project in the City of Gering.
- C. Have you filed or do you intent 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:
 - a. 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?
 - a. n/a
- E. If your answer to question 12.C is “Yes”, has the application been approved under the Nebraska Advantage Act?
 - a. n/a

CITY OF GERING, NEBRASKA
Integrity Development Housing Project
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)

A. Project Sources/Use of Funds: An estimated \$846,698.75 of TIF Revenues are requested for this Project. The public investment from TIF will leverage approximately \$2,768,900.00 in private sector investment, which is a private investment of approximately \$3.27 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	\$ 201,835.75		
Building Costs		\$ 2,750,000.00	
Utilities	\$ 372,583.00		
Sidewalk/Curb/Gutter	\$ 187,000.00		
Alley	\$ 24,300.00		
Architect/Engineering	\$ 47,400.00		
Legal		\$ 18,900.00	
Sub Totals	\$ 833,118.75	\$ 2,768,900.00	
Plan Preparation/Legal (City Application, Processing, and Administrative Fees)	\$ 13,580.00		
Estimate TIF Eligible Expenses	\$ 846,698.75		Total Project Costs
Totals	\$ 846,698.75	\$ 2,768,900.00	\$ 3,615,598.75

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

The current “base” value of the Project Site is \$150,570.00, which will generate tax revenues of approximately \$3,335.00. Taxes from base value of the Project Site will be available and distributed to the local taxing jurisdictions regardless of the tax increment financing. The local taxing jurisdictions are the City, Scotts Bluff County, Gering 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 Value at Completion:	\$3,520,000.00
b. Estimated Base Value:	<u>\$ 150,570.00</u>
c. Tax Increment (a minus b):	\$3,369,430.00
d. Estimated Levy:	<u>2.215%</u>
e. Average Annual Projected Shift (rounded):	<u>\$ 74,632.00</u>
f. Total TIF Available (e multiplied by 15)	\$1,119,480.00

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.

The Redeveloper must install a new sewer main and water main and sidewalks, curbs and gutters. The Redeveloper must also construct an alleyway on the lots between 12th and 13th Streets. These expenses will be the responsibility of the Redeveloper, so there will be no additional tax impacts, other than the impacts from tax increment financing as stated above.

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

This is a residential project, so there are no employers located within the Redevelopment Project Area.

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

This project will provide housing, which will have a positive impact on employers and employees near the Redevelopment Project Area.

F. Impacts on Student Populations of Gering Public Schools.

No negative impacts on Gering Public Schools are anticipated.

G. Other Impacts

Housing
Infill Development