

FOUNTAIN POINT REDEVELOPMENT PROJECT
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)
Supplemented October, 2020

The cost-benefit analysis for the above referenced project, as described in the attached Redevelopment Plan, which will utilize funds authorized by Neb. Rev. Stat. §18-2147, can be summarized as follows:

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The Additional Improvements of the Fountain Point North Redevelopment Project will consist of the construction of an approximately 8,428 square foot medical office building expansion providing additional clinic space. This cost-benefit analysis for the Additional Improvements, which will utilize funds authorized by Neb. Rev. Stat. § 18-2147, can be summarized as follows:

a.	Estimated Base Value of Additional Improvements Site:	\$12,782,308
b.	Estimated Completed Additional Improvements Assessed Valuation:	\$15,481,982
c.	Estimated Increase in Valuation	\$2,699,674
d.	Estimated Annual Projected Tax Increment:	\$53,832

Notes:

- 1. The Estimated Completed Project Assessed Valuation is the estimated completed assessed value of all of the private improvements that the redeveloper anticipates will be constructed as part of the Additional Improvements.*
- 2. The Estimated Annual Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax increment may vary materially from the projected amount. The estimated tax levy for this analysis is 2.014163, which is the 2019 Madison County tax levy, and is subject to change.*
- 3. The projected valuations and the tax increment set forth above are subject to change before the Redevelopment Agreement for the Additional Improvements. However, these figures present an estimate for the purpose of weighing the overall costs and benefits of the Additional Improvements.*

While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Additional Improvements, it is intended to create long-term benefit and a substantial increase in property taxes to the City and other local taxing jurisdictions. The Agency does not anticipate any further tax shift resulting from the approval of the use of funds pursuant to section 18-2147.

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project:

a. Public infrastructure improvements and impacts:

It is not anticipated that the Additional Improvements will have a material adverse impact on existing public infrastructure. The Additional Improvements will not require substantial infrastructure improvements, due to the prior infrastructure installation during Phase I of the Project. Overall, the Additional Improvements will have a substantial positive impact on the City's public infrastructure by attracting new businesses who will pay for City services, generating revenue to support such services.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Additional Improvements will create material tax and other public revenue for the City and other local taxing jurisdictions. It is important to acknowledge that the City historically has not relied on tax revenue from the site of the Additional Improvements, since such site was not within the corporate limits of the City until the construction of Phase I improvements. The site would not likely have been annexed without the proposed improvements of Phase I and the Project because the Project and the use of TIF for public infrastructure improvements is essential for the City's plan to furnish city services to the area. Further, the City would be unlikely to realize additional ad valorem taxes in the near future without the Project because other redevelopers are unlikely to locate on the site without the utility and infrastructure improvements that are being constructed as a part of the Project. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Additional Improvements, it is intended to create long-term benefit and a substantial increase in property taxes to the City and other local taxing jurisdictions.

The Additional Improvements should also generate immediate tax growth for the City. The Additional Improvements will involve the construction of additional space for medical clinics. The Additional Improvements should include a significant amount of personal property that will be on the property tax rolls upon its acquisition and installation in each such facility. The City should also realize revenue from sales tax paid by patients and family members of patients travelling from outside the City to obtain care in the medical clinics constructed as part of the Additional Improvements, and who are likely to seek other goods and services, including hospitality services, while within the City.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the Project:

It is anticipated that the Additional Improvements will have a material positive impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The public and private improvements are expected to attract businesses to the site. The Additional improvements will enhance

health care options in the City of Norfolk, which should help businesses attract and retain employees.

It is not anticipated that the Additional Improvements will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the Project. The Additional Improvements includes construction of an approximately 8,427 square foot of medical clinic space, which will likely result in job creation. However, the Additional Improvements are not anticipated to put stress on existing employers as a result of employees taken away from current employment to fill new positions, because the utility and infrastructure improvements constructed as a part of the Additional Improvements are likely to attract residential development on parcels adjacent to the site of the Additional Improvements, creating a new pool of employees.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the redevelopment project:

The Additional Improvements should have a material positive impact on private sector businesses in and around the area outside the boundaries of the Project. The Additional Improvements and Project will involve extension and installation of public utilities to the newly annexed Phase I Project Site, and the use of tax increment financing will reduce the costs of these and other public improvements which would otherwise be fully paid through tax revenue or special assessments that would burden adjacent property owners. The medical office clinic space constructed as part of the Additional Improvements should increase the need for services and products from existing businesses, such as janitorial services, office and hardware supplies, hospitality, food and beverage, household products and general consumer services, and similar products and services. The Additional Improvements will also act as a catalyst for further development of the redevelopment area identified in the Redevelopment Plan.

The Additional Improvements are not anticipated to impose a burden or have a negative impact on other local area employers. The enhanced health care options generated by the medical office building expansion should attract residents creating a pool of additional employees to support the jobs created by the Additional Improvements.

5. Impacts on student populations for school districts within the boundaries of the area of the redevelopment project:

The Additional Improvements will not impact student populations or school districts.

6. Other impacts determined by the agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Phase I Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Additional Improvements will provide needed

medical facilities and encourage further redevelopment of the surrounding area. There are no other material impacts determined by the agency relevant to the consideration of the cost or benefits arising from the Additional Improvements.

COST BENEFIT ANALYSIS FROM THE ORIGINAL REDEVELOPMENT PLAN

**EXHIBIT “F”
COST-BENEFIT ANALYSIS
PHASE I – FOUNTAIN POINT NORTH REDEVELOPMENT PROJECT
(Pursuant to Neb. Rev. Stat. § 18-2113)**

Phase I of the Fountain Point North Redevelopment Project will consist of the construction of an approximately 70,000 to 80,000 square foot medical office building, an approximately 87 unit senior living facility, parking lots, and associated improvements on the Phase I Project Site. The location of the Phase I Project Site, and the public and private improvements to be constructed as part of Phase I of the Fountain Point North Redevelopment Project are more particularly described on the attached Exhibit “A”. For purposes of this cost-benefit analysis, Phase I of the Fountain Point North Redevelopment Project shall be referred to herein as the “Project”. A separate cost benefit analysis shall be undertaken for each subsequent phase of the Fountain Point North Redevelopment Project. The cost-benefit analysis for the Project, which will utilize funds authorized by Neb. Rev. Stat. § 18-2147, can be summarized as follows:

a.	Estimated Base Phase I Project Site Valuation:	\$28,000
b.	Estimated Completed Project Assessed Valuation:	\$20,169,000
c.	Estimated Increase in Valuation	\$20,141,000
d.	Estimated Annual Projected Tax Increment:	\$398,000

Notes:

- 1. The Estimated Completed Project Assessed Valuation is the estimated completed assessed value of all of the private improvements that the redeveloper anticipates will be constructed as part of Phase I of the Fountain Point North Redevelopment Project. It is anticipated that Phase I may be completed in sub-phases and that each such sub-phase may have a different effective date for the division of the ad valorem tax. As a result, the Estimated Annual Projected Tax Shift could vary during Phase I of the Fountain Point North Redevelopment Project.*
- 2. The Estimated Annual Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax increment may vary materially from the projected amount. The estimated tax levy for this analysis is 1.97406, which is the 2016 Madison County tax levy, and is subject to change.*
- 3. The projected valuations and the tax increment set forth above are subject to change before the Redevelopment Agreement for Phase I of the Fountain Point North Redevelopment Agreement is signed. However, these figures present an estimate for the purpose of weighing the overall costs and benefits of Phase I of the Fountain Point North Redevelopment Project.*

1. Tax shifts resulting from the approval of the use of funds pursuant to section 18-2147:

The City historically has not relied on tax revenue from the Phase I Project Site. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, it is intended to create long-term benefit and a substantial increase in property taxes to the City

and other local taxing jurisdictions. The authority does not anticipate any tax shift resulting from the approval of the use of funds pursuant to section 18-2147.

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project:

a. Public infrastructure improvements and impacts:

The Redeveloper anticipates expenditures in excess of \$46,000,000 for the acquisition of the Phase I Project Site and construction of an approximately 70,000 to 80,000 square foot medical office building, an approximately 87 unit senior living facility, parking lots, and related improvements, including expenditures for eligible public improvements. It is proposed that approximately \$4,000,000 of these expenditures will be financed with the proceeds of tax increment financing indebtedness, with the remaining balance to be paid by the Redeveloper. The sources and uses of the TIF indebtedness will be more particularly set forth in the Redevelopment Agreement for this Project. It is anticipated that eligible uses of the TIF indebtedness may include the following: utility extension and installation, street paving and other infrastructure improvements, public sidewalk improvements, site preparation and grading, site acquisition, streetscape and landscape improvements, architectural and engineering fees, legal fees, and other improvements deemed feasible and necessary in support of the public health, safety and welfare of the community. All expenditures financed by tax increment financing indebtedness shall be eligible public expenditures under the Act.

It is not anticipated that the Project will have a material adverse impact on existing public infrastructure. The Project will require substantial infrastructure improvements, including extension and installation of sanitary sewer, public water, electrical service, gas and storm sewer lines. In addition, the Project, at full buildout, will require extension of existing streets and construction of new internal streets, including the extension of 37th Street south of Highway 275, installation of a street connecting 37th Street to 40th Street, and the construction of 40th Street with such infrastructure being phased in accordance with the phasing of the Project. The required public infrastructure improvements shall be constructed and installed as part of the Project, and paid for in part utilizing tax increment financing. The infrastructure constructed as part of the Project will materially benefit and serve the newly annexed Phase I Project Site, as well as other property in and around the City. Overall, the Project will have a substantial positive impact on the City's public infrastructure by facilitating the construction and installation of needed new and additional public infrastructure improvements. The senior living units and medical office building constructed as a part of the Project will attract new residents and medical providers who will pay for City services, generating revenue to support such services.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Project will create material tax and other public revenue for the City and other local taxing jurisdictions. It is important to acknowledge that the City historically has not relied on tax revenue from the Phase I Project Site, since the Phase I Project Site was not until recently within the corporate limits of the City. The Phase I Project Site would not likely have been annexed without the proposed Project because the Project and the use of TIF for public infrastructure

improvements is essential for the City's plan to furnish city services to the area. Further, the City would be unlikely to realize additional ad valorem taxes in the near future without the Project because other redevelopers are unlikely to locate on the Phase I Project Site without the utility and infrastructure improvements that are being constructed as a part of the Project. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, it is intended to create long-term benefit and a substantial increase in property taxes to the City and other local taxing jurisdictions.

The Project should also generate immediate tax growth for the City. The Project will involve the construction of a medical office building and senior living facility. The Project should include a significant amount of personal property that will be on the property tax rolls upon its acquisition and installation in each such facility. Additionally, the City should realize revenue from sales tax paid by new residents of the senior living units constructed on the Phase I Project Site. The City should also realize revenue from sales tax paid by patients and family members of patients travelling from outside the City to obtain care in the medical office building constructed on the Phase I Project Site, and who are likely to seek other goods and services, including hospitality services, while within the City of Norfolk.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project:

It is anticipated that the Project will have a material positive impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The public and private improvements are expected to attract businesses and residents to property adjacent to the Phase I Project Site. The Project will provide additional senior living units in the City, which should create additional housing opportunities for employees of firms locating or expanding in the area, resulting from seniors currently residing in the City relocating to the new senior living facility located on the Phase I Project Site. The Project will also enhance health care options in the City of Norfolk, which should help businesses attract and retain employees.

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The Project includes construction of an approximately 70,000 to 80,000 square foot of medical office space and approximately 87 senior living units, which will likely result in job creation. However, the Project is not anticipated to put stress on existing employers as a result of employees taken away from current employment to fill new positions, because the utility and infrastructure improvements constructed as a part of the Project are likely to attract residential development on parcels adjacent to the Phase I Project Site, creating a new pool of employees.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the redevelopment project:

The Project should have a material positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment

project. The Project will involve extension and installation of public utilities to the newly annexed Phase I Project Site, and the use of tax increment financing will reduce the costs of these and other public improvements which would otherwise be fully paid through tax revenue or special assessments that would burden adjacent property owners. The Project will provide additional senior living units that are needed in the City, enhance health care options within the City, and benefit employers, employees, and the City in general. The medical office building and senior living facility constructed as part of the Project should increase the need for services and products from existing businesses, such as janitorial services, office and hardware supplies, household products and general consumer services, and similar products and services. The Project will also act as a catalyst for further development of the redevelopment area identified in the Fountain Point Redevelopment Plan. The Project is the first phase of the larger Fountain Point North Redevelopment Project, and the success of Phase I will result in continued development in Phase II.

The Project is not anticipated to impose a burden or have a negative impact on other local area employers. As indicated in the previous section, the Project includes construction of new senior living units which should create additional housing opportunities in the City of Norfolk as a result of senior relocating from their current residences to the facility. These additional housing opportunities, as well as the enhanced health care options generated by the medical office building, should attract residents creating a pool of additional employees to support the jobs created by the medical office building and senior living facility.

5. Other impacts determined by the agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Project will provide much needed additional senior living units in the City of Norfolk, and should enhance the health care options available in the City of Norfolk. Further, construction of both the senior living facility and the medical office building will create jobs, and each will have additional positive secondary employment effects.

The public improvements that will be constructed in the redevelopment area, including sanitary sewer, public water, electrical service, gas and storm sewer lines, as well as street and other improvements, in connection with the Project will provide infrastructure necessary for the development of adjacent property, which should have the effect of generating additional ad valorem property taxes. The implementation of infrastructure in an underdeveloped, blighted and substandard area will have a positive impact on the community.

The Project is the first phase of the Fountain Point North Redevelopment Project. Upon approval of the Project, subsequent phases and additional development are anticipated. The Redeveloper would not enter into this phase and undertake the cost of the public improvements without the anticipated subsequent phases. This cost benefit analysis only addresses Phase I of the Project but the subsequent phases are a further benefit to the City created by the Project that must be considered in this Cost Benefit Analysis.

There are no other material impacts determined by the agency relevant to the consideration of the cost of benefits arising from the Project.

6. Cost Benefit Analysis Conclusion:

Based upon the findings presented in this cost benefit analysis, the benefits outweigh the costs of the proposed Project.

Approved by the Community Development Agency of the City of Norfolk, Nebraska
this ____ day of _____, 2017.

_____, Chairman

_____, Secretary

EXHIBIT A

PROJECT INFORMATION

The Project consists of capturing the incremental tax revenue created on the real estate which shall be legally described as:

Lot 1 and Lot 3, Fountain Point Subdivision, an addition to the City of Norfolk, Madison County, Nebraska

(the "Phase I Project Site"). The Project shall consist of the following Private Improvements and Public Improvements:

(a) **Private Improvements.** The private improvements to be constructed by the redeveloper on the Phase I Project Site are anticipated to include the following:

- (i) Approximately 70,000 to 80,000 square foot medical office building;
- (ii) Approximately 87 unit senior living facility, and associated improvements on the Phase I Project Site.

The size of the medical office building and the quantity of senior living units may vary based on the final design of the Project.

(b) **Public Improvements.** The eligible public improvements shall include: utility extension and installation, street paving and other infrastructure improvements, public sidewalk improvements, site preparation and grading, site acquisition, streetscape and landscape improvements, architectural and engineering fees, legal fees and other eligible public expenditures under the Act as determined in the Redevelopment Agreement; paid for, in part, by the tax increment generated by the private improvements.