

**REDEVELOPMENT PLAN FOR  
BCG ENTERPRISES, LLC,  
REDEVELOPMENT PROJECT  
  
NORFOLK, NEBRASKA**

**PREPARED FEBRUARY, 2020**

**BY THE COMMUNITY DEVELOPMENT AGENCY  
OF THE CITY OF NORFOLK, NEBRASKA**

**A. Introduction**

This Redevelopment Plan for a blighted and substandard area of the City of Norfolk, Nebraska ("Redevelopment Plan") is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Norfolk, Nebraska ("City"). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

This Redevelopment Plan submits the implementation of a redevelopment project in the blighted and substandard West Highway 275 Redevelopment Area (the "Redevelopment Area") to optimize the tax increment financing ("TIF") resources available for site acquisition, construction of eligible public improvements, and to remove existing and avoid future blighted and substandard conditions. This Redevelopment Plan contemplates the construction of an approximately 13,000 square foot commercial building to be operated as a retail strip mall within the Redevelopment Area (such public and private improvements required therefrom are collectively referred to herein as the "Redevelopment Project").

**B. Redevelopment Area; Existing Conditions**

The boundaries of the Project Site (defined below) are within the blighted and substandard Redevelopment Area. A map showing the boundaries and existing conditions of the Redevelopment Area is attached hereto and incorporated herein as Exhibit "A".

**C. Project Site; Existing Conditions**

Exhibit "B", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is located at 2015 Krenzien Drive, Norfolk, Nebraska. The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

**D. Conformance with the Comprehensive Plan**

In accordance with the Act, this Redevelopment Plan has been designed to conform to the City's adopted Comprehensive Plan (the "Comprehensive Plan"). Currently zoned as C-1, the Project Site will not require a change of zoning to allow the anticipated commercial use. Exhibit "C", attached hereto and incorporated herein, shows a portion of the future land use map

(showing the Project Site and surrounding areas) included within the City's comprehensive plan. The map sets forth a commercial designation for future use of the Project Site.

This Redevelopment Plan was 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 and Project Site. General goals, policies and actions relating to the community as a whole and for the Redevelopment Area (inclusive of the Project Site) are contained in the Comprehensive Plan. Specifically, with respect to the "Highway 275 Corridor" in which the Project Site is located, the Comprehensive Plan provides: "retail and/or entertainment based development types should be encouraged to locate along the Highway 275 and Highway 81 Corridors."

In accordance with the foregoing, the Redevelopment Project as set forth in this Redevelopment Plan is feasible and in conformity with the Comprehensive Plan as a whole and conforms to the legislative declarations and determinations of the Act.

#### **E. Redevelopment Project Overview**

The Project Site is located to the southwest of Highway 275 at 2015 Krenzien Drive, Norfolk, Nebraska. The Redevelopment Project will consist of constructing an approximately 13,000 square foot commercial building to be operated as a retail strip mall within the Redevelopment Area, together with the public and infrastructure improvements related thereto. Occupants of the strip mall will be determined after construction of the Redevelopment Project, but it is anticipated that the occupants will include commercial, retail and restaurant tenants.

BCG Enterprises, LLC ("Redeveloper") currently owns the Project Site. No public acquisition of the Project Site is anticipated. Additionally, no families will be displaced as a result of the Redevelopment Project.

Redeveloper anticipates that it will begin construction of the Redevelopment Project following the approval of TIF and complete construction of the Redevelopment Project by December 31, 2020. Exhibit "D", attached hereto and incorporated herein, sets forth the proposed site plan for the Redevelopment Project.

#### **F. Existing Conditions**

##### **1. Existing Land Use**

The Project Site extends toward Highway 275 and contains an existing internal roadway and parking. The remainder of the Project Site consists of vacant, undeveloped land.

## **2. Existing Zoning**

The Project Site is currently zoned as C-1 (local business district). C-1 zoning allows for the anticipated commercial/retail use. Accordingly, a zoning change is not required.

## **3. Existing Public Improvements**

Public access to the Project Site exists from Krenzien Drive and South 20<sup>th</sup> Street. All necessary utilities and infrastructure are accessible from the Project Site.

### **G. Proposed Redevelopment**

#### **1. Public Improvements**

The Redevelopment Project required significant up-front investment for site acquisition and will require additional site preparation, façade enhancements and other public improvement costs . These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

Public access exists to the Project Site from Krenzien Drive and South 20<sup>th</sup> Street. However, the Project Site will require additional paving for sidewalks and a plaza area. The Redevelopment Project will not affect existing traffic flow, street layouts or street grades.

b. Construction of Water and Sewer Improvements.

All necessary utilities and infrastructure are accessible from the Project Site. Redeveloper will extend utilities to the building on the Project Site.

c. Other incidental improvements

The Project Site is currently undeveloped and will require grading to provide effective drainage throughout the area. The Project Site requires filling and grading to properly drain the ground water runoff and provide appropriate grading levels to erect the commercial building. Redeveloper also anticipates improvement costs related to landscaping and façade enhancements to ensure the removal and prevention of the blighted and substandard condition of the area. The anticipated public improvements (and costs related to the public improvements) for the Redevelopment Project are listed in Exhibit "F", attached hereto and incorporated herein.

d. Additional public facilities or utilities

Other than the items detailed above, Redeveloper and the Agency anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. Redeveloper purchased the Project Site in 2017.

f. Population Density

Other than the existing internal roadway and parking, the Project Site currently sits undeveloped and vacant. The commercial nature of the Redevelopment Project will not increase population density in the area.

g. Land Coverage

The Project Site includes approximately 2.49 acres. Approximately 1 acre is undeveloped land with the remainder consisting of paved drives and parking. The Redevelopment Project will consist of the construction of an approximately 13,000 square foot commercial building, with the footprint shown on the site plan set forth in Exhibit "D". The Redevelopment Project will comply with all applicable land coverage ratios required by the City.

h. Parking

The City's parking ordinances require one parking space per two hundred (200) square feet of usable floor area for commercial/retail uses. The existing parking lot on the Project Site will meet this requirement.

g. Zoning, Building Code and Ordinance

The Project Site is currently zoned as C-1 (local business district). C-1 zoning allows for commercial/retail use. Accordingly, a zoning change is not required. Notwithstanding, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

### **3. Private Improvements**

Private improvements for the Redevelopment Project Area consist of the construction of an approximately 13,000 square foot commercial building to be operated as a retail strip mall. Redeveloper or other builders taking reconveyance from Redeveloper will construct the private improvements. Paragraphs E and I of this Redevelopment Plan details the anticipated construction timeline for the private improvements.

#### **H. Project Costs**

The total estimated costs of the Redevelopment Project are \$1,534,056. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "E".

#### **I. Implementation**

Redeveloper anticipates that it will begin construction of the Redevelopment Project following the approval of TIF and complete construction of the Redevelopment Project by December 31, 2020. The anticipated start date and completion date for the Redevelopment Project are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

#### **J. Financing**

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each 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 ("Base Tax Amount"); and
- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as "TIF Revenues") 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, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for Project Site will be set forth in the redevelopment contract, and/or the resolution authorizing the TIF Indebtedness. It is anticipated that the Agency will issue one TIF bond or note for the entire Redevelopment Project.

Notwithstanding any provision herein to the contrary, all incremental tax revenues resulting from the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period provided by the Act, or until full payment of the TIF Indebtedness, whichever occurs first.

## **1. Necessity of TIF**

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In support thereof, Redeveloper provided a return on investment analysis showing the economic viability of the Redevelopment Project with and without TIF. The analysis showed that the average return over a 5-year period without TIF is estimated at 1.79%. With TIF, the return is anticipated to be 7.90%. A 1.79% rate of return is not high enough to offset the inherent risks associated with the Redevelopment Project, and therefore does not support prudent investment in the Redevelopment Project. In contrast, a 7.90% rate of return will offset the risks associated with the Redevelopment Project and supports prudent investment. Accordingly, the Redevelopment Project is not economically viable without the assistance of TIF and Redeveloper would not construct the Redevelopment Project without TIF.

## **2. Sources and Uses of Financing**

Based upon the projections provided in Exhibit "F", the Agency and Redeveloper contemplate issuance of a single TIF bond or note (the "TIF Indebtedness") not to exceed \$229,350 at an interest rate of 5.0%. As shown on Exhibit "F", the maximum principal amount of \$229,350 does not exceed the anticipated TIF-eligible costs incurred by Redeveloper. The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the redevelopment contract or bond resolution.

The total estimated cost of the Redevelopment Project is \$1,534,056, as shown on the preliminary construction budget, attached hereto as Exhibit "E". Redeveloper anticipates that the

balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity and traditional bank financing. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

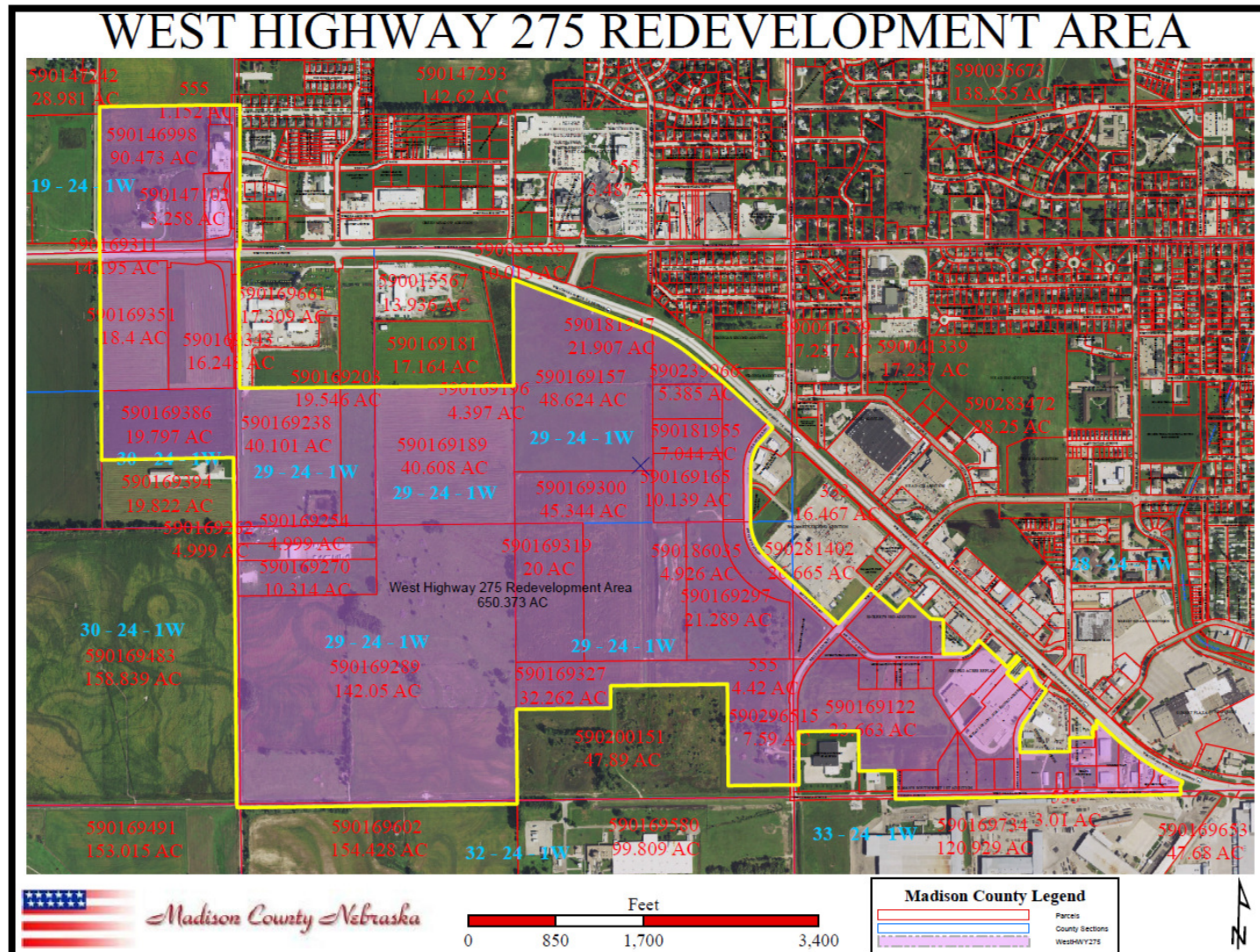
**K. Cost-Benefit Analysis**

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "G" and incorporated herein.

Exhibits:

Exhibit A:	Redevelopment Area
Exhibit B:	Project Site and Existing Land Use
Exhibit C:	Future Land Use Map
Exhibit D:	Site Plan and Future Land Use
Exhibit E:	Estimated Construction Cost of the Redevelopment Project
Exhibit F:	Sources and Uses of TIF
Exhibit G:	Cost-Benefit Analysis

## Redevelopment Area



The Madison County Assessor makes no guarantees, expressed or implied as to the accuracy/content of this GIS map.

9/28/2016

Norman B. Small II, County GIS Specialist

## **EXHIBIT "B"**

### **Project Site and Existing Land Use**

#### **Legal Description:**

Lot 4, Block 1, Replat of Shopko Acres, Norfolk, Madison County, Nebraska.

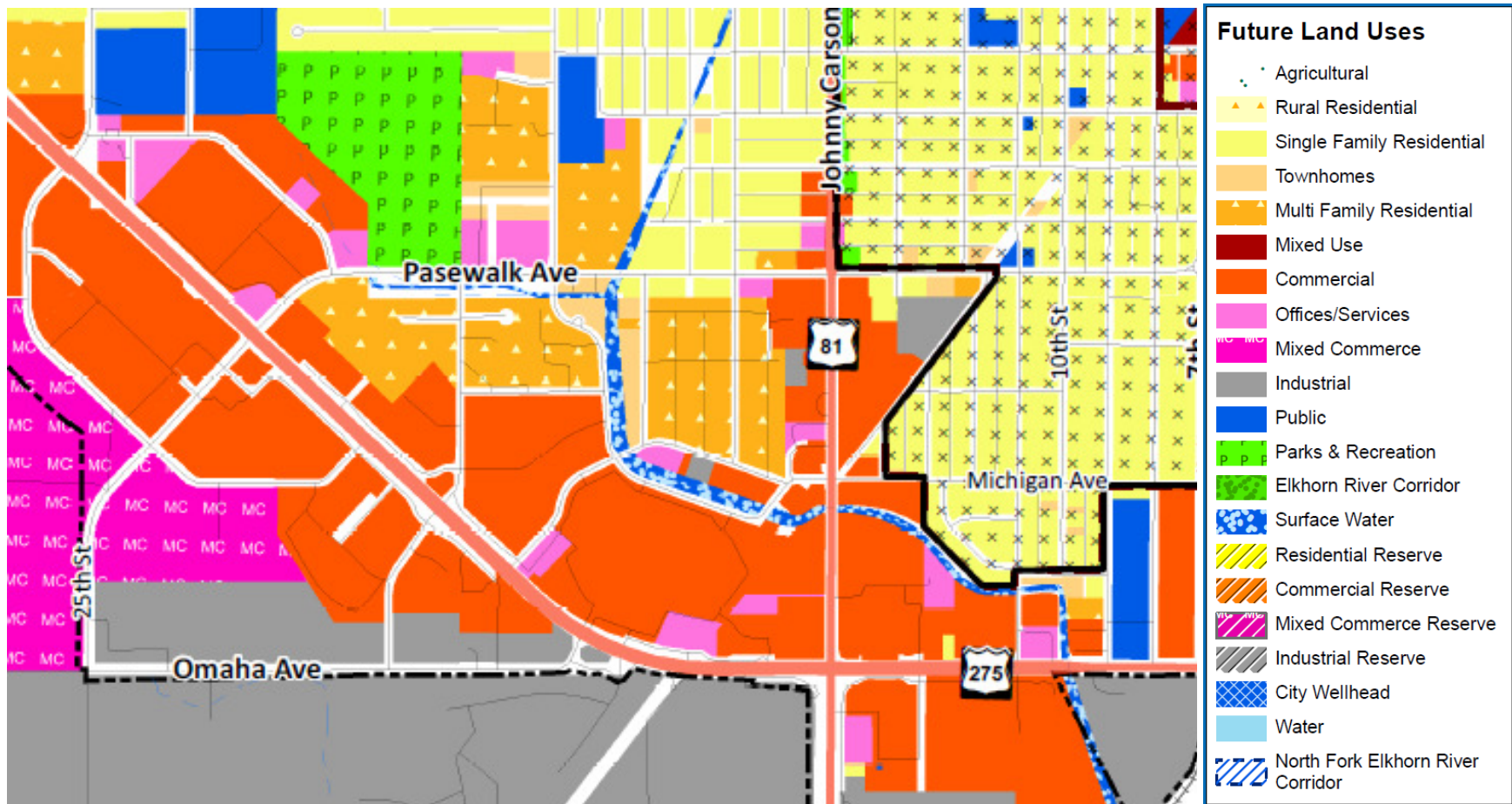
#### **Depiction of Project Site and Current Condition (outlined in red):**



Exhibit "B"

## EXHIBIT "C"

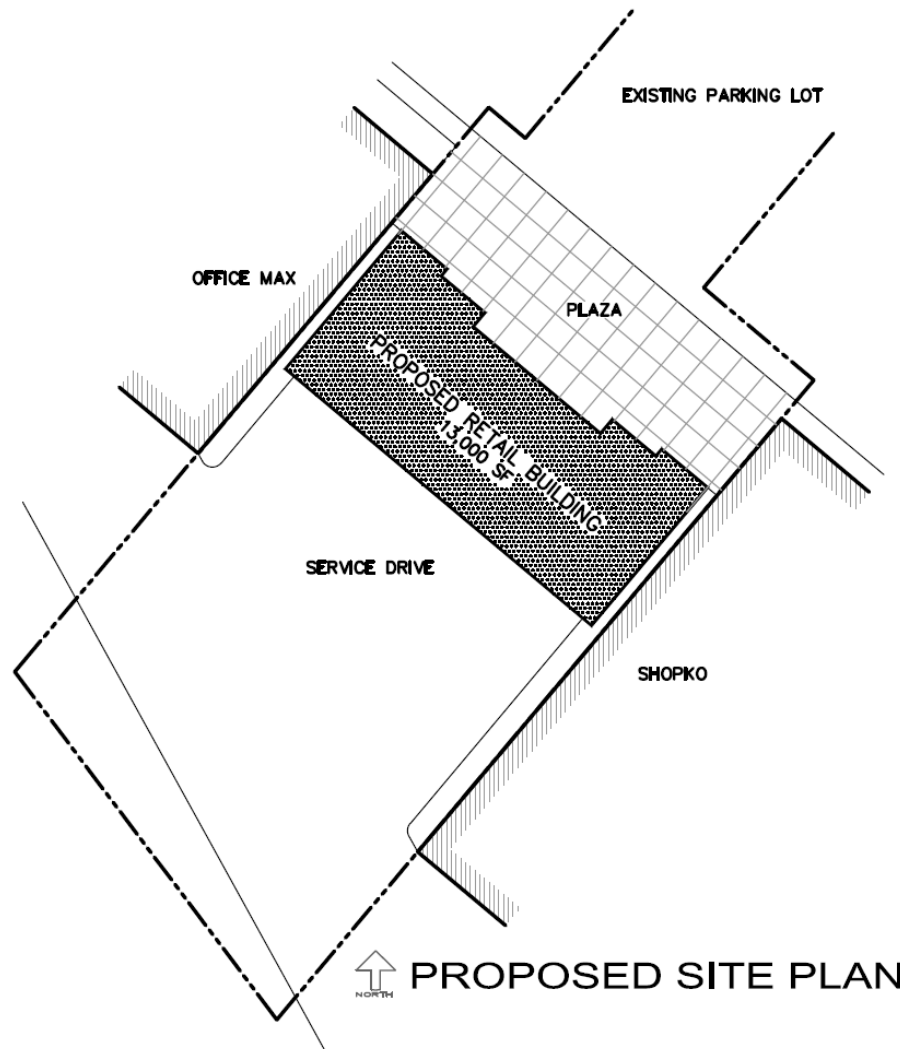
### Future Land Use Map



\* Project Site designated as Commercial.

## EXHIBIT "D"

### Site Plan and Future Land Use



\* The above is a preliminary site plan and is subject to change.

Exhibit "D"

**EXHIBIT "E"**

**Estimate of Construction Costs**

<b><u>BUDGET ITEM</u></b>	<b><u>UNITS</u></b>	<b><u>QNTY</u></b>	<b><u>\$/UNIT</u></b>	<b><u>TOTAL</u></b>
<b>SITE ACQUISITION</b>	LS	1	\$500,000	\$500,000
<b>FILL DIRT</b>	LS	1	\$85,000	\$85,000
<b>DIRTWORK</b>	LS	1	\$5,000	\$5,000
<b>SITE UTILITIES</b>	LS	1	\$10,000	\$10,000
<b>CONCRETE PAVEMENT</b>	SF	15000	\$6	\$90,000
<b>CONCRETE SIDEWALKS (PLAZA)</b>	SF	10000	\$5	\$50,000
<b>LANDSCAPING ALLOWANCE</b>	ALL	1	\$5,000	\$5,000
<b>CONCRETE FOUNDATION</b>	LS	550	\$50	\$27,500
<b>CONCRETE SLAB</b>	SF	13000	\$5	\$65,000
<b>STEEL BUILDING (METAL PANELS)</b>	SF	13000	\$25	\$325,000
<b>SIDE FIREWALLS</b>	SF	2250	\$25	\$56,250
<b>FRONT FAÇADE</b>	SF	3000	\$30	\$90,000
<b>HVAC (ROOFTOP UNITS)</b>	EA	7	\$5,000	\$35,000
<b>PLUMBING ROUGH IN</b>	LS	1	\$35,000	\$35,000
<b>ELECTRICAL</b>	LS	1	\$35,000	\$35,000
<b>GENERAL CONTRACTOR PROFIT</b>	%	\$828,750	8%	\$66,300
<b>DESIGN FEES</b>	%	\$828,750	3.5%	\$29,006
<b>CITY LEGAL FEES</b>	ALL	1	\$15,000	\$15,000
<b>PERMITS ETC.</b>	LS	1	\$10,000	\$10,000

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<b>TOTAL PROJECT COST</b>	<b>\$1,534,056</b>
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\* The above estimates are preliminary estimates and subject to change.

## **EXHIBIT "F"**

### **Sources and Uses of TIF**

#### **SOURCES**

##### Assumptions:

Base Value:	\$379,556.00
Final Value:	\$1,500,000.00
Annual TIF:	\$
Total TIF:	\$
Tax Levy (2019):	2.014163
TIF Indebtedness:	NTE \$229,350
Interest Rate:	NTE 5.00%

Amortization:

	Total Taxable Valuation	Less: Pre- Developme nt Base	TIF Taxable Valuation	Tax Levy	TIF Tax Revenues	Treasurer's Collection Fee	Revenues Available for TIF Loan	Principal	Interest	Total Payment	Capitalized Interest	Loan Balance
-												229,350
0.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	5,437	5,734	11,171	-	223,913
1.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	5,573	5,598	11,171	-	218,340
1.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	5,712	5,458	11,171	-	212,627
2.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	5,855	5,316	11,171	-	206,772
2.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,002	5,169	11,171	-	200,770
3.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,152	5,019	11,171	-	194,619
3.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,305	4,865	11,171	-	188,313
4.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,463	4,708	11,171	-	181,850
4.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,625	4,546	11,171	-	175,225
5.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,790	4,381	11,171	-	168,435
5.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	6,960	4,211	11,171	-	161,475
6.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	7,134	4,037	11,171	-	154,341
6.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	7,312	3,859	11,171	-	147,028
7.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	7,495	3,676	11,171	-	139,533
7.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	7,683	3,488	11,171	-	131,851
8.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	7,875	3,296	11,171	-	123,976
8.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	8,072	3,099	11,171	-	115,904
9.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	8,273	2,898	11,171	-	107,631
9.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	8,480	2,691	11,171	-	99,151
10.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	8,692	2,479	11,171	-	90,459
10.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	8,909	2,261	11,171	-	81,549
11.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	9,132	2,039	11,171	-	72,417
11.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	9,361	1,810	11,171	-	63,056
12.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	9,595	1,576	11,171	-	53,462
12.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	9,834	1,337	11,171	-	43,628
13.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	10,080	1,091	11,171	-	33,547
13.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	10,332	839	11,171	-	23,215
14.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	10,591	580	11,171	-	12,624
14.5	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	10,855	316	11,171	-	1,769
15.0	1,500,000	(379,556)	1,120,444	2.014163%	11,284	(113)	11,171	1,769	44	1,813	-	-
								229,350	96,421	325,771	-	

\* The above "sources" for the Redevelopment Project are estimates based upon the assumptions listed above, and are subject to change.

Exhibit "F"

## **USES**

Land acquisition	\$500,000
Fill Dirt	\$85,000
Dirt Work	\$5,000
Site Utilities	\$10,000
Concrete Sidewalks	\$50,000
Landscaping	\$5,000
Architectural/engineering fees	\$29,006
City's Legal fees	\$15,000
Permits	\$10,000
<hr/>	
<b>TOTAL:</b>	<b>\$709,006</b>

\* The above "Uses" are estimates based upon current market conditions and demand, and are subject to change.

## **EXHIBIT "G"**

### **Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)**

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

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

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for the Redevelopment Project is set forth in Exhibit "F" of the Redevelopment Plan.

#### *Notes:*

*The Projected 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 shift may vary materially from the projected amount. The levy rate is assumed to be the 2019 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

#### **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 Project Site currently has access to all necessary public infrastructure and will only require extension to the building constructed thereon. Accordingly, the Redevelopment Project requires minimal infrastructure improvements. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on City infrastructure or services due to its relatively small size.

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

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of the new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The Redevelopment Project and the new commercial operations therein will be subject to sales tax and pay for City services. Additionally, the City will collect sales tax on a portion of the materials used for the Redevelopment Project. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

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

There are no employers currently located within the Project Site. However, it is anticipated that the Redevelopment Project will attract new employers to the Project Site. Accordingly, due to the increase in economic output and jobs that will be created by the Redevelopment Project on a currently vacant site, the Redevelopment Project should have a positive impact on employers and employees locating thereon.

**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 Redevelopment Project should have a material positive impact on private sector businesses and citizens outside the boundaries of the Project Site. The area around the Project Site has been identified as an area for commercial growth. Accordingly, the new businesses and jobs resulting from the Redevelopment Project will help create additional commercial traffic to the area, creating positive economic stimulation for the City, and specifically employers and employees located in the vicinity of the Project Site.

**5. Impacts on student populations of school districts within the City:**

The Redevelopment Project will not impact student populations.

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

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy a vacant space without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the cost or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.