

**CITY COUNCIL OF THE
CITY OF LEXINGTON, NEBRASKA**

RESOLUTION NO. 2023-08

(Amendment to Redevelopment Plan and Cost-Benefit Analysis—Taco John’s Redevelopment Project)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEXINGTON,
NEBRASKA APPROVING AN AMENDMENT TO REDEVELOPMENT PLAN #1 IN THE CITY
OF LEXINGTON, NEBRASKA AND A COST-BENEFIT ANALYSIS FOR THE TACO JOHN’S
REDEVELOPMENT PROJECT.**

RECITALS

- A. The General Redevelopment Plan for Redevelopment Area #1 (the “**Redevelopment Plan**”), which covers certain portions of the City of Lexington, Nebraska that have been declared blighted and substandard and in need of redevelopment (the “**Redevelopment Area**”), was previously adopted by the City Council of the City of Lexington, Nebraska (the “**City**”).
- B. An Amendment to the Redevelopment Plan (the “**Amendment**”) for the Taco John’s Redevelopment Project (the “**Project**”) has been prepared pursuant to the Community Development Law, Neb. Rev. Stat. §§ 18-2101 to 18-2155, as amended (the “**Act**”), to identify specific property within the Redevelopment Area that is in need of redevelopment to cause the removal of blight and substandard conditions (the “**Project Site**”), which is attached as **Exhibit A** and incorporated by this reference.
- C. The Project will use tax increment financing pursuant to Section 18-2147 of the Act to assist in paying for the cost of certain public improvements on the Project Site, as more particularly described in the Amendment.
- D. The Community Development Agency of the City of Lexington, Nebraska (the “**Agency**”), as required under Section 18-2113(2) of the Act, has conducted a Cost-Benefit Analysis for the Project, which is attached as Exhibit “C” to the Amendment.
- E. On April 25, 2023, a meeting of the City Council was held at the Lexington City Council Chambers, 406 E 7th Street in Lexington, Nebraska in order to conduct a public hearing to determine whether the Amendment and the Cost-Benefit Analysis should be approved.
- F. A notice of public hearing was published for at least two (2) consecutive weeks, the last of which was at least ten (10) days prior to the time and date of the public hearing, which notice of public hearing described the time, date, place and purpose of the hearing.
- G. The City Council reviewed and discussed the recommendations received from the Planning Commission and the Agency.
- H. The City Council has duly considered all statements made and materials submitted related to the submitted questions.
- I. The Amendment clarifies the scope of the Redevelopment Plan and incorporates the Project into the Redevelopment Plan and into compliance with the Act.

J. Statements of the proposed method and estimated cost of the acquisition and preparation for redevelopment of the redevelopment project area and the estimated proceeds or revenue from its disposal to redevelopers, the proposed method of financing the redevelopment project, and a feasible method proposed for the relocation of families to be displaced from the redevelopment project area, if applicable, are set forth in the Amendment and the Cost-Benefit Analysis.

K. The Project Site is in need of redevelopment to remove blight and substandard conditions identified pursuant to Section 18-2109 of the Act;

L. The Amendment will, in accordance with the present and future needs of the City, promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community in conformance with the legislative declarations and determinations set forth in the Act.

M. The Amendment is feasible and is in conformance with the general plan for development of the City as a whole, as set forth in the City of Lexington Comprehensive Plan, as amended.

N. The costs and benefits of the Project, including the costs and benefits to other affected political subdivisions, the economy of the City, and the demand for public and private services are in the long-term best interest of the City.

O. The Project would not be economically feasible without the use of tax increment financing and would not occur in the Redevelopment Area without the use of tax increment financing.

P. Pursuant to the provisions of the Act and in light of the foregoing findings and determinations, the City Council desires to approve the Amendment and the Cost-Benefit Analysis.

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Lexington, Nebraska, does hereby approve and adopt the Amendment and the Cost-Benefit Analysis.

PASSED AND APPROVED this 25th day of April, 2023.

ATTEST:

By: Pamela Baruth
Clerk



THE CITY OF LEXINGTON, NEBRASKA

By

John H. Fyfe

Mayor

**EXHIBIT A
REDEVELOPMENT PLAN AMENDMENT**

[Attached]

**AMENDMENT TO THE REDEVELOPMENT PLAN
OF THE CITY OF LEXINGTON, NEBRASKA**

(TACO JOHN'S REDEVELOPMENT PROJECT)

The City of Lexington, Nebraska ("City") has undertaken a plan of redevelopment within the community pursuant to the adoption of the General Redevelopment Plan for Redevelopment Area #1 (the "Redevelopment Plan"). The Redevelopment Plan serves as a guide for the implementation of redevelopment activities within the redevelopment area defined in the Redevelopment Plan (the "Redevelopment Area"). The Redevelopment Plan was approved by the City Council of Lexington, Nebraska.

The purpose of this Amendment to the Redevelopment Plan is to identify specific property within the Redevelopment Area that is in need of redevelopment to cause the removal of blight and substandard conditions, which property is identified and legally described on the attached and incorporated Exhibit "A" (the "Project Site"), and to identify a proposed redevelopment project on the Project Site.

Pursuant to the Nebraska Community Development Law codified at Neb. Rev. Stat. §§ 18-2101 through 18-2155 (the "Act"), the City created the Community Development Agency of Lexington, Nebraska ("CDA"), which has administered the Redevelopment Plan for the City.

Project Site

The Project Site is located in the Redevelopment Area and is in need of redevelopment. The CDA has considered whether redevelopment of the Project Site will conform to the general plan and the coordinated, adjusted, and harmonious development of the City and its environs. In this consideration, the CDA finds that such a redevelopment of the Site will promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community including, among other things, the promotion of safety from fire, the promotion of the healthful and convenient distribution of population, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary and unsafe dwelling accommodations or conditions of blight.

The Project Site is currently vacant and requires substantial public infrastructure improvements to be developable. The Project Site is currently zoned C-3 Highway Commercial and is designated as Commercial on the Future Land Use Map of the Comprehensive Plan.

The Redevelopment Project

Derock, Inc. d/b/a Taco John's, a Nebraska Corporation ("Redeveloper"), has submitted a proposal for the redevelopment of the Project Site. The project under consideration will consist of the construction of fast-food restaurant and associated improvements on the Project Site (the "Project"). The Project Site will require site preparation, grading, and the extension of water, sewer, and electrical utility improvements.

A preliminary site plan is attached as Exhibit "B" and incorporated by this reference. The CDA acknowledges that the site plan is preliminary in nature and subject to change.

Pursuant to this Project, Redeveloper will pay the costs of the private improvements and the public improvements. As part of the Project, the CDA shall utilize tax increment financing ("TIF") on the Project Site to assist in payment of the public improvements, but Redeveloper shall pay all the costs of the public improvements not covered by TIF.

Construction on the Project is anticipated to commence in May 2023, and construction is anticipated to be completed in the fall of 2023. The base year for the Project is anticipated to be 2023, and the effective date for the division of taxes would be January 1, 2024.

The base value of the Project Site is anticipated to be \$20,000.00 after subdivision. The final value of the Project Site is anticipated to be \$770,000.00. Therefore, the anticipated increase in valuation from this Project will be approximately \$750,000.00 and the projected annual tax increment will be approximately \$14,382.51. Based upon the anticipated final valuation of \$770,000.00 and a 0% interest rate for the TIF Note, the Project will yield TIF Indebtedness in the amount of approximately \$215,737.65.

Redeveloper estimates that the total Project costs shall be approximately \$1,230,000.00. The TIF-eligible expenditures included in these costs are anticipated to exceed \$400,000.00, which will be identified in more detail pursuant to the terms of the Redevelopment Agreement for the Project.

In addition to the TIF Indebtedness, Redeveloper has also stated that the Project would be financed in part through a conventional loan.

The use of TIF to assist with the costs of the public improvements will make the Project as designed feasible. The private improvements cannot be constructed without the site work and public infrastructure improvements, and the public improvements require the use of TIF to assist with the costs. The redevelopment of the Project Site pursuant to the Project identified in this Amendment to the Redevelopment Plan will eliminate the current blight and substandard conditions of the Project Site and will further the purposes of the Act in conformity with the Redevelopment Plan. As described above, the Project envisions the capture of the

incremental taxes created by the Project on the Site to assist with payment for those eligible expenditures as set forth in the Act. The additional costs of the public improvements and all the costs of the private improvements shall be paid by Redeveloper; the City and/or CDA shall not be required to incur any costs or expenses with respect to this Project other than the issuance of the TIF Indebtedness. Redeveloper shall arrange all financing necessary for the Project, including any financing relating to the TIF Indebtedness.

Statutory Elements

The Project envisions the capture of the incremental taxes created by the Project on the Site to pay for those eligible expenditures as set forth in the Act. This section includes a consideration of the specific statutory elements identified under the Nebraska Community Development Law.

A. Property Acquisition, Demolition and Disposal

No public acquisition of private property, relocation of families or businesses, or the sale of property is necessary to accomplish the Project. The Project Site is currently owned by a private entity and is under contract for purchase by Redeveloper. The City shall follow all statutory procedures for the disposal of the Project Site.

B. Population Density

The proposed development at the Project Site is the construction of fast-food restaurant. Accordingly, there will be no increase in population density within the Project Site.

C. Land Coverage

The Project Site consist of approximately .50 acres of undeveloped land. The Project will consist of the construction of a single building, with a land coverage footprint shown on the preliminary site plan set forth in Exhibit "B". The Project is subject to and must comply with all applicable land-coverage ratios and zoning requirements as required by the City of Lexington.

D. Traffic Flow, Street Layouts, and Street Grades

It is anticipated that the Project will increase traffic flow in and to the Project Site and the Redevelopment Area. The Project is located along HWY 283 and there will be direct access from said highway, as well as access to the property via Frontier Street. Redeveloper will construct paving for ingress and egress therefrom, along with internal streets and walkways. No further street improvement should be required based on the Project.

E. Parking

There will be a surface parking lot for the restaurant. The Project will be required to meet or exceed the parking requirements set forth in the applicable zoning district.

F. Zoning, Building Code, and Ordinances

The Project Site is currently zoned C-3 Highway Commercial, and the Project is a permitted use in the applicable zoning district. The Project Site is currently part of a larger parcel which will be subdivided by the City prior to the sale of the Project Site to Redeveloper. Except for the City's subdivision described in the previous sentence, Redeveloper shall be responsible for compliance with the City of Lexington Subdivision Ordinance, Zoning Ordinance and all other applicable laws and codes.

Cost-Benefit Analysis

Pursuant to section 18-2113 of the Act, the CDA must conduct a cost-benefit analysis for any redevelopment project that will utilize TIF. The Cost-Benefit Analysis for the Project is attached hereto as Exhibit "C" and incorporated by this reference.

Comprehensive Plan

Several goals, objectives and policies of "The Lex-Plan 2013" (the "Comprehensive Plan") will be furthered by this Project, including but not limited to:

LAND USE AND DEVELOPMENT

Goal 1 Adopt a land use plan capable of fulfilling the residential, recreational, social, shopping, and employment needs of the Lexington community citizenry through the year 2033.

Objective 1.2 Design future commercial land areas that provide greatest access for both local and highway travelers.

Policy 1.2.1 Maintain existing and expand all general commercial and service land uses in the Downtown and existing Highway 283, 21, and 30 corridors.

Policy 1.2.2 Future highway commercial land areas should be concentrated along the existing Highway 283 and 30 corridors with neighborhood commercial uses along portions of north and south Adams street.

Policy 1.2.4 Large scale commercial development, big box retailers, motel/hotel and fast food outlets are planned to continue to develop along the Plum Creek Parkway (HWY 283) commercial corridor. These uses are ideally located to attract I-80 travelers and serve Lexington residents.

Goal 2 Adopt a land use plan supportive of redevelopment efforts in Lexington.

Objective 2.1 Prioritize redevelopment efforts to address areas of greatest needs for renovation and restoration.

Policy 2.1.1 Areas of greatest redevelopment need in Lexington include the Downtown and adjacent residential neighborhoods, the existing industrial and residential areas along the Railway corridor, Adams Street, and redevelopment areas abutting the Plum Creek Parkway (Hwy 283 Corridor).

Note: This section is not a comprehensive analysis of the Project's conformance with the Comprehensive Plan, but is meant to highlight and summarize the key points on this topic.

Additional Project Information from the Redeveloper

Redeveloper has represented that: (i) without the use of TIF, this Project would not be feasible and the Redeveloper could not develop this Project on the Project Site; (ii) no families will be displaced or relocated from the Project Site based upon this Project, and (iii) Redeveloper does not intend to file an application with the Department of Revenue to receive tax incentives under the ImagineNE Nebraska Act.

EXHIBIT "A"
Legal Description of the Project Site

The Project Site is an approximately 0.50 acre portion of the parcel identified as Parcel ID 240178599 in the City of Lexington, Nebraska and legally described as set forth on the attached Exhibit "D."*

* Parcel ID 240178599 will be subdivided following the approval of this Amendment to the Redevelopment Plan. Upon subdivision approval, the legal description of the Project Site created thereby shall replace and supersede the above legal description.

EXHIBIT "B"
Preliminary Site Plan

Exhibit "B"

Preliminary Site Plan

Lexington, Nebraska

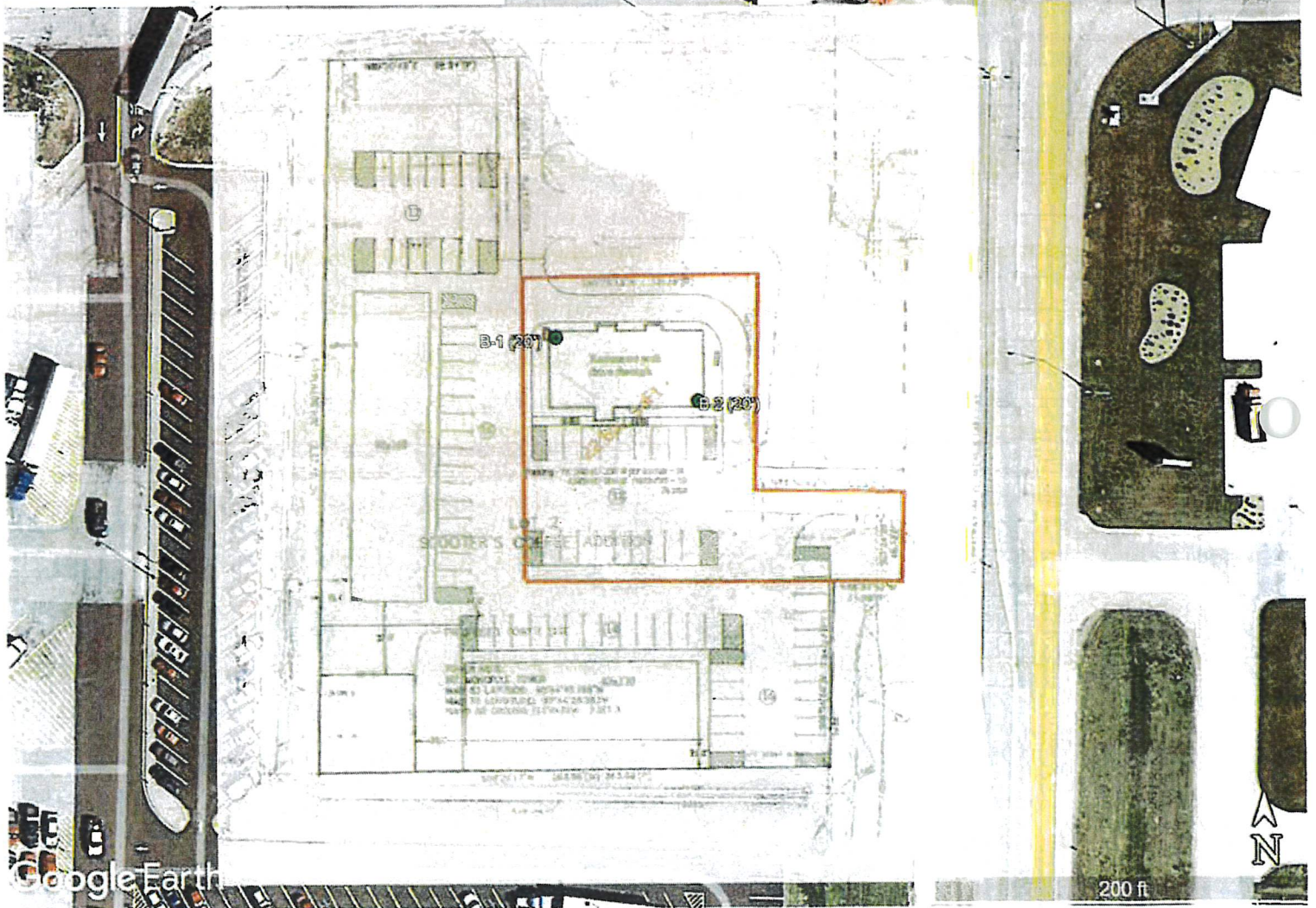


EXHIBIT "C"
Cost Benefit Analysis
(Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Taco John's Redevelopment Project, as described in the Amendment to the Redevelopment Plan to which this cost-benefit analysis is attached, is presented below. The above-referenced project will utilize Tax Increment Financing funds authorized by Neb. Rev. Stat. § 18-2147.

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

The taxes generated by the current value of the property shall continue to be allocated between taxing jurisdictions pursuant to standard statutory requirements. Only the incremental taxes created by the Project will be captured to pay eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Project, the true tax shift of this Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the 15 year tax shift is as follows:

a.	Redevelopment Project Valuation:	\$20,000.00
b.	Projected Completed Project Assessed Valuation:	\$770,000.00
c.	Projected Incremental Valuation:	\$750,000.00
d.	Estimated Tax Levy:	1.917669
e.	Annual Projected Tax Shift:	\$14,382.51

Note: 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 2022 levy rate. There has been no accounting for incremental growth or change in the tax levy over the 15 year TIF period. There has been no accounting for any annual state property tax credit.

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 requires public infrastructure improvements. The public improvements for the Project will address any traffic and street infrastructure concerns that would otherwise be created by the Project. The Project Site will be filled and graded to provide for effective surface water runoff. The CDA and Redeveloper do not anticipate that the Project will have a negative impact on now-existing City infrastructure.

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. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project should generate immediate tax growth for the City. It is anticipated that the residents of the new dwelling units will pay sales tax on goods bought in the City and will require and pay for City services. It is not anticipated that the 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:

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

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 provide additional employment for the City's workforce, which will benefit employees that work in the vicinity of the Project Site.

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

It is not anticipated that the Project will have a material impact on the student populations of the school district within the City. The restaurant will simply utilize the same employees from the existing restaurant. Therefore, the CDA and Redeveloper do not anticipate that the Project will result in a material increase in the number of school-aged children within the school district.

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

There is a need to create additional businesses in the HWY 283 corridor, and this Project will fill that need. There are no other material impacts determined by the CDA relevant to the consideration of the cost of benefits arising from the Project.

7. Summary of Findings:

The Project will increase the City's tax base, without material adverse effect on either public or private entities. The Project will increase property tax revenue in the long-term. The Project will facilitate the development of a blighted and substandard area of the City without the incurrence of significant public cost. The benefits outweigh the costs of the proposed Project.