
City of Grand Island



Tuesday, May 1, 2012
Study Session Packet

City Council:

Larry Carney
Linna Dee Donaldson
Scott Dugan
John Gericke
Peg Gilbert
Chuck Haase
Vaughn Minton
Mitchell Nickerson
Bob Niemann
Kirk Ramsey

Mayor:

Jay Vavricek

City Administrator:

Mary Lou Brown

City Clerk:

RaNae Edwards

7:00 PM
Council Chambers - City Hall
100 East 1st Street

Call to Order

This is an open meeting of the Grand Island City Council. The City of Grand Island abides by the Open Meetings Act in conducting business. A copy of the Open Meetings Act is displayed in the back of this room as required by state law.

The City Council may vote to go into Closed Session on any agenda item as allowed by state law.

Invocation

Pledge of Allegiance

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.



City of Grand Island

Tuesday, May 1, 2012

Study Session

Item -1

Presentation of LB 840 Plan

Staff Contact: Mary Lou Brown

CITY OF GRAND ISLAND, NEBRASKA
ECONOMIC DEVELOPMENT PROGRAM
~~General Community and Economic Development Strategy~~
~~November 20, 2002~~

~~In order for Grand Island to continue to grow and prosper, we need to broaden our wealth producing economic base by bringing to our community new employers and helping our existing companies to grow. Unfortunately, communities all across the nation are faced with potential loss of jobs due to mergers, corporate takeovers, and changing economic events. It is becoming increasingly difficult for our community to absorb the loss of this type of employment.~~

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~~Faced with this challenge, it is the intent of the City to save the existing job opportunities within the community and secure future additional jobs for Grand Island's residents. In 2003 the citizens of Grand Island passed a ballot issue creating the Grand Island Economic Development Program for a ten year period. The formation of an economic developmentthis program will provided a mechanism for assisting businesses interested in locating in Grand Island or those interested in expanding their existing businesses. This program has been termed highly successful and it is imperative for the future growth of the community that this program is continuedIt will take local participation in a financial partnership to develop this new program. Our only means for acquiring the needed funds to carry on an economic development program is through an affirmative vote of the citizens of Grand Island to support this project.~~

~~Almost ten years ago the citizens of Grand Island joined together to take advantage of legislation that allowed our community to leverage existing resources in order to create the Grand Island Economic Development Program whose purpose is to retain and create jobs in our city.~~

By all accounts the program has been incredibly successful. Even better, the momentum we have generated is only just beginning.

Other communities in the state have looked to Grand Island as a leader in the economic development arena and we are proud to have served as a model for taking steps to encourage jobs and investment. It is imperative that we continue to move forward before they catch up!

The legislation that serves as the basis for this program requires voter approval every ten years. In order to continue the progress that has taken place, the citizens of Grand Island need to once again support this program at the ballot box.

Now, more than ever, cities need to be proactive about economic development. The health of Grand Island is directly tied to our economy. This program is important if our community wants to grow and add employment opportunities because it provides a strong foundation that allows us to increase investments in our community and puts us in a position to compete for businesses, not only statewide but on a national level as well.

The Grand Island Economic Development Program has proved to be a community tool that encourages and stimulates quality job growth, attracts permanent investment and broadens the tax base all of which leads to additional opportunities for all citizens.

Grand Island's potential is limitless. We can, and should expect to invite high paying jobs, meaningful capital investment and redevelopment efforts that compliment existing industries, expand our economy and benefit taxpayers.

The most important thing we can do for our Grand Island is to retain and create jobs and investment. That is what the Grand Island Economic Development Program is all about.

Need and Purpose

The ~~An~~-economic development program is a community tool that encourages and stimulates the growth of quality jobs, attracts permanent investment, broadens the tax base, and diversifies the region's economic base that will lead to new opportunities and options for all citizens, ultimately improving the quality of life for all taxpayers in Grand Island and the surrounding region.

Grand Island's success for ~~best chance of~~ long term growth and prosperity ~~will~~has come with increased diversification with an overall goal of increasing per capita and median household incomes throughout Grand Island and Hall County. Taking into consideration the very low unemployment rates that Hall County has experienced in recent years~~the 1990's~~, our focus will be on attracting capital intensive instead of labor intensive businesses – businesses that hire skilled laborers to complement million-dollar production equipment and machinery. In addition, we will be targeting businesses that will provide employment opportunities for those who are underemployed in Hall County and those seeking professional positions.

SECTION I. GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

The Nebraska Legislature, in the Local Option Municipal Economic Development Act Neb. Rev. Statutes 18-2701, et seq., has made the following legislative findings: (1) there is a high degree of competition among states and municipalities in our nation in their efforts to provide incentives for businesses to expand or locate in their respective jurisdictions; (2) municipalities in Nebraska are hampered in their efforts to effectively compete because of their inability under Nebraska law to respond quickly to opportunities or to raise sufficient capital from local sources to provide incentives for business location and expansion decisions which are tailored to meet the needs of the local community; (3) the ability of a municipality to encourage business location and expansion has a direct impact not only upon the economic well-being of

the community and its residents but upon the whole State as well; and (4) there is a need to provide Nebraska municipalities with the opportunity of providing assistance to business enterprises in their communities, whether for expansion of existing operations or creation of new businesses, by the use of funds raised by local taxation when the voters of the municipality determine that it is in the best interests of their community to do so.

The City of Grand Island faces stiff competition to recruit businesses to the community and to retain businesses that not only are presently operating in the community but also are considered anchors of the economic vitality of the City.

Prior to the passage of the Grand Island Economic Development Program, The City, through the Economic Development Corporation, ~~has~~ competed as best it could to bring new business and new well paying jobs to the community, but frankly ~~had~~ less ability to compete by not having available the tools granted by the Local Option Municipal Economic Development Act. The City ~~believed~~ that not having the ability to directly fund economic development activities in the past may have cost jobs and capital investment which otherwise would have been realized. ~~—The effect is to hamper growth of the tax base of the City.~~

~~Only by~~ With the adoption of ~~an the~~ economic development program ~~can~~ the City of Grand Island was able to directly contribute to economic development projects and thereby compete successfully for location of manufacturing facilities and other businesses to our community and retain those excellent employers currently within our community. The well paying jobs and talented employees employed in these fields are critical to Grand Island. Those jobs are among the highest paying in the community and they attract the most capable and talented people in the work force. ~~—Absent approval of the program by the voters, other communities and states could become more attractive as the potential site for business and industry. Grand Island becomes less competitive. The foregoing is a practical example of the underlying basis for the~~

~~legislative findings set out in the Local Option Municipal Economic Development Act.~~

The Local Option Municipal Economic Development Act became effective June 3, 1991, and authorizes cities and villages to appropriate and spend local sales tax and property tax revenues for certain economic development purposes. In 2011 the Nebraska Legislature added language to the act to allow other sources of revenue to be utilized including: funds generated from municipally owned utilities or grants, donations, or state and federal funds received by the city. An economic development program formulated by the City to implement this legislation is subject to the vote of the people.

The core of the process involves the formulation of a proposed plan for a local economic development program. The program forms the foundation for the expenditure of local ~~tax~~ revenues for economic development. As outlined in the legislation a ~~Because the development and utilization of an economic development program is truly a plan for the community, the Economic Development Fund will be administered by a~~ Citizen Advisorys' Review Committee appointed by the Mayor and approved by the City Council was created to advise, review and recommend proposals. This committee would continue in place with the new plan. will have oversight authority of the plan. The Committee will~~would~~ be comprised of seven members. ~~from the community. Three at large members would be recommended for appointment by the Grand Island Area Economic Development Corporation.~~ All members must be registered voters in the city of Grand Island. It is recommended that professionals in the fields of accounting, ~~and~~ banking and finance, ~~small~~ business owners, and business professionals be included on the Citizens'Advisory Review Committee. At least one member of the Committee shall have expertise or experience in business finance and accounting ~~as a banker or accountant, at least one member of the Committee shall be a business owner.~~ Members may be removed in the same manner as appointed, subject to City Council approval. The term of four members will end in even numbered years and the term of the remaining three

members will end in odd numbered years. Eligibility to continue service beyond the initial term is based on City Council approval. No member shall be an elected or appointed City Official, an employee of the City, a participant in a decision making position regarding expenditures of program funds, an official or employee of any qualifying business receiving financial assistance under the Program or an official or employee of any financial institution participating directly in the Program. The City Administrator or designee will serve as Liaison to the Citizens Advisory Review Committee. Economic Development Corporation. All Citizen Advisory Review Committee meetings are subject to open meeting laws. A quorum of four members is needed to officically hold a meeting.

The Citizen Advisory Review Committee (Section 18-2715) shall: a) Review the economic development program's function and progress at regular quarterly meetings, as set forth in the ordinance, and advise the City Council with regard to the program. bB) Report to the City Councilgoverning body on its findings and suggestions at a public hearing called for that purpose, at least once in every six-month period after the effective date of the ordinance.-

An Economic Development Program has been prepared The City has prepared the Program for submission, first to the City Council and, upon Council approval, to the voters of Grand Island. The Legislature of the State of Nebraska has made available through the Act an invaluable tool to recruit new businesses and to retain and expand businesses presently located in a community. The City intends to use this tool to support spur further economic development within the City., just as has been done with the 2003 Progam The City seeks, through the Economic Development Program, to be more competitive or at least as competitive in the economic development area as any other community in this or any other State of comparative size. With voter approval, the provisions of the Program become the basis for funding the economic development program and thereby expanding job opportunities and the tax base in our community.

~~Through voter approval of the Economic Development Program, the City would be in a position to operate a low-interest, performance-based revolving loan fund, provide job creation incentives, equity participation, interest buy-downs, acquire commercial and industrial sites, promote their development, and bond the costs of economic development pending sufficient general fund revenues. The City proposes that funding from the City's general fund be dedicated for the economic development program.~~

SECTION II. STATEMENT OF PURPOSE DESCRIBING GENERAL INTENT AND PROPOSED GOALS

The general intent and goal of the Grand Island Economic Development Program is to provide ~~well-paying~~ jobs to the citizens of Grand Island, Nebraska, by encouraging and assisting local businesses to expand, ~~as regards job creation create jobs~~ and ~~capital investment invest capital. and~~ An additional goal is to recruit ~~new-qualified~~ businesses which results in creation of jobs and expansion of the tax base. The impact of the Program will be based on the results attained by the approved applicants. The following are the measurements: jobs created and retained by the approved applicants as measured at the end of ten years, the dollars invested by the approved applicants' in fixed assets and business equipment over the ten years and the growth in valuation of the approved applicants' real property. ~~The success of the Program will be measured by the number of jobs created and retained for the length of the Program, the total dollars invested in fixed assets, i.e., buildings, new commercial real estate and business equipment and finally, the growth in total valuation in the City.~~ Each ~~applicant project~~ will be considered on its merits, but priority will be given to jobs created and/or retained at or above average wage and benefits for the community.

SECTION III. TYPES OF ECONOMIC ACTIVITIES THAT WILL BE ELIGIBLE FOR ASSISTANCE

A. Definition of Program

Economic Development shall mean any project or program utilizing funds derived from the Program~~City's General Fund~~, which funds will be expended primarily for the purpose of providing direct ~~or indirect~~ financial assistance to a qualifying non-retail business, the payment of related costs and expenses, and/or through a revolving loan fund. The purpose of the Program is to increase ~~job~~ employment opportunities, ~~and~~ business investment within the community ~~;~~ and greater economic viability and stability.

B. Eligible Activities

The Economic Development Program may include, but shall not be limited to, the following activities:

- 1) A revolving loan fund from which performance based loans will be made to non-retail qualifying businesses on a match basis from the grantee business and based upon job creation and/or retention, said jobs to be above the average wage scale for the community.
- 2) Public works improvements and/or purchase of fixed assets, including potential land grants or real estate options essential to the location or expansion of a qualifying business or for capital improvements when tied to job creation criteria or when critical to retention of jobs of a major employer within the community, which equity investment may be secured by a Deed of Trust, Promissory Note, UCC filing, personal and/or corporate guarantees or other financial instrument.
- 3) The provision of technical assistance to businesses, such as preparation of financial packages, survey, engineering, legal,

architectural or other similar assistance and payment of relocation or initial location expenses.

- 4) The authority to issue bonds pursuant to the Act.
- 5) Grants or agreements for job training.
- 6) Interest buy down agreements or loan guarantees.
- 7) Other creative and flexible initiatives to stimulate the economic growth in the Grand Island area (activities which may be funded through the Economic Development Program or General Fund as authorized by Section 13-315 R.R.S.).
- 8) Commercial/industrial recruitment and promotional activities.
- 9) Payments for salaries and support of City staff or the contracting of an outside entity to implement any part of the Program.
- 10) End Destination Tourism Related Activities.
- 11) Reduction of real estate property taxes for City of Grand Island to stimulate local economy.
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- ~~12) Development of low to moderate income housing.~~
- 12) Direct loans or grants to Qualifying businesses for fixed assets, working capital or both.

SECTION IV. DESCRIPTION OF TYPES OF BUSINESSES THAT WILL BE ELIGIBLE

- A. A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship that derives its principal source of income from any of the following:
1. The manufacturer of articles of commerce;
 2. The conduct of research and development;
 3. The processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce, ~~as distinguished from goods offered for sale at retail locally;~~
 4. The sale of services in interstate commerce, ~~as distinguished from services offered on a local or area basis;~~
 5. Headquarters facilities relating to eligible activities as listed in this section;
 6. Telecommunications activities; or
 7. End Destination Tourism-Related Activities.
- B. A qualifying business need not must be located within the territorial boundaries of the City unless an exception is granted by City Council. ~~be willing to request annexation or be a company new to Grand Island that plans to locate within the city limits. (18-2709)~~ ~~A qualifying business must be located within the zoning jurisdiction of the city unless a variance is granted for special circumstances.~~ Applicants located within the County Industrial Tracts must be willing to request annexation to be eligible.
- C. Any other business deemed a qualifying business through future action of the Legislature.

SECTION V. REVOLVING LOAN FUND/ PERFORMANCE BASED LOANS

- A. The amount of funds available for any single project shall not exceed the amount of funds available under the Economic Development Program during the project term, nor shall it provide for more than fifty percent (50%) of total project costs. An applicant must provide participation and evidence of participation through private funding as distinguished from federal, state, or local funding in the minimum amount of fifteen percent (15%) equity investment. The right is reserved to negotiate the terms and conditions of the loan with each applicant, which terms and conditions may differ substantially from applicant to applicant.
- B. The interest rate shall be negotiated on an individual basis. The term shall not exceed fifteen (15) years for loans used for real estate and building assets and not to exceed seven (7) years for loans involving any other asset category such as furniture, fixtures, equipment or working capital. Security for loans will include, but will not be limited to, Promissory Notes, a Deed of Trust, UCC filings and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.
- C. The amount of funds available for any project in excess of \$50,000 will be disbursed to the applicant in a defined schedule.~~phased approach. with no more than 30% of the loan amount provided prior to the start of the project.~~
- ~~D.~~C. If the loan is approved as performance based, a qualifying business may be approved to recapture on a grant basis all or a portion of the loan amount to be determined by the ~~Economic Development Corporation~~ Grand Island Area Economic Development Corporation (GIAEDC) based upon job creation or retention and economic impact of the project to the community.
- ~~E.~~D. A loan repayment schedule providing for monthly, quarterly or annual payments will be approved in conjunction with project

approval. Repayments will be held in the LB-840 Economic Development fund ~~a revolving reuse loan fund~~ for future projects as approved.

~~F.F.~~ The City Administrator or ~~his~~his/her designee is responsible for auditing and verifying job creation and retention and determines grant credits toward any loans made. No grant credits are available unless pre-approved in the initial application and project approval and no grant credits are available beyond the level initially approved.

~~G.F.~~ The Revolving Loan Fund and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants. The audits will be funded by the Economic Development Fund and the findings will be presented to the Citizens' Review Committee.

~~H.G.~~ ~~It is anticipated that the Program can be fully administered by the Community Projects Director. Financial assistance will be provided by the Finance Department. The City Administrator will be or designee will be the Program Administrator. The City Administrator may appoint a designee with the consent of the Mayor. The Finance Director will be responsible for the financial and auditing portions of the plan.~~

SECTION VI. SOURCE OF FUNDING

The Program will be funded from local sources of revenue, including city's property tax, the city's local option sales tax (general fund dollars), funds generated from the City Owned Utilities, or grants, donations, or state and federal funds received by the city. Funds generated from the Grand Island Utilities shall be used for utility-related purposes or activities associated with the economic development program, including, but not limited to, load management, energy efficiency, energy conservation, incentives for load growth, line extensions, land purchase, site development, and demand side management measures~~property taxes and/or sales taxes, contained in the~~

~~City's general fund.~~ The City shall not appropriate from the general fund~~these funds~~ for approved Economic Programs, in any year during which such programs are in existence, an amount in excess of four-tenths of one percent of actual valuation of the City of Grand Island in the year in which the funds are collected, and further, will be subject to the limitation that no city of the First Class shall appropriate more than two million dollars in any one year. The City of Grand Island shall appropriate \$~~750,000~~750,000 ~~from the General Fund and \$500,000 from the City Utilities~~ in some combination of General Fund and Electric Utility Fund and any Federal or State Grants and any donations annually for the Economic Development Program. ~~The restrictions on the appropriation of funds from local sources of revenue shall not apply to the re-appropriation of funds that were appropriated but not expended during the previous fiscal years.~~ If, after five full budget years following initiation of the approved Economic Development Program, less than fifty percent of the money collected from local sources of revenue is spent or committed by contract for the Economic Development Program, the governing body of the City shall place the question of the continuation of the City's Economic Development Program on the ballot at the next regular election.

A. Time Period for Collection of Funds

Annual funding for the program, ~~will be \$750,000 per year, will come from the City's General Fund and the Grand Island Utilities.~~ These funds will be allocated commencing with the FY ~~2014~~2013-~~2004~~ budget year, beginning October 1, 2013 and will continue for 10 years. The annual amount of \$750,000 will be divided each year into incentive and administrative/promotion authorized expense levels. The portion allocated to administrative/promotion costs will be paid in four quarterly payments to the GIAEDC who administers the program on behalf of the city.

B. Time Period for Existence of the Program

The Economic Development Program will be in effect beginning October 1, 2013~~03~~ and will continue for 10 years.

C. Proposed Total Collections from Local Sources

<u>Fiscal Year</u>	<u>Estimated Collections</u>
201303-201404	\$1,000750,000 (General Fund revenues)
Every year for 9 years thereafter	\$1,000750,000 (General Fund revenues)

The total amount of City General Fund revenues to be committed to the Economic Development Fund Program for 10 years is \$~~10,07,57,500~~,000.

D. Basic Preliminary Proposed Budget

It is anticipated that the proposed annual total budget of \$~~750,0001,000,000750,000~~ will be allocated to the Economic Development Fund. ~~Any funds not expended in the revolving loan category will be used to fund the other eligible activities as set out in Section III above.~~

SECTION VII. APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO BUSINESSES

A. Application Process and Selection of Participants:

Businesses seeking assistance will be required to:

1. Complete an application which may be obtained from ~~the Grand Island Area Economic Development Corporation~~ the GIAEDC-or the City of Grand Island.

2. Submit the completed application together with all information as set out below to ~~the Grand Island Area Economic Development Corporation~~ the GIAEDC or the City of Grand Island. ~~Following review by the Economic Development Corporation Executive Board and Citizens' Advisory Review Committee, an overview of the proposed application for assistance will be forwarded by the Citizens' Advisory Review Committee to the Mayor and City Council.~~ The GIAEDC Grand Island Area Economic Development Board of Trustee's Directors will review, along with the Program Administrator, the application and supporting information. The board will make a determination: a) as to the ~~eligibility~~ illegibility of the ~~project~~ application and organization making the application b) verify the accuracy of the information provided c) take board action as to deny the application and proposed agreement or forward it to the City Council ~~the Citizen Review Committee to approve or deny the application and proposed agreement or forward it to the City Council for action.~~ to deny the application and proposed agreement or forward it to the City Council for action. An overview of the proposed project application shall contain sufficient information ~~in order for the elected officials~~ to make an informed decision yet maintain confidentiality of information that, if released, could cause harm to such business or give unfair advantage to competitors. ~~The City Council will approve or deny the application.~~
3. ~~The Community Projects Director, as Program Administrator, will coordinate with the Economic Development GIAEDC President to notify any applicant whose application is not approved. Such applicant may request in writing that the application, with the recommendation not to approve, be forwarded to the City Council for re-consideration.~~

B. Information Required:

The qualifying business applicant shall provide the following information before any application is considered by the Grand Island Area Economic Development GIAEDC-Executive Board of Trustees~~and the Citizens' Advisory Review Committee:~~

1. A business description verifying that the business satisfies program goals and intentions and is an ~~illegible~~ eligible project and company
2. A business plan for the project
3. Income statements covering the last three years and pro forma for the next three years
4. Financing requirements and commitments from financial institutions, investors, etc., relating to the project/purpose being funded
5. A list of key management, employees and their skills and experience related to the project

Sole Proprietorship:

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- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns (signed)
- 4). Current Year to Date Profit and Loss Statement
- 5). Recent Balance Sheet (signed)
- 6). Other information as requested

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"S" Corporation:

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- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns, if over 25% ownership (signed)
- 4). Two years complete Corporate Tax Returns (signed)
- 5). Current year to Date Profit and Loss Statement (signed)
- 6). Recent Balance Sheet (signed)
- 7). Other information as requested

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~~“C” Corporation:~~

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- ~~1). Submit a Grand Island Economic Development Loan Fund Application~~
- ~~2). Business Plan~~
- ~~3). Two years complete Individual Federal Tax Returns (signed), if over 25% ownership~~
- ~~4). Two years complete Corporate Tax Returns (signed)~~
- ~~5). Current year to Date Profit and Loss Statement (signed)~~
- ~~6). Recent Balance Sheet (signed)~~
- ~~7). Other information as requested~~

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~~General Partnership:~~

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- ~~1). Submit a Grand Island Economic Development Loan Fund Application~~
- ~~2). Business Plan~~
- ~~3). Two years complete Individual Federal Tax Returns, if over 25% partnership (signed)~~
- ~~4). Two years complete Partnership Tax Returns (signed) and K-1s for all partners~~
- ~~5). Current year to Date Profit and Loss Statement (signed)~~
- ~~6). Recent Balance Sheet (signed)~~
- ~~7). Other information as requested~~

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~~Limited Partnerships:~~

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- ~~1). Submit a Grand Island Economic Development Loan Fund Application~~
- ~~2). Business Plan~~
- ~~3). Two years complete Individual Federal Tax Returns (signed) and K-1s for all partners~~
- ~~4). Complete copy of Partnership Agreement for Partnership~~
- ~~5). Other information as requested~~

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~~Limited Liability Companies:~~

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- ~~1). Submit a Grand Island Economic Development Loan Fund Application~~
- ~~2). Business Plan~~
- ~~3). Two years complete Individual Federal Tax Returns (signed)~~
- ~~4). Two years complete Entity Tax Returns (signed) and K-1s for all partners~~
- ~~5). Current Year to Date Profit and Loss Statement~~
- ~~6). Recent Balance Sheet (signed)~~
- ~~7). Other information as requested~~

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C. Verification Process:

For each eligible application the GIAEDC will obtain the following reports and complete the listed examinations:

- 1). Credit check
- 2). Dun and Bradstreet Credit Report
- 3). Examine information required
- 4). Examine internal records
- 5). Obtain oral and written verification of application information
- 6). Other investigations as may be deemed necessary

Once the information has ~~above steps have~~ been compiled~~completed~~, the Plan Administrator will review the application and related information. Additional information may be requested at this time from the applicant.

SECTION VIII. PROCESS TO ENSURE CONFIDENTIALITY OF BUSINESS INFORMATION RECEIVED

In the process of gathering information about a qualifying business, the ~~Economic Development Corporation~~ GIAEDC and City may receive information about the business that is confidential and, if released, could cause harm to such business or give unfair advantage to competitors. The ~~Economic Development Corporation~~ GIAEDC and City shall endeavor to maintain the confidentiality of business records that come into its possession.

To protect businesses applying for assistance and to encourage them to make full and frank disclosure of business information relevant to their application, the ~~Economic Development Corporation~~ GIAEDC and City ~~will take~~ has or will take the following steps to ensure confidentiality of the information it receives:

- 1) ~~The adoption of a City ordinance that Code §38-10 -code xx has been enacted to~~ makes such information confidential and punishes disclosure in violation of State or City law by any City elected or appointed officials, City employees, GIAEDC employees, and members or the Citizen Advisory Review Committee.
- 2) ~~A restriction of the number of people with access to the files which files will be maintained in the Economic Development Corporation Office, who shall be~~ The GIAEDC office will maintain the files and will be primarily responsible for their safekeeping and any distribution of information contained therein, and
- 3) Require personnel involved in the Program Review, including ~~Economic Development~~ GIAEDC President, ~~secretarial~~ staff assisting the President, Citizens' Advisory Review Committee, and City staff, to sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

SECTION IX. ADMINISTRATION SYSTEM FOR ECONOMIC DEVELOPMENT PROGRAM

A. Program Administration

1). ~~The GIAEDC will administer the program on behalf of the City. If that organization were to no longer exist or if the City decided to change administrators, the City reserves the right to administer the Program itself or name a new agent who would perform the administration functions of the Program. The Community Projects Director will administer the Economic Development Plan and Program.~~

21. ~~_____~~). The ~~City Administrator and Community Projects Director~~ Program Administrator or designee will ~~also~~ serve as an ex-officio members of the Citizens' Advisory Review Committee, ~~hereinafter established,~~ which Committee will hold regular quarterly meetings to review the functioning and process of the Economic Development Program and advise the City Council governing body of the City with regard to the Program. ~~Track~~ The Citizen Review Committee will track participating businesses' employment figures for two years if said businesses employ persons in other Nebraska communities. (Section 18-2709)

32). The ~~Community Projects Director~~ Program Administrator, in cooperation with the ~~Economic Development~~ GIAEDC President, will review on a regular quarterly basis the progress of ongoing projects to ensure the qualifying businesses are complying with the terms of any approved project.

43). The Program Administrator in cooperation with the Economic Development GIAEDC President ~~Economic Development President and the City Administrator or designee~~ Program Administrator will advise the Mayor and City Council on a semi-annual basis as regards the status of ongoing activities ~~projects~~ in the Economic Development Program.

45). A 3% fee will ~~may~~ will be retained by the City of Grand Island for program administration. ~~The 3% fee will be retained in the City's general fund.~~

B. Revolving Loan Program Administrator

1 Provide to the City Council on a quarterly basis an account of the status of:

a. Each outstanding loan.

b. Program income.

c. Quarterly Monthly updates of current investments of unexpended funds (Section 18-2720 18-2720)

2. Keep records on accounts and compile reports that include:

a. Name of borrower

b. Purpose, date, amount, and basic terms of loan.

3. Payments made to date and current balance due (Section 18-27200)

4. Regularly monitor each loan's status and, with cooperation from the City Council and primary lender(s), take appropriate action on any delinquent loans (Section 18-2720)

SECTION X. PROCESS TO ASSURE LAWS, REGULATIONS AND REQUIREMENTS ARE MET BY THE CITY AND QUALIFYING BUSINESSES

The City will assure that all applicable laws, regulations, and requirements are met by the City and the qualifying businesses that will receive assistance as follows:

A. Program Review

The Ordinance establishing the Program shall provide for the ongoing existence creation of a Citizens' Advisory Review Committee to:

- 1). Review the functioning and progress of the Economic Development Program at regular quarterly meetings as set forth by ordinance and to advise the governing body of the City Council with regard to the Program, and

- 2). Report to the City Council on its findings and suggestions at a public hearing called for that purpose at least once in every six-month period after the effective date of the ordinance.
- 3). Maintain confidentiality of all business information supplied by applicants pursuant to City Code §38-10.

B. Monitor Participating Businesses

The ~~Community Projects Director~~Program Administrator in cooperation with the ~~Economic Development~~ GIAEDC President or appointed contract loan administrator will conduct reviews on a ~~regular~~ quarterly basis to ensure that qualifying businesses are following the appropriate laws and regulations and meeting the terms and conditions of assistance.

C. Monitor Regulatory Changes

The City Attorney will be responsible for keeping the City informed of relevant changes in the law that could affect the Economic Development Program and will review Agreements, Deeds, Leases, Deeds of Trust, Promissory notes, security documents, personal and/or corporate guarantees and other documents relating to specific projects or to the Program as a whole.

The City Attorney will prepare all legal and binding agreements for potential City Council approval.

D. The City shall provide for an annual, outside, independent audit of it's Economic Development Program by a qualified private auditing business.

SECTION XI. PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

If and when real estate is to be purchased or optioned by the City under the Program, it should meet the following general criteria:

- 1). Be properly zoned with no excessive easements, covenants, or other encumbrances, ~~and~~
- 2). Should conform and be able to be re-zoned to comply with the City's or County's Comprehensive Plan, ~~and~~
- 3) Should have commercial or industrial development potential within a ten-year period.
- 43). Can be located ~~either within or~~ outside of the City ~~limits as long as it is adjacent to the City limits and eligible for annexation either before or after development. the business requests annexation.~~

Any decision to purchase land will be made in a manner consistent with that used to approve applications for financial assistance as detailed in Section VII. Any proposal to purchase land must be
~~The decision to purchase land must be approved in a manner similar to the approval of applications. The application will include a business analysis indentifying the strengths, weaknesses, opportunities and competition. The application will be approved by the GIAEDC Board, the Citizen Review Committee and finally, the City Council.~~ The proceeds from the future sale of such land would be returned to the Economic Development Program Fund for reuse for any activities eligible in the Program or for additional land purchases.

SECTION XII. INVESTMENT OF ECONOMIC DEVELOPMENT FUND

The City will establish a separate Economic Development Program Fund. All funds derived from local sources of revenue for the Economic Development Program, any earnings from the investment of such funds, any loan payments, any proceeds from the sale by the City of assets

purchased by the City under its Economic Development Program, or other money received by the City by reason of the Economic Development Program shall be deposited into the Economic Development Fund. No money in the Economic Development Program Fund shall be deposited in the General Fund of the City except as provided by statute. A 3% administrative fee ~~will~~ ~~may~~ will be retained by the City for program administration. ~~This fee will be retained in the General Fund.~~ The City shall not transfer or remove funds from the Economic Development Fund other than for the purposes prescribed in the Act and this Program, and the money in the Economic Development Fund shall not be co-mingled with any other City funds. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested as provided in Section 77-2341 R.R.S. Nebraska. In the event the Economic Development Program is terminated, any funds remaining will be transferred as provided by statute to the General Fund of the City. ~~and will be used on an installment basis to reduce the property tax levy of the City as provided by the Act.~~



City of Grand Island

Tuesday, May 1, 2012

Study Session

Item -2

Presentation of Renewable Portfolio Goal

Staff Contact: Tim Luchsinger

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director

Meeting: May 1, 2012

Subject: Renewable Portfolio Goal

Item #'s: 2

Presenter(s): Tim Luchsinger, Utilities Director

Background

The Utilities Department has made efforts to be involved in developing technologies regarding renewable energy. Presently, the most cost effective form of renewable energy in this area is wind energy. Since 1998, the City's Utilities Department has participated with other of the state's utilities in Wind Turbine projects.

Springview Project:

Grand Island first became involved with wind energy in 1998 with the development of the "Nebraska Distributed Wind Generation Project" or NDWG, often referred to as the "Springview Project" because of its proximity to that community in north central Nebraska. The project included two 750 kilowatt wind turbines installed near Springview, Nebraska. Half of the cost of the project was funded by a grant from the Electric Power Research Institute/Department of Energy-Turbine Verification Program. NDWG was a joint project among Nebraska utilities that included Auburn Utilities, Grand Island Utilities, KBR Power District, Lincoln Electric System, the Municipal Energy Agency of Nebraska and Nebraska Public Power District (NPPD). Grand Island received an average of six megawatt hours of energy per month from NDWG. This is enough energy to supply approximately six houses for one month. Due to rising maintenance costs, increasing equipment failures and unit downtime, this facility was decommissioned in August, 2007. Including the salvage value of the turbines, the final production cost was approximately \$23/megawatt hour. Recently, two new wind turbines were installed at the Springview site. More information regarding this installation is given in the Discussion portion of this memo.

Ainsworth Project:

Grand Island is a participant in the Ainsworth Wind Energy Farm (AWEF) near Ainsworth, NE. This facility was constructed in 2005 and consists of thirty-six 1.65 megawatt turbines for a total project output of 59.4 megawatts. Grand Island has a one

megawatt participation level in AWEF. AWEF is another joint project that is operated by Nebraska Public Power District, and includes participation by Omaha Public Power District, the Municipal Energy Agency of Nebraska, Grand Island Utilities, and JEA of Jacksonville, Florida. Since the start of AWEF, Grand Island has received an average of 274 megawatt hours of energy per month. This is enough energy to supply approximately 228 houses for one month. Currently, the total production cost of power received from AWEF is approximately \$47 per megawatt hour.

Elkhorn Ridge:

Elkhorn Ridge Wind, LLC (Elkhorn) is an 80 MW wind farm located near the town of Bloomfield in northeast Nebraska. It consists of twenty-seven 3 megawatt turbines. It began commercial operation January 1, 2009. Unlike AWEF, Elkhorn is a privately owned facility. NPPD entered into a Power Purchase Agreement with Elkhorn to purchase all power produced by the facility. Grand Island then signed a Power Sales Agreement with NPPD to purchase a 1 MW share of the power produced at Elkhorn. Including transmission, the total production cost of power received from Elkhorn is approximately \$60 per megawatt hour.

Laredo Ridge:

Laredo Ridge Wind, LLC (LRW) is an 80 MW wind farm located near the town of Petersburg in northeast Nebraska. It consists of fifty-four 1.5 megawatt turbines. It began commercial operation February 1, 2011. Similarly to Elkhorn, LRW is a privately owned facility. NPPD entered into a Power Purchase Agreement with LRW to purchase all power produced by the facility. Grand Island then signed a Power Sales Agreement with NPPD to purchase a 1 MW share of the power produced at LRW. Including transmission, the total production cost of power received from LRW is approximately \$56 per megawatt hour.

Laredo Ridge:

Broken Bow Wind, LLC (BBW) is an 80 MW wind farm currently under construction near the town of Broken Bow, Nebraska. It is anticipated to enter into commercial operation toward the end of 2012. Similar to LRW, BBW is a privately owned facility. NPPD has entered into a Power Purchase Agreement with BBW to purchase all power produced by the facility. Grand Island entered into a Power Sales Agreement with NPPD to purchase a 1 MW share of the power produced at BBW. Participants of the BBW facility automatically become participants of the new Springview II facility. Springview II is a replacement installation to the original Springview facility described above. It consists of two 1.5 MW V direct drive turbines. The vast majority of wind turbines in use in the United States today utilize a gearbox. The gearbox requires a significant amount of maintenance and can be costly to replace and direct drive turbines eliminate this component. Further testing and development is required before the technology is accepted on a large scale in the United States.

Discussion

The majority of the United States have Renewable Portfolio Standards, which require their electric utilities to provide minimum levels of energy that need to come from renewable sources such as wind and solar. Several other states have non-binding renewable energy goals. Nebraska does not have either; however, the State's two largest electric utilities, Omaha Public Power District and Nebraska Public Power District, have internal goals to obtain at least ten percent of their energy from renewable energy sources by 2020.

Conclusion

This item is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

Utilities staff will provide information regarding some of Grand Island's experience with wind energy and its effect on electric rates, with the intent of City Administration to obtain feedback from Council regarding Grand Island's future participation in wind energy and establishment of a renewable energy policy.

Renewable Energy Portfolio Goal

City Council Study Session

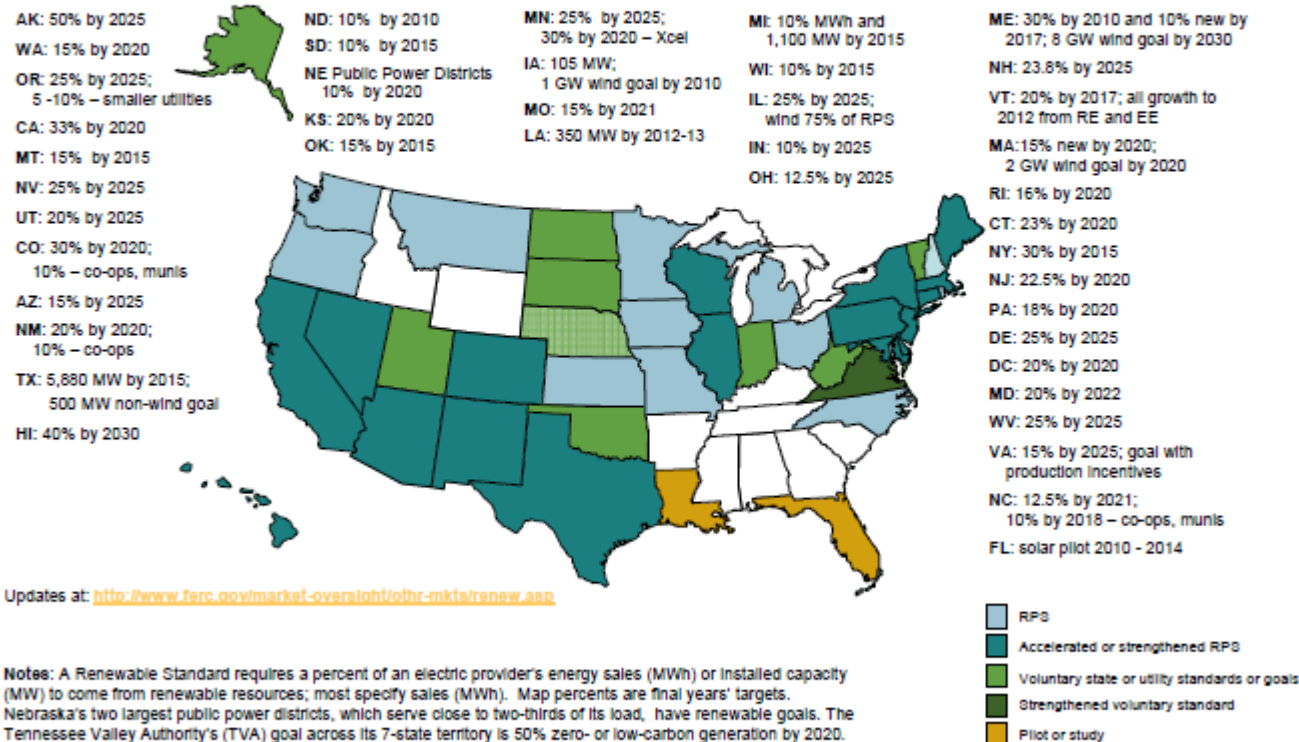
May 1, 2012

Renewable Power & Energy Efficiency Market: Renewable Portfolio Standards

Federal Energy Regulatory Commission • Market Oversight • www.ferc.gov/oversight

Renewable Portfolio Standards (RPS) and Goals

29 states and D.C. have RPS policies; 9 states and 3 power authorities have nonbinding goals



Updates at: <http://www.ferc.gov/market-oversight/other-mkts/renew.asp>

Notes: A Renewable Standard requires a percent of an electric provider's energy sales (MWh) or installed capacity (MW) to come from renewable resources; most specify sales (MWh). Map percents are final years' targets. Nebraska's two largest public power districts, which serve close to two-thirds of its load, have renewable goals. The Tennessee Valley Authority's (TVA) goal across its 7-state territory is 50% zero- or low-carbon generation by 2020. Sources: derived from data from: Lawrence Berkeley Labs, state Public Utility Commission (PUC) and state legislative tracking services, Pew Center. Details, including timelines, are in the Database of State Incentives for Renewables and Energy Efficiency: <http://www.dsireusa.org>

Updated May 3, 2011

3-4302

Nebraska Renewable Energy

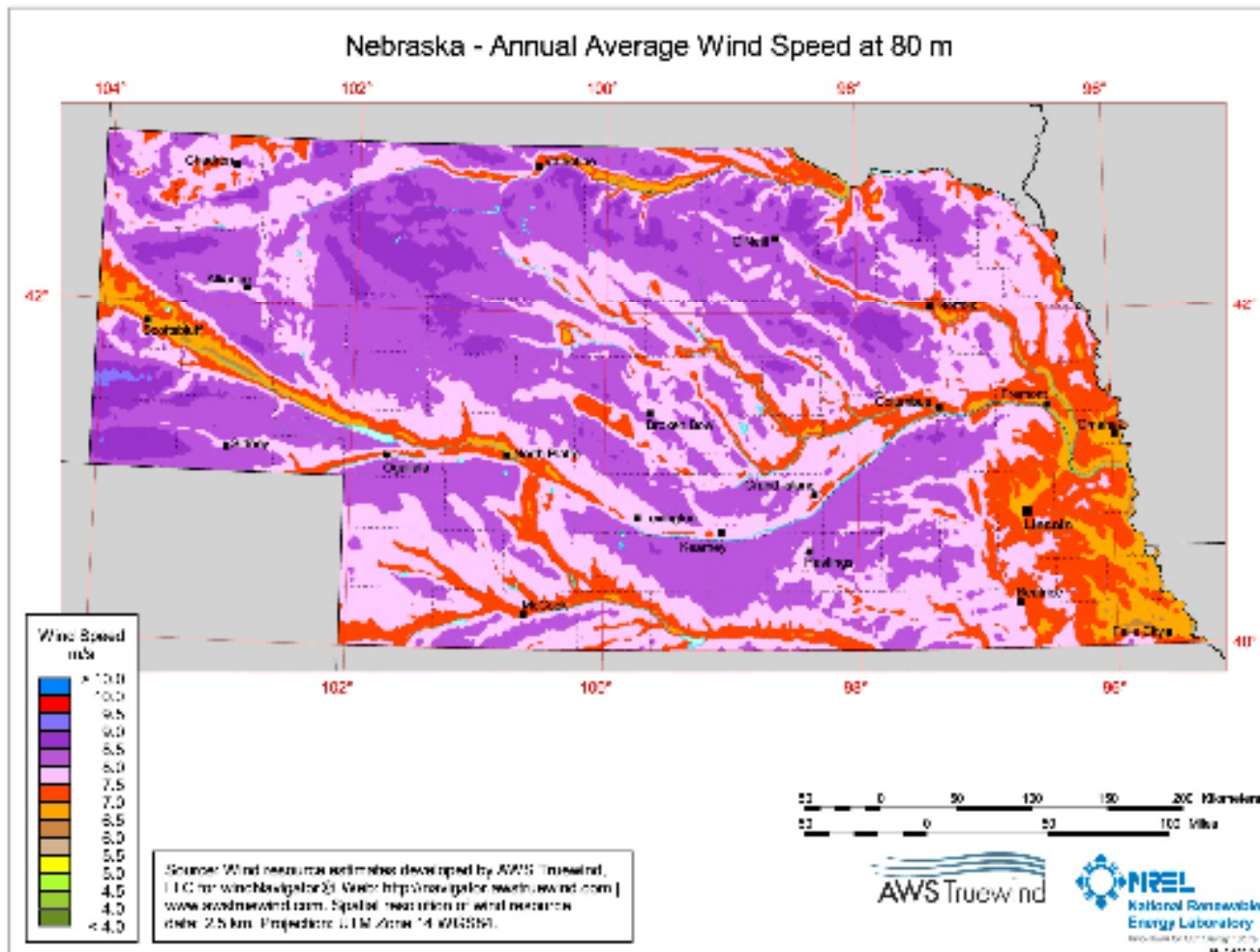
- No existing State Renewable Energy standard
- OPPD, NPPD have internal goals of 10% renewable energy by 2020
- LES has goals to reduce demand and CO2 emissions
- Primarily wind generation, some biofuels, solar

Nebraska Renewable Energy Issues

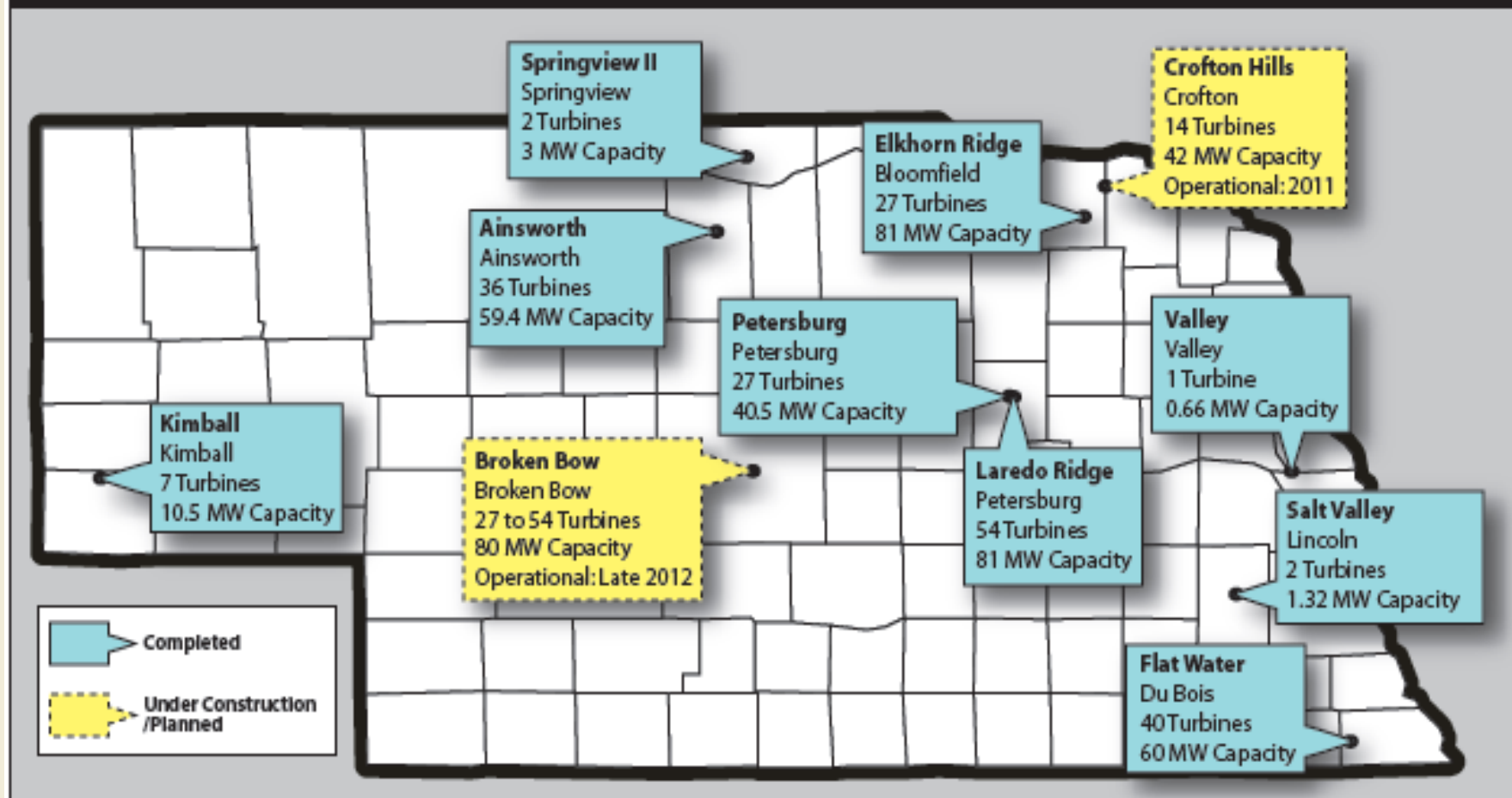
- Wind is higher cost
- Tax credits not applicable to public power

<http://www.omaha.com/article/20120422/MONEY/704229940>

- Transmission vs. wind location



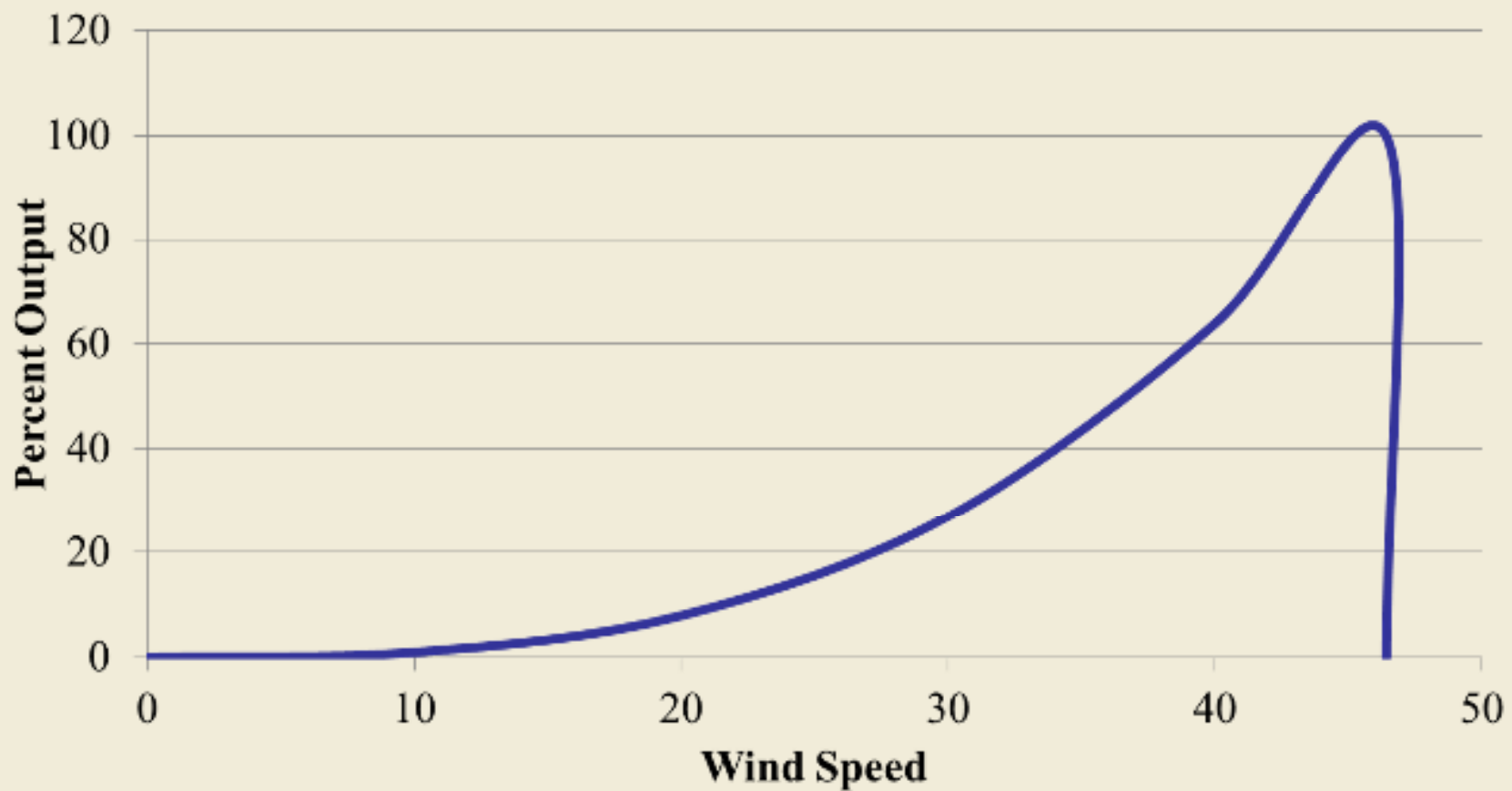
Wind Energy Generation Facilities in Nebraska



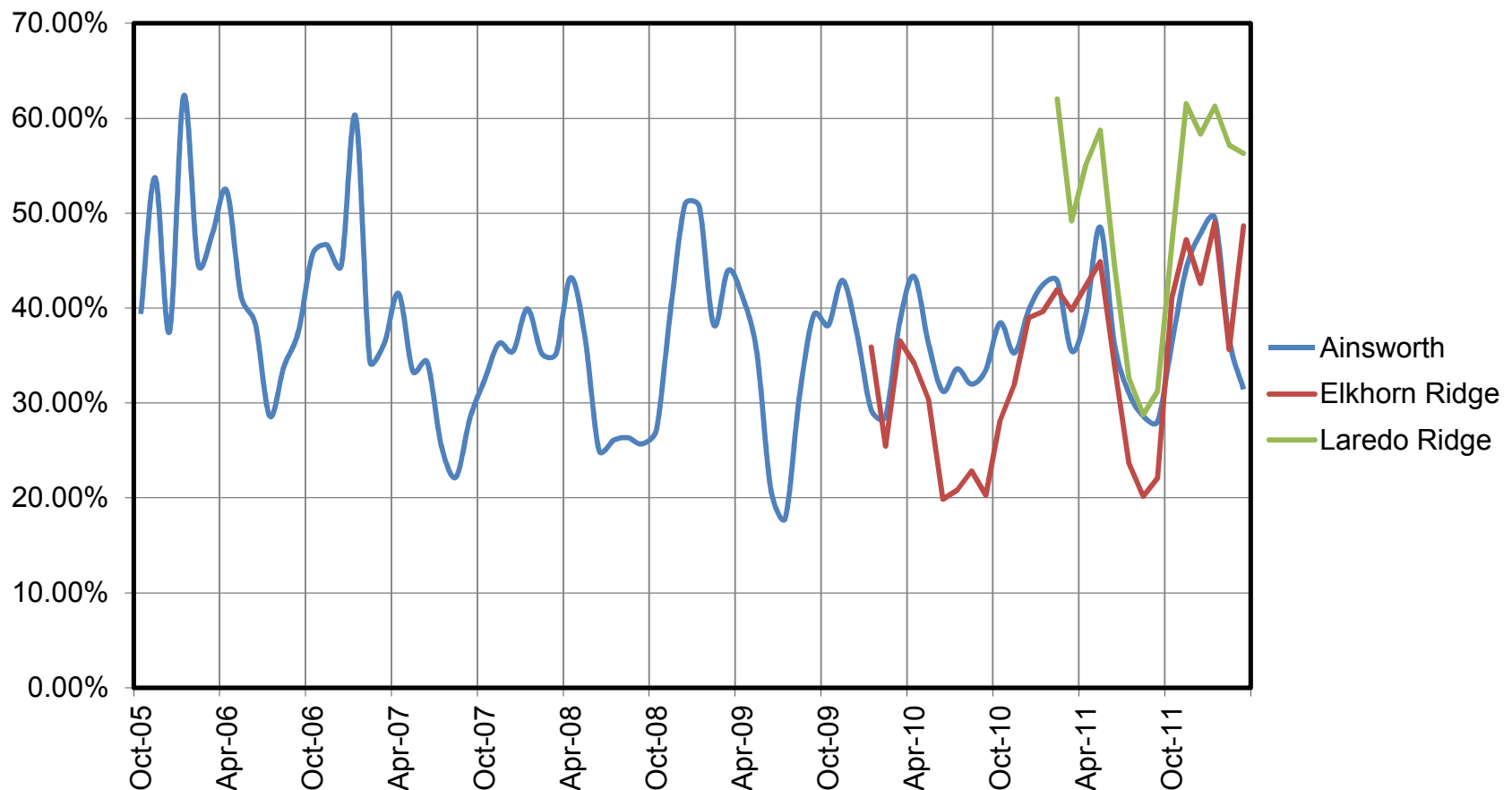
Grand Island Wind Participation

- Ainsworth – 1 megawatt (MW)
- Elkhorn Ridge – 1 MW
- Laredo Ridge – 1 MW
- Broken Bow – 1 MW (planned for late 2012)
- Springview 2 – minimal output – access to data

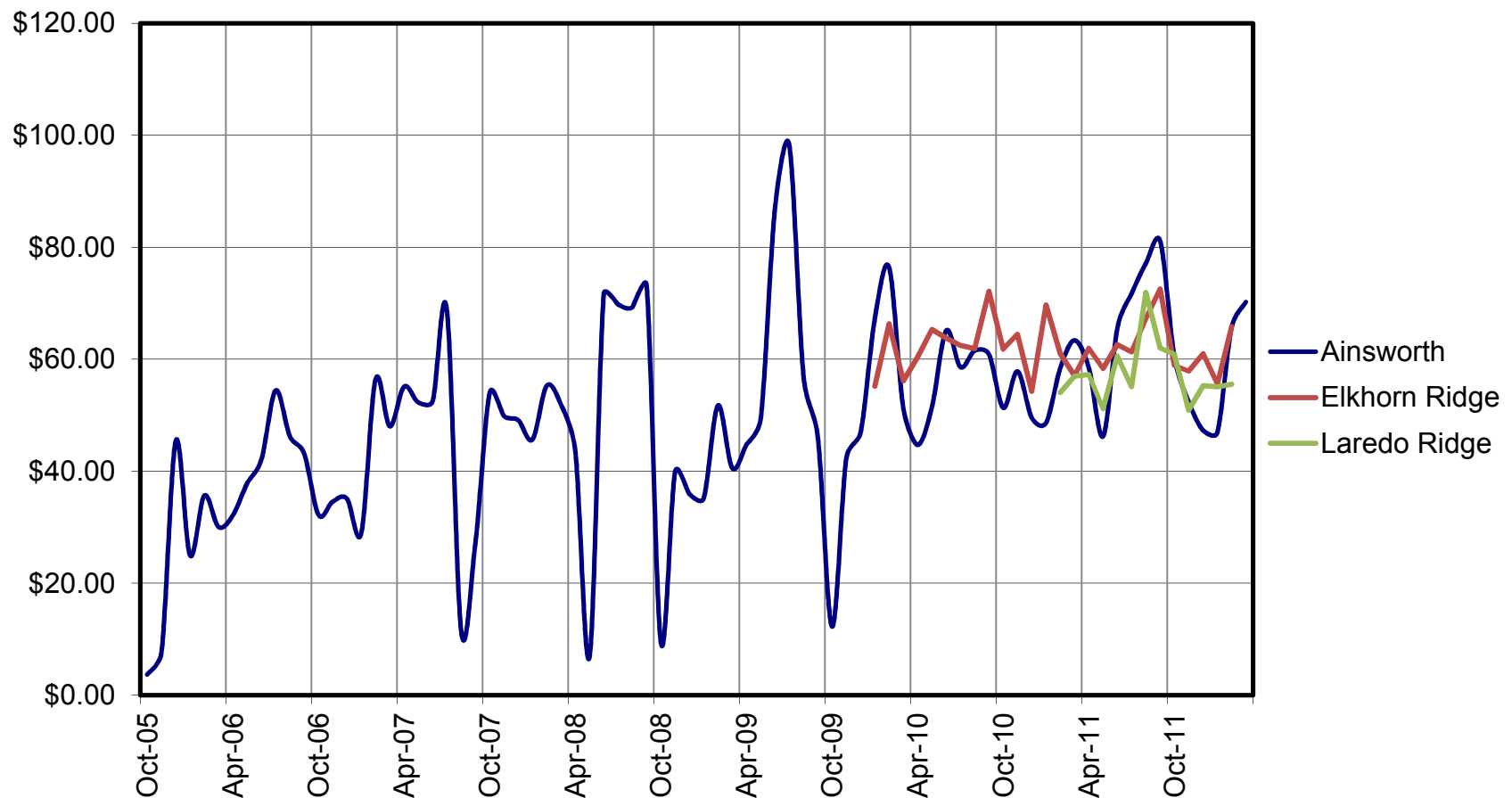
Typical Wind Generator Performance



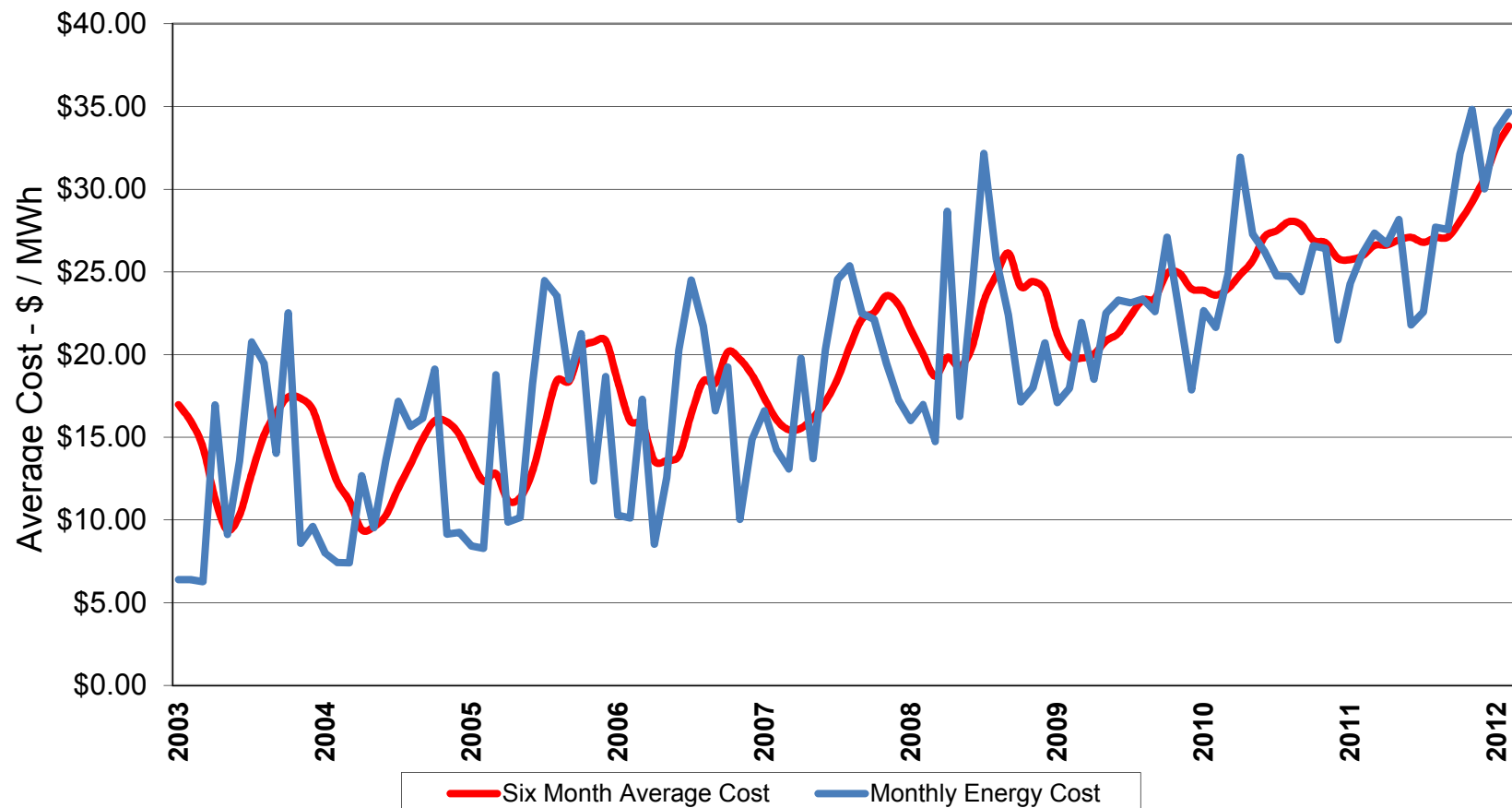
Monthly Wind Capacity Factor



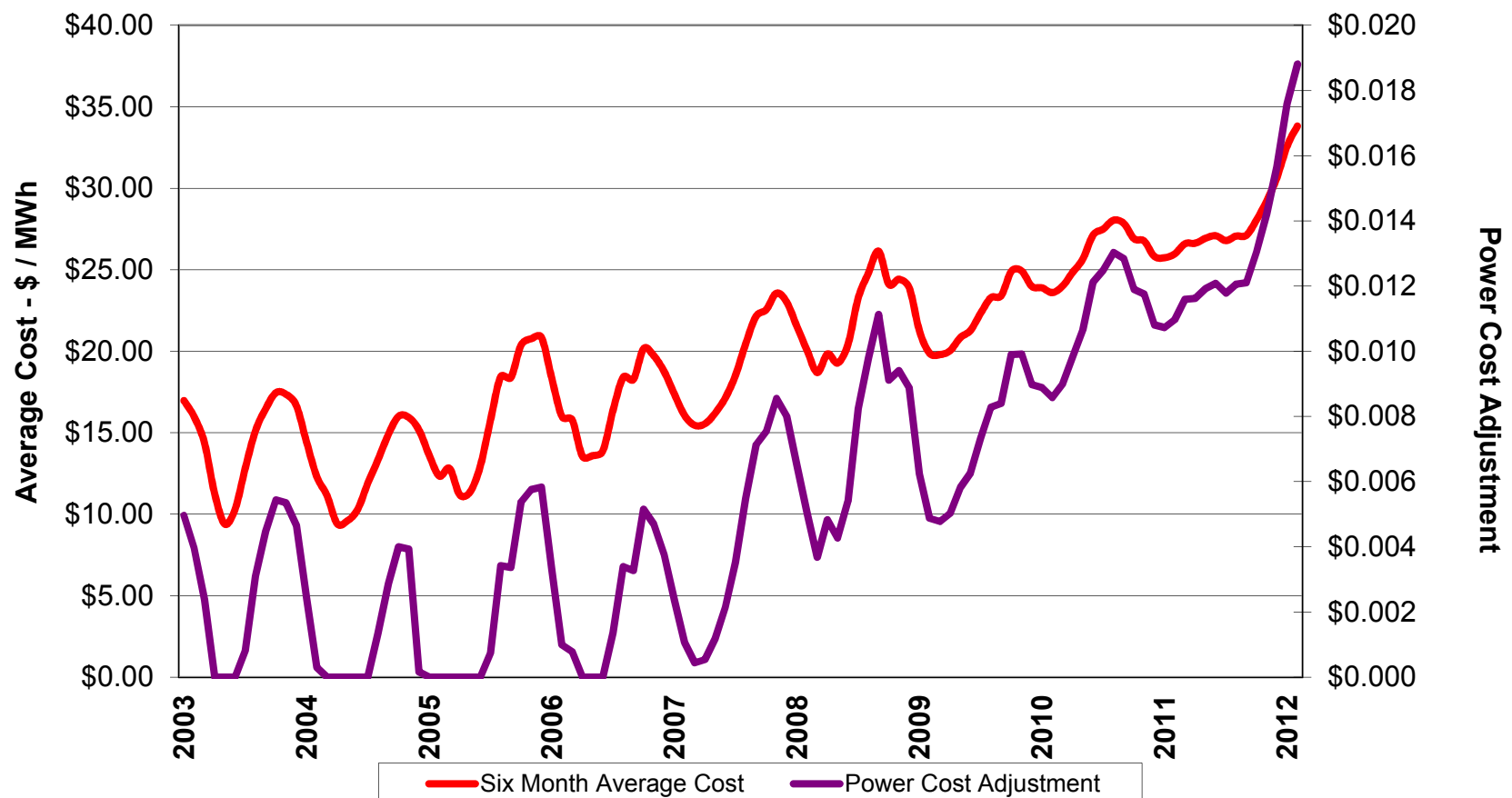
Monthly Wind Energy Cost



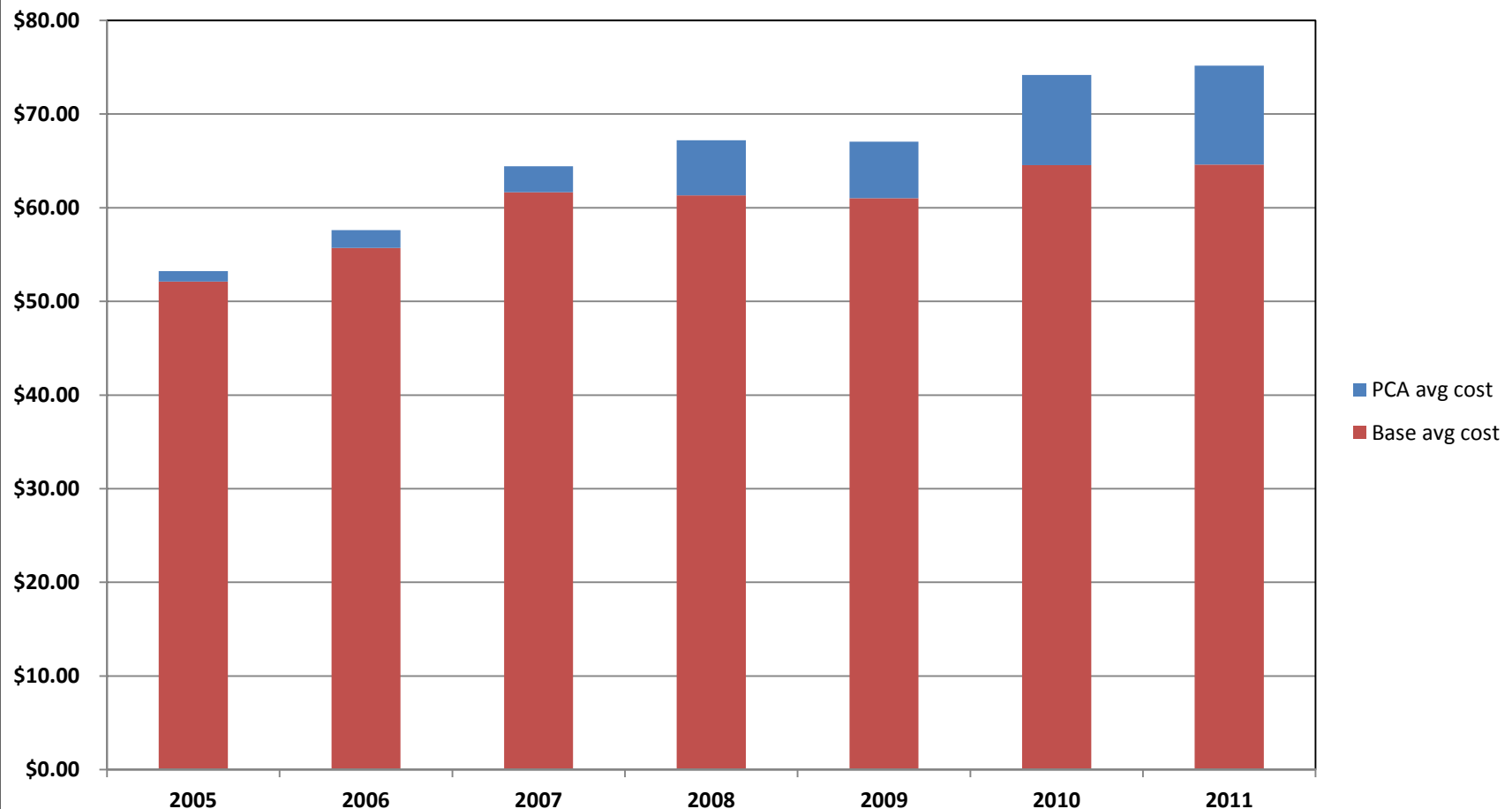
Grand Island Energy Costs



Grand Island Power Cost Adjustment



Average Residential Electric Monthly Cost



Wind / Electric Cost Summary

- Wind accounted for 1.4% of total energy in 2011
- Average power cost = \$34 / megawatt-hour
- Average wind cost = \$58 / megawatt-hour
- Average household used 0.9 megawatt / month
- Power Cost Adjustment is 3.24% higher due to wind
- Average monthly household cost for wind = \$0.55

Grand Island Renewable Energy Goal

- 10 Percent Wind Energy would:
 - Raise current PCA by 18%
 - Raise current monthly residential bill by 4% (\$3)

Grand Island Renewable Energy Goal

- Set Goal for renewable energy – 10% by 2020?
- Limit effect of PCA – 20% or \$0.002/kwh?

Discussion / Questions

