



City of Grand Island

Tuesday, November 14, 2006

Council Session

Item I3

#2006-340 - Consideration of Economic Development Incentive Agreement with O'Neill Wood Resources

Staff Contact: Dale Shotkoski

Council Agenda Memo

From: Dale M. Shotkoski, Interim City Attorney

Meeting: November 14, 2006

Subject: Approving Economic Development Incentive Agreement with O'Neill Wood Resources

Item #'s: I-3

Presenter(s): Dale M. Shotkoski, Interim City Attorney

Background

At the May 2003 special election, the voters of the City of Grand Island approved LB840 funding to enable the city to extend economic development incentives through the Grand Island Economic Development Corporation. The Economic Development Corporation has received an application from O'Neill Wood Resources to develop its existing business.

Discussion

O'Neill Wood Resources provides recycling services for clean wood waste and has submitted an application (attached) for economic development incentives, which would include \$3,000 per employee for job creation, for a total of \$45,000. O'Neill Wood Resources currently employs 0 full time employees; this would increase to 15 full time employees. Services provided by O'Neill Wood Resources will include providing a roll-off container collection for clean wood waste; provide a drop off site for wood waste; and provide an on-site grinding of wood waste for large volume producers. Services will also include custom grinding and land clearing operations. In addition, O'Neill Wood Resources intends to use the wood waste to produce products for local and regional markets, such as animal bedding, bio-fuel and mulch.

The application of O'Neill Wood Resources meets all the criteria for extending economic incentives and has been approved by the Executive Board of the Economic Development Corporation and by the Citizens Review Committee. Both the Economic Development Corporation Executive Board and the Citizens Review Committee have approved this application and is now being forwarded to the City Council for final consideration.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the Economic Development Agreement with O'Neill Wood Resources.
2. Do not approve the Economic Development Agreement with O'Neill Wood Resources.
3. Postpone the issue to future date.
4. Take no action on the issue.

Recommendation

City Administration recommends that the Council approve the resolution authorizing the city to enter into the Economic Development Agreement with O'Neill Wood Resources.

Sample Motion

Motion to approve the resolution authorizing the city to enter into the Economic Development Agreement with O'Neill Wood Resources.



GRAND ISLAND AREA
**ECONOMIC
DEVELOPMENT CORPORATION**

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P.O. Box 1151

GRAND ISLAND, NE 68802-1151

PROJECT APPLICATION FOR ECONOMIC DEVELOPMENT PROGRAMS

1. Applicant Business Name O'Neill Wood Resources

Address 558 South Stuhr Road, PO Box 2202, Grand Island, NE 68802-2202

Telephone (308) 381-9677

Email Address pat@thirdpartyenvironmental.com

Business Contact Person Patrick C. O'Neill

Telephone (308) 381-9677

2. Business Organization: Corporation Partnership
 Proprietor Other

3. Business Type: Startup Existing
 Business Buyout Spec Building
 Other

4. Project Location: Within the city limits of Grand Island, Nebraska
 Outside the city limits, but within the 2 mile zoning jurisdiction
 Outside the zoning jurisdiction of Grand Island in (county) _____

5. Product or Services Provided: The services provided by OWR will include roll-off container collection of clean wood waste, drop-off site for wood waste, and on-site grinding of wood waste for large volume producers. Services will include custome grinding and land clearing operations.

6. Project Description: This project involves taking a small niche of an existing business and developing it into it's own full-fledge business venture. OWR will serve industrial and business clients with efficient and affordable recycling services for their clean wood waste once destined for landfill. The goal of our wood waste collection on-site services is to reduce costs for businesses and reduce the burden on local landfills while providing an environmentally friendly recycling service.

The second goal of this project is to create a facility to take raw wood waste and produce a variety of products to serve local and regional markets. The goal is to create premium value added products to encourage the purchase of products made from recycled materials while still providing a value to the consumer. A diversified product line including animal bedding, bio-fuel, and mulch will help keep collection and disposal costs low while protecting against volatility in markets.

7. Project Timetable: This project will begin immediately with growth phased over the next five years. In 2007 OWR will begin full scale collection and on-site grinding services to businesses in Central Nebraska. OWR will utilize its own roll-off trucks and containers as well as using the capabilities of other Grand Island based roll-off companies. Manufacture of animal bedding will be in full swing by early January and full scale mulch production will begin in early March. We anticipate having four to five full time employees by February 2007. We will peak at seven employees in summer as our work is somewhat

seasonal.

We plan on expanding into the bagged mulch market in 2008 adding two more full time employees. We also anticipate a growth in demand for roll-off collection and on-site grinding which will add two more employees bringing us to a total of nine employees in late 2008. Steady growth and the introduction of a line, of compost products and composting services should propel us to 15 employees by 2010-2011.

8. Employment Information:

Current number of employees: 0 (full-time equivalent)

Proposed number of employees: 15 (full-time equivalent)

What is the average hourly wage for all employees? 0

Number of new jobs to be created: 15 (full-time equivalent)

What would be the average hourly wage for new jobs? \$13.00 +

Number of jobs to be retained, if any: 0 (full-time equivalent)

Please describe all benefits which the business provides to employees:

O'Neill Wood Resources will offer health insurance after a certain period of employment, rent breaks and rental assistance through owner owned properties, company vehicles to qualified employees, use of shop, tools, and equipment.

9 Financing/Incentives Requested: We are requesting a \$3,000/employee incentive for job creation. This business is extremely capital intensive and each job created requires a significant investment in equipment and machinery. Our project will pay back to the business community rapidly in terms of job creation, product sales, and by saving existing business money on wood waste disposal costs.

NOTE: Additional information may be required and made part of this application by attachment.

To the best of my knowledge, this application and supporting information is accurate, and may be relied upon by representatives of the Grand Island Area Economic Development Corporation (GIAEDC).

Patricia L. Davis
Signature of business official and title)

10/24/06
Date

Grand Island Area Economic Development LB-840 Project Application

Project Name: O'Neill Wood Resources

Date Referred to Grand Island Area Economic Development Board: 10/26/2006

Approved: x Disapproved: Date: 10/26/2006

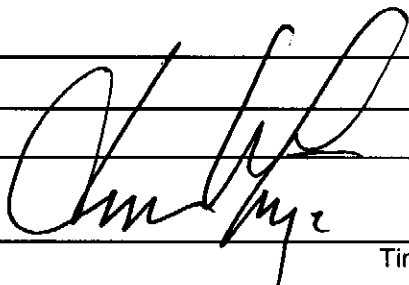
Comments: This start-up company recycles wood products that would normally end up in our landfill.
By recycling wood products O'Neill Wood Resources will generate another useful product
from our natural resources.

Signature of President: 
Marlan Ferguson

Date Referred to Citizen's Review Committee: 11/07/2006

Approved: X Disapproved: Date: 11-7-06

Comments: _____

Signature of Chairman: 
Tim White

Date Referred to City Council: _____

Approved: _____ Disapproved: _____ Date: _____

Comments: _____

Signature of Mayor: _____
Jay Vavricek

ECONOMIC DEVELOPMENT AGREEMENT

In reliance upon the Business Plan of O'Neill Wood Resources, LLC (Employer) which will have a beneficial economic impact upon the Grand Island area by increasing employment opportunities, the City of Grand Island (The City) and the Grand Island Area Economic Development Corporation (The Development Corporation) hereby agree to provide Employer with the assistance described in this Economic Development Agreement. Employer hereby accepts the economic assistance expressly set forth below and agrees to the terms and conditions hereof, including, without limitation, the terms and conditions of repayment.

Section 1

EMPLOYER'S BUSINESS PLAN

Employer is a spin-off of an existing company located in Grand Island. It will provide roll-off-container collection of clean wood waste, a drop-off site for wood waste and on-site grinding of wood waste for large scale producers. The company will also engage in custom grinding and land clearing operations.

In addition, the company intends to use the wood waste to produce products for local and regional markets. The products will include animal bedding and mulch.

Employer is starting with no Employees. Its Business Plan calls for having four (4) or five (5) fulltime Employees by February, 2007 and adding two (2) seasonal Employees in the summer of 2007. Three (3) more fulltime Employees will be added in 2008, two (2) in each of the years 2009 and 2010 and three (3) more in 2011, bringing the total of new Employees to fifteen (15). All fulltime Employees will have wages of not less than Thirteen and No/100 Dollars (\$13.00) per hour plus insurance benefits as they become qualified.

Section 2

ECONOMIC DEVELOPMENT PROGRAM

In reliance upon Employer's Business Plan and as an economic incentive to assist Employer in implementing that Plan and creating fifteen (15) new jobs for our community, The Development Corporation and The City agree as follows:

1. Employer is a qualified Employer under The City's Economic Development Program,

2. The implementation of Employer's Business Plan is a project which is qualified for economic assistance under The City's Economic Development Program, and

3. From its LB840 funds The City will provide the money set forth in Section 3 hereof as economic incentives, allocated as follows: Two Thousand and No/100 Dollars (\$2,000.00) for each of fifteen (15) new jobs which will be created by Employer and Fifteen Thousand and No/100 Dollars (\$15,000.00) to apply towards Employer's acquisition and installation of the infrastructure necessary to support the fifteen (15) new workers in their performance of those new jobs.

Section 3

TERMS USED HEREIN

As used in this Economic Development Agreement the following words and phrases shall mean the following:

1. Year means the twelve (12) calendar months ending upon November 30 of the designated calendar year.

2. Employees means the number of fulltime equivalent persons employed by Employer in Grand Island, Nebraska, as of the end of the Year and determined as follows: divide (i) the total number of regular time hours that Employer paid Employees to work during the Year [including forty (40) hours per week for each week worked by each salaried Employee] by (ii) 2080.

3. Employment Certificate means a written statement certified to be true and correct by the President of Employer and attested by its chief accountant. It shall be delivered to The Development Corporation within fifteen (15) days after the close of the each Year. It shall state (i) the total number of hours for which Employer paid hourly Employees during the applicable Year, (ii) the number of salaried Employees and the number of weeks each were employed by Employer at Grand Island, Nebraska, during the applicable Year and (iii) the total number of Employees of Employer on the last day of that Year.

Section 4

EMPLOYMENT REQUIREMENTS

Employer shall meet each of the following requirements:

1. Employer shall have had five (5) Employees during the Year ending November 30, 2007.
2. During the Year ending November 30, 2008, Employer shall (i) maintain a minimum number of Employees at five (5) at all times and (ii) increase the number of its Employees to eight (8) by the end of that Year.
3. During the Year ending November 30, 2009, Employer shall (i) maintain a minimum of eight (8) Employees at all times and (ii) increase the number of its Employees to ten (10) by the end of that Year.
4. During the Year ending November 30, 2010, Employer shall (i) maintain a minimum of ten (10) Employees at all times and (ii) increase the number of Employees to twelve (12) by the end of that Year.
5. During the Year ending November 30, 2011, Employer shall (i) maintain a minimum of twelve (12) Employees at all times and (ii) increase the number of Employees to fifteen (15) by the end of that Year.

Section 5

MONETARY ADVANCES

1. Not later than the last day of the month in which Employer notifies The Development Corporation in writing that Employer is implementing the Business Plan at Grand Island, Nebraska and funds are approved under The City's Economic Development Program, The City will advance Employer Forty-five Thousand and No/100 Dollars (\$45,000.00) (The Advance).
2. If Employer meets the requirement of paragraph 1 of Section 4, above, Development Corporation will forgive repayment by Employer of Fifteen Thousand and No/100 Dollars (\$15,000.00) of the Advance as of December 1, 2007.
3. If Employer meets the requirement of paragraph 2 of Section 4, above, Development Corporation will forgive repayment

by Employer of Fifteen Thousand and No/100 Dollars (\$15,000.00) of the Advance as of December 1, 2008.

4. If Employer meets the requirement of paragraph 3 of Section 4, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance as of December 1, 2009.

5. If Employer meets the requirement of paragraph 4 of Section 4, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance as of December 1, 2010.

6. If Employer meets the requirement of paragraph 5 of Section 4, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance as of December 1, 2011.

7. If Employer fails to meet the Employee requirements set forth in Section 4 for any Year, then the total of any amounts forgiven under the provisions of this Section for prior year's performance shall be deducted from The Advance and Employer shall repay the balance to The City. The balance shall become due on the last day of any Year for which the requirements of that Year or any prior Year were not attained or became unattainable and shall be paid with interest on the unpaid balance at the rate of eight (8%) per annum until paid in full.

Section 6

LEGAL EFFECT

1. Notwithstanding any other provision of this agreement Employer agrees as follows:

(a) If Employer is merged into or with any other corporation, limited liability company or partnership, the provisions of this agreement shall continue in full force and effect and shall be binding upon the surviving organization.

(b) If Employer or its successor discontinues the primary operation of its business in Grand Island, Nebraska, by reason of the transfer of its assets to another person or company or for any other reason, then immediately and without any further notice being required the entire amount of The Advance which is then repayable to The City or which would become repayable after a lapse of time as provided in this agreement, shall become

immediately due and payable; provided, however, that The Development Corporation may waive the provisions of this subparagraph (b) if a transferee of all of Employer's assets which is acceptable to Development Corporation agrees in writing to assume the obligations of Employer hereunder.

2. Upon request of Development Corporation, Employer, and its successors, shall furnish any additional documentation Development Corporation deems necessary to confirm that Employer has met its obligations under this Economic Development Agreement.

3. Notwithstanding any other provisions of this document, this Economic Development Agreement will expire on November 30, 2006, and be of no further force or effect if by that date Employer has not certified in writing to The Development Corporation that Employer has begun to implement the Business Plan and intends to fulfill that Business Plan.

4. The contents of this Economic Development Agreement contain all of the agreements and understandings between The Development Corporation, The City and Employer relative to the economic incentives and the specified repayment and supersedes any and all prior agreements and understandings whether written or oral concerning economic development grants or incentives.

5. The provisions of this agreement are fully binding upon The Development Corporation, The City and upon Employer and upon their respective successors.

Dated this _____ day of October, 2006.

GRAND ISLAND AREA ECONOMIC
DEVELOPMENT CORPORATION

O'NEILL WOOD RESOURCES, LLC
Employer

By Marlan Ferguson
Marlan Ferguson, President

By Patrick C. O'Neill
Patrick C. O'Neill, President

THE CITY OF GRAND ISLAND

By _____
Jay Vavricek, Mayor

R E S O L U T I O N 2006-340

WHEREAS, on July 22, 2003, the City of Grand Island adopted an Economic Development Program and a Citizens Advisory Review Committee to oversee the process of approving applications for economic development incentives; and

WHEREAS, O'Neill Wood Resources, has applied for a forgivable loan in the amount of \$45,000 from the Grand Island Area Economic Development Corporation in accordance with the Economic Development Program; and

WHEREAS, such application has been approved by the executive committee of the Economic Development Corporation and was approved on November 7, 2006 by the Citizens Advisory Review Committee; and

WHEREAS, O'Neill Wood Resources will be required to meet or exceed employment numbers and employee salary levels as outlined in the Economic Development Agreement to retain all of the economic incentives granted under the agreement; and

WHEREAS, it is in the best interests of the City to provide economic development funding to O'Neill Wood Resources as provided by the Grand Island Economic Development Program.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Economic Development Agreement by and between the City, the Grand Island Area Economic Development Corporation and O'Neill Wood Resources, to provide a \$45,000 in economic assistance through a forgivable loan to O'Neill Wood Resources, to be used for establishing its business at 558 South Stuhr Road in Grand Island is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 14, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
November 8, 2006	☐ City Attorney