



City of Grand Island

Tuesday, June 24, 2008

Council Session

Item G9

**#2008-166 - Approving Obligation of Revolving Loan Funds for
Environmental Review Update at Cornhusker Industrial Park**

Staff Contact: jonik

Council Agenda Memo

From: Joni Kuzma, Community Development

Meeting: June 24, 2008

Subject: Approving Obligation of Revolving Loan funds for Environmental Review Update at Cornhusker Industrial Park

Item #'s: G-9

Presenter(s): Joni Kuzma, Community Development Administrator

Background

The City of Grand Island maintains a revolving loan fund comprised of recaptured monies from Community Development Block Grant (CDBG) Economic Development loans. The Community Development Division manages the funds and submits semi-annual program income reports to the Nebraska Department of Economic Development regarding the fund status and projects proposed and/or completed. In the past, recaptured funds were allowed to accrue with interest and to be used, as needed, for qualified projects. The City adopted a CDBG Reuse Plan in June 1994 and is the guideline for qualifying projects.

In 2006, the state implemented a policy that requires local government to return all but \$25,000 of program income to the state if it has not been used in a two-year period. In this case, the period is from June 30, 2006 to June 30, 2008. The City last expended Revolving Loan funds in January 2006. The December 2007 semi-annual program income report showed an account balance of \$37,775.87. Of that amount, at least \$12,775.87 must be obligated prior to June 30, 2008 to maintain an active program income community status.

The Grand Island Area Economic Development Corporation has submitted a pre-application to the City requesting \$43,750.00 to update a previously completed Environmental Review for the Cornhusker Industrial Park (CAAP). This review would also include an analysis of the existing water system and options for sanitary sewer.

Council action is required to obligate revolving loan funds to this project.

Discussion

Revolving loan funds must:

1. Be used for Economic Development. The Cornhusker Industrial Park is targeted for business and industrial development.
2. Meet a National Objective as identified by the Department of Economic Development. This project meets the National Objective of “aiding in the prevention or elimination of slums or blight.”
3. Be located in a qualifying area. This project is not within the city limits of Grand Island. However, the City will seek an interlocal agreement with Hall County to be able to expend the funds in their jurisdiction. The Cornhusker Industrial Park would be in a qualifying area with an interlocal agreement. .

Additional revolving loan funds have been received since the December 2007 report was submitted to the Department of Economic Development and will be available for this project. If Council approves the proposed obligation, the reuse committee will review the pre-application, collect information for a full application, and make a recommendation to the Council for final approval. At that time, a public hearing will be held and Council requested to approve the contract.

Alternatives

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

1. Move to approve the obligation of Revolving Loan funds to the proposed project contingent on completion of applicable requirements outlined in the Reuse Plan
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the obligation of Revolving Loan funds to the proposed project contingent on completion of applicable requirements outlined in the Reuse Plan

Sample Motion

Move to approve the obligation of Revolving Loan funds to the proposed project contingent on completion of applicable requirements outlined in the Reuse Plan.

Review Application For Business Loans and Guarantees

Important: The information contained in this form will be used to identify potential sources of public sector financing available to businesses in Nebraska. Such sources of financing include the Small Business Administration loan guarantee and 504 programs, the Farmers Home Administration Business and Industry loan program, and the State of Nebraska Community Development Block Grant program. Our ability to identify potential sources of financing is based upon the information you supply us. It is therefore very important that this preliminary information is accurate and complete. Answer "No" or "Not Applicable" where appropriate. **DO NOT LEAVE ANY QUESTIONS BLANK.**

A. Business (Borrower) Information:

Name of Business to Receive Assistance: GRAND Island Area Economic Dev. Corp

Address: 308 W. Locust St # 400
Grand Island NE 68801
 City State Zip

Contact Person: Marlon Ferguson Telephone No. (408) 381-7500

Business Classification (Enter Primary SIC Code): Manufacturing Warehousing and Distribution
 Service Research and Development
 Administrative Management Headquarters

Business Organization: Proprietorship Corporation
 Partnership Other

If Yes, Identify Name: _____

Address: _____

 City State Zip

Business Type: Start-up (0-5 yrs old) Buyout
 Existing If Existing, years in business 50+

Ownership Identification: List all officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the stock. Enter under Minority Code, a "1" if the person identified is a woman; a "2" if a member of a minority group; and "3" if a disabled person.

Name	Title	Ownership %	Minority Code
<u>Marlon Ferguson</u>	<u>President</u>	<u>0%</u>	_____
<u>Cindy Thieman</u>	<u>Chairman</u>	<u>0%</u>	_____
<u>Kent Coen</u>	<u>1st Vice Chairman</u>	<u>0%</u>	_____
<u>Tim Wojcik</u>	<u>Sec. Treasurer</u>	<u>0%</u>	_____

Personnel: (Full-Time-Equivalent, FTE is based upon 2,080 hours per year.)

Existing Number of Full Time Equivalent Positions: 2

Full-Time-Equivalent Positions to be created within 18 months of Application Approval: 0

Total Number of Seasonal Full-Time-Equivalent Jobs Created
(I.e. Jobs which will be available for at least 3 continuous months and recur annually): 0

B. Project Information

USES OF FUNDS;	Total Project Cost:	CDBG Funds Requested
Land Acquisition	_____	_____
Building Acquisition/Renovation	_____	_____
New Facility Construction	_____	_____
Acquisition of Machinery/Equipment	_____	_____
Acquisition of Furniture/Fixtures	_____	_____
Working Capital(Includes Inventory)	_____	_____
Other (Specify) <u>Environmental</u>	<u>\$ 43,750.00</u>	<u>\$ 43,750.00</u>
<u>Revised</u>		
Total:	<u>\$ 43,750.00</u>	<u>\$ 43,750.00</u>

SOURCES OF FUNDS:

Note: Public sources of financing require the participation of a Bank and/or an injection of equity (non-debt) funds.

Participating Lender Information: n/a.

Name of Lending Institution: _____

Address: _____

Contact Person: _____ Phone (____) _____

Loan Amount: \$ _____ Loan Term: (Yrs) _____

Interest Rate: _____ % _____ Variable _____ Fixed

Collateral Required: _____ Equity Required: _____

Equity Information:

Amount available by business or owners for investment: \$ _____

Project Location:

_____ Within the City Limits of (Name of City) _____

_____ Population of City _____

_____ Outside of City Limits, but within the Zoning Jurisdiction of (Name of City) _____

_____ Population of City _____

_____ Unincorporated Area (Name of County) _____

Personal Financial Statement: Complete the Attached Personal Financial Statement Form for Each Person Owning 20% or More of the Business.

The above information is accurate to the best of my knowledge and belief. The above information is provided to help you evaluate the feasibility of obtaining public financial assistance. It is further understood that the submission of this form does not constitute a formal loan application and that the form will be used for analysis and assessment purposes only.

Dated: 5/29/08 Signature: Merlan Ferguson

ATTACH THE FOLLOWING:

- (1) A brief description of the business' history and the proposed project.
- (2) 3 year historical balance sheets and operating statements. Current statements less than 90 days old. Start-up provide projected year-end statements for first 2 years of operation.
- (3) Personal Financial Statement for each person owning 20% or more of the business (See Attached Form).
- (4) List of Current Obligations for Existing Business (See Exhibit G).
- (5) For new business and existing business expanding into a new produce line, please include a business plan.

Review Application For Business Loans and Guarantees – Cornhusker Industrial Park Environmental Study

The Grand Island Area Economic Development Corporation (GIAEDC) (formerly Grand Island Industrial Foundation) was incorporated in 1957. The purpose of the Corporation is to further and promote the general business interests of Grand Island, Hall County, and surrounding area. The corporation is exempt from federal income taxes under Internal Revenue code Section 501(c) 6 and is governed by a board of trustees.

The Corporation has had many successful years of industrial and economic growth. The ability of a community to provide land ready to build on, an existing speculative building, providing community support, and other incentives usually makes the difference when competing communities are compared.

The GIAEDC would intend to develop and market the land for industrial development purposes at its highest and best use. The advantages of this property for this purpose are numerous and including, the potential of a dual access railroad, residential restricted area, and access to major highways.

An analysis of the existing water system needs to be made. Currently some tracts have water lines extending from a water tower. The City has a 6 inch line on the east edge of 60th road between Capitol and 13th street. This could be extended, however the pressure and capacity would need to be reviewed. An option may be available for each new industry to put in a private well.

There is no existing functioning waste water system in place nor does the City provide sanitary sewer to the property. The closest sanitary sewer mains would be at Engleman Road which is about 3 miles to the east of the property. It may be more feasible for an industry or industries to consider a private treatment system.

This area is within the service area of Southern Public Power District. The capacity of Southern in this area is sufficient for any future development and provides attractive rates for their existing customer base.

In order to be a true dual access facility the rail on site needs to be upgraded.

The economic impact on the community potentially could be significant. The time is right for many foreign companies to invest in new facilities in the United States. The jobs from the businesses and industries created in this proposed Industrial Park would be high paying primary jobs. These employees purchase homes, buy good and services and increase the tax base. We estimate that each new dollar turns over seven (7) times in the community.

RESOLUTION 2008-166

WHEREAS, the City of Grand Island maintains a Revolving Loan Fund of recaptured Community Development Block Grant (CDBG) Economic Development grant monies; and

WHEREAS, a request has been made from the Grand Island Area Economic Development Corporation for use of the funds to update a previously completed environmental review at the Cornhusker Industrial Park (CAAP); and

WHEREAS, revolving loan funds must be obligated prior to June 30, 2008 or all but \$25,000 returned to the Nebraska Department of Economic Development; and

WHEREAS, the proposed project is an eligible use according to the 1994 City Reuse Plan and jurisdictional requirements can be met through an interlocal agreement with Hall County to expend funds in their jurisdiction; and

WHEREAS, Council action is required to obligate revolving loan funds to this project to meet the June 30, 2008 reuse deadline.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the City of Grand Island obligates reuse funds for the purpose of an environmental review update at the Cornhusker Industrial Park (CAAP) contingent on a review of the final application, a recommendation from the reuse committee, completion of an interlocal agreement with Hall County, compliance with the reuse plan and any amendments thereto, and a public hearing prior to final approval.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, June 24, 2008.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
June 20, 2008	☐ City Attorney