



City of Grand Island

Tuesday, September 09, 2008

Council Session

Item G14

#2008-247 - Approving Funding of Economic Development Corporation Request for Platte Valley Industrial Park (NWPS Rate Agreement Funds)

Staff Contact: Jeff Pederson

Council Agenda Memo

From: Jeff Pederson, City Administrator

Meeting: September 9, 2008

Subject: Approving Funding of Economic Development Corporation Request for Platte Valley Industrial Park (NWPS Rate Agreement Funds) in the Amount of \$50,648.65

Item #'s: G-14

Presenter(s): Jeff Pederson, City Administrator

Background

On September 26, 2000, the City Council approved Resolution #2000-291 establishing an Economic Development Policy for the annual contribution from Northwestern Public Service (NWPS). That Policy has guided the disbursement of the NWPS contributed funds from that time until the most recent Rate Settlement Agreement Order dated December 18, 2007. The new Settlement Agreement however, recognizes what was formerly a “contribution” of funds from NWPS to the City as a “City Approved Economic Development Surcharge” which was “intended to raise revenue for the City”. In the opinion of the City Attorney, the process of disbursing funds outlined in Resolution # 2000-291 is no longer applicable following the 2007 Rate Settlement. A new Policy will need to be developed by the City for use of the monies collected under the NWPS Rate Settlement Surcharge.

Discussion

Several weeks ago, the City received a request from the GI Economic Development Corporation for disbursement of \$90,000 from the NWPS Development Fund for assistance in paying for land in the Platte Valley Industrial Park East. This was the first request for NWPS funds that the City had received since the 2007 Rate Settlement. At the time of the implementation of the new Rate Settlement, there was in the City’s NWPS account the amount of \$50,648.65. This money can be remitted to the EDC for the current request, however monies received since the Rate Settlement are more restricted as they are not considered “contribution” monies from NWPS. Rather, these are funds that the City effectively imposed upon the rate settlement and consequently are General Fund

monies that carry restrictions for use for economic development purposes. According to the City Attorney, funds received since the new rate settlement are not eligible to be used for land purchase.

Alternatives

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

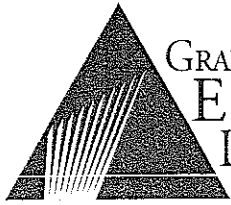
1. Approve the remittance of \$50,648.65 to the EDC using remaining funds from the previous rate settlement. Consider a follow-up request from the EDC for funds for “encouraging new industries”, which is an eligible use of City General Fund money under State Statute 13-315
2. Delay consideration of the EDC funds request pending establishment of a new policy for use of funds obtained through the Surcharge on NWPS rates.

Recommendation

City Administration recommends that the Council approve the request for funds in the amount of \$50,648.65. The EDC was unaware of the effects of the new Rate Settlement on how the City can disburse funds obtained from NWPS. The requested money is needed to pay off land debt necessary for a possible conveyance of the land.

Sample Motion

Move to approve the request for funds to allow payment to the Grand Island Area Economic Development Corporation.



GRAND ISLAND AREA
ECONOMIC
DEVELOPMENT CORPORATION

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August 11, 2008

Jeff Pederson, City Administrator
City of Grand Island
100 E 1st St
PO Box 1968
Grand Island, NE 68802-1968

RE: Applications for NWPS Economic Development Rate Agreement Funds

Dear Jeff,

Our local review committee made up of the Grand Island Area Economic Development Corp. Executive Committee and Mr. Jim Hartman of NorthWestern Energy have reviewed the request made by the Grand Island Area Economic Development Corp. for use of the Development Rate Agreement funds as spelled out in the policy. The purpose of this request is for the principal land payment for the Platte Valley Industrial Park East. As of December 31, 2007, there was \$50,648.65 available for this purpose.

After review by the committee and following a motion to approve, the committee is hereby requesting release of \$50,648.65 for Platte Valley Industrial Park East.

Sincerely,


Marian Ferguson
President

R E S O L U T I O N 2008-247

WHEREAS, under a former Rate Settlement, Northwestern Public Service (NWPS) made an annual contribution for economic development purposes to the City of Grand Island in the amount of \$86,000; and

WHEREAS, on September 26, 2000, the Mayor and City Council approved Resolution 2000-291 establishing an economic development policy for receiving, considering and making recommendations regarding requests for disbursement of said funds; and

WHEREAS, the office of the City Administrator received a recommendation for funding from the local economic development committee for \$50,648.65 payable to the Grand Island Area Economic Development Corporation to be used towards the principal payment of land that was purchased at the Platte Valley Industrial Park East, and

WHEREAS; said request is consistent with the intent of NWPS in making an annual economic development contribution, under the former Rate Settlement, and the policy established by the Mayor and City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the request for disbursement in the amount of \$50,648.65 to be used towards the principal loan payment from the purchase of land at the Platte Valley Industrial Park is hereby approved, and the payment is authorized to be made to the Grand Island Area Economic Development Corporation for such purpose.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 9, 2008.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
September 4, 2008 ☐ City Attorney