



# **City of Grand Island**

**Tuesday, May 10, 2011**

**Council Session**

## **Item E5**

**Public Hearing on the Semi-Annual Report by the Citizens' Review Committee on the Economic Development Program Plan.**

Staff Contact: Mark Stelk, Chairman

# **Council Agenda Memo**

**From:** Mary Lou Brown, City Administrator

**Meeting:** May 10, 2011

**Subject:** Public Hearing Concerning the Semi-Annual Report by the Citizen's Review Committee on the Economic Development Program Plan

**Item #'s:** E-5 & G-3

**Presenter(s):** Mary Lou Brown, City Administrator  
Mark Stelk, Chairman,  
Citizen's Advisory Review Committee

## **Background**

The voters of the City of Grand Island approved an economic development plan at the May 6, 2003 election. Subsequent to the election, the City has adopted an ordinance that establishes the economic development plan and a Citizens' Advisory Review Committee to oversee the process of approving applications for economic development incentives. The Citizens' Advisory Review Committee is required by State Statute and the Grand Island City Code to make a semi-annual report to the City Council.

## **Discussion**

The Citizens Advisory Review Committee has been conducting regular meetings during the last six months as required by the City Code and the Nebraska Statutes. The committee looks forward to receiving and reviewing meritorious applications for consideration in the future. The committee received the semi-annual report from the Economic Development Corporation at its meeting of April 26, 2011, and voted to forward it on to the City Council for its review and acceptance.

## **Alternatives**

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

1. Accept the semi-annual report of the Citizens' Advisory Review Committee.

2. Do not accept the semi-annual report of the Citizens' Advisory Review Committee.

### **Recommendation**

City Administration recommends that the Council accept the semi-annual report of the Citizens' Advisory Review Committee.

### **Sample Motion**

Move to accept the semi-annual report of the Citizens' Advisory Review Committee.



# *2011 City of Grand Island, Nebraska Economic Development Program Mid-Year Report*

*Presenter: Marlan Ferguson  
President*

*Grand Island Area Economic Development Corp.*



Phone: 800-658-4283 — 308-381-7500  
Fax: 308-398-7205  
PO Box 1151  
308 North Locust, Suite 400  
Grand Island, NE 68802

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for Grand Island*

Grand Island's Economic Development Program is a community tool that encourages and stimulates the growth of quality jobs.

- ✓ Attracts permanent investment
- ✓ Broadens the tax base
- ✓ diversifies the region's economic base
  - leads to new opportunities and options for all citizens
- ✓ Improves the Quality of Life



The intent and goal of the program is to provide well paying jobs to the citizens of Grand Island, by encouraging and assisting local businesses to expand with job creation and capital investment, and recruit new qualified businesses.

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

- A revolving loan fund for non-retail qualified businesses.
- Grants or agreements for job training
- Technical Assistance to businesses
- Public Works improvements and/or purchase of fixed assets including land grants or real estate options essential to the location or expansion of a qualifying business.
- Creative and Flexible initiatives to stimulate economic growth
- End Destination Tourism Related Activities
- Development of low to moderate income housing

## Types of Businesses that will be Eligible

1. A qualifying business can be a corporation, partnership, LLC, or sole proprietorship that derives its principal source of income for any of the following:
  - A. Manufacturer of articles of commerce
  - B. Research and Development
  - C. 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
  - D. The sale of services in interstate commerce
  - E. Telecommunications
  - F. End Destination Tourism-Related Activities
2. Qualifying business must be located within the zoning jurisdiction of the city unless a variance is granted.
3. Any other business deemed qualifying through the Legislature.



## Application Process

### 1. Loan Fund Application to include to the following information if available:

- Loan Fund Application
- Business Plan
- Two years completed Federal Tax Return (signed)
- Current Year to Date Profit & Loss Statement
- Recent Balance Sheet (signed)
- Other information as requested

### 2. Submit the completed Application

- A. Grand Island Area Economic Development Corp. Executive Board for review and determination if the application meets with the guidelines of the program.
- B. Citizens' Advisory Review Committee for review and approval to move forward.
- C. The City Council – will approve or deny the application.

### 3. Notify Applicant

### 4. Monitor Applicant



## Source of Funding

- Annual funding for the program, \$750,000 per year, will come from the City's General Fund commencing with the Fiscal Year of 2003-2004 budget year, and will continue for 10 years.
- 10 year Commitment to the Program - \$7,500,000.
- We are now in our 8<sup>th</sup> year

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# LB-840 Projects

(October 1, 2003 thru March 2011)

Available Funding for Projects: **\$3,200,000**

Standard Iron	200,000 (2004)
Heritage Disposal	100,000 (2004)
Love Signs	42,000 (2005)
CXT, Inc.	200,000 (2005)
J. C. Doyle	20,000 (2006)
O'Neill Wood Resources	45,000 (2007)
Case IH	325,000 (2007)
Hornady Manufacturing	154,000 (2007)
Principal Financial Group	30,000 (2007)

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## LB-840 Projects Continued

Hastings Foods	70,000 (2008)
Nova-Tech, Inc.	160,000 (2008)
Ace Machine Shop	32,500 (2009)
Structured Solutions	600,000 (2009)
Hornady Mfg. (2 <sup>nd</sup> Application)	200,000 (2010)
Platte Valley Industrial Park East	575,000 (2010)
Rogue Manufacturing	50,000 (2010)
Standard Iron (2 <sup>nd</sup> Application)	<u>200,000 (2011)</u>
(17 projects)	\$ 3,003,500

**Administration Fees (paid to City of Grand Island) - \$ 157,500**



## Process to Assure Requirements are Met by the City and Qualifying Business

On a regular basis, audit reviews are performed to ensure that qualifying businesses are following the appropriate laws and meeting the terms and conditions of the program.

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## **APPLICANTS WHICH HAVE COMPLIED WITH THE TERMS OF THE PROGRAM**

Standard Iron – 2004 Application for \$200,000 – Forgiven 2009  
CXT – 2005 Application for \$200,000 – Forgiven in 2009

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## LB-840 Proposed Fiscal Period October 1, 2010 thru September 31, 2011 Budget

Community Publicity (to include business retention and recruitment, advertising, surveys & studies, prospect development)	85,000
Project Costs	49,000
PVIP Costs (real estate taxes, interest, maintenance)	78,000
Debt Service Payments	96,000
Occupancy (rent, utilities, telephone, janitorial, insurance)	<u>42,000</u>
<b>TOTAL EXPENSES</b>	<b>\$ 350,000</b>



### **Major Projects that the EDC has been involved in over the past two years:**

**Manufacturing Projects:** Electronics Manufacturing - Assembly and production facility currently in China. Needed building up to 30,000 sq. ft. all air conditioned.

**Medical Device Manufacturer** – Second manufacturing facility of medical devices. Need building no less than 70,000 sq. ft. expandable to 125,000 sq. ft. Entire building needed to be air conditioned.

**Pharma Grade Production Facility.** Needed green building 87,000 sq. ft. minimum expandable to 174,000 sq. ft. Jobs were "Green", high-tech driven and long-term.

**Flour Mill & Bakery.** Joint venture between two companies and a farmer-owned cooperative.

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## Wind Power Projects

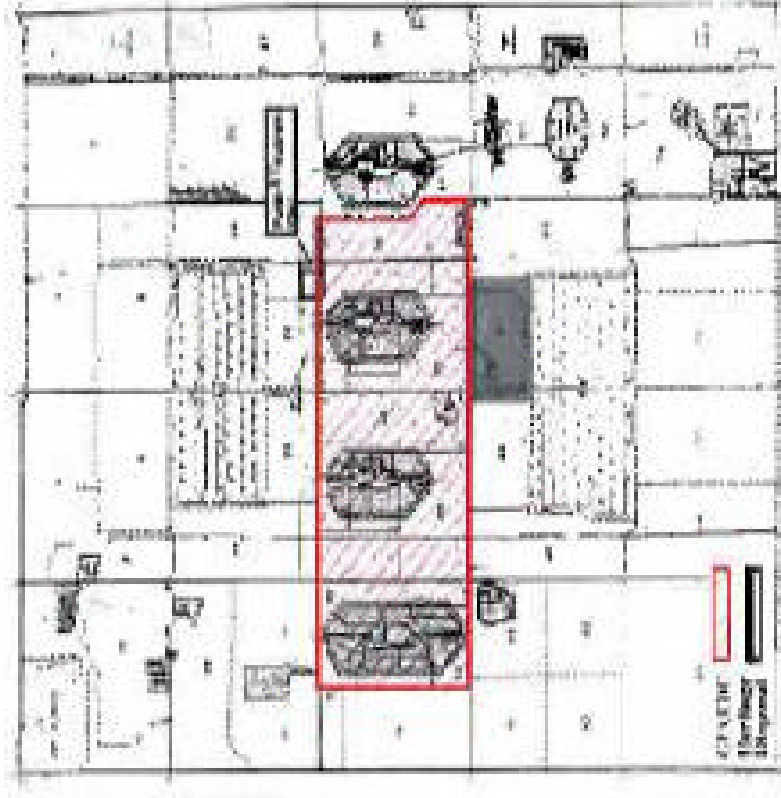
- ❖ Wind Blade Project – Manufacturer – labor intensive. 40 acre site which is rail served, access to 4-lane Highway as well as Interstate 80, utilities, workforce, incentives.
- ❖ Wind Tower Project – Manufacturer. Up to a 200 acre site, rail, access to Interstate 80, Phase I, Wetland and Environmental Studies completed and current.
- ❖ Wind Turbines – International company for assembly and distribution. Needed a 60 acre site, rail, access to highways and interstate.

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## Cornhusker Industrial Park

**Now**



CORNHUSKER INDUSTRIAL PARK  
 TRACT 100-A THIS MAP

**Possible Future**



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## EVERY DOLLAR SPENT TURNS OVER **7** TIMES

- Purchase and Improve Homes
  - Purchase Vehicles
  - Pay Real Estate Taxes
  - Buy Groceries
  - Purchase Clothing
  - Pay Insurance
  - Pay Utilities
- And other various expenses

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*LB-840 is intended to help the EDC recruit,  
establish, and grow our community.*

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## 2011 Board of Trustee's



Chairman  
Roger Bullington  
Chief Buildings



Vice Chairman  
Ann Martin  
Idea Bank Marketing



Secretary/Treasurer  
Tom Gdowski  
Equitable Bank



Elected Trustee  
Doug Fargo  
Global Industries



Elected Trustee  
Tom Pirnie  
G.I. Express



Elected Trustee  
Jay Kaspar  
INSUR, Inc.



Elected Trustee  
Bill Westering  
Westering Enterprises



Elected Trustee  
KC Hehnke  
Jerry's Sheetmetal

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## 2011 Advisory Board



Pam Lancaster  
Hall Co. Board of Supervisors



Lisa Crumrine  
Chamber of  
Commerce Chairman



Mary Lou Brown  
City Administrator



Jim Hartman  
NorthWestern Energy



Dr. Lynn Black  
Central Community College



Randy Kissinger  
NE Workforce



Dr. Harrison Cass  
G.I. Public Schools



Mayor Jay Vavricek



Peg Gilbert  
G.I. City Council



Mike Olson  
Hall Co.  
Airport  
Authority