



City of Grand Island

Tuesday, September 27, 2011

Council Session

Item E12

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

Staff Contact: Mary Lou Brown

Council Agenda Memo

From: Mary Lou Brown, City Administrator

Meeting: September 27, 2011

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

Item #'s: E-12 & G-31

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 an 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 annual report from the Economic Development Corporation at its meeting of September 13, 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 annual report of the Citizens' Advisory Review Committee.

Sample Motion

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



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TO THE CITY OF
GRAND ISLAND, NEBRASKA

Presented by
Marlan Ferguson
President, GIAEDC

**When more jobs are created, wages go
up, benefits are more competitive, and
Grand Island grows.**



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Economic Development assists the Grand Island area by:

- Recruiting new qualified businesses
- Helping local businesses expand by way of job creation, training, and capital investment



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GIAEDC positively impacts the community by:

- Attracting permanent investment
- Broadening the tax base
- Diversifying the region's economic base
- Creating new opportunities for all citizens
- Improving the overall quality of life



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2011 Board of Trustees



Chairman
Roger Bullington
Chief Industries



Vice Chairman
Ann Martin
Idea Bank Marketing



Secretary/Treasurer
Tom Gdowski
Equitable Bank



Elected Trustee
Galen Stehlik
Lauritsen Law Firm



Elected Trustee
Tom Pirnie
G.I. Express



Elected Trustee
KC Hehnke
Jerry's Sheetmetal



Elected Trustee
Jay Kaspar
INSUR, Inc.



Elected Trustee
Bill Westering
Westering Enterprises



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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



Mayor Jay
Vavricek



Dr. Lynn Black
Central
Community
College



Randy Kissinger
NE Workforce



Dr. Rob Winter
G.I. Public
Schools



Peg Gilbert
G.I. City Council



Mike Olson
Hall Co. Airport
Authority



Cindy Johnson
G.I. Area Chamber
of Commerce



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Scope of the Economic Program includes, but is not 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, and
- Initiatives to stimulate economic growth



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Types of businesses that qualify for LB-840 funding:

- Must be a corporation, partnership, LLC, or sole proprietorship that derives its principal source of income from:
 - Manufacturer of articles of commerce
 - Research and development
 - Process, store, transport, or sell of goods, service, or commodities which are sold or traded in interstate commerce (not for local retail)
 - Telecommunications
- Qualifying business must be located within the zoning jurisdiction of the city unless a variance is granted.
- Any other business deemed qualifying through the Legislature



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LB-840 application process

1. Loan fund application may include the following information:
 - Loan fund application
 - Business plan
 - Two years completed and signed Federal Tax returns
 - Current Year to Date Profit/Loss Statement
 - Recent Balance Sheet (signed)
 - Other information as requested



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LB-840 application process (continued)

2. 3-Part Review process of the application
 - GIAEDC Executive Board will determine if application meets with the guidelines of the program.
 - Citizen's Advisory Review Committee (including the City Administrator) reviews application and financial information to determine whether application is to move forward.
 - City Council approves or denies the application.



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LB-840 Funding

- The Economic program receives \$750,000 per year from the City's General Fund for a ten-year period of 2003 – 2013.
- GIAEDC receives from the program \$350,000/yr
- Available funding for Qualified Projects \$400,000/yr
\$750,000/yr

(The \$400,000 is retained by the City in an interest bearing account and paid out to qualified approved projects.)



GIAEDC Utilization of LB-840 Funds

2011-2012

Industrial Park Acquisition	\$ 75,000
Advertising	20,000
Research & Studies	25,000
Recruitment/Promotional Events	27,000
Real Estate Taxes	48,000
Interest Expense	130,000
Occupancy	<u>25,000</u>
	\$ 350,000

(same amount has been given since 1999)



GIAEDC Utilization of LB-840 Funds

2004-2011

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Occupancy	38,000	34,000	34,000	29,500	25,000	25,000	25,000	25,000
Advertising	10,000	15,000	15,000	17,000	19,000	17,000	18,000	20,000
Research & Studies	29,000	60,000	78,000	27,000	38,500	24,000	49,000	25,000
Industrial Parks (3 sites)	76,000	73,000	70,000	83,000	83,000	50,000	50,000	75,000
Real Estate Taxes	12,000	13,000	18,000	18,000	18,000	45,000	65,000	48,000
Interest Expense	14,000	14,000	16,000	22,000	22,000	62,000	62,000	130,000
Recruitment/Promotional Events	54,000	77,000	54,000	81,000	79,000	62,000	36,000	27,000
Special Assessments	117,000	64,000	65,000	45,000	45,000	45,000	45,000	0
Welding Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,500</u>	<u>20,500</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
Totals	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000



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LB-840 projects under current plan

October 2003 – September 2011. Available funding: \$3,200,000

Standard Iron	200,000	(2004)	Hastings Foods	70,000	(2008)
Heritage Disposal	100,000	(2004)	Nova-Tech, Inc.	160,000	(2008)
Love Signs	42,000	(2005)	Ace Machine Shop	32,500	(2009)
CXT, Inc.	200,000	(2005)	Structured Solutions	600,000	(2009)
J. C. Doyle	20,000	(2006)	Hornady Mfg. (2 nd App.)	200,000	(2010)
O'Neill Wood	45,000	(2007)	PV Industrial Park East	575,000	(2010)
Case IH	325,000	(2007)	Rogue Manufacturing	50,000	(2010)
Hornady Mfg.	154,000	(2007)	Standard Iron (2 nd App.)	200,000	(2011)
Principal Financial	30,000	(2007)	Case IH (2 nd App.)	219,000	(2011)
18 projects			\$ 3,222,500		
Administration Fees (paid to City of GI)			\$ 157,500		



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Process to assure qualifying business meets requirements

- Annual reviews are performed to ensure the qualifying businesses are meeting the terms and conditions of the agreement.
- Failure to comply requires the company to reimburse the City.
- City is responsible to ensure full compliance.



Impact of LB-840 investment

- 3,103 new jobs in 7-1/2 years (NE Dept. of Labor)
- 1,166 direct jobs created with estimated payroll of \$36,048,313 per year.
- Direct jobs created reflect what was stated on the application.

(Every dollar spent turns over 7 times (\$890 million) in our community!)



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Impact of LB-840 investment (Continued)

(Actual dollar value does not include last five projects)

- \$2,738,385 in accumulative new real estate taxes from 2003-2008
- \$21,954,086 in real estate valuation as of 2008



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GIAEDC's success has enhanced the growth and prosperity of Grand Island

- GI Population is currently 48,520 (3,241 increase over 2003)
- Assessed Valuation Per Capita in constant dollars: \$1,746,978 in 2003/2004 vs. \$2,351,144 in 2010/2011
- New Construction Permits since 2004: \$642,608,646
- Taxable Real Estate: \$1,883,272,257 in 2004 vs. \$2,395,497,486 in 2010 (\$512, 225,229 increase)
- Equates to \$10,357,194 in additional Real Estate Tax revenue.



Platte Valley Industrial Park

US Highway 281



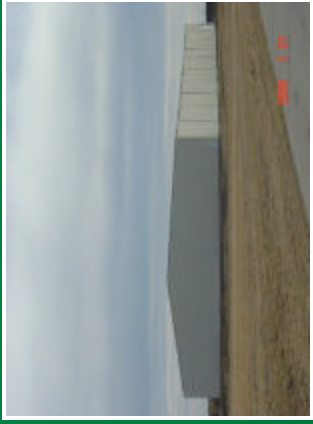
- Purchased ground in 2000
- Platted (Subdivided) – **18** original lots; **8** lots available today
- Zoned ME – Manufacturing Estates
- Improved Site with Infrastructure in 2003 (Water, Sewer, Paving, Gas and Telecommunications)



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GIAEDC Spec Building



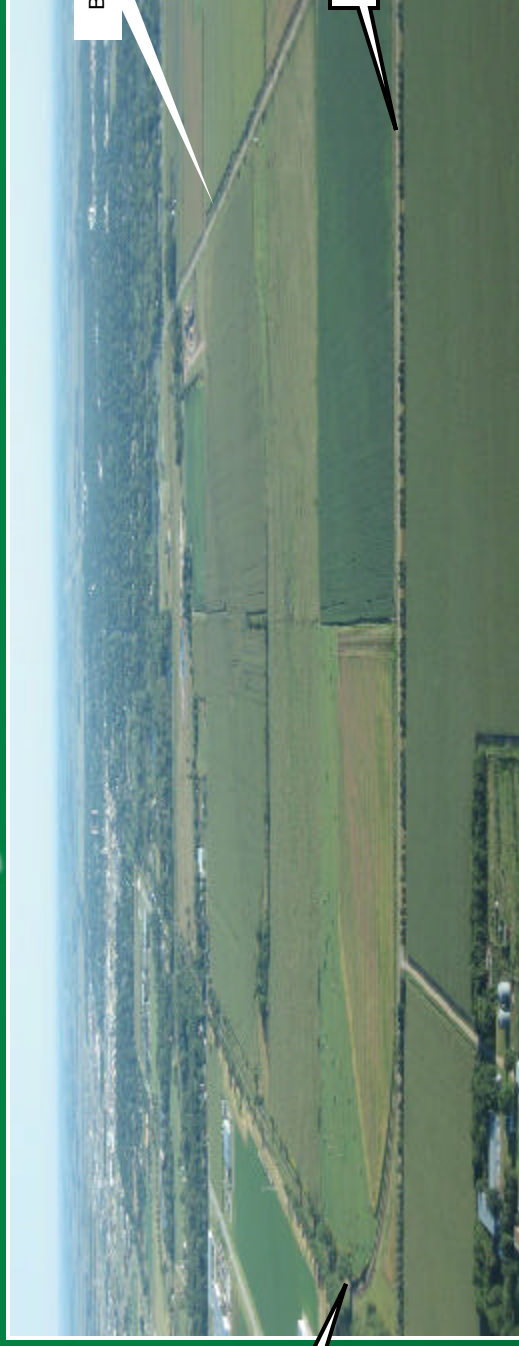
- Located on Lot 7 in Platte Valley Industrial Park
- Built in 2005
- Sold in 2008 to a local business for expansion
- 50,000 sq. ft.
- EDC received Community Development Block Grant -\$250,000
- Drew attention to Grand Island



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Nebraska's premier industrial site: Platte Valley Industrial Park East



Union Pacific
Railroad Spur

Blaine Street

Wildwood Drive

- 280 Acres Available • Located within City Limits • Zoned M2
- Declared Blighted & Substandard – Tax Increment Financing
- New Infrastructure – Sewer, Paving, and looped water- \$1 million grant
- Current with Land Studies- Phase I, Environmental Assessments, Wetland Delineation, and Soil Borings (updated every 3 years)
- Potential Rail Service Layouts



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Cornhusker Industrial Park



- Over 900 acres available
- Completed an in-depth environmental study in 2010
- Developed a strategic plan
- Dual rail access



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Real estate taxes paid by the GIAEDC on industrial parks

2003	\$16,706
2004	\$11,039
2005	\$13,319
2006	\$26,884
2007	\$24,523
2008	\$44,258
2009	\$63,725
2010	\$75,848
2011	\$52,723
Total	\$329,025



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GIAEDC supports the community in many ways

- Air National Guard
- Grand Island School Bond (2004-2008)
- Jail Bond
- Half-Cent Sales Tax Campaign
- Central Community College Welding Program
- Nebraska State Fair
- Legislation
- Lobbyist
- Legislative Day in Lincoln
- Husker Harvest Days
- 2010 Be Counted Campaign
- Promotion-Airline Tickets

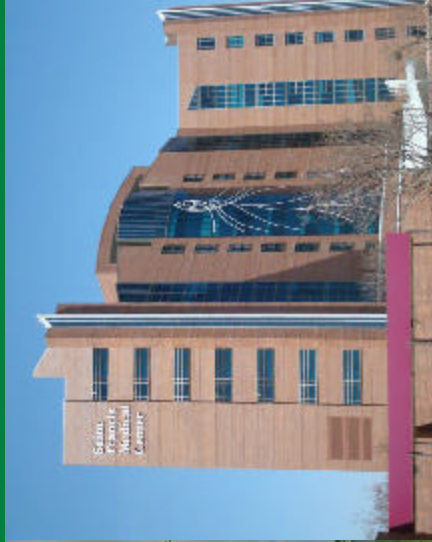
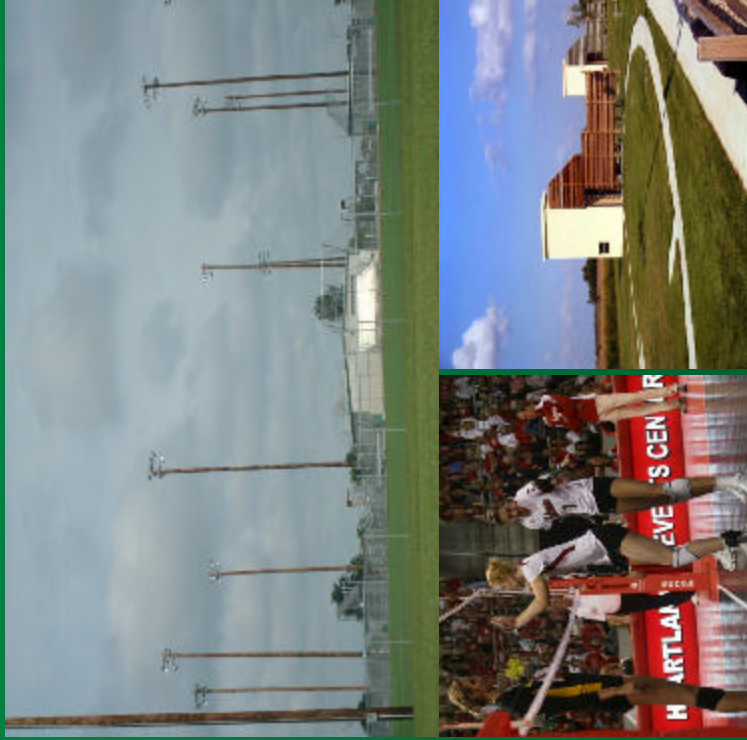


GIAEDC supports local, state and national organizations

- City of Grand Island – Housing Study & I-80 Sewer Extension
- Greater Nebraska Workforce Board
- Nebraska Diplomats
- South Central Economic Development
- Downtown Improvement Board
- Grand Island Public Schools – Learning Center
- I-80 Coalition – Labor Study
- NE Economic Developers Assoc. – Co-Chair/Chair for 7 years
- Grand Island Area Chamber of Commerce
- Grand Island/Hall County Convention and Visitors Bureau
- Grand Island Sports Council
- Hall County Airport Authority
- International Economic Development Council
- Mid America Economic Development Council
- Nebraska Chamber of Commerce



**Creating and retaining jobs has bolstered
Grand Island's reputation as a state leader in
economic development.**



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The Grand Island area is well prepared for long-term growth thanks to LB-840:

- Increased population
- Creating new opportunities for all citizens
- Expanded tax base
- Helping local businesses
- 3rd largest community for manufacturing jobs
- Nearly \$3 million in grants received
- Approximately 1,300 acres of industrial park land available
- Quality of life



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**The use of LB-840 funds and the
dedication of the GIAEDC has positioned
Grand Island/Hall County for continued
growth for years to come.**

Thank you!



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