

City of Scottsbluff, Nebraska

Tuesday, January 17, 2017

Regular Meeting

Item Reports2

Council to consider an application from Regional West Medical Center for Economic Development Assistance.

Staff Contact: Nathan Johnson, City Manager

City of Scottsbluff
Economic Development Application Review Committee
January 6, 2017

A meeting of the Economic Development Application Review Committee was held on January 6, 2017, at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, NE.

The meeting was convened at 8:03 a.m. Roll call was taken. Present were Committee Members, Jim Trumbull, Dennis Hadden, Dave Schaff, Lee Glenn, and Hod Kosman. In attendance on behalf of the City were Program Administrator, Nathan Johnson, and Deputy City Attorney, Rick Ediger. Also in attendance were the following members of the Community Redevelopment Authority (the "CRA"): Bill Trumbull, Joan Phillips, Bill Knapper, and Kathy Eastman. The Notice of the Meeting had included the possibility that a quorum of the CRA would be present, but no action would be taken by the CRA.

Chairman Trumbull called the meeting to order and stated that a copy of the Nebraska Open Meetings Act is located on the West wall of the Conference Room. There were no changes in the Agenda, nor were there any citizens with business not scheduled on the agenda.

It was moved by Glenn and seconded by Schaff that the Minutes of the December 16, 2016 Committee Meeting be approved. Voting yes: Trumbull, Hadden, Schaff, Glenn and Kosman. Voting no: None.

The next order of business concerned an Application for Assistance from Regional West Medical Center. Members of the Committee were given materials in support of the application. However, Trumbull, Hadden, Glenn and Kosman indicated they had conflicts of interest due to their membership on the RWMC Board of Directors. As a result, it was not anticipated that any action would be taken by the Application Review Committee. Those in attendance on behalf of RWMC were Paul Hofmeister, Randy Meininger, David Cornette, MD, and Doug Carrell. It was noted that the application was, in effect, a partnership of RWMC, Valley Ambulance Service, and MedTrans. The purpose of the application is to provide for the retention, education, and recruitment of paramedics in the area. Currently, there are approximately 68 paramedics in the area, but there is a need for at least 101. RWMC is working with WNCC on accreditation for WNCC's own paramedic program. Currently, students attend WNCC through a current joint agreement with McCook Community College. As indicated, no action was taken by the Committee and this matter will be passed on to the City Council without a recommendation.

The next item of business involved discussion and recommendation concerning partnering with the City of Gering for the purchase of an industrial site. Ediger explained that LB840 funds could be used for the purchase of real estate as long as the ultimate users of the real estate were Qualifying Businesses, as provided for under the City's Economic Development Plan. A sale would have to be at fair market value, but a purchaser could also apply for Economic Development

Assistance which could cover all or a portion of the purchase price, depending on the number of jobs to be created. Johnson indicated that the City of Gering had already purchased the land for the industrial site. The issue is whether the City of Scottsbluff will be involved. One of the issues is that a portion of the property is currently zoned for manufacturing, but the rest is zoned for agriculture. All of the property will need to be zoned for manufacturing prior to the City contributing funds. Bill Trumbull and Joan Phillips, members of the CRA, asked questions and expressed a concern as to the need for an industrial site. John Schaffer (citizen in attendance) spoke about his concerns and indicated he was not opposed to an industrial site, but was concerned about this location and the purchase price. Randy Meininger explained his concern that there needs to be a sound process for possible sales to interested parties. Chairman Trumbull indicated this was one of the sites that had been identified by the City's consultant when potential industrial sites were identified.

Following additional discussion and questions, Kosman moved that the Committee recommend to the City Council that the City's Economic Development funds be used to purchase a half-interest in the proposed industrial park, with Closing contingent on the property being annexed by the City of Gering and all of the property be rezoned for manufacturing. In addition, it is recommended that a streamlined process be developed between the Cities of Scottsbluff and Gering so that there is a consistent joint effort with respect to sales of parcels within the industrial park. The motion was seconded by Hadden. Voting yes: Trumbull, Hadden, Schaff, Glenn and Kosman. Voting no: None.

The meeting was then adjourned at 9:26 a.m.

Nathan Johnson, Program Administrator

**Regional West Medical Center
Economic Development Grant Application - January 2017
Summary for City Council
Prepared by Rick Ediger, Deputy City Attorney**

RWMC's application was presented to the Application Review Committee on January 6, 2017. An unusual situation presented itself in that 4 of the 5 Committee Members present are on the Board of Regional West Health Services, the parent of RWMC. Due to their status of Board Members, those Committee members had conflicts of interest. Since it takes 3 votes to approve any action, any vote from the one remaining member would not have been sufficient to make a recommendation to the City Council. As a result, the Application is being presented to the City Council without a recommendation from the Application Review Committee. The Council is now in a position of having to look at more of the details of the Application than normal.

The first test for any application is whether the applicant is a Qualifying Business under the City's Economic Development Plan. RWMC is a Qualifying Business because its principal source of income is from the sales of services in interstate commerce. The test is not whether the business is for profit or non-profit, it is where it gets its revenue. In addition, due to the fact that the Application is intended to benefit Emergency Medical Services, Valley Ambulance and Med Trans are also involved, both of which are also Qualifying Businesses.

According to the Application, Grant Funds will be utilized to enact a Workforce Development Plan that impacts the Emergency Medical Services of Trauma Region Four. RWMC is the "hub" hospital for Trauma Region Four which includes the following 16 counties: Box Butte, Scotts Bluff, Kimball, Cheyenne, Keith, Perkins, Chase, Sheridan, Dawes, Morrill, Sioux, Deuel, Garden, Banner Arthur and Grant. There are currently a total of 68 Out of Hospital EMS Providers employed by RWMC, Valley Ambulance and Med Trans. According to the Application, the estimated need for positions to be created is 24 additional Out-of-Hospital EMS Providers over five years. Although this adds up to 92 positions, the Application Review Committee was advised that since the date of the Application, the need has been increased to 101 total positions. Funds will be used to recruit, train, certify and retain Out-of-Hospital EMS Providers. The primary use of the Funds will primarily be used for wages and benefits, with a portion dedicated to the enhancement of the training platform necessary to ensure ongoing certification of Paramedics in the field.

The amount of assistance requested is \$1,985,000 with ½ or \$992,500 being requested from each of the cities of Scottsbluff and Gering over a 5-year period. The 5-year budget provided for in the Application is shown at the top of the following page. The Application asks that 2016 be retroactively treated as Year 1. Scottsbluff's share of the grants would be:

Year 1:	\$170,000
Year 2:	\$182,500
Year 3:	\$197,500
Year 4:	\$212,500
Year 5:	<u>\$230,000</u>
	\$992,500

Emergency Medical Services 5 Year Budget						
	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative
Funds Received						
EMS Providers	68	73	79	85	92	
Rate per Provider	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Total Funds Received	\$340,000	\$365,000	\$395,000	\$425,000	\$460,000	\$1,985,000
Utilization of Funds						
Commitment to Retainment	\$340,000	\$120,450	\$130,350	\$140,250	\$151,800	\$882,850
Recruitment Initiatives	0	120,450	130,350	0	0	250,800
Accelerated Classes	0	60,000	60,000	60,000	60,000	240,000
Student Education	0	34,100	44,300	194,750	218,200	491,350
Salary Support	0	30,000	30,000	30,000	30,000	120,000
Total Utilization of Funds	\$340,000	\$365,000	\$395,000	\$425,000	\$460,000	\$1,985,000

Most of the City's grants have been made based on job creation and a few that were based on job retention. The standard per employee amount has been \$5000 (\$1000 per employee per year over 5 years). However, the Application Review Committee has also recommended, and the Council has approved, Grants where additional credits can be earned based on the following (with the total compensation based on wage and the fringe benefit costs):

<u>Additional Credit</u>	<u>Hourly Rate (Based on 2080 hours)</u>	<u>Annual Salary</u>
\$200	\$14.00 to \$17.99	\$29,120 to \$37,439
\$400	\$18.00 to \$21.99	\$37,440 to \$45,759
\$600	\$22.00 to \$25.99	\$45,760 to \$54,079
\$800	\$26.00 to \$29.99	\$54,080 to \$62,399
\$1,000	\$30.00 and above	\$62,400 and above

As a result, for each employee making \$62,400 and above (including the cost of fringe benefits), an Applicant can earn \$10,000 per employee (\$2000 per employee per year over 5 years). It appears from the Application, that the employee costs for the EMS providers averages in excess of \$62,400. However, no breakdown is provided to determine the exact number of employees that would qualify for the full additional \$1000 per year credit, although it is expected that those who do not make at least \$62,400 could qualify for additional credit amounts as long as they make more than \$14 per hour.

Although it has been customary to award Grants based on job credits, that is not required by the City's Plan. In fact, Grants have been awarded for infrastructure benefitting Qualifying Businesses, for example, without any consideration of job credits. In addition, credits have been given both to support new jobs and the retention of existing jobs. Where an Applicant's need has exceeded the likely job credits that can be earned, low interest loans have also been made. By law, the Council has a great deal of flexibility. However, past Grants have generally been based on consistent guidelines that City staff can refer to when approached by an interested party.

Options for Council Action with respect to this Application:

1. Award the entire amount requested with no conditions attached concerning the number of employees.
2. Provide for a grant for job credits for *new employees only* based on \$5000 per job which can be increased by the schedule on page 2 of this summary for higher paying jobs
3. Provide for a grant for job credits for *total employees (new and retained)* based \$5000 per job which can be increased by the schedule on page 2 of this summary for higher paying jobs
4. Provide for a grant for job credits for a different amount than is customary.
5. Provide that the difference between the amount awarded and the job credits earned be treated as a low interest loan.
6. The final option, as always, is to reject the Application.

Consideration can also be given to possible participation by the City of Gering, and how that impacts the job credits. Finally, based on the Application, it does not appear that the full amount requested would have to be paid out up front, but rather over a 5-year period.