

# **City of Scottsbluff, Nebraska**

**Monday, May 1, 2017**

**Regular Meeting**

## **Item Pub. Hear.1**

**Council to conduct a public hearing at 6:05 p.m. to review and consider the most recent Report of the Economic Development Citizen's Advisory Review Committee.**

Staff Contact: Rick Ediger, Deputy City Attorney

**CITIZEN'S ADVISORY COMMITTEE MINUTES**  
**July 28, 2016**  
**Scottsbluff City Hall**

A meeting of the City of Scottsbluff Economic Development Citizen's Advisory Committee was held on July 28, 2016, at Noon, at City Hall, 2525 Circle Drive, Scottsbluff, NE.

Committee members in attendance were Mark Harris, Sam Mark, and Diane Vandenberg. Also in attendance were Nathan Johnson (City Manager/Program Administrator) and Rick Ediger (Deputy City Attorney). Marci Meyer and Scott Phillips were unable to attend.

Chairman Harris opened the meeting. It was noted that a copy of the Nebraska Open Meetings Act is posted on the west wall of the meeting room. There were no changes in the agenda or citizens with unscheduled business.

Due to the fact that confidential information would be presented, it was necessary for the Committee to go into executive session for the purpose of reviewing Job Credit Reports from grant recipients. At 12:07 p.m., it was moved by Mark and seconded by Vandenberg that the Committee go into executive session and include all persons present at the meeting. Voting yes: Harris, Mark, Vandenberg; Voting no: None.

At the conclusion of the executive session, the meeting was reconvened in open session at 12:35 p.m. The Chairman indicated the Committee had received substantial information concerning various program recipients during the executive session, but no action had been taken during the executive session. The Committee reviewed reports and a summary from the various program recipients during the executive session. Reports were received from the following representing job credits as of December 31, 2015:

Western Pathology Consultants  
CS Precision  
Karsten Gering  
Vertex  
CST Mechanical  
Aulick Manufacturing  
Klein Family Trucking  
Skiles Industries

It was moved by Mark and seconded by Vandenberg that the Job Credit Reports from the above businesses be accepted. Voting yes: Harris, Mark, Vandenberg; Voting no: None. Notification of this action by the Committee will be given to all of the above businesses.

City staff was asked to research the possibility of collecting or requiring the earning of remaining credits for Karsten Gering (formerly FFNP Mobile). In addition, a \$5,000 payment was due from CHC West and staff was instructed to make contact in order to collect this amount. Finally, staff was requested to follow-up on past due reports, for which reminders had just been sent out.

It was moved by Mark and seconded by Vandenberg that a report of the actions of the Committee be prepared and submitted to the City Council, to include the matters referred to above. Voting yes: Harris, Mark, Vandenberg; Voting no: None

The final item was to consider the addition of a Workforce Housing Plan to the City's Economic Development Plan. The proposed Ordinance was reviewed by the Committee Members. However, one of the requirements for the Amendment is the completion of the Multi-County Regional Housing Study currently being conducted by Hannah:Keilan Associates, P.C. The Committee felt it was advantageous to wait for that study before making a recommendation. It was moved by Vandenberg and seconded by Mark that the consideration of a recommendation to the City Council concerning the addition of the Workforce Housing Plan to the City's Economic Development Plan be tabled until after receipt and review of the Housing Study by the Committee.

There being no further business, it was moved by Mark and seconded by Vandenberg to adjourn the meeting. Voting yes: Harris, Mark, Vandenberg; Voting no: None. The meeting was adjourned at 1:10 p.m.

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Nathan Johnson, Program Administrator

**CITIZEN'S ADVISORY COMMITTEE MINUTES**  
**April 6, 2017**  
**Scottsbluff City Hall**

A meeting of the City of Scottsbluff Economic Development Citizen's Advisory Committee was held on April 6, 2017, at Noon, at City Hall, 2525 Circle Drive, Scottsbluff, NE.

Committee members in attendance were Mark Harris, Diane Vandenberg, Sam Mark, Marci Meyer and Scott Philips. Also in attendance were Nathan Johnson (City Manager/Program Administrator) and Rick Ediger (Deputy City Attorney).

Chairman Harris opened the meeting. It was noted that a copy of the Nebraska Open Meetings Act is posted on the west wall of the meeting room. There were no changes in the agenda or citizens with unscheduled business.

The first order of business was to approve the minutes of the July 28, 2016 meeting. It was moved by Mark and seconded by Meyer that the minutes of that meeting be approved. Voting yes: Harris, Vandenberg, Mark, Meyer and Philips. Voting no: None.

The next order of business was to review Job Credit Reports from Economic Development Program participants. Due to the fact that confidential information would be presented, it was necessary for the Committee to go into executive session for the purpose of reviewing Job Credit Reports. At 12:05 p.m., it was moved by Philips and seconded by Vandenberg that the Committee go into executive session and include all persons currently present at the meeting. Voting yes: Harris, Vandenberg, Mark, Meyer and Philips. Voting no: None.

At the conclusion of the executive session, the meeting was reconvened in open session at 12:28 p.m. The Chairman indicated the Committee had received substantial information concerning various program recipients during the executive session, but no action had been taken during the executive session. The Committee reviewed reports and a summary from the various program recipients during the executive session. Reports were received from the following representing job credits as of September 30, 2016:

Vertex  
Aulick Manufacturing  
Fusion Ranch  
Skiles Industries  
EagleMed  
SWBC

It was moved by Meyer and seconded by Mark that the Job Credit Reports from the above businesses be accepted. Voting yes: Harris, Vandenberg, Mark, Meyer and Philip. Voting

no: None. Notification of this action by the Committee will be given to all of the above businesses.

Deputy City Attorney Ediger indicated that the issue concerning remaining credits for Karsten Gering had been resolved and after further review of the appropriate job credits, no further amounts were required to be paid. In addition, the \$5,000 payment due from CHC West had been paid.

The next order of business concerned possible additions of Qualifying Businesses to the City's Economic Development Plan. The addition of a Workforce Housing Plan was first discussed. The Committee previously had tabled any recommendation concerning this matter until the completion of the Multi-County Regional Housing Study conducted by Hannah:Keilan Associates, P.C. That study is now done. The Committee had also expressed concerns about the type of program that the Application Review Committee would recommend. Jim Trumbull, Chairman of the Application Review Committee, joined the meeting. Marla Marx, one of the members of the Application Review Committee, participated by phone. There was extensive discussion concerning the role of the City with regard to housing and how this would impact market forces. Different ideas as to possible ways to encourage housing were discussed; however, the feeling was that the primary emphasis on any housing grants should be for infrastructure. Chairman Harris indicated that he felt the Application Review Committee and the City Council needed to be extremely cautious and not make grants for housing without careful consideration of the consequences. Anything that strays from the original intent of the City's Economic Development Program should not be taken lightly.

Discussion was also had concerning the concept of adding grants for retail trade, but only if the principal source of income was from retail sales of products manufactured on the premises from which the sales take place. Two instances in support of this change were cited. One was a request for funding for a brewpub. The potential Applicant had explored the possibility of manufacturing its product with a different entity to engage in retail activities. That way, the manufacturing part of the business could be separated out and be eligible for consideration. However, the Liquor Commission Regulations do not make this a practical solution and in order to obtain a brewpub license, all aspects of the business must be owned by the same entity. It was also noted that one of our existing program participants manufactures equipment in Scottsbluff, and at the time of its Grant, most of its sales were made through third parties. However, due to the changing market and web presence, many of its sales now are made direct, either on the internet or on phone calls. Even though that company has desired manufacturing jobs, the retail sales of its own manufactured goods may cause the company not qualify if its application were considered today.

Following further discussion, it was moved by Mark and seconded by Philips that the definition of "Qualifying Business" in the City's Economic Development Plan be expanded to allow for the following:

- a. Construction and rehabilitation of housing pursuant to a Workforce Housing Plan, as provided in the draft of the Ordinance which was presented.

- b. Retail trade, but only if the principal source of income is from retail sales of product(s) manufactured on the premises from which the sales take place; provided, the total amount of incentives devoted to retail trade shall not exceed the limits provided for by Nebraska law

Voting yes: Harris, Mark, Meyer and Philips. Voting no: Vandenberg.

There being no further business, it was moved by Vandenberg and seconded by Philips to adjourn the meeting. Voting yes: Harris, Vandenberg, Mark, Meyer and Philips; Voting no: None. The meeting was adjourned at 1:50 p.m.

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Nathan Johnson, Program Administrator

**Economic Development Program  
Report of Citizen's Advisory Committee Meeting  
April 6, 2017**

The Economic Development Citizen's Advisory Committee met on July 28, 2016, and again on April 6, 2017, and issues this report to the City Council based on action taken by the Committee at those meetings. All reports received between the last Committee meeting and September 30, 2016, were reviewed.

As of September 30, 2016, the City had awarded 40 grants to businesses since the beginning of the Program. 8 are active with the rest having previously been terminated, earned, repaid, or settled. 4 more grants have been approved since September 30, 2016, but are not required to report as of yet. Annual Reports were reviewed and accepted for the following businesses for the periods ended September 30, 2016:

Western Pathology Consultants  
CS Precision  
Karsten Gering  
Vertex  
CST Mechanical  
Aulick Manufacturing  
Klein Family Trucking  
Skiles Industries  
Fusion Ranch  
EagleMed  
SWBC

Each of the Committee Members and the Council Members have been provided with Job Report Summaries as of September 30, 2016. The information concerning actual employee numbers for each business are, however, confidential and cannot be released as to specifics without the permission of the individual businesses. The following general information can, however, be provided in summary form:

1. Job creation grants netting almost \$7.9 million (after repayment of amounts granted and repaid) have been awarded to businesses since the beginning of the program (1/1/96). The City has also made a loan to Fusion Ranch (f/k/a KYS Foods) and to Dave's Welding, and invested in two water extension projects benefitting the areas near the airport which include Fusion Ranch and the EagleMed Hanger. In addition, the City's program has made a significant contribution to job training in this area through assistance to Western Nebraska Community College.
2. Out of the businesses that continue to be in operation or have been sold to entities who have maintained the business, over 1,300 jobs have been created or retained through the assistance of the City's program. Additional jobs were created for a period of time by businesses that have since been closed.

3. Out of the funds that have been awarded to businesses for job creation, the amount lost from businesses that did not survive as of the last reporting period is approximately 6%. Many of the businesses that have benefited from our program have produced jobs well in excess of their job commitment to the City. If these additional jobs were factored in, the impact of the net loss from failed businesses is much less.

4. City Staff and the Citizen's Review Committee are satisfied with the information provided by the businesses reviewed at the Review Committee meeting. With a couple of exceptions, all businesses with active grants are current in their reporting.

5. The Committee is recommending the following additions to the City's Economic Development Plan:

- a. Construction and rehabilitation of housing pursuant to a Workforce Housing Plan.
- b. Retail trade, but only if the principal source of income is from retail sales of product(s) manufactured on the premises from which the sales take place; provided, the total amount of incentives devoted to retail trade shall not exceed the limits provided for by Nebraska law

These recommendations are not made without a great deal of thought and consideration, as anything that strays from the original intent of the City's Economic Development Program as approved by the voters should not be taken lightly. The exercise of the grant of funds needs to be exercised with caution. The fact that there are significant funds in the Program should not be used as a reason to change the past standards for Applicants.