

City of Scottsbluff, Nebraska

Tuesday, February 20, 2018

Regular Meeting

Item Pub. Hear.1

Council to conduct a public hearing at 6:00 p.m. to consider the LB840 Citizen Review Committee recommendation to expand the definition of a “Qualifying Business” in the City’s Economic Development plan to allow Film Production.

Staff Contact: Starr Lehl, Economic Development Director

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE SCOTTSBLUFF ECONOMIC DEVELOPMENT PLAN TO PROVIDE FOR AN ADDITIONAL QUALIFYING BUSINESS.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SCOTTSBLUFF, NEBRASKA:

1. The City Council, has by Ordinance, adopted an Amended Economic Development Plan which was effective as of October 1, 2015, and which was amended by an Ordinance adopted on October 16, 2017 (the "Plan").
2. The Citizen Advisory Committee has recommended an amendment to the Plan as provided for in this Ordinance, and the City Council has held a public hearing on the recommended amendment.
3. Paragraph 3.a. of the Plan is amended to add the following Qualifying Businesses:
 - (11) Production of films, including feature, independent, and documentary films, commercials, and television programs.
4. Except as modified by the above Amendment, all other portions of the Plan shall remain in effect.
5. This Ordinance was approved by a two-thirds vote of the members of the City Council. It shall become effective upon its passage, approval and publication. Publication shall be in pamphlet form.

Passed and approved on February ____, 2018.

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney

City of Scottsbluff
Economic Development Application Review Committee
February 8, 2018

A meeting of the Economic Development Application Review Committee was held on February 8, 2018, at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, NE.

The meeting was convened at 8:01 a.m. Present were Committee Members, Jim Trumbull, Marla Marx, Hod Kosman, Lee Glenn and alternates Dave Schaff and Jeanne McKerrigan. In attendance on behalf of the City were Program Administrator, Nathan Johnson, Deputy City Attorney, Rick Ediger, City Economic Development Director, Starr Lehl, and City Finance Director, Liz Hilyard.

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

It was moved by Kosman and seconded by Glenn that the Minutes of the January 11, 2018 Committee Meeting be approved. Voting yes: Trumbull, Marx, Kosman, Glenn, Schaff and McKerrigan. Voting no: None.

An Application for Assistance from McKinney Manufacturing of Mitchell was presented. Present on behalf of the Applicant were Roger and Juliana McKinney. The Applicant is requesting funds to be used in connection with the purchase of a 4" CNC tube bending machine, materials, marketing and assistance in consolidating its loans. The request is for \$150,000 grant and a \$200,000 low interest loan. The Applicants purchased Bare Manufacturing in March 2015. At that time, a significant portion of the business was devoted to the oil industry. The impact of the oil industry slump necessitated diversification. The Applicants believe that the tube bending machine will enable the business to continue with that diversification and to grow, with the manufacturer of the machine indicating they will refer customers to the Applicant. The plan is to add 3 full time positions within the first year and 3-5 the following year. The salary range will be \$13-24/hour with benefits, to include health insurance and simple IRA match. Following their presentation, the McKinney's left the meeting.

Next was a presentation of an Application by Treaty Site Farms, Inc. Present on behalf of the Applicant was Sam Adams. The Applicant is requesting \$200,000 to be used in connection with a new building being constructed in the former Scottsbluff industrial park, which was purchased by Mr. Adams. The total project cost is estimated to be \$400,000. The business contracts with B&C Steel in order to haul building components on flatbed trailers. The business will also contract for asphalt hauling and grain hauling. The business is expected to hire a minimum of 5 new employees. The Applicant emphasized his efforts to purchase materials and equipment locally. Following his presentation, Mr. Adams then left the meeting.

The Committee then discussed the Application of McKinney Manufacturing. Kosman, Glenn and Marx all indicated they had conflicts of interest. As a result, alternates Schaff and McKerrigan would be voting on this matter. One concern was that the additional jobs would not create enough job credits to earn a \$150,000 grant under typical standards. It was indicated, however, that in the past the City has allowed more time to earn a grant, particularly in the case of manufacturing businesses due to the desire to promote manufacturing jobs. In addition, there was discussion that since this also involved job retention, all jobs (present and added) would be counted. It was moved by Schaff and seconded by McKerrigan that the Committee recommend to the City Council that:

(a) A grant in the amount of \$150,000 be awarded to the Applicant. The Applicant can earn credit against the grant in the amount of \$2,000 per job per year with a maximum annual job credit of \$25,000. The Applicant will have 10 years in order to earn the grant.

(b) The Applicant be given a loan in the amount of \$200,000, payable over 108 monthly payments with interest at the Midterm Applicable Federal Rate in effect at the time that the loan is closed; provided, however, the loan shall be interest free until October 1, 2018. At that point, the monthly amortization will start with the first payment due November 1, 2018. Security shall be personal Guaranties from Roger and Juliana McKinney, a second deed of trust on the business real estate, and a second security interest in the Applicant's equipment. In order to be counted, benefits shall be available to employees as provided for in the Application.

Voting yes: Trumbull, Schaff and McKerrigan. Voting no: None. Abstain: Kosman, Glenn and Marx.

Discussion was then had concerning the Application of Treaty Site Farms. Due to the fact that there was one Committee Member absent, McKerrigan was designated as the alternate to consider the application. Since the projected number of jobs would likely not support a grant of the amount requested, it was suggested that a loan be considered with the right to earn job credits. It was moved by McKerrigan and seconded by Marx that the Committee recommend that a low-interest loan be made to the Applicant in an amount not to exceed \$200,000, with the exact amount to be selected by the Applicant, amortized over five equal annual payments with interest at the Midterm Applicable Federal Rate in effect at the time the loan is closed. At the end of each year, the Applicant can submit a Job Credit Report and a credit against the loan can be earned based on the Program's High Wage Job Credit Schedule. Once the job credit is determined, the difference between the payment amount and the credit shall then be paid to the City. No more than an amount equal to the annual payment may be earned. The security shall be a personal Guarantee of Sam Adams. Employee benefits shall be available to employees as provided for in the Application. Voting yes: Trumbull, Marx, Kosman, Glenn and McKerrigan. Voting no: None.

Discussion was had regarding the recommendation of the Citizen Review Committee concerning the addition of film production to the City's Economic Development Plan. The Application Review Committee was provided with copies of the materials as recommended. It was

indicated that the Citizen Review Committee felt strongly that for incentives to be awarded, it must be for expenses incurred in the local area.

City Manager Johnson noted that the City Council had approved a Resolution agreeing to provide up to \$1 million for Qualifying Businesses locating in the new Gering Industrial Park. Any Applicant for benefits would, however, be required to go through the City's Application process.

The meeting was then adjourned at 9:15 a.m.

Nathan Johnson, Program Administrator