

City of Scottsbluff, Nebraska
Tuesday, December 1, 2020
Regular Meeting

Item 1

Approval of minutes for meeting of November 17, 2020.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
November 17, 2020

A meeting of the Economic Development Application Review Committee was held on November 17, 2020 at 3:00 p.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Nate Merrigan, Dennis Hadden, and Dave Schaff. Also present was Rick Kuckkahn, Interim City Manager, Starr Lehl, Economic Development Director, and Adam Hoelsing, Deputy City Attorney.

Vice Chairman Schaff called the meeting to order at 3:00 p.m. At that time, Vice Chairman Schaff then directed the Committee's attention to Chairman Nate Merrigan. Chairman Merrigan was attending the meeting via Zoom. Economic Director Starr Lehl asked Chairman Merrigan if he had been ordered to quarantine or isolate by the local public health agency due to exposure to COVID-19. Chairman Merrigan indicated that he had, and was therefore participating in the meeting via Zoom under Nebraska Governors Executive Order No. 20-34.

Vice Chairman Schaff then directed the public's attention to the copy of the other Meetings Act on the north wall of the Meeting Room. No changes were made to the Agenda, and no citizens and business not otherwise scheduled on the Agenda.

It was moved by member Hadden and seconded by Chairman Merrigan to approve the Minutes of the September 8, 2020 Application Review Committee Meeting. Voting yes: Hadden, Merrigan, and Schaff. Voting no: None.

The next item on the agenda was consideration of an application from CS Precision Manufacturing, Inc. Present on behalf of the Applicant were Scott James and Jill Weineman. The Applicant stated that the business had started around the year 2000 with 10 or 12 people. Their machine shop manufactures hydraulic components for hoses and bearings, most of which are supplied to another local business, Couplamatics Systems, Inc. Since 2000, the business has grown to 66 employees, and the business is again looking to expand in order to grow due to opportunities presented by the merger and shrink of several national competitors.

The Applicant is looking to grow to a maximum of an additional 30 employees, and should be able to grow at a rate of 6 or 7 employees per year in the coming years. Slower growth of employees is due to the fact that the expansion and purchase of manufacturing machines and components is difficult, with the Applicant having to look for aftermarket machines in order to complete the shop. The Applicant was seeking \$750,000 as part of a grader \$4.7 million project. Other funding sources included a line of credit from Platte Valley Bank, operating capital from the Applicant, a loan from Couplamatics Systems, Inc., and the State of Nebraska CDBG funds. A tax increment financing application was also being submitted to the City of Gering, with the tax increment being unknown at this time.

The Committee had several questions of the Applicant. The Committee discussed the labor pool for the Applicant, and the Applicant stated that with competitive wages, and in-house training, the Applicant has had success hiring out of high school and after high school, for qualified and reliable employees. The Applicant was asked whether the loan from Couplamatics Systems, Inc. would be expected to be secured or collateralized, and that is not the expectation. Strarr Lehl then discussed the terms of the possible CDBG Grant Application through the State of Nebraska, as well as the upcoming Tax Increment Financing Application from the City of Gering.

General thoughts from the Committee were that the business has proven to be a successful business for the area and has provided job growth beyond what was originally expected.

A motion was then made by member Hadden and seconded by Chairman Merrigan to provide assistance to the Applicant as follows: assistance in the amount of \$750,000 to be earned through job credits. Job credits would be provided for \$2,000 per base full time equivalent, as well as additional job credits for “enhanced full time equivalents” for higher paying jobs, which would include benefits provided by the Applicant.

Deputy City Attorney Hoelsing stated that with the structure of the assistance, the Applicant would need to be provided three years in which to ramp-up job creation, at which point the balance of the assistance would be termed-out into a ten year term at 1% per annum, with job credits available to be applied against the amount of the annual payment.

The assistance would be collateralized by a Deed of Trust on the Applicant’s real estate, as well as a security interest in all of Applicant’s inventory, receivables, goods, and other intangibles. Both the lien of the Deed of Trust as the well the security interest would be second to the interests of Platte Valley Bank as the primary lender. Voting yes: Hadden, Merrigan, and Schaff. Voting no: None.

Economic Director Starr Lehl then provided general discussion to the Committee as to upcoming and anticipated uses of the Economic Development Fund. Director Lehl stated that another round of rural workforce housing grant opportunities had been provided, and Twin City Development was seeking to submit an application on behalf of the region. Discussion was had regarding the Committee’s willingness to consider that type of application, and was agreed to schedule a meeting at a further date to discuss in more detail that type of applications for a grant match.

The final item on the agenda was a discussion of further committee membership changes. At this time, it was felt that no members of the Committee were looking to actively exit the Committee, and that staff directed committee members to keep them informed if that changed.

Following that discussion, the Committee Meeting was adjourned at 3:45 p.m.

Starr Lehl, Economic Development Director