

City of Scottsbluff, Nebraska

Friday, December 18, 2020

Regular Meeting

Item 1

**Receive Information and Consider Approval of Revised CS
Precision Manufacturing Application.**

Staff Contact: Starr Lehl

City of Scottsbluff
Economic Development Grant Application

1. Applicant Information:

Business Name: CS PRECISION MANUFACTURING, INC.

Address: 140028 LOCKWOOD ROAD, GERING, NE 69341

Applicant Contact: SCOTT JAMES

Business Phone: 308.436.2099

E-mail address: SJAMES@CSPRECISIONMFG.COM

2. Business Information:

Structure of Business (proprietorship, partnership, LLC, corporation, etc.): CORPORATION

Ownership breakdown (include percentages for each Owner): SCOTT JAMES 49%, CLIFFORD JAMES 51%

General Description of Business: MACHINE SHOP

Products/Services: CUSTOM MACHINED PARTS

Number of years in Business (or if a new Business, describe Owners experience in this type of business): 21 YEARS

Proposed Location Address: 140028 LOCKWOOD ROAD, GERING, NE 69341

Current Zoning Classification: COMMERCIAL

3. Employment:

Base (current) number of full-time positions: 66

Full-time positions to be created: 30 within 3 years, plus an additional 6 within 5 years

Salary/Wage Range: \$13-\$15 PER HOUR (STARTING WAGE)

Benefits provided to employees (include any contribution required by Employees): HEALTH INSURANCE (PARTIAL CONTRIBUTION REQUIRED), SIMPLE IRA (EMPLOYER MATCHING), PAID HOLIDAYS/VACATION, VISION, STD, GYM MEMBERSHIP

4. Financial Need:

Total project cost estimate: \$4.7 MILLION (\$1.7 MILLION - ASAP), (\$3 MILLION - 3 TO 5 YEARS)

Breakdown of use of funds: \$950,000 BUILDING, \$750,000 PLATING LINE, \$3 MILLION MACHINES

Date funds are needed: ASAP TO START CONSTRUCTION

Investment to be made by Applicant (Amount & Source): \$500,000 (EQUITY)

Loan(s) to be obtained (Amount & Bank Name): PLATTE VALLEY BANK (LINE OF CREDIT) / COUPLAMATIC SYSTEMS (LOAN)

We expect to utilize our line of credit to coverage the funding shortfall from not being able to obtain a Community Development Building Grant (CDBG).

LB840 financial assistance amount requested for the Project: \$900,000

****The committee reserves the right to make part of the funds Grant (forgivable loan) and part of the funds Loan, which in non-forgivable and has repayment terms.**

Other Loans/Grants (CDBG, TIF, Re-Use, etc.): TIF (\$388,000), LB840 GERING (\$100,000)

5. Security Available:

Guarantor(s): CS PRECISION MANUFACTURING, INC.

Real Estate: \$2,500,000

Existing Liens: \$614,300

Personal Property: \$11,500,000

Existing Liens: \$0

Stock / LLC Interests: \$242,300

Other:

6. Eligibility:

Principal Source of Income from (circle one):

- a. **Manufacturing**
- b. Research & development
- c. Processing, storage, transport or sale of goods or commodities in interstate commerce
- d. Sale of Services in interstate commerce
- e. Headquarters facilities relating to eligible activities
- f. Telecommunications activities
- g. Tourism-related activities
- h. Construction and rehabilitation of housing
- i. Retail trade where the principal source of income is from retail sales of products manufactured on the premises.
- j. Film production (Nebraska Film Office Activity Registration Form is also required).

Statement of how project is consistent with the goals of the Scottsbluff Economic Development Program: ECONOMIC GROWTH FOR THE PANHANDLE THROUGH JOB CREATION

Describe any pending legal action(s), to include the amount at risk and a summary of how ownership is reacting to the action(s): NA

7. Additional Information to be submitted:

- a. Resumes of Owners, Management & Key Employees (include experience, training, credentials & work history).
- b. Brief history of your business and where you see your business going in the next 5 years, with emphasis on the impact to the City of Scottsbluff.
- c. Personal Financial Statement of Guarantors and anyone owning 25% or more of the business. Note: documentation verifying assets and liabilities shall be made available upon request.
- d. Income statement covering the past 2 years of business operations, if in business for that long. Copies of filed tax returns are acceptable and the most recent year's return must be included.
- e. Business Plan, to include:
 - Total project costs to include itemized use of funds
 - Lender Commitments
 - Investor Commitments
 - Financial projections for the next 3 years.
 - Employment projections for the next 3 years
 - Identification of jobs to be created by description, number, average wage, benefits, etc.

- Information as to suppliers, and in particular, those in the Scottsbluff area

- f. References, to include name, position, address and phone number:
- g. Any other information that you feel will assist the City in evaluating your Application. Please include any marketing or sales brochures.
- h. With respect to the Business, or any persons owning 25% or more of the business and any officers, indicate if there is any past or pending litigation which either has resulted in or could result in a judgment against the Business or any such person. List the nature of the judgment or pending action, and whether any portion remains unpaid as of this date.
- i. With respect to any persons owning 25% or more of the business and any officers, indicate any who have been convicted of or plead guilty to any criminal charge or violation of law, excepting minor traffic offenses. List the nature of the charge, where the charge occurred and the year and month of the conviction or plea.
- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background and Credit Check.

8. Nebraska Advantage Act:

The Applicant certifies to the city as follows (select one):

- ☐ The Applicant has not filed nor does it intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the Nebraska Advantage Act with respect to this project.
- ☒ The Applicant has filed or intends to file an application with the Department of Revenue to receive tax incentives under the Nebraska Advantage Act for this project. If so, indicate if such application includes or will include, as one of the tax incentives, a refund of the City's local option sales tax revenue: YES; and whether such application has been approved under the Nebraska Advantage Act: NO.

I certify that the information presented in connection with this Application for Economic Development Assistance is true and correct. Consent is given to the City of Scottsbluff to contact references, conduct one or more credit checks, criminal background checks, and to verify the information contained in this Application.

Dated: 02/19/2020

Signed:

Title:


President

7a. Resume of Owners, Management, & Key Employees

Scott James – Owner & President

- Graduated from Colorado State University with a bachelor's in Production Operations Management
- I've been in the hydraulic industry for 25 years and the machining industry for 21 years.
- Certifications - Industrial Wastewater & ISO Lead Auditor

Cody Zentz – Production Manager

- I've been in the machining industry for 10 years.
- Certification – ISO Lead Auditor
- Extensive experience in electroplating operations.

Dave Rost – Quality Control Manager

- I've been in the machining industry for 36 years.
- Certification – ISO Lead Auditor
- Experience in single/multi spindle screw machines, manual mills and lathes, centerless grinders, CNC mills and lathes, bending machines, presses and flaring machines.

7b. Brief history of your business and where you see your business going in the next 5 years, with emphasis on the impact to the City of Scottsbluff.

CS Precision Manufacturing, Inc. was founded in late 1999 to meet the demanding requirements of today's metal machining customers with 12 employees and 4 machines. Based on the fundamentals of providing quality hydraulic fittings and couplings with exceptional customer service, we have been able to see tremendous growth over the years.

More than 20 years later, we have grown to employ 66 people that utilize an array of equipment - 32 multi-spindle machines, 5 CNC lathes, 12 assembly machines, and electroplating line. In addition, to accommodate our growth, we have had numerous facility expansions and equipment purchases.

In the next five years, I anticipate to employ approximately 102 people, with revenue projections topping \$20 million. The additional growth will focus primarily in the multi-spindle department with an expansion to the electroplating line. These projections are based on our continual growth year after year, which is due to our increased diversification in multiple industries such as agricultural, mining, oil and gas, military and more. Through this expansion we will be able to employ 36 more employees which will in turn create growth for the Panhandle area.

7e. Business Plan

Total Project Cost - \$4,700,000 (\$950,000 building, \$750,000 electroplating line – Immediately, \$3,000,000 – approximately 3 to 5 years)

Investor Commitments - Couplamatic Systems, Inc. (Loan), Platte Valley Bank (Line of Credit)

Financial Projection - Gross Revenue: Year 1 - \$13 million, Year 2 - \$14.5 million, Year 3 - \$16 million, Year 4 - \$17.5 million

Employment Projections – Year 1 – 75 employees, Year 2 – 82 employees, Year 3 – 90 employees, Year 4 – 96 employees

Identification of jobs to be created by description, number, average wage, benefits, etc.

We plan to hire an additional 28-31 Multi-Spindle Operators (\$13-\$15 per hour), who will perform the following job functions.

- Independently complete setup and/or operate multi spindle machines according to job specifications.
- Meet or exceed production numbers set forth by the company, while producing a high quality product.
- Review setup sheets and specifications to determine setup procedure, machining sequence, and dimensions of finished work piece.
- Perform hourly checks to ensure that quality, dimensions, and key characteristics are maintained.
- Maintain detailed records for all programs, including tooling required.
- Troubleshoot machining problems when required, including analysis of rejections/yield problems.
- Alert supervisor if there are any questions or concerns regarding part quality.
- Ensure that all housekeeping, safety, and quality policies and procedures are followed.
- Commit to comply with the International Organization for Standardization (ISO).

We plan to hire an additional approximately 5 Electroplating Operators (\$13-\$15 per hour), who will perform the following job functions.

- Independently prepare parts for the electroplating process.
- Processes electroplating solutions according to work orders and established guidelines.
- When necessary, troubleshoot the electroplating process and make the proper adjustments.
- Perform quality control checks to ensure proper thickness and other key characteristics are maintained.
- Alert supervisor if there are any questions or concerns regarding part quality.
- Meet or exceed production numbers set forth by the company, while producing a high quality product.
- Maintain detailed records throughout the electroplating process.
- Perform product sorting according to work order.
- Ensure that all housekeeping, safety, and quality policies and procedures are followed.
- Commit to comply with the International Organization for Standardization (ISO).

The following employee benefits are provided:

- Holiday & Vacation Pay
- Simple IRA
- Health Insurance
- Vision Insurance

- Short Term Disability
- Free Gym Membership

Local suppliers in the Gering/Scottsbluff area involved with the project:

- Oregon Trail Plumbing & Heating, Inc.
- Crescent Electric
- Border States
- B&C Steel
- Russell Reisig Excavation & Construction
- Kindvall Siding & Construction
- Door Closer Service
- MC Schaff Companies

7f. References

Zack Karf, Vice President at Platte Valley Bank, 1212 Circle Drive, Scottsbluff, NE 69361
(Phone 308.632.7004)

Michael Parker, Sales Coordinator at Corey Steel Company, 2800 S 61st Ct, Cicero, IL 60804
(Phone 708.735.8206)

Dan Anderson, Sales Manager at Eaton Steel Bar Company, 20601 Trolley Industrial Dr, Taylor, MI 48180 (Phone 800.527.3851)

7g. Any other information that you feel will assist the City in evaluating your application.

Current Employee Demographics

34 people (52%) – Reside in Scottsbluff

12 people (18%) – Reside in Gering

12 people (18%) – Reside in the surrounding panhandle towns

08 people (12%) – Reside out of state

66 – TOTAL

NDOL Registered Youth Apprenticeship Program

Through the Nebraska Department of Labor, we have a Registered Youth Apprenticeship Program with the Scottsbluff High School and the Gering High School. We plan to enroll at least one student from each school in the Spring of 2021 in this program.

7h. There is no past or pending litigation.

7i. No officers have been convicted or plead guilty to any criminal charge or violation of the law, except minor traffic offenses.

7j. I agree to sign waiver form provided by the City of Scottsbluff for Background and Credit Check.

