

**SEMI-ANNUAL PUBLIC REVIEW
LOCAL OPTION MUNICIPAL SALES TAX (LB840)**

August 14, 2019, Published Meeting
Holdrege City Hall Meeting Room - 8:00 a.m.

This report documents the functioning and progress of Holdrege's economic development program, which is administered by Phelps County Development Corporation (PCDC) for the six-month period from: January 1 –June 30, 2019. Compiled by PCDC, the report is presented to The Citizen's Advisory Review Committee at the published meeting. Subsequently, the Citizens' Advisory Committee reports its findings and suggestions concerning the program to the Holdrege City Council.

LB840 PROGRAM OVERVIEW

Since July 2002 the Phelps County Development Corporation (PCDC) has served as the Economic Development Program Administrator for the City of Holdrege. The plan was renewed and approved by voters in 2015. This report serves as a summary of PCDC's economic development activities:

ACTIVITY SUMMARY

Construction zones are a common sight in Phelps County this summer as the seeds planted by PCDC are now sprouting. Work is progressing on the new baseball/softball complex, which was boosted by a \$1 million pledge from LB840 funds. Interior demolition began on Iron Horse Flats for renovation of an historic downtown building to produce a new apartment complex, which was made possible by a grant from PCDC's DREAM program.

Groundbreaking ceremonies were conducted on two PCDC assisted major business expansions: Allmand Inc./Briggs & Stratton and Southern Power District. PCDC supported the Allmand Inc. expansion with two grant applications, one to NDED and another to NDOT. Additionally, PCDC exchanged land with Allmand Inc. and signed a Right of First Refusal on another 10 acres that will provide flexible growth opportunities in the future within Iron Horse Business & Industry Park.

In another PCDC assisted project, construction will begin in August on the new Cobblestone Hotel. Planning is also underway for retail/commercial development on adjoining property. PCDC also assisted the same developer to proceed with expansion of the VA Clinic, which broke ground in June.

PCDC has also been working to address the workforce-housing crunch on multiple fronts, including a project with Mesner Development for the new Crew Subdivision in east Holdrege that is expected to bring up 40 new living units to town. This project was boosted by a \$250,000 matching grant from PCDC that secured an additional \$568,500 from NIFA and NDED.

PCDC continues to encourage new residents with the GO! Home Down payment and Renter Relocation Grants, which target local employees that commute from other markets. To date, since the program was introduced in late 2017, these programs have attracted 113 new residents to Phelps County.

PCDC is intensifying its work on retail expansion and attraction. Recently PCDC announced a new GO! Franchise program to encourage new business development in the area. LB840 funds are derived from local sales tax proceeds that have been negatively impacted by leakage to neighboring markets and online shopping. Retail is a key quality of life issue and a determining factor for current and future residents.

SIGNIFICANT TRANSACTIONS OVERVIEW

RECEIPTS		EXPENSES/INVESTMENTS		
PCCF Scholarship Match	\$10,000.00	Administrative Transfers	\$45,350.00	
City Sales Tax Receipts	\$245,698.35	Ironhorse Payback to General	\$50,000.00	\$230,000 loaned in 2013; \$180,000 paid back in 2016
Sale of Property	\$55,275.00	Buxton Contract	\$50,000.00	
		Iron Horse Loan Payment	\$87,043.21	Regular Payment; Principal + Interest
		Iron Horse Loan Payment	\$55,275.00	Principal Only; Proceeds from Water Rights Sale
		Iron Horse Property Taxes	\$10,286.36	
		GO! Program Distributions	\$80,268.45	

STRATEGIC PLANNING

- PCDC commissioned a new **Labor Supply Study** completed by NPPD economist Ken Lemke, which provides detailed analysis of current labor conditions, wages and benefits, commuting patterns and education/skill levels of workers among other things. Employers can utilize the data to improve their position in the competition for workers. The study is posted on the PCDC website at www.phelpscountyne.com.
- Applied for and was approved for a **\$200,000 Sites & Buildings grant from NDED** in support of the Allmand Inc. expansion.
- Applied for and was approved for a **\$350,000 Economic Opportunities grant from NDOT** in support of the Allmand Inc. expansion.
- Assisted SCEDD in applying for a **\$500,000 grant from NDED** to help renovate the Dale Hotel and convert it into a Veterans Transitional Service Center and Residential Units. Despite our best efforts, the grant was denied. We continue to seek other solutions for the historic local landmark.
- Completed a **re-platting and re-zoning of Iron Horse Industrial Park** to swap land with Allmand Inc. for its \$8 million expansion project. This resulted in PCDC being able to sell 24 acres of water rights for \$60,000.
- PCDC staff is pursuing planning to achieve **Site Readiness status for Iron Horse Business & Industry Park**, which entails establishing clear-cut infrastructure completion guidelines and costs.
- Submitted a comprehensive application on behalf of the City of Holdrege to renew the city's status as a **Nebraska Economic Development Certified Community** for an additional 5 years. The process will involve a second round of information requests that must be completed by early August. The application takes on the form of a recruitment prospect Request For Information (RFI) through NDED.

TARGETED RECRUITMENT

- **Iron Horse Business & Industry Park:** Continued to meet with potential manufacturers and business owners regarding opportunities in the business park.
- Finalized financing and pre-development plans for the new 45-room **Cobblestone Hotel**, an investment of \$4.5 million and 22 new jobs. Ron attended the Cobblestone Brand Conference in Denver, where they announced development plans for 2019, including Holdrege. This project will break ground in August with plans to open spring-summer of 2020.
- Prior to announcement of the Shopko closing, PCDC staff **initiated contact with multiple potential new retailers** to begin operations at the now-vacant location. PCDC has identified and delivered at

least three retail options to Noddle Development, owner of the former Shopko location, to fill the gap in the community after the Shopko closing.

- In the first six months of 2019 we **opened nine commercial/industrial project files (prospects)**, the majority of which were originated through NDED. Two have closed unsuccessfully with clients citing insufficient workforce as the main objection to our market. Phelps County remains competitive in at least two of the open projects. Another is a long-term developmental project that should be characterized as an “enterprise” effort where PCDC is independently working to generate market activity.
- PCDC has established new **communication lines with 11 companies** that were identified during tradeshows as potential Nebraska targets. These are typically relationship-building contacts that may lead to projects in the future.
- Ron attended the **ProFood TECH tradeshow in Chicago** and initiated many conversations with engineering and consulting firms that could be influencers in the site selection process. The tradeshow provided a good platform to establish new or strengthen existing relationships.
- Ron attended the **RECON show in Las Vegas** and met with 18 organizations, including Walmart, Dollar General, Retail Strategies, Omne Group, UnaCast, Beall’s Outlet/Gordman’s and more. In addition, he made more than 30 cold calls on the floor.
- Coordinated meetings between developer and three potential tenants for the **commercial/retail space being developed** next to the Cobblestone Hotel.
- PCDC staff and two board members attended the **Joint Diplomats - Nebraska Economic Developers Association** annual conference in Wayne.

BUSINESS RETENTION & EXPANSION

- Assisted **Southern Power District** with an April 30 groundbreaking ceremony for its new regional service center in Funk.
- Provided 15 bidding opportunities so far in 2019 to local contractors through the **Builder’s Bureau**.
- Coordinated the May 16 groundbreaking at **Allmand Inc./Briggs & Stratton for its \$8 million expansion project**. Gov. Pete Ricketts and President of Briggs & Stratton Job Site division attended. The expansion includes 70,000 square foot new under-roof; 5 new assembly lines and up to 60 new jobs. Briggs & Stratton selected Holdrege from a group of at least three BASCO plants with excess capacity in other states for this new investment culminating an 18-month process.
- Awarded **GO! DREAM** grants to Lincoln Federal; KB Rentals (Shelter insurance building); e.volve 24/7 Fitness; and Anderson, Klein, Brewster & Brandt law office. The program offers major grants for downtown Holdrege business owners to spruce up their buildings and create downtown living units. Work is progressing on two projects approved in 2018: the former Opera House and Iron Horse Flats.
- Awarded **Building Exterior Impact Grants** to Dirty Duds laundry mat and New You Styling Salon.
- Announced the **GO! Franchise** program that will encourage new development in Phelps County by offering grants of up to \$35,000 over three years to open new franchises, including restaurants and retail stores. Retail development is a growing priority.

COMMUNITY PREPAREDNESS & QUALITY OF LIFE

- Continued to work on development of a new **event center** in Phelps County. A 2018 study showed that a larger event center is needed in the community.

- Continued to work with **Buxton Co., a nationwide statistics and marketing firm,** to support local retailers to capture sales revenues now leaking to neighboring markets.
- GO! Home Initiatives:
 - Provided 13 Down Payment Assistance grants so far in 2019, which resulted in 29 new residents.
 - Provided Rental Relocation grants to encourage commuters to move to Phelps County. In the first half of 2019, 7 grants were approved helping 18 new residents move to the area.
 - To date, the GO! Programs have led to the relocation of 113 new residents to Phelps County.
 - Provided 8 residential exterior improvement grants.
- Assisted Mesner Development of Central City with final plans and the approval process for the new **Crew Subdivision in east Holdrege.** The project is designed to help ease the workforce housing shortage. PCDC pledged \$250,000 in LB840 funds to help secure a state workforce-housing grant. The project was awarded a \$318,500 grant from the state and another \$250,000 from the Nebraska Investment Finance Authority. The 10-acre subdivision will include 10 duplexes designed for low-income earners and will have room for more than 10 additional townhomes. Homes could be ready for occupancy as early as August 2020.
- **Partnered with SCEDD on another workforce housing project.** PCDC demolished two dilapidated homes at 11th and Logan in Holdrege and sold the vacant lot to SCEDD, which is overseeing the construction of a new home on the property that's expected to be completed by September.
- Awarded **10 High Demand Jobs Scholarships** to Phelps County students who plan to return to the county to work in high demand jobs after receiving higher education. Individual scholarships ranged from \$2,000 to \$4,000. The total amount awarded was \$26,000.
- Conducted several **Business in Motion meetings** to encourage, support and provide ongoing education to local business owners. Each session averages about 8-10 attendees.
- Met with **Holdrege Public School administrators** to discuss preparing students for careers that fit PCDC's High Demand Jobs scholarship program and to meet the growing needs of area employers.

BRANDING, MARKETING AND COMMUNITY CONSENSUS

- In partnership with KRJPR, PCDC **continued communications with the public and investors** through monthly e-newsletters and the quarterly Phelps County Business Journal (spring and summer editions). The business journal is distributed to all households and businesses in the county and to several hundred out-of-county stakeholders such as the governor's office, site selection consultants, business targets, business leaders and other elected officials.
- With Golden Shovel Agency, PCDC continued to update its **website** (www.PhelpsCountyNE.com) with new content directed at site selection decision makers as well as local consumers. New content is added weekly.
- Nebraska Cattleman's Executive Director Pete McClymont was keynote speaker at the 2019 **PCDC Annual Meeting** in March. It was a sold-out event. Pete encouraged Phelps County leaders to leverage the county's agricultural advantage to grow and create opportunities.
- PCDC honored and recognized two Phelps County businesses – Landmark Implement and Lost Way Brewery – as **businesses of the year**. Both businesses have wall plaques on display at PCDC offices where the public can view the awards.
- PCDC's development initiatives attracted the notice of the Kearney Hub, which published a front-page story on recent activity in the newspaper in January.

FUND REPORT

All LB840 funds are maintained in restricted accounts that are separate from its general fund accounts. No funds are co-mingled. Income includes tax revenues, interest earned on the investments (certificates of deposit and money market accounts), and loan repayment interest. The following financials are attached to this document:

2019 LB840 Financials
Statement of Assets, Liabilities and Net Assets
Financial Variance Report
Statement of Revenues & Expenses Compared to Budget

PCDC's ACKNOWLEDGEMENT

The Phelps County Development Corporation provided this document and the financial documents reference within. The financial review of loan and grant applications were conducted according to credit review standards established for the economic development program by the Phelps County Development Corporation and conducted independent of participation from any member of the Citizen's Advisory Review Committee.



PCDC Executive Director

July 24, 2019

Date

Phelps County Development Corporation LB840
LB840 Assets, Liabilities and Net Assets
As of June 30, 2019

	Jun 30, 19
ASSETS	
Current Assets	
Checking/Savings	
Checking-Great Western	8,130.69
Money Mkt. LB840-Great Western	140,115.78
Scholarship Funds - PCCF	49,591.51
Total Checking/Savings	197,837.98
Accounts Receivable	
Accounts Receivable	31,595.70
Notes Receivable	392,383.81
Total Accounts Receivable	423,979.51
Other Current Assets	
RLF-Great Western	14,313.11
FSBH - RLF Loan Repayment(s)	180,573.74
Bruning State Bank	4,909.60
FirsTier Bank	53,694.04
Home Federal	51,464.06
Certificates of Deposit	359,796.87
Total Other Current Assets	664,751.42
Total Current Assets	1,286,568.91
Fixed Assets	
Net Property and Equipment	667.29
Total Fixed Assets	667.29
Other Assets	
Property	1,376,671.96
Total Other Assets	1,376,671.96
TOTAL ASSETS	2,663,908.16
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Prepaid BD Down Pmt Match	25,000.00
Total Other Current Liabilities	25,000.00
Total Current Liabilities	25,000.00
Long Term Liabilities	
B&I Park Loan	187,348.20
Total Long Term Liabilities	187,348.20
Total Liabilities	212,348.20
Equity	
Unrestricted Net Assets	2,433,151.11
Net Income	18,408.85
Total Equity	2,451,559.96
TOTAL LIABILITIES & EQUITY	2,663,908.16

LB840 Financial Variance Report

As of June 30, 2019

ACCOUNT	NOTE
INCOME	
Scholarship Reimbursement	Per audit, all Scholarship Repayments were reclassified from an Income account to an Accounts Receivable account.
RETENTION/EXPANSION/RECRUITMENT	
GO! Scholarships & Training	Scholarships awarded. This is not a variance, but percentages make it appear out of alignment.
Permitting Asst & Proj Advocacy	Engineering expenses associated with Allmand expansion and RFP responses.
Mktg, Comm, Website, Research	Buxton Renewal. This is not a variance, but percentages make it appear out of alignment. Extra expenses in this account that were not anticipated when the budget was written include: <ol style="list-style-type: none"> 1) Recruitment Ad in Expansion Solutions \$1,275.00 2) Phelps/Gosper Cattlemen Annual Banquet Sponsorship \$250.00
Iron Horse B&I Park Taxes & Ins	Iron Horse Loan Interest and Property Taxes. This is not a variance, but percentages make it appear out of alignment.
Property Expenses	Transfer fees associated with the certified water rights sale.
INFRASTRUCTURE	
GO! Newcomers Down Pmt Match	Adjustments need to be made relative to BD recipients. Payment was received via ACH in the General Account. Adjustments will be made once the funds have been transferred from the General Account to the LB840 Account. This transfer will occur with the 8/1 check cycle.
GO! Home Contractor Incentives	All of the expenses in this account to date are for 2018 approvals.
Engineer, Planning, Const, Dev	Logan Street Sale to SCEDD: The loss from the sale was recorded as an incentive to the developer in this line item.
OTHER INCOME/EXPENSE	
Other Costs	Cashiers Check Fee. These fees are usually waived for PCDC, but the teller was not aware of that on one transaction.
Transfer from General	In-kind Investor Income: Olsson Associates. The in-kind income must be recorded in General but was used against an LB840 expense.

Phelps County Development Corporation LB840
Statement of Revenues & Expenses Compared to Budget
January through June 2019

	Jan - Jun 19	Budget	% of Budget
Ordinary Income/Expense			
Income			
City Sales Tax Receipts	245,698.35	575,000.00	42.7%
Iron Horse Lease Income	12,840.00	28,080.00	45.7%
Builders Bureau Membership	700.00	500.00	140.0%
Scholarship Reimbursement	0.00	1,200.00	0.0%
Sale of Certified Water Rights	55,275.00		
Property Sales	0.00	0.00	0.0%
Investments			
Interest-Savings, Short-term CD	2,318.08	5,000.00	46.4%
Interest on Loans Extended	1,591.18	2,870.00	55.4%
Total Investments	3,909.26	7,870.00	49.7%
Miscellaneous Revenue	0.00	0.00	0.0%
Total Income	318,422.61	612,650.00	52.0%
Expense			
Retention/Expansion/Recruitment			
GO! Loans, Steps, BizMo, etc.	312.28	2,500.00	12.5%
GO! Scholarships & Training	26,000.00	30,000.00	86.7%
Job Creation Incentives	0.00	10,000.00	0.0%
Career Ed - Workforce Rec / Dev	120.68	35,000.00	0.3%
Permitting Asst & Proj Advocacy	12,059.65	7,500.00	160.8%
Tradeshows, Consultants, etc.	8,842.03	15,000.00	58.9%
Mktg, Comm, Website, Research	60,519.40	65,000.00	93.1%
Iron Horse B&I Park Taxes & Ins	23,999.57	28,000.00	85.7%
Property Expenses	200.00		
Total Retention/Expansion/Recruitment	132,053.61	193,000.00	68.4%
Infrastructure			
Housing Dev Infr - Grant Match	0.00	0.00	0.0%
GO! Newcomers Down Pmt Match	33,500.00	37,500.00	89.3%
GO! Newcomers Renter Relocation	5,000.00	10,000.00	50.0%
GO! HOME Contractor Incentives	16,499.53	25,000.00	66.0%
GO! HOME Homeowner Incentives	230.00	22,500.00	1.0%
GO! DREAM Code Compliance Grant	0.00	100,000.00	0.0%
Committee Support	275.91	500.00	55.2%
Engineer, Planning, Const, Dev	23,216.24	5,000.00	464.3%
Total Infrastructure	78,721.68	200,500.00	39.3%
Community Growth & Preparedness			
GO! DREAM Targeted Bldg Loans	0.00	50,000.00	0.0%
GO! BIZ First Impression Grants	0.00	6,000.00	0.0%
GO! DREAM First Imp Grants	5,038.92	62,500.00	8.1%
Ballfield Complex	0.00	75,000.00	0.0%
Total Community Growth & Preparedness	5,038.92	193,500.00	2.6%
Depreciation Expense	0.00	191.00	0.0%
Other Costs	15.00	24.00	62.5%
Total Expense	215,829.21	587,215.00	36.8%
Net Ordinary Income	102,593.40	25,435.00	403.4%
Other Income/Expense			
Other Income			
Transfer from General	11,165.45	10,000.00	111.7%
Total Other Income	11,165.45	10,000.00	111.7%
Other Expense			
Transfer to General	95,350.00	95,350.00	100.0%
Total Other Expense	95,350.00	95,350.00	100.0%
Net Other Income	-84,184.55	-85,350.00	98.6%
Net Income	18,408.85	-59,915.00	-30.7%

CITIZENS' REVIEW REPORT

The Citizens' Advisory Review Committee has reviewed the information presented by the Phelps County Development Corporation as required in the Economic Development Plan. The committee was provided with the following:

- Written report: "Semi-Annual Public Review For Local Option Municipal Sales Tax (LB840)"
- 2018 LB840 Financial Statements for the period January 1 – June 30:
 - Statement of Assets, Liabilities and Net Assets
 - Financial Variance Report
 - Statement of Revenues & Expenses Compared to Budget
- Verbal presentation by a representative of PCDC

This program review certifies the application process was conducted properly and any funds expended or projects approved meet with the LB840 eligibility guidelines as written in our community's plan and approved by the citizens on March 12, 2001.

- No discrepancies were noted in the program review
- No discrepancies were noted in the program review, but the Citizens Review Advisory Committee makes a recommendation (see Notes below)
- Discrepancies have been identified (see Notes below)

Notes:

By signing below, members of the Citizens Advisory Review Committee acknowledge attendance at the meeting on August 14, 2019 and agree with the committee's findings above.

Diana Watson will be making the presentation to the City of Holdrege at a regularly scheduled meeting of the Council. (October 1st)

M.H. Fe
Grant Ericksen

Lenore Kayton

Lisa Havens
Lisa Havens

Michaela Nielsen

Dane Jensen
Dane Jensen

Luke Thorell
Luke Thorell

Rochelle Jurgens
Rochelle Jurgens

Diana Watson
Diana Watson