



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

August 12, 2020 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, 2020. 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

The first half of 2020 brought many challenges to area businesses as the world was hit with the COVID-19 pandemic. PCDC was a leader in helping businesses during this time. In April, PCDC initiated economic recovery efforts and partnered with the Phelps County Community Foundation and the Holdrege Area Chamber of Commerce to offer a Magic Multiplier gift-card matching program that helped sustain many area businesses during the pandemic. The magic multiplier program, along with the digital development grants, infused **\$200,000** or more directly into the local economy. Funds were distributed to nearly **70 Phelps County businesses.**

PCDC also revived the Concrete Solutions Facebook page to promote area businesses that were impacted by Directed Health Measures during the early stages of the COVID-19 pandemic and promoted Take Out Tuesdays.

Because of the success of Magic Multiplier and the quick action in starting the stimulus programs, PCDC served as a role model for other agencies across the state and beyond who wanted to offer similar programs in their communities. At least one dozen other communities modeled their local recovery efforts after PCDC’s Economic Recovery Program.

PCDC sent COVID-19 Business Impact Survey surveys to local businesses owners and manufacturers to determine how they were faring and what issues they were facing due to the pandemic. The surveys included questions regarding reduced hours, number of employees converted to remote workers, percentage of workers that are paid and cannot report to work and employee morale. This information helped shape the programs and work plan for PCDC during the pandemic.

PCDC also provided lunch to the National Guard and Nebraska State Patrol troops who were conducting COVID-19 testing in Holdrege.

While its plan of work pivoted due to focus on the changing economic climate related to the pandemic, PCDC didn’t confine all of its energies to COVID-19. Staff and volunteers continued to advance the local economy with some major ongoing projects.

Other highlights include from the first six months of 2020 included:

- Completion of the new Cobblestone Hotel: PCDC helped with research, siting, financing, and permitting assistance for this **\$4.25 million hotel built** at the site of the former Washington School in Holdrege. Groundbreaking occurred in October, and construction was finished in June. The hotel opened in July.
- Crew Subdivision: Work progressed rapidly over the winter and spring on the new Crew Housing Subdivision in east Holdrege. This new subdivision will provide 40 new living units once completed with 26 anticipated in 2020, a **\$7 million investment** in 2020 alone. At this writing, four duplex units are under roof and nearing completion with six additional duplex foundations poured with infrastructure in place and ready for framing. All streets within the subdivision have been poured with only a neighboring road, East Street, remaining unpaved to be addressed by the City of Holdrege at a later date. During the first half of 2020, PCDC finalized the purchase of 19 lots in the subdivision to help the project move along faster. PCDC intends to develop RFP's to solicit developers for the property it now controls.
- The paving of **Gustin Road** that leads to Allmand Inc./Briggs & Stratton and the Iron Horse Business & Industry Park was completed. PCDC helped secure a grant for this project, which was a piece in the puzzle to securing the recent Allmand Inc. expansion in Holdrege and creating better access to **Iron Horse Business & Industry Park**.
- PCDC staff and volunteers have devoted significant time and energy during the first half of this year working with **potential new tenants to the Iron Horse Business & Industry Park**. If any of these projects come to fruition, they will significantly boost the local economy. PCDC continues to look for these and other opportunities as more companies look to "re-shore" their businesses to the United States. Nebraska and Phelps County are uniquely positioned to help.
- PCDC's GO! HOME program helped **relocate 22 people to the county** in the first part of 2020 and 189 new residents since the program started.
- **Golden Harvest Seed Company** neared completion of its predevelopment process to establish a new headquarters and warehousing/distribution operation in west Holdrege. Construction should begin this fall.

SIGNIFICANT TRANSACTIONS OVERVIEW

RECEIPTS	JAN-JUNE	EXPENSES AND INVESTMENTS	JAN-JUNE	NOTES
PCCF Scholarship Match	\$10,000	Administrative Transfers	\$68,208	
City Sales Tax Receipts	\$260,450	Retail Strategies Contract	\$35,000	
		Iron Horse Loan Payment	\$82,892	Regular Pmt: Principal + Interest
		Iron Horse Property Taxes	\$9,545	
		GO! Program Distributions	\$143,472	Economic Recovery Grants HDJ Scholarships Down Pmt, FIG/Ext Remediation

Besides the impressive list of accomplishments listed above, PCDC has also been working on the following projects during the first half of 2020:

STRATEGIC PLANNING

- PCDC's Executive Director is a member of NEDA's Legislative Committee and actively monitors **legislative bills that would affect Phelps County and economic development prospects in Nebraska** and he maintains close contact with allied agencies as well as communicating with state senators as needed.
- Commissioned **market impact reports** demonstrating the economic benefits of the health care and manufacturing industries in Phelps County, two large segments that contribute to our market's prosperity.
- Started initial planning for **Prosperity Project 3**, which would continue private sector funding for the operations of PCDC in addition to local LB840 funds, which are primarily devoted to program uses.
- Began deliberations with OmniTrax for **rail improvements within Iron Horse Business & Industry Park** based on new users identified for the service.

- Preliminary engineering for water and sewer improvements to service Iron Horse have been completed by Olsson. Additional work will be completed after review and approval of the preliminary plans.
- Industrial development planning was initiated for two prospective tenants of Iron Horse, which will require connection to city services.

TARGETED RECRUITMENT

- Worked with Noddle Development, owner of Holdrege Plaza, and **initiated contact with multiple potential new retailers** as potential tenants for the now-vacated Shopko building. Noddle reports that it currently has a Letter of Intent with one potential tenant to occupy 15,000sf of the building's 27,000sf footprint. Noddle is attempting to fill the entire space before moving forward with renovations and making its announcement.
- Continued to work with Retail Strategies, **a nationwide statistics and marketing firm**, to aggressively seek new retailers to fill market voids identified in the research while also working with existing retailers to improve their market position. Our goal is to capture sales revenues now leaking to neighboring markets. Retail Strategies is representing the Holdrege area at retail trade shows on a regular basis and also make direct contact with targeted businesses.
- At the request of the clients, PCDC maintains confidentiality of those companies while projects are in development. Currently, we are working with **two restaurant brands** that are committed to new facilities in Holdrege, **one general merchandise retailer** and **one service-oriented company**. Provided site options for a **high-profile retail brand** that is interested in the Holdrege market.
- The Executive Director attended the **International Packaging & Processing Equipment (IPPE) Trade Show** and Conference in Atlanta, GA in January as part of a delegation organized by NPPD. Pre-scheduled meetings with prospective companies yielded several new relationships within this targeted industry segment. This is the second consecutive year to attend this conference that attracts more than 30,000 people annually.

BUSINESS RETENTION & EXPANSION

- Provided 5 bidding opportunities to local contractors through the **PCDC Builders Bureau**.
- **The Veterans Administration Clinic** expansion was completed and is fully occupied. A few punch list items remain to be completed with some new equipment still yet to arrive. This project will introduce new services for veterans. The clinic serves a very large regional market and often attracts overnight visitors to the community.
- Hosted representatives from **Retail Strategies** on a visit to Phelps County in late February. The visit included a retail recruitment committee meeting and brainstorming sessions with three local business owners to review market data and potential growth opportunities.
- Awarded **\$9,584 in digital development grants** to 10 local businesses as part of the COVID-19 economic stimulus packages. The grants could be used to establish or upgrade websites, expand advertising or to join GROW Nebraska or the Holdrege Area Chamber of Commerce.
- Assisted **ruralMED to identify local expansion sites** to consolidate its operations in Holdrege. The company selected the vacated Bob & Norms to purchase and entered into a long-term lease for the adjacent space formerly occupied by Hamburger Inn. Interior renovations neared completion by the end of June with a portion of the space already occupied. PCDC's GO! DREAM program will support exterior renovations and signage.
- PCDC staff toured the Hotel Dale with prospective buyers in May, introduced the buyers to another developer and identified grants and loans that could be used for a **Hotel Dale renovation project**. Unfortunately, the prospective buyers did not proceed with the project. The Dale will be auctioned online in August.
- Assisted several **local business owners** interested in expansion with the site selection and financing processes.
- Hosted one in-person **Business in Motion** workshop and promoted several online trainings to area business owners and entrepreneurs.

- In the first half of 2020, PCDC awarded **GO! DREAM** grants to:
 - KUVR Radio Station – Signage Grant
 - Wagner Irrigation – First Impression Grant and Signage Grant
 - ruralMed – First Impression Grant, Signage Grant, Exterior Remediation Grant
 - Trent Fuecker project (new auto repair shop) in Funk – Exterior Remediation Grant
- One loan was paid in full and liens were released. Payments for another loan were suspended due to the impact of COVID-19 on the business.

COMMUNITY PREPAREDNESS & QUALITY OF LIFE

- PCDC organized and hosted a luncheon with developer and attorney Cliff Mesner, who explained how **community investment clubs** work and the impact they can have on retaining and recruiting businesses to small towns. More than 30 people attended, and several expressed interest in starting a local investment club after the presentation. Despite the strong interest this project has been put on temporary hold during the pandemic.
- PCDC staff and volunteers assisted the **Veteran’s Memorial committee** with the project of creating a local Veterans Memorial. PCDC is hosting and launched the Veteran’s Memorial website on its platform at no additional cost to PCDC or to the Veteran’s Memorial.
- Assisted the **Holdrege Public Library** board and potential developer to identify solutions for possible construction of a new library. Due to challenges of financing a new structure, PCDC has attempted to provide alternative solutions for the board and city council to consider.
- Awarded **10 High-Demand Jobs Scholarships** totaling \$26,000 to students who plan to return to Phelps County to work in high-demand careers.
- GO! Home Initiatives (first half of 2020):
 - Provided 8 Down Payment Assistance grants resulting in **21 new residents** and **\$1.4 million in home sales**.
 - Provided 1 residential exterior improvement grant resulting in **1 new resident**.
 - Provided **1 renovation reimbursement** grant.

NOTE: Some of the GO! HOME programs were temporarily suspended to redirect funds to PCDC’s COVID-19 Economic Recovery Grants.

- Supported the start-up of a new auto technician training program for area high school students that is a partnership between **Janssen Auto Group, Holdrege Public Schools, and Central Community College**. PCDC will provide tuition support for the first year of the program.

BRANDING, MARKETING AND COMMUNITY CONSENSUS

- Created and unveiled a **new PCDC logo** to give the organization a fresh new look that captures the nature of PCDC’s work while conveying the spirit of our region’s culture: Trusted Partnerships.
- Partnered with the Holdrege Area Chamber of Commerce to submit an application to HGTV for the **Hometown Take Over** program. A fierce nationwide competition and COVID-19 worked against Holdrege as a selection.
- COVID-19 cancelled PCDC’s 2020 annual meeting, which was to be held at the city auditorium with guest speaker Dave Rippe, speaking on the theme of **DO EPIC STUFF!** Never Underestimate the Power of Thinking Small.
- Honored **BD and Glion Electric Scooters** as the 2020 PCDC **Businesses of the Year**.
- PCDC staff and volunteers helped lead the SCEDD HomeNE webinar on the topic of “The Importance of and How to use a Housing Study.”
- Promoted **BD’s apprenticeship program** through PCDC’s communication channels.
- PCDC’s web and social media platforms consistently reach more than 5,000 people per month to reinforce the advantages of Holdrege and Phelps County.

- In partnership with KRJPR, PCDC **continued communications with the public and investors** through monthly e-newsletters and the quarterly **Phelps County Business Journal** (PCBJ). 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. We continue to receive extremely positive feedback on the content and quality of the PCBJ.
- Worked with Golden Shovel Agency to update PCDC’s **website** (www.PhelpsCountyNE.com) with new content directed at site selection decision-makers and local residents. The **refreshed website** went live on July 22 and includes new content, photos, and color schemes to match the new PCDC logo.

OTHER MARKET ACTIVITY

- PCDC operates with the understanding that over time project activity generates gravitational pull to naturally attract more investment and job growth. Sometimes this is referred to as the “snowball effect.”
- **Allmand resumed production** after a several weeks hiatus due to COVID-19. The plant will ramp up over the coming months to full capacity.
- BD announced that the Nebraska plants will share in a **\$70 million expansion** to increase production of general-purpose syringes related to CARES ACT funding. The Holdrege plant is slated to receive a significant if not majority share of this project.
- PCDC assisted the Holdrege Area Chamber of Commerce to advocate for imposition of a 5% **City Occupation Tax on hotel rooms** in advance of the opening of the new Cobblestone Inn & Suites. The premise guiding this request is that hospitality derived revenues should be reinvested to help grow the market segment, which in turn produces more direct and indirect returns to the city.


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:

2020 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

07/28/2020

 Date

Phelps County Development Corporation LB840
LB840 Assets, Liabilities and Net Assets
As of June 30, 2020

	Jun 30, 20
ASSETS	
Current Assets	
Checking/Savings	
Checking-Great Western	4,510.72
Money Mkt. LB840-Great Western	157,239.77
Scholarship Funds - PCCF	69,219.18
Total Checking/Savings	230,969.67
Accounts Receivable	
Accounts Receivable	5,100.00
Notes Receivable	492,023.02
Total Accounts Receivable	497,123.02
Other Current Assets	
RLF-Great Western	14,315.79
FSBH - RLF Loan Repayment(s)	99,111.85
Bruning Bank	2,523.09
FirsTier Bank	171,840.20
Home Federal	6,682.24
Certificates of Deposit	365,669.85
Total Other Current Assets	660,143.02
Total Current Assets	1,388,235.71
Fixed Assets	
Net Property and Equipment	476.64
Total Fixed Assets	476.64
Other Assets	
Property	1,660,954.43
Total Other Assets	1,660,954.43
TOTAL ASSETS	3,049,666.78
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	38,817.68
Other Current Liabilities	
TIF Bond Proceeds	171,155.30
Prepaid BD Down Pmt Match	35,000.00
Total Other Current Liabilities	206,155.30
Total Current Liabilities	244,972.98
Long Term Liabilities	
B&I Park Loan	112,348.20
Crew Subdivision Loan	313,230.19
Total Long Term Liabilities	425,578.39
Total Liabilities	670,551.37
Equity	
Unrestricted Net Assets	2,386,165.51
Net Income	-7,050.10
Total Equity	2,379,115.41
TOTAL LIABILITIES & EQUITY	3,049,666.78

LB840 Financial Variance Report

As of June 30, 2020

VARIANCES:

ACCOUNT	NOTE
INCOME	
Interest on Loans Extended	On April 13, the Board approved a six-month deferral for the Lost Way Brewery loan due to COVID-19's impact on the business. No interest or penalties will accrue during the deferral. Payments will resume in October.
EXPENSES	
GO! Loans, Steps, BizMo, etc.	Economic Recovery Grants: The Executive Committee approved a reallocation of funds to accommodate these grants at a special meeting held on Friday, March 27. This was reviewed and approved by the full Board of Directors at the regularly scheduled meeting on Monday, April 13. The overall net change to the budget resulted in a decrease in expenses.
Permitting Asst & Proj Advocacy	Engineering and Site Planning for Proposals
Other Costs	Service Charge incurred at FirstTier Bank. The balance fell below the required minimum when this account was switched over to manage the TIF proceeds and disbursements.

NOTES:

ACCOUNT	NOTE
Transfer from General	PCCF Scholarship Match per 2020 budget
Transfer to General	General Office Support per 2020 Budget (33% of salary expense)
GO! Scholarships & Training	High Demand Jobs Scholarships issued. This is not a variance, but percentages make it appear out of alignment.
Tradeshows, Consultants, etc.	CVN Membership Dues makes up the bulk of this line item. This is not a variance, but percentages make it appear out of alignment.
Mktg, Comm, Website, Research	Retail Strategies Consulting Service makes up the bulk of this line item. This is not a variance, but percentages make it appear out of alignment.
Iron Horse B&I Park Taxes & Ins	Loan Interest paid. This is not a variance, but percentages make it appear out of alignment.

Phelps County Development Corporation LB840
Statement of Revenues & Expenses Compared to Budget
January through June 2020

	Jan - Jun 20	Budget	% of Budget
Ordinary Income/Expense			
Income			
City Sales Tax Receipts	260,450.00	498,000.00	52.3%
Iron Horse Lease Income	12,840.00	25,680.00	50.0%
Builders Bureau Membership	800.00	600.00	133.3%
Scholarship Reimbursement	0.00	0.00	0.0%
Sale of Certified Water Rights	0.00	0.00	0.0%
HYP Income	0.00	0.00	0.0%
Property Sales	0.00	0.00	0.0%
Investments			
Interest-Savings, Short-term CD	2,048.10	5,000.00	41.0%
Interest on Loans Extended	605.45	2,327.00	26.0%
Total Investments	2,653.55	7,327.00	36.2%
Miscellaneous Revenue	0.00	0.00	0.0%
Total Income	276,743.55	531,607.00	52.1%
Expense			
Retention/Expansion/Recruitment			
GO! Loans, Steps, BizMo, etc.	98,816.01	2,400.00	4,117.3%
GO! Scholarships & Training	26,100.00	35,000.00	74.6%
Job Creation Incentives	0.00	33,000.00	0.0%
Career Ed - Workforce Rec / Dev	395.00	18,000.00	2.2%
Permitting Asst & Proj Advocacy	7,492.83	6,000.00	124.9%
Tradeshows, Consultants, etc.	7,802.04	10,000.00	78.0%
Mktg, Comm, Website, Research	44,952.60	58,000.00	77.5%
Iron Horse B&I Park Taxes & Ins	19,107.46	25,000.00	76.4%
Property Expenses	0.00	0.00	0.0%
HYP Expenses	0.00	0.00	0.0%
Total Retention/Expansion/Recruitment	204,665.94	187,400.00	109.2%
Infrastructure/Housing/Planning			
Housing Dev Infr - Grant Match	0.00	0.00	0.0%
GO! Newcomers Down Pmt Match	11,000.00	37,500.00	29.3%
GO! Newcomers Renter Relocation	0.00	0.00	0.0%
GO! HOME Contractor Incentives	0.00	15,000.00	0.0%
GO! HOME Homeowner Incentives	28.00	20,000.00	0.1%
GO! DREAM Code Compliance Grant	0.00	50,000.00	0.0%
Committee Support	54.49	1,200.00	4.5%
Engineer, Planning, Const, Dev	0.00	15,000.00	0.0%
Total Infrastructure/Housing/Planning	11,082.49	138,700.00	8.0%
Community Growth & Preparedness			
GO!DREAM Target Bldg Loan/Grant	0.00	10,000.00	0.0%
GO! BIZ First Impression Grants	0.00	5,000.00	0.0%
GO! DREAM FIG / Ext Rem	9,831.22	55,000.00	17.9%
Ballfield Complex	0.00	75,000.00	0.0%
Total Community Growth & Preparedness	9,831.22	145,000.00	6.8%
Depreciation Expense	0.00	191.00	0.0%
Other Costs	6.00	0.00	100.0%
Total Expense	225,585.65	471,291.00	47.9%
Net Ordinary Income	51,157.90	60,316.00	84.8%
Other Income/Expense			
Other Income			
Transfer from General	10,000.00	10,000.00	100.0%
Total Other Income	10,000.00	10,000.00	100.0%
Other Expense			
Transfer to General	68,208.00	68,208.00	100.0%
Total Other Expense	68,208.00	68,208.00	100.0%
Net Other Income	-58,208.00	-58,208.00	100.0%
Net Income	-7,050.10	2,108.00	-334.4%

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)"
- 2020 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

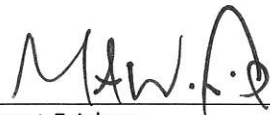
This program review certifies the application process was conducted properly and any funds expended or projects approved meet with the LB840 eligibility guidelines as written in our community's plan and approved by the citizens on March 12, 2001.

- 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 12, 2020 and agree with the committee's findings above.

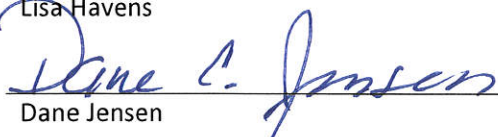
Luke Thorell will be making the presentation to the City of Holdrege at a regularly scheduled meeting of the Council.



Grant Ericksen




Lenore Kayton

Lisa Havens


Dane Jensen

Michaela Nielsen


Luke Thorell



Rochelle Jurgens

Diana Watson