



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

February 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: July 1 –December 31, 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**

The last half of 2019 was a productive season for PCDC and Phelps County. Even as the weather turned colder, construction continued in all corners of Holdrege and in several parts of Phelps County.

Highlights include:

- Southern Public Power District: A **\$2.5 million new service center** built in Funk. PCDC provided siting assistance for the project as well as organizing and publicizing the project's groundbreaking. The new facility opens Feb 17.
- Cobblestone Hotel: PCDC helped with research, siting, financing and permitting assistance for this **\$4.25 million hotel being built** at the site of the former Washington School in Holdrege. Groundbreaking occurred in October, and construction is moving quickly toward a summer 2020 opening.
- Crew Subdivision: Work also began on the Crew Housing Subdivision in east Holdrege. This new subdivision will provide 40 new living units once completed with 26 anticipated in 2020, a **\$5 million investment** in 2020 alone. PCDC provided help with siting, financing and TIF approval.
- Iron Horse Flats Apartments: PCDC provided a GO! DREAM grant to Smart Choice Properties to renovate and create new downtown housing units. Total **investment in this project was \$1.3 million** and resulted in 8 new and 18 high-end total downtown living units.
- VA Clinic: Work continues on the expanded VA clinic, which is estimated as a **\$2.25 million investment**. PCDC provided market research and siting assistance for this project.
- Allmand Inc./Briggs & Stratton: The governor helped celebrate the groundbreaking of an **\$8 million expansion** at this local manufacturing plant. PCDC helped with land acquisition, financing, grants and workforce assistance.
- Phelps Memorial Health Center: The local hospital embarked on a **\$10+ million expansion project**. PCDC provided consulting services to hospital administration for this project.
- BD: Holdrege's largest employer is in the final stages of its \$100 million expansion project announced in 2016. In October of 2019, the company committed to a **NEW \$40 million investment**, which will result in 35 new jobs to support the introduction of two new product lines.
- PCDC's GO! HOME program helped **relocate 91 people to the county** in 2019 and more than 150 since the program started just over two years ago.

While we celebrate the accomplishments of 2019, we are looking forward to establishing greater momentum on several new projects for 2020, including efforts to recruit new retail stores and restaurants to the area. Plus, we will continue to support growth and expansion of current businesses and help recruit workers and people to our great community.

## **SIGNIFICANT TRANSACTIONS OVERVIEW**

<b>RECEIPTS</b>	<b>JAN-JUNE</b>	<b>JULY-DEC</b>	<b>TOTAL</b>	<b>EXPENSES AND INVESTMENTS</b>	<b>JAN-JUNE</b>	<b>JULY-DEC</b>	<b>TOTAL</b>	<b>NOTES</b>
PCCF Scholarship Match	\$10,000	\$0	\$10,000	Administrative Transfers	\$45,350	\$0	\$45,350	
City Sales Tax Receipts	\$245,689	\$289,704	\$535,394	Ironhorse Payback to General	\$50,000	\$0	\$50,000	\$230,000 loaned in 2013; \$180,000 paid back in 2016
Sale of Property	\$55,275	\$0	\$55,275	Buxton Contract	\$50,000	\$0	\$50,000	
				Iron Horse Loan Payment	\$87,043	\$0	\$87,043	Regular Pmt: Principal + Interest
				Iron Horse Loan Payment	\$55,275	\$0	\$55,275	Principal Only: Proceeds from Water Rights Sale
				Iron Horse Property Taxes	\$10,286	\$0	\$10,286	
				GO! Program Distributions	\$80,268	\$264,660	\$344,928	
				Ballfield Complex	\$0	\$75,000	\$75,000	

Besides the impressive list of accomplishments listed above, PCDC has also been working on the following projects during the last half of 2019:

### **STRATEGIC PLANNING**

- Partnered with Ag West Commodities to conduct a survey of area ag producers to determine interest in **diversified livestock development opportunities**.
- Commissioned and promoted results of a livestock impact study through the Nebraska Public Power District. The results showed that livestock (mainly cattle) **produce a \$616 million local economic** impact in Phelps County.
- Provided **professional development workshops to the local CRA** board to help members understand and plan for future growth and to provide a better understanding of TIF opportunities. Tax Increment Financing is a powerful tool created by the legislature for the benefit of and under the control of local jurisdictions. PCDC's goal is to maximize the proper utilization of TIF for the benefit of Holdrege's development.
- PCDC staff and board members attended several conferences to learn, share successes and network, including the **Nebraska Economic Development Conference** in Wayne, the **Governor's Economic Summit** in Lincoln, the **NIFA Workforce Housing Conference** in Kearney, the **National Rural Economic Developers Association Conference** in Kansas City, and the **SCEDD Home NE** conference in Holdrege, where staff and board members gave tours and input about PCDC's GO! HOME program.
- **Updated retail recruitment targets and marketing** materials for 2020 based on a new report from Retail Strategies. The report indicated opportunity for retailers in groceries, gas, food/beverages and general merchandise.

### **TARGETED RECRUITMENT**

- Efforts to fully develop **Iron Horse Business & Industry Park** continue as PCDC commissioned Olsson to prepare a "Master Development Plan." The plan may mirror similar successful efforts in peer communities such as Seward, NE. Iron Horse was included as an option in multiple submissions to site selectors in 2019 and ownership of a portion of the park was transferred to Allmand to help facilitate its current and future expansion plans.
- PCDC staff is working closely with Noddle Development and **initiated contact with multiple potential new retailers** to help find new tenants for the now-vacated Shopko building. We anticipate movement at this and nearby sites in 2020.
- PCDC began a new partnership with Retail Strategies, **a nationwide statistics and marketing firm**, to support local retailers to capture sales revenues now leaking to neighboring market and to recruit new retailers and

restaurants to the county. Retail Strategies is representing Holdrege area at retail trade shows on a regular basis.

- Formed a new **Retail Recruitment Committee** to help promote and beef up efforts to attract new retailers to the community. The committee met for the first time in December.
- Partnered with the Holdrege Area Chamber of Commerce and Phelps Memorial Health Center to launch a **marketing campaign aimed at workers in Murray, Kentucky**, who lost their jobs after their local Briggs & Stratton plant was scheduled to close. The goal is to encourage those without jobs to consider similar jobs available in Phelps County.
- Ron traveled to Minneapolis to **meet with four potential prospects** who are interested in relocating to a rural market. These prospects were identified through PCDC's continued partnership with Community Venture Network.
- Met with the Farmer Network Development official at Fremont's new Costo location and with a regional team to discuss **farmer network development** in Central Nebraska.
- Met with representatives from the **Nebraska Sorghum Board** to discuss areas of collaboration to recruit or develop processing facilities in our region.

### **BUSINESS RETENTION & EXPANSION**

- Provided 18 bidding opportunities to local contractors through the **Builder's Bureau**.
- Met with the Lexington City Manager, Ag West, AFAN and NPPD to advance discussions on partnering to attract **large-scale ag-based projects** to the region.
- Assisted several **local business owners** interested in expansion with the site selection and financing processes.
- In the last half of 2019, PCDC awarded **GO! DREAM** grants to:
  - Fye Law Office – First Impression Grant, Exterior Remediation Grant, and Code Compliance Grant
  - Screen Machine – Exterior Remediation Grant
- Promoted the **GO! Franchise** program that encourages 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. To date, no new franchises have been started however PCDC will continue efforts to encourage retail development.

### **COMMUNITY PREPAREDNESS & QUALITY OF LIFE**

- Met with library staff and volunteers to explore possibilities for a **new library/learning center**.
- PCDC staff and volunteers assisted with the **Veteran's Memorial committee** project of creating a local Veterans Memorial.
- **PCDC purchased 19 lots in the new Crew Subdivision** to ensure this project stays on track and that the area has enough homes to recruit new families to the area.
- GO! Home Initiatives (for all of 2019):
  - Provided 19 Down Payment Assistance grants resulting in **40 new residents** and **\$2.3 million in home sales**.
  - Provided 22 Rental Relocation grants resulting in **59 new residents**.
  - Provided 9 residential exterior improvement grants resulting in **6 new residents**.
  - Provided 1 major renovation grant and 1 lot clearing grant.
- Partnered with the Holdrege Area Chamber of Commerce to launch a new **Leadership Holdrege** program designed to develop the next generation of community leaders.
- Supported the start-up process 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**

- Secured recertification as a **Certified Economic Development Community**. Holdrege is one of 40 communities in Nebraska with this designation.
- In partnership with KRJPR, PCDC **continued communications with the public and investors** through monthly e-newsletters and the quarterly Phelps County Business Journal (fall and winter 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](http://www.PhelpsCountyNE.com)) with new content directed at site selection decision makers and local residents. One addition is a **new section on the website** that promotes local office spaces for rent or sale.

## **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.

  
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PCDC Executive Director

02/05/2020  
\_\_\_\_\_  
Date

**Phelps County Development Corporation LB840**  
**LB840 Assets, Liabilities and Net Assets**  
As of December 31, 2019

	Dec 31, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Checking-Great Western	76,574.68
Money Mkt. LB840-Great Western	58,551.33
Scholarship Funds - PCCF	59,332.48
<b>Total Checking/Savings</b>	194,458.49
<b>Accounts Receivable</b>	
Accounts Receivable	4,300.00
Notes Receivable	494,318.73
<b>Total Accounts Receivable</b>	498,618.73
<b>Other Current Assets</b>	
RLF-Great Western	14,315.08
FSBH - RLF Loan Repayment(s)	95,828.43
Bruning State Bank	14,523.09
FirsTier Bank	53,802.34
Home Federal	51,593.22
Certificates of Deposit	361,934.52
<b>Total Other Current Assets</b>	591,996.68
<b>Total Current Assets</b>	1,285,073.90
<b>Fixed Assets</b>	
Net Property and Equipment	667.29
<b>Total Fixed Assets</b>	667.29
<b>Other Assets</b>	
Property	1,368,063.50
<b>Total Other Assets</b>	1,368,063.50
<b>TOTAL ASSETS</b>	<b>2,653,804.69</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	65,383.11
<b>Total Accounts Payable</b>	65,383.11
<b>Other Current Liabilities</b>	
Prepaid BD Down Pmt Match	12,500.00
<b>Total Other Current Liabilities</b>	12,500.00
<b>Total Current Liabilities</b>	77,883.11
<b>Long Term Liabilities</b>	
B&I Park Loan	187,348.20
<b>Total Long Term Liabilities</b>	187,348.20
<b>Total Liabilities</b>	265,231.31
<b>Equity</b>	
Unrestricted Net Assets	2,433,151.11
Net Income	-44,577.73
<b>Total Equity</b>	2,388,573.38
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,653,804.69</b>

# LB840 Financial Variance Report

*As of December 31, 2019*

ACCOUNT	NOTE
<b>INCOME</b>	
Iron Horse Lease Income	Rent was adjusted to reflect reduction in acres due to land swap.
Scholarship Reimbursement	Per audit, all Scholarship Repayments were reclassified from an Income account to an Accounts Receivable account.
<b>RETENTION/EXPANSION/RECRUITMENT</b>	
Permitting Asst & Proj Advocacy	Engineering expenses associated with Allmand expansion and RFP responses.
Mktg, Comm, Website, Research	<p>New contract with Retail Strategies, transitioning from Buxton to Retail Strategies. This included the new contract fee with Retail Strategies and a termination fee with Buxton. This was approved at the July 8 Board Meeting.</p> <p>Extra expenses in this account that were not anticipated when the budget was written include:</p> <ol style="list-style-type: none"> <li>1) Recruitment Ad in Expansion Solutions \$1,275.00</li> <li>2) Phelps/Gosper Cattleman Annual Banquet Sponsorship \$250.00</li> <li>3) Blueprint Nebraska research sponsorship \$1,000.00</li> <li>4) Expenses associated with agricultural survey \$325.00</li> <li>5) Meetings and travel expenses associated with Retail Strategies transition \$1,258.08</li> <li>6) NEDA Education &amp; Advocacy Sponsorship \$750.00</li> </ol>
Property Expenses	Transfer fees associated with the certified water rights sale and expenses incurred with moving the pivot stop in conjunction with the land swap.
<b>INFRASTRUCTURE</b>	
GO! Newcomers Down Pmt Match	Program was very popular, and staff saw value in continuing although the budget was exhausted. Funds were reallocated from underutilized programs.
GO! Newcomers Renter Relocation	Program was very popular, and staff saw value in continuing although the budget was exhausted. Funds were reallocated from underutilized programs.
GO! Home Contractor Incentives	97% of the expenses in this account are for 2018 approvals.
GO! Home Homeowner Incentives	45% of the expenses in this account are for 2018 approvals.
Committee Support	Expenses associated with CRA Workshops were not planned when the budget was written.
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.
<b>COMMUNITY GROWTH &amp; PREPAREDNESS</b>	
GO! DREAM First Imp Grants	40% of the expenses in this account are for 2018 approvals.
<b>OTHER INCOME/EXPENSE</b>	
Other Costs	Cashiers Check Fee. These fees are usually waived for PCDC, but the teller was not aware of that on one transaction. Also, two unpaid Builders Bureau Memberships were written off.
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 December 2019**

	Jan - Dec 19	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
City Sales Tax Receipts	535,393.75	575,000.00	93.1%
Iron Horse Lease Income	25,680.00	28,080.00	91.5%
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	0.00	100.0%
Property Sales	0.00	0.00	0.0%
<b>Investments</b>			
Interest-Savings, Short-term CD	12,071.87	5,000.00	241.4%
Interest on Loans Extended	2,946.09	2,870.00	102.7%
<b>Total Investments</b>	15,017.96	7,870.00	190.8%
<b>Miscellaneous Revenue</b>	0.00	0.00	0.0%
<b>Total Income</b>	632,066.71	612,650.00	103.2%
<b>Expense</b>			
<b>Retention/Expansion/Recruitment</b>			
GO! Loans, Steps, BizMo, etc.	1,180.18	2,500.00	47.2%
GO! Scholarships & Training	23,236.62	30,000.00	77.5%
Job Creation Incentives	0.00	10,000.00	0.0%
Career Ed - Workforce Rec / Dev	4,240.75	35,000.00	12.1%
Permitting Asst & Proj Advocacy	15,663.10	7,500.00	208.8%
Tradeshows, Consultants, etc.	10,769.82	15,000.00	71.8%
Mktg, Comm, Website, Research	87,933.90	65,000.00	135.3%
Iron Horse B&I Park Taxes & Ins	23,999.57	28,000.00	85.7%
Property Expenses	2,052.45		
<b>Total Retention/Expansion/Recruitment</b>	169,076.39	193,000.00	87.6%
<b>Infrastructure</b>			
Housing Dev Infr - Grant Match	0.00	0.00	0.0%
GO! Newcomers Down Pmt Match	41,000.00	37,500.00	109.3%
GO! Newcomers Renter Relocation	22,475.00	10,000.00	224.8%
GO! HOME Contractor Incentives			
2018 Approval	83,061.80		
2019 Approvals	2,500.00	25,000.00	10.0%
GO! HOME Contractor Incentives - Other	0.00	0.00	0.0%
<b>Total GO! HOME Contractor Incentives</b>	85,561.80	25,000.00	342.2%
GO! HOME Homeowner Incentives			
2018 Approvals	10,542.00		
2019 Approvals	12,894.00	22,500.00	57.3%
GO! HOME Homeowner Incentives - Other	0.00	0.00	0.0%
<b>Total GO! HOME Homeowner Incentives</b>	23,436.00	22,500.00	104.2%
GO! DREAM Code Compliance Grant			
2018 Approvals	80,000.00		
2019 Approvals	0.00	100,000.00	0.0%
GO! DREAM Code Compliance Grant - Other	0.00	0.00	0.0%
<b>Total GO! DREAM Code Compliance Grant</b>	80,000.00	100,000.00	80.0%
Committee Support	990.13	500.00	198.0%
Engineer, Planning, Const, Dev	26,767.21	5,000.00	535.3%
<b>Total Infrastructure</b>	280,230.14	200,500.00	139.8%
<b>Community Growth &amp; Preparedness</b>			
GO! DREAM Targeted Bldg Loans	0.00	50,000.00	0.0%
GO! BIZ First Impression Grants	0.00	6,000.00	0.0%

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

	<u>Jan - Dec 19</u>	<u>Budget</u>	<u>% of Budget</u>
<b>GO! DREAM First Imp Grants</b>			
2018 Approvals	27,538.92		
2019 Approvals	40,499.44	62,500.00	64.8%
GO! DREAM First Imp Grants - Other	0.00	0.00	0.0%
<b>Total GO! DREAM First Imp Grants</b>	<u>68,038.36</u>	<u>62,500.00</u>	<u>108.9%</u>
<b>Ballfield Complex</b>	<u>75,000.00</u>	<u>75,000.00</u>	<u>100.0%</u>
<b>Total Community Growth &amp; Preparedness</b>	<u>143,038.36</u>	<u>193,500.00</u>	<u>73.9%</u>
<b>Depreciation Expense</b>	0.00	191.00	0.0%
<b>Other Costs</b>	115.00	24.00	479.2%
<b>Total Expense</b>	<u>592,459.89</u>	<u>587,215.00</u>	<u>100.9%</u>
<b>Net Ordinary Income</b>	<u>39,606.82</u>	<u>25,435.00</u>	<u>155.7%</u>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
Transfer from General	11,165.45	10,000.00	111.7%
<b>Total Other Income</b>	<u>11,165.45</u>	<u>10,000.00</u>	<u>111.7%</u>
<b>Other Expense</b>			
Transfer to General	95,350.00	95,350.00	100.0%
<b>Total Other Expense</b>	<u>95,350.00</u>	<u>95,350.00</u>	<u>100.0%</u>
<b>Net Other Income</b>	<u>-84,184.55</u>	<u>-85,350.00</u>	<u>98.6%</u>
<b>Net Income</b>	<u><u>-44,577.73</u></u>	<u><u>-59,915.00</u></u>	<u><u>74.4%</u></u>



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)"
- 2019 LB840 Financial Statements for the period January 1 – December 31:
  - 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 February 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  
Grant Ericksen

Lisa Havens  
Lisa Havens

Dane Jensen  
Dane Jensen

Rochelle Jurgens  
Rochelle Jurgens

Lenore Kayton  
Lenore Kayton

Michaela Nielsen  
Michaela Nielsen

Luke Thorell  
Luke Thorell

Diana Watson  
Diana Watson