



SEMI-ANNUAL PUBLIC REVIEW
LOCAL OPTION MUNICIPAL SALES TAX (LB840)
August 8, 2018, 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, 2018. 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 REVIEW

Since July 2002 the Phelps County Development Corporation (PCDC) has served as the Economic Development Program Administrator for the City of Holdrege. An outline of PCDC’s economic development activities follow:

SUMMARY

PCDC is pleased to report that momentum continued to build during the first half of 2018 across all of its sectors of work.

Concerted efforts have been made to address the need for more “workforce housing.” Construction was completed on the new 18-unit Washington Square townhomes, three new homes were constructed in Loomis, two lots were cleared of dilapidated homes – one in Holdrege and one in Bertrand - five grants were awarded to contractors/developers who are renovating homes, and several more grants were awarded through the employer-matching down-payment assistance program that resulted in the relocation of commuters to Phelps County.

Seed money pledged by PCDC enabled the Holdrege Development Corporation (HDC) to win a LB518 Workforce Housing state grant for a new 40-unit subdivision in east Holdrege, which is slated to begin in late 2018. Concurrently, PCDC initiated discussions between a Holdrege property owner and developer for another new subdivision on 18 acres of land in east Holdrege.

PCDC continues to promote Phelps County as a site for new industrial development and take necessary steps to prepare Iron Horse Business & Industry Park as a potential home for appropriate industrial investment. PCDC attended trade shows during the first half of 2018 that targeted food processing and poultry industry as well as one that targeted retailers and restaurants.

A new Cobblestone Hotel is scheduled for construction at the former site of the Washington School; PCDC identified the developer and also coordinated the project’s request for Tax Increment Financing. PCDC also led a communication campaign with community leaders, which was key in winning approval. Construction could begin as early as this fall.

After business and community leaders expressed concern over the lack of professional meeting/event spaces in the county, PCDC took the lead to organize an event center feasibility study that determined a need for an event center sized appropriately for this market. PCDC has formed a steering committee that will explore strategies to make it happen.

PCDC has also begun a process to revitalize the downtown business district by updating a five-year old strategic plan and adding aggressive incentives to attract new investment. Taking cues from other successful programs the program will be branded as GO! DREAM (Downtown Revitalization Economic Assistance Mission). PCDC’s vision is that downtown should be “the beating heart” of the community and take a leading role to attract visitors, more businesses, downtown residents and proactively address workforce housing issues facing Phelps County.

The PCDC staff is excited about momentum building in our communities and look forward to an even more exciting second half of 2018.

SIGNIFICANT TRANSACTIONS OVERVIEW

RECEIPTS:

PCCF Scholarship Match: \$10,000
MMI Loan Payoff: \$36,000
City Sales Tax Proceeds: \$311,357.34

EXPENSES:

Administrative Transfers: \$30,000
Buxton Contract (pmt 2 of 2): \$25,000
Iron Horse Loan Payment: \$90,000
Iron Horse Property Taxes: \$11,000
Gap Financing Loans: \$335,000

STRATEGIC PLANNING

- In partnership with SCEDD, PCDC will update the 2013 Downtown Revitalization Plan prepared by RDG Planning & Design to establish clear priorities and strategies for the next five years. The new plan will set clear aspirational goals for development that will be supported in part by PCDC's LB840 funds. Incentives for the new **DREAM (Downtown Revitalization & Economic Assistance Program) initiative** will be presented to the PCDC board for approval this fall. Adhering to the concept that America Still Needs Vibrant Small Towns, PCDC intends to support projects that will transform Holdrege into a preferred destination for young families that often choose their place to live before choosing a career. Lifestyle and amenities matter.
- Led efforts to conduct an **event center study** to determine the need for a center and if it would be viable. The study indicated that an event center is needed in Phelps County, and PCDC has formed a steering committee to explore strategies for financing and site identification.

TARGETED RECRUITMENT

- **Iron Horse Business & Industry Park:** When purchased by PCDC, future property development was controlled by restrictive and ambiguous covenants meant to protect Christian Homes, which required updating. Negotiations with Christian Homes to revise these property covenants were completed over an 18-month time frame. The updated covenants identify specific permitted activities and those that will be excluded. Clearing this hurdle, the final engineering and construction of necessary infrastructure can proceed.
- Continued to work with developers and assisted to gain approval of tax-increment financing to construct a new **Cobblestone Hotel** in Holdrege, a \$4.25 million investment that is slated to break ground this fall.
- PCDC Executive Director Ron Tillery attended the **IPPE (International Production & Processing Exposition)** in Atlanta to promote Phelps County as a great place for **the poultry industry** to relocate or expand. Ron continued to follow up with more than 100 contacts he made at the trade show. Livestock production and processing have been identified as key development targets for Phelps County.
- Ron also attended the **RECon trade show** in Las Vegas in May to promote Phelps County among major retailers and real estate developers from around the world. He connected with at least 27 different retail or restaurant company leaders, including several who expressed interest in working with local franchisees to open new locations in Phelps County. Active discussions continue with a handful of national franchise companies that are a good fit for our market.
- Formulated a publicity campaign to generate interest among local residents about the opportunities and possibilities of purchasing and opening **retail or restaurant franchises** in the area. A ready list of potential franchisees will enhance our appeal to national franchise companies with whom PCDC is in communication. A new informational page on the PCDC website (www.PhelpsCountyNE.com) is devoted to franchisee development.
- Continued a process of aggressive **outreach to regional businesses** designed to identify barriers to growth, vendor/supply chain synergies and also potential new expansion opportunities.
- A Phelps County employer will announce a **major expansion during the second half of 2018** that will add dozens of new permanent jobs and millions of new investment. PCDC has been assisting

the business during the pre-development stage including planning for state and local financial assistance programs as well as other project requirements such as infrastructure.

- PCDC is in the early stages of discussions with one major recruitment target.

BUSINESS RETENTION & EXPANSION

- Continued to expand the new **Phelps County Builder's Bureau** that was formed to connect local contractors with projects in the area. More than 30 companies have joined the group, and PCDC sent out 29 bidding opportunities to the members in the first half of 2018.
- Assisted local land owner and corporate administration to facilitate a new **Scooter's Drive-Thru** in Holdrege. The new coffee business will open on the corner of 4th & Burlington, hopefully by the end of the year. No incentives or other financial assistance was requested or provided to the company.
- Commissioned, publicized and delivered a local **Workforce Availability Report** to aid area businesses owners and human resource professionals in determining information about the labor pool and wages that would attract workers to the area.
- Produced valuable research on **TIF projects** and the local benefits generated through the program. Produced informational materials to assist local government officials, property owners and the general public understand the benefits of TIF for future projects. Consulted individually with members of the CRA to answer questions and provide guidance on the proper role and use of TIF.
- Awarded three more **First-Impression Grants** to area businesses to help spruce up business exteriors. To date, 13 First Impression Grants totaling **\$11,798 have generated \$63,228** in total investment during the first 11 months of the program.
- Provided resources to a business owner who was considering a new location for phase 2 of a **business expansion**.
- Worked with three separate developers seeking to win approval to construct a new, larger **Veteran's Administration Clinic** in Holdrege. This project should move forward in this fall.
- Provided two **gap financing loans** to area businesses totaling \$335,000. Separately, another existing loan was paid in full in May, leaving three loan accounts open. All of these accounts are in good standing. Total Notes Receivable balance as of June 30 is \$361,937.53.

COMMUNITY PREPAREDNESS & QUALITY OF LIFE

- Consulted with area business owners and provided valuable market data through PCDC's partnership with **Buxton Co., a nationwide statistics and marketing firm**. The goal of this contract is to support local retailers to capture sales revenues now leaking to neighboring markets, which results in keeping more tax dollars in Phelps County.
- Continued a partnership with the Holdrege Area Chamber of Commerce called **Concrete Solutions** to provide proactive and positive communications and support to area businesses during the 2018 Highway 6 & 34 reconstruction project. Helped plan a March 27 "Highway Groundbreaking" to bring publicity to the project and businesses affected. Feedback from downtown businesses and the public has been universally positive.
- Housing Initiatives:
 - Construction was completed in June on the new 18-unit **Washington Square** townhomes. PCDC had previously purchased this property from the City of Holdrege and sold it to Flat River Enterprises to provide rental units to ease the workforce housing shortage in Phelps County. A grand opening and ribbon cutting was held on July 13.
 - Pledged a **\$250,000 grant from the LB840** proceeds to be used as matching funds for a state workforce housing grant. This is a project being spearheaded by the Holdrege Development Corporation, and these funds (combined with the state grant and other funds) will be used to construct a new 40-home subdivision in east Holdrege.

- **GO! Home Phoenix Program:** Purchased a lot at 11th and Logan in Holdrege and sought a contractor to demolish the two dilapidated homes on that property. Also demolished one home in Bertrand. PCDC is now seeking bids from developers or others interested in building workforce housing on the lots. Also under this program, **PCDC awarded five grants** to area residents or contractors to remodel and refurbish existing homes to sell as workforce housing.
- **GO! Home Phoenix** incentives also supported construction of three new homes on empty lots in Loomis, the first new homes built there in more than three years.
- Since January 2018, eight employees and their families have become Phelps County residents thanks to the **GO! Home Employer Down Payment Match Grant** program. Since its inception last August the program has helped to relocate 13 families to Phelps County from locations ranging from Kearney, Oxford, Hastings, Minden, Ogallala, Omaha, Hebron, Cozad, Stamford, Hildreth, Orleans, and Mississippi. These relocations also present new potential employees for other business through the trailing spouse and their children.
- PCDC facilitated an introduction of a local property owner and developer regarding a **potential new housing subdivision** on an 18-acre parcel of land. Discussions are positive and ongoing.
- Conducted several **Business in Motion** meetings to encourage, support and provide ongoing education to local business owners. Each session averages about 8-10 attendees.
- Hosted a **social media marketing workshop** for more than 30 area business owners.
- Awarded **nine 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 \$1,000 to \$4,000. The total amount awarded was \$26,000.
- The City of Holdrege awarded initial contracts for construction of the new competition **ball field complex** that PCDC's LB840 funds will help to finance. The project is scheduled for completion next year.

BRANDING, MARKETING AND COMMUNITY CONSENSUS

- In partnership with KRJPR, PCDC **further expanded communications with the public and investors** through monthly e-newsletters and a redesigned 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, 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. A new menu bar (#GOLOCAL37) has been added featuring videos designed to attract new residents. A new franchise education and recruitment page has also been added.
- Promotion of PCDC, Phelps County and its programs and services appeared on several **social media channels**, including Facebook, LinkedIn and Twitter in some cases reaching as many as 5,000 impressions.
- Hosted UNL Chancellor Ronnie Green and 132 local residents at the 2018 PCDC **Annual Meeting** in March. Dr. Green is a respected authority on agriculture as well as the Chancellor of UNL. His comments were extremely well received. PCDC is continuing to strengthen its relationship with higher education institutions.
- PCDC honored and recognized two Phelps County businesses – the Bridal Isle and Phelps Memorial Health Center – as **businesses of the year**. Both businesses have wall plaques on display at PCDC offices where the public can view the awards.
- Due to PCDC's increased media and online visibility Phelps County has been featured on platforms outside of the market. Recently, **Iowa Public Broadcasting** correspondents spent two

days in the market interviewing local real estate professionals, developers and new home owners. They visited Holdrege to report on our creative solutions to rural housing shortages. PCDC was also featured in a similar Nebraska Public Radio story on the same subject during the first quarter.

- PCDC nominated Lost Way Brewery to be featured in a video testimonial aimed at **retaining and recruiting new talent** to Nebraska. This was an initiative of Nebraska Department of Economic Development and it was featured on the state’s website. Later, the video was also featured on PCDC’s website and social media, generating significant traffic.


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.

2018 LB840 Financials
Statement of Assets, Liabilities and Net Assets
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 26, 2018

Date