

**WEST POINT, NEBRASKA
ECONOMIC DEVELOPMENT
PROGRAM**

October 1, 2012 – September 30, 2027

MAYOR:

COUNCILMEMBERS:

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Overview

Nebraska's voters enacted a constitutional amendment in November 1990 granting cities and villages the power to use local sources of revenue for economic or industrial projects and programs. In 1991, the Unicameral implemented this amendment with the passage of Legislative Bill 840, the Local Option Municipal Economic Development Act.

The Local Option Municipal Economic Development Act is based on the premise that communities should use their tax dollars in ways that best meet local needs. While ongoing planning processes in many communities have identified development, job creation and increased economic opportunity as their highest priority for the future, a variety of constitutional and legislative prohibitions have kept some communities from investing local public funds in development programs. The removal of these limitations gives municipalities greater latitude in determining and acting upon local needs.

As communities have witnessed population declines and the movement of younger people to other communities and other employment opportunities, such communities have considered their futures and the types of actions and investments needed to reverse these past trends. At the same time, smaller towns and cities are beginning to realize a period of significant opportunity. In a period of uncertainty, complexity and growing concern about the problems and quality of urban life, including cost and relative safety, the advantages perceived to be offered by smaller communities have become uniquely attractive. Concurrently, the revolution in information and communication technology as well as goods distribution has reduced the isolation of small towns. As a result, it is increasingly possible to operate a significant business in growth areas outside of major urban areas.

Economic Development Strategy

The community and economic development strategy for the City of West Point (the "City" or "West Point") involves building on our City's strengths to promote the expansion of existing industries and the accompanying creation and retention of jobs and to recruit new industries and new jobs to the community. The principal strategy is directed at maintaining a good quality of life, building a strong workforce developing community resources, attracting new capital investment, broadening the community's tax base and ensuring economic stability and viability for the City.

Economic diversification will continue to be a critical priority for the City. Diversification will be strengthened by the recruitment of new business from inside and development of new businesses from outside the City. An economic development program can establish the City as a nurturing environment for small and large businesses alike and provide economic opportunity. This atmosphere, in turn will encourage people with skills and ideas to move or return to the City to live and conduct business.

In addition to recruitment, the City can create job opportunities by helping existing businesses in the City to expand their markets and compete more successfully. The successful marketing of the City as a center for opportunity is important to the City's effort to expand its labor force and attract new residents.

The City recognizes that the attraction of new business and industry to a community, or the expansion of existing business or industry, takes place in a very competitive market place. In order to keep the City as competitive as possible in that market place, the community will strive to use financial and human resources available in a partnership with federal, state, municipal and private sources.

Statement of Purpose, General Intent and Goals

It is the intent of the City to implement an Economic Development Program with the purpose and goals as follows:

- Broaden Tax Base
- Create New Jobs
- Attract New Capital Investment
- Generate Employment Opportunities
- Expand Labor Market

It is important in the preparation of the economic development plan, that in addition to soliciting specific input for the plan that an effort is made to ensure consistency with other plans and goals of the City.

As such, the City's Comprehensive Plan has been reviewed and has been taken into consideration. The objective of the Comprehensive Plan is to promote the health, safety and general welfare of the City by providing harmonious development with coordinating layouts for the subdivided area and proper arrangements of streets and utilities. The plan also calls for adequate sanitary facilities and for the reduction of flood damage potential to the greatest extent possible.

Eligibility

Eligible activities under the Economic Development Program may include, but shall not be limited to the following:

1. The purchase of real estate, options for such purchases and the renewal or extension of such options.
2. Expenses for business recruitment activities.
3. Expenses for attracting and locating a qualifying business into the area.
4. Equity investment or loan guarantees in a qualifying business.
5. The authority to issue bonds pursuant to the act.
6. Grants or agreements for job training.
7. Small business development, including expansion of existing businesses.
8. The eligible activities described above are considered priority activities for the use of funds generated under the local Option Municipal Economic Development Act. The City recognizes that the attraction of new businesses to a community or the expansion of existing businesses takes place in a very competitive market place. In order to keep the City as competitive as possible in that market place, and in the creation of new jobs in the area, the City retains the right to include as eligible activities those additional activities allowable by law under the Local Option Municipal Economic Development Act.

9. The Local Option Municipal Economic Development Act has been changed in several Legislative sessions since it was signed into law on June 3, 1991. It is reasonable to assume the law will change during the course of the City's Economic Development Program. This plan is written with the intent that future changes which may broaden the potential uses of revenue for economic development projects that are beneficial to the City and citizens of the City, are expressly included in the plan.

Eligible Businesses

A qualifying business shall mean any corporation, partnership or sole proprietorship that derives its principal source of income from and of the following:

1. Retail;
2. The manufacturing of articles of commerce;
3. The conduct of research and development;
4. The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce;
5. The sale of services in interstate commerce;
6. Headquarter facilities relating to eligible activities as listed in this section;
7. Telecommunication activities;
8. Tourism-related activities;
9. Any other business deemed as a qualifying business through future action of the legislature.

A qualifying business does not have to be located within the territorial boundaries of the City if the City Council determines that there is a clear economic benefit to the City. Eligible qualifying businesses may apply more than once and receive program benefits more than once.

Budget

This section describes a preliminary source of funds and budget for the City's Economic Development Program. It is important to note that this budget must be developed annually and may be modified from time to time by the City Council. In the field of economic development, it is impossible to anticipate every condition or requirement. The City should maintain the flexibility to respond to specific requirements and opportunities on a short-term basis.

Proposed Funds to Be Collected and Length of Time the Plan will Exist

The City's source of public funds for the Economic Development Program will be a portion of a proposed added $\frac{1}{2}$ of 1% sales tax to be voted as an added tax to the presently approved 1% local option sales tax. This $\frac{1}{2}$ of 1% sales tax allocation will be planned to remain in force for a period of fifteen years, beginning on October 1, 2012. Uncommitted funds and revenues including but not limited to repayment of loans, return on investments, fees for activities such as loan guarantees, and sales proceeds from properties, may continue to be used for activities contained within the Economic Development Program for an additional 10 year period.

Preliminary Budget

Economic Development

Up to \$134,500 Annually

The City shall establish an Economic Development Fund not to exceed \$134,500 annually. Revenue derived from the local option sales tax shall be collected and placed into this fund as approved annually by the City Council. Any proceeds from the issuance of bonds to provide funds to carry out the Economic Development Program shall be deposited in this fund. Any proceeds from land or building sales will be placed in the Economic Development Fund and will be used to carry out the Economic Development Program. The City shall not transfer or remove funds other than for the specific uses outlined in this plan.

Bond Authority

The City may have a business opportunity or other economic development projects that require initial funds that exceed the single year proceeds of the local option sales tax. In order to take advantage of such an opportunity, the City should have the ability to issue bonds. Future sales tax receipts then retire these bonds. The City Council may authorize the issuance of bonds to carry out the Economic Development Program, following a public hearing.

Administrative Process

The intent of the City is to utilize the West Point Chamber of Commerce and/or Cuming County Economic Development to administer the Economic Development Program. In conjunction with the City, an Advisory Committee is planned to administer the application process of the program. The committee shall consist of 7 residents from the City who shall be appointed by the Mayor, subject to approval from the City Council. At least one member of committee shall have expertise in the field of business finance or accounting. The Mayor, with the approval of the City Council will designate an appropriate City Official to assist in the administration of the Economic Development Program.

The City may contract with the West Point Chamber of Commerce and/or Cuming County Economic Development or other entities to provide staffing and other support services to assist the Advisory Committee in the administration of the plan.

The Advisory Committee will meet to review applications on an as needed basis; they will also meet on a quarterly basis to review the progress of the Economic Development Program. The committee will report its findings and suggestions to the City Council periodically.

The City Council may assign additional responsibilities necessary to carry out the program or program changes as dictated by changing project needs and economic conditions.

Application Process

To be considered for financial assistance through the City's Economic Development Program, applicants must provide the following information:

1. A detailed description of the proposed project.
2. A business plan that includes employment and financial projections, current financial statement, financing requirements for the project and total projected costs.
3. A complete City Local Option Municipal Economic Development Program application.

The Advisory Committee will review applications in the order they are received. Approval/disapproval of an application will be based on project feasibility and the potential future economic benefit that the project will provide to the community.

Applications that are approved by the Advisory Committee will be subject to a financial verification process. The financial verification process will be completed prior to the application being presented to the City council for approval.

Administration of Economic Development Program

It is the intent of the program that the majority of the funds are used to support eligible activities and that only a minimal amount is spent on administrative costs. The administration of this program will be shared by three separate entities. The entities are as follows: City Council, Program Administrator and the Citizens Advisory Review Committee.

Program Administrator – To Be Determined

1. Will be responsible for the day-to-day operations of the program.
2. Will assist applicants and recruit potential applicants.
3. Will serve as an ex-officio, non-voting member of the Advisory Committee and will provide the Advisory Committee with all necessary advice and information.

City Council

1. Will have final authority on expenditure of funds in support of the economic development program.
2. Will have ultimate responsibility for the Economic Development Program.
3. May contract with an organization to act as Program Administrator and will approve the membership of the Advisory Committee

Confidentiality, Laws and Regulations

To ensure applicant confidentiality, the following measures will be instituted and enforced.

1. Each member of the Advisory Committee (including ex-officio members) will sign a "Statement of Confidentiality".
2. Applicants business and financial information will be available to the Advisory Committee during the approval/disapproval process only.

Purchase or Option to Purchase Land

If the purchase or option to purchase real estate is proposed, the following criteria will be applied:

1. the property shall be properly zoned without any excessive easements, excessive covenants or other encumbrances;
2. The property will conform to the City's or County's comprehensive plan, and
3. Selection of sites will be based upon sound economic development location criteria or specification for special projects.

Proceeds from the sale of real property purchased pursuant to the Economic Development Program shall be returned to the City's Economic Development Fund for future use.

Economic Development Program

ECONOMIC DEVELOPMENT PROGRAM. An Economic Development Program for the City of West Point is hereby established to create jobs and generate employment opportunities within the labor market of West Point and Cuming County, to attract new retail businesses, to attract new capital investment to the community, to broaden the tax base and provide economic diversification to ensure economic stability and vitality for the community of West Point and the surrounding area.

ECONOMIC DEVELOPMENT PROGRAM, QUALIFYING BUSINESS. A qualifying business under the West Point Economic Development Plan shall mean any corporation, partnership, limited liability company, or sole proprietorship which derives its principal source of income from any of the following: retail; the manufacturing of articles of commerce; the conduct of research and development; the processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce; the sale of services in interstate commerce; headquarter facilities relating to eligible activities as listed in this section; telecommunications activities; tourism-related activities; any other business deemed as a qualifying business in the Local Option Municipal Economic Development Act or through future action of the Nebraska legislature.

A qualifying business does not have to be located within the territorial boundaries of the city if the West Point City Council determines that there is a clear economic benefit to the city, but it must be located in the City's one-mile extraterritorial jurisdiction or on land held in the name of the city. Eligible qualifying businesses may apply more than once and receive program benefits more than once.

ECONOMIC DEVELOPMENT PROGRAM, DEFINITIONS. "City" shall mean the City of West Point, Nebraska. Financial institution means a state or federally chartered bank, a capital stock state building and loan association, a capital stock federal savings and loan association, a capital stock federal savings bank, a federally insured capital stock industrial loan and investment company, and a capital stock state savings bank.

ECONOMIC DEVELOPMENT PROGRAM, FUNDING. Funding for the Economic Development Program is hereby limited to revenue from the local option City Sales and Use Tax. Miscellaneous revenues and funds, including but not limited to repayment of loans, return on investments, fees for activities such as loan guarantees, and sales proceeds from properties, may continue to be used for activities contained within this Economic Development Program during the life of this program.

The City of West Point shall establish an Economic Development Fund and shall contribute an amount not to exceed 50% of one-half percent (0.5%) of the taxable valuation of the city per year for the life of the program, as appropriated annually by the City Council. The annual amount of local option sales tax to be placed into this fund shall be included in the City of West Point's budget each year and approved by the West Point City Council. Any proceeds from the issuance of bonds to provide funds to carry out this Economic Development Program and any proceeds from land or building sales associated with this Economic Development Program shall be deposited in this fund. The City of West Point shall not transfer or remove funds other than for the specific uses outlined in this program during the life of this program.

The West Point City Council may authorize the issuance of bonds to carry out the Economic Development Program. Future contributions of the local option City Sales and Use Tax into the Economic Development Fund shall be used to payoff these bonds.

ECONOMIC DEVELOPMENT PROGRAM, AUDIT. The Economic Development Program shall be audited annually by an outside independent qualified private auditing business. The auditing business shall not, at the time of the audit or for any period during the term subject to the audit, have any contractual or business relationship with any qualifying business receiving funds or assistant under the Economic Development Program or any financial institution directly involved with a qualifying business receiving funds or assistance under the Economic Development Program. The results of such audit shall be filed with the City Clerk and shall be available for public review during normal business hours.

ECONOMIC DEVELOPMENT PROGRAM, DURATION. The City of West Point's Economic Development Program will exist from October 1, 2012 until September 30, 2027. Miscellaneous revenues and funds, including but not limited to repayment of loans, return on investments, fees for activities such as loan guarantees, and sales proceeds from properties, may continue to be used for activities contained within this Economic Development Program during the life of this program.

ECONOMIC DEVELOPMENT PROGRAM, EXPENDITURES OF FUNDS. The priority expenditure of funds under the Economic Development Program may include, but shall not be limited to the following.

- 1) The purchase of real estate, options for such purchases and the renewal or extension of such options.
- 2) Expenses for business recruitment activities.
- 3) Expenses for attracting and locating a qualifying business into the area.
- 4) Equity investment or loan guarantees in a qualifying business.
- 5) The authority to issue bonds pursuant to the act.
- 6) Grants or agreements for job training.
- 7) Small business development, including expansion of existing businesses.
- 8) The eligible activities described above are considered priority activities for the use of funds generated under the Local Option Municipal Economic Development Act. The City of West Point recognizes that the attraction of new businesses to a community or the expansion of existing businesses takes place in a very competitive market place. In order to keep West Point as competitive as possible in that market place, and in the creation of new jobs in the area, the City retains the right to include as eligible activities those additional activities allowable by law under the Local Option Municipal Economic Development Act.
- 9) The Local Option Municipal Economic Development Act has been changed in several Legislative sessions since it was signed into law on June 3, 1991. It is reasonable to assume the law will change during the course of West Point's Economic Development Program. This program is written with the intent that future changes to the Act which are beneficial to the City and citizens of West Point are expressly included in this program. Funds may also be used for eligible projects or programs for businesses which are expanding or which are locating in West Point directly or indirectly. Funds

may also be used to provide infrastructure to sites for new or expanding businesses and may include, but shall not be limited to streets, storm drainage, water mains and lines, sewer mains, gas lines, electric facilities or railroad extensions. Such infrastructure improvements and costs may extend beyond the corporate limits of West Point. Funds may also be used to construct facilities, structures, and/or appurtenance for new or proposed development or on a speculative basis to attract new business or industry and such facilities and structures shall not be required to be within the corporate limits of West Point.

ECONOMIC DEVELOPMENT PROGRAM, ADMINISTRATOIN. The Mayor of West Point and the West Point City Council will develop an Advisory Committee to administer the application process of the program. The committee shall consist of seven (7) residents from the City of West Point who shall be appointed by the Mayor of West Point subject to approval from the West Point City Council. At least one member of the committee shall have expertise in the field of business finance or accounting. The Mayor of West Point, with the approval of the West Point City Council, will designate an appropriate City Official to assist in the administration of the Economic Development Program and also serve on the Advisory Committee as an ex-officio member. The City Official will be responsible for providing assistance, information and advice on the Economic Development Program.

It is the intent of the program that the majority of the funds are used to support eligible activities and that only a minimal amount is spent on administrative costs. The administration of this program will be shared by two separate entities. The entities are as follows.

Advisory Committee:

1. The Advisory Committee will be comprised of seven (7) residents from the City of West Point. The Mayor of West Point will appoint the committee members after receiving approval from the West Point City Council. Advisory Committee members may not be elected or appointed officials, employees of the City of West Point, an official or employee of any qualifying business receiving financial assistance under this Economic Development Program or an official or employee of any financial institution participating directly in the Economic Development Program. The committee will have at least one individual with expertise or experience in the field of business finance or accounting. The Advisory Committee will also have a West Point City Official serving as ex-officio member.
2. The Advisory Committee will meet as needed to review and approve/disapprove applications using the standard criteria set forth previously in the application process. The Committee will also meet on a quarterly basis to review the progress of the Economic Development Program. The committee will present findings and suggestions to the West Point City Council on a semi-annual basis.

West Point City Council:

1. Will have final authority on expenditure of funds in support of the economic development program.
2. Will have ultimate responsibility for the Economic Development Program.

ECONOMIC DEVELOPMENT PROGRAM, APPLICATION PROCESS. To be considered for financial assistance through West Point's Economic Development Program, applicants must provide the following information:

1. A detailed description of the proposed project.
2. A business plan that includes employment and financial projections, current financial statements, financing requirements for the project and total projected costs.
3. A complete City of West Point Local Option Municipal Economic Development Program application.

In determining eligibility, additional information may be requested by the Advisory Committee and the West Point City Council. The Advisory Committee will review applications in the order they are received. Approval/disapproval of an application will be based on project feasibility and the potential future economic benefit that the project will provide to the community. Applications that are approved by the Advisory Committee will be subject to a financial verification process that will be completed by the Advisory Committee. The financial verification process will be completed prior to the application being presented to the West Point City Council for approval. Once the Advisory Committee approves an application and the financial verification process is complete, the application will be presented to the West Point City Council for approval. The West Point City Council will use the same qualification requirements as the Advisory Committee used for the initial approval process. Once approved, the West Point City Council will provide a suitable timeframe to disburse funds that meet the requirements of the applicant. The Mayor of the City will be responsible to execute the agreements made between the applicant and the City of West Point. The Advisory Committee will also be responsible to report to applicants whose applications have been disapproved.

To ensure applicant confidentiality, the following measures will be instituted and enforced.

1. Each member of the Advisory Committee (including ex-officio members) will sign a "Statement of Confidentiality".
2. Applicant's business and financial information will be available to the Advisory Committee during the approval/disapproval process only. After the approval/disapproval process, the City of West Point will keep all permanent files and records. Access to these files and records will be limited and on a need to know basis only.

The Advisory Committee will establish procedures to ensure that the municipality and the qualifying business are meeting all applicable laws, regulations and requirements. These procedures are subject to review and approval by the West Point City Council.

The Advisory Committee may utilize the services of the City Attorney to review contracts, official documents, land transaction procedures or any other official actions as deemed necessary. Separate counsel may also be retained with the permission of the West Point City Council.

ECONOMIC DEVELOPMENT PROGRAM, REAL ESTATE CRITERIA. The following criteria shall be applied for the purchase of or option to purchase real estate:

1. The property shall be properly zoned without any excessive easements, covenants or other encumbrances.

2. The property shall conform to the City or County's Comprehensive Plan.
3. Selection of sites shall be based upon sound economic development location criteria or specifications for special projects.
4. All purchases and options for purchase shall be approved by the Economic Development Program Advisory Committee and the City Council.

Proceeds from the sale of real property purchased pursuant to the Economic Development Program shall be returned to the City of West Point's Economic Development Fund for future use.