

VILLAGE OF UTICA, NEBRASKA

ECONOMIC DEVELOPMENT PROGRAM

Nebraska 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 own tax dollars in ways that best meet local needs. While ongoing planning processes in many towns have identified development, job creation, and increased economic opportunity as their highest priority for the future, a variety of constitutional and legislative prohibitions kept them 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 towns have witnessed population declines and a loss of younger people, they have thought about 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 offered by the smaller cities have become uniquely attractive. At the same time 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 centers.

GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

Utica's community and economic development strategy involves building on our strengths to promote existing industries and the retention of jobs and to recruit new industries and jobs to the community. The principal strategy is directed at maintaining a good quality of life for our citizens and a strong workforce; developing community resources; attracting new capital investment; broadening the community's tax base; building economic diversity; and ensuring economic stability and viability for Utica.

Economic diversification will continue to be a critical priority for Utica's economic development program. The recruitment of new business from outside and development of new business from inside the village will strengthen diversification. A small business development program can establish the village as a nurturing environment for small business and as a center for economic opportunity. This atmosphere, in turn can encourage people with skills and ideas to move or return to Utica to make a start in business.

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

The Village of Utica 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 Utica, Nebraska as competitive as possible in that market place the community will strive to use all financial and human resources available in a partnership with federal, state, municipal, and private entities.

STATEMENT OF PURPOSE, GENERAL INTENT AND GOALS

It is the general intent of the Village of Utica, Nebraska to implement an economic development program, the purpose and goals which will be: to create well-paying jobs for the citizens of Utica; to expand labor markets of Utica and Seward County; to attract new capital investment to the community to broaden the tax base; to retain existing jobs and make existing businesses more competitive and profitable; and provide economic diversification to ensure economic stability and vitality for the Village of Utica and surrounding areas. The success of the program will be measured by the number of jobs created and retained for the length of the program, the total dollars of capital investment in the community, and finally the growth in total valuation in the Village. Each project will be based on its own merits, but priority will be given to jobs created and/or retained at or above the average wages and benefits for the community. The plan will be consistent with other comprehensive development and redevelopment plans for the Village.

ELIGIBILITY

Eligible Activities

Eligible activities under the economic development program may include, but shall not be limited to, the following:

1. Job credits for full-time jobs created (full-time jobs defined as 2000 hours) to include grants, which are subject to job credit performance.
2. Grants or loans for public works improvements essential to the location or expansion of a qualifying business
3. The purchase of real estate, options for such purchases, and the renewal or extension of such options.
4. Contracting with an outside entity to implement any part of the program, as necessary.

5. The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance, etc.
6. Expenses for business recruitment activities.
7. Direct loans or grants to qualifying businesses for fixed assets or working capital or both.
8. Expenses for locating a qualifying business into the area.
9. Equity investment or loan guarantees in a qualifying business.
10. The authority to issue bonds pursuant to the Act.
11. Grants or loan agreements for job training.
12. Rehabilitation of commercial buildings or potential commercial buildings.
13. Small business development including expansion of existing business.
14. Tourism related activities.
15. The eligible activities described above are considered priority activities for the use of funds generated under the Local Option Municipal Economic Development Act. The Village of Utica recognizes that the attraction of new business to a community or the expansion of existing businesses takes place in a very competitive market place. In order to keep Utica as competitive as possible in that market place, and in the creation of new jobs in the area, the Village retains the right to include as eligible activities those additional activities allowable by law.
16. 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 presume the law will change during the course of Utica's Economic Development Program. In order to stay current with Nebraska Statutes, the Village of Utica retains the right to amend this Economic Development Program when such amendment pertains to changes made to the Local Option Municipal Economic Development Act or to the other statutes that affect Utica's Program. Such amendments can only be made after a public hearing and a majority vote, of Utica's Board of Trustees.

Types of Businesses That Will Be Eligible

A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship, which derives its principal source of income from any of the following:

1. The manufacture of articles of commerce.

2. The conduct of research and development.
3. The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce.
4. The sale of services in interstate commerce.
5. Headquarters facilities relating to eligible activities as listed in this section.
6. Telecommunications activities, including services providing advanced telecommunications capability.
7. Tourism related activities.
8. Any other business deemed as a qualifying business through future action of the legislature.

If a business which would otherwise be a qualifying business employs people and carries on activities in more than one city/village in Nebraska or will do so at any time during the first year following application for participation in the Program, it shall be a qualifying business only if, in each such city/village, it maintains employment for the first two years following the date on which such business begins operations in the city as a participant in its Program at a level not less than its average employment in such city/village over the twelve-month period preceding participation.

A qualifying business need not be located within the territorial boundaries of the Village if the Village Board of Trustees determines that there is a clear economic benefit to the Village. 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 Utica'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 Village Board of Trustees. In the field of economic development, it is impossible to anticipate every condition or requirement. The Village should maintain the flexibility to respond to specific requirements and opportunities on a short-term basis.

Proposed Source of Funding

The source of public funds for Utica's Economic Development Program will be a portion of the Village of Utica's 1 1/2% Local Option Sales Tax which is proposed. The Village shall not appropriate from the sales tax for approved Economic Development Programs, in any year during which programs are in existence, an amount in excess of four-tenths of one percent of actual valuation of the Village of Utica in the year in which the funds are collected, and further, will be subject to the limitation that no Village shall appropriate more than three million dollars in any one year. The Village of Utica shall not appropriate an amount in excess of the amount approved by the voters at the election, which approved the Economic Development Program. The restrictions on the appropriation of funds from local sources of revenue shall not apply to the re-appropriation of funds, which were appropriated but not expended during the previous

Development Program, less than fifty percent of the money collected from local sources of revenue is spent or committed by contract for the Economic Development Program, the governing body of the Village shall place the question of the continuation of the Village's Economic Development Program on the ballot at the next regular election.

Time Period for Collection of Funds and Proposed Total Collections

The Program tax collection will be in effect from June 1, 2015, to May 31, 2025, a ten-year period. The total amount to be collected from the sales tax is \$185,000 over the ten-year period. However, 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 as such shall be available.

Proposed total collections for the program from local sources:

Year	Estimated Collection
1	\$18,500
2	\$18,500
3	\$18,500
4	\$18,500
5	\$18,500
6	\$18,500
7	\$18,500
8	\$18,500
9	\$18,500
10	\$18,500
	Total \$185,000

Preliminary Annual Budget for the Program

Annual Estimated Funds Collection	\$18,500
Expenditures	
Loan and Grant Programs	\$ 9,000
Other Eligible Activities	\$ 6,000
Recruitment/Development	\$ 3,500
	Total \$18,500

Bond Authority

Utica may have a business opportunity or other economic development project that requires initial funds that exceed the single year proceeds of the local option sales tax. In order to take advantage of such an opportunity, Utica should have the ability to issue debt per state statute. Future sales tax receipts then retire the debt. The Village Board of Trustees may

statute. Future sales tax receipts then retire the debt. The Village Board of Trustees may authorize the issuance of bonds to carry out the economic development program following a public hearing.

APPLICATION PROCESS

The intent of the Village of Utica is to administer the Economic Development Program with existing Village Staff. The administration of the program will fall under the responsibility of the Village Clerk (herein referred to as "Program Administrator").

Phase 1

Phase 1 determines the potential of financing for proposed project or activity.

To be considered for direct financial assistance under this program, an applicant must provide the following unless waived by the Program Administrator.

1. A detailed description of the proposed project.
2. A business plan, including employment and financial projections, current financial statements, financing requirements for the project, and total project costs.
3. A completed Village of Utica Local Option Municipal Economic Development Program Application for Financial Assistance.

Additional information, as necessary to determine the eligibility and economic viability of the proposed project(s), may be requested by the Program Administrator and/or by the Village Board of Trustees.

The Program Administrator will review applications and requests for direct financial assistance in the order in which the Program Administrator receives them. Application review and approval or disapproval by the Program Administrator will be based on project feasibility as determined by review of the applicant's business plan and other requested information. The potential future economic benefit to the community of Utica will also be evaluated.

The Program Administrator will be responsible for verification of information in the applications from those eligible businesses, which receive a recommendation for financial assistance before recommendation is made to the Village Board of Trustees.

In the event the Village desires to replace the Program Administrator, the above-described responsibilities may be carried out by a contracted entity, by an economic development specialist hired by the Village or other existing Village staff.

Phase 2

Phase 2 is the approval and execution portion of the process.

Upon completion of the negotiations on the terms and conditions of assistance between the Program Administrator and the applicant, the project will be submitted to the Economic Development Review Committee. This Economic Development Review Committee shall be made of the Administrator and at least two and no more than seven other members, which shall be approved by the Utica Board of Trustees. None of these members can serve on the Citizen Advisory Review Committee. After review and approval of this committee, the application will be submitted to the Village Board of Trustees for its review and approval. The Village Board of Trustees will consider the overall benefits to the community and its deliberation and will provide the Program Administrator a decision that fits within the time frame suitable to meet the business requirements of the applicant. Once approved, the Program Administrator will take the necessary actions to execute the agreements made.

ADMINISTRATION OF ECONOMIC DEVELOPMENT PROGRAM

It is the intent of the program that the majority of the funds are used for supporting eligible activities and only the minimum required amount is to be spent to assist in the administration of the program. Three separate groups share the administration of the program. These are:

1. Program Administrator:

- Will be responsible for the day-to-day activities of administering the program.
- Assists applicants and conducts active recruiting for potential applicants.
- Provides someone to serve as an ex-officio, non-voting member of the Citizen Advisory Review Committee who will provide that committee with necessary advice and information
- Initiate contact between an applicant and the Economic Development Committee for review of the applications

2. Citizen Advisory Review Committee:

- A group of citizens who are registered voters of the Village, appointed by the Chairman of the Village Board and subject to approval of the Village Board of Trustees, who will review the functioning and progress of the economic development program and advise the Village Board of Trustees with regard to the program.
- Committee organization will consist of:
 - o Not less than five nor more than ten members.
 - o At least one individual with expertise or experience in the field of business, finance or accounting.
 - o A Village official or employee responsible for the administration of the economic development program who will serve as an ex-officio member.
- No member of the committee shall be an elected or appointed Village official, an employee of the Village, a participant in a decision-making position regarding expenditures of program funds, or an official or employee of any qualifying business

- receiving financial assistance under the economic development program or of any financial institution participating directly in the economic development program.
- The Citizens Advisory Review Committee will meet regularly as required to review the program and will report to the Village Board of Trustees annually on its findings and suggestions at a public hearing called for that purpose.
3. Village Board of Trustees:
- Will have final authority on expenditure of funds in support of the economic development program.
 - Will select a Program Administrator and approve the membership of the Citizens Advisory Committee and the membership of the Economic Development Review Committee.
 - Will have ultimate responsibility for the economic development program.

Process to Ensure Confidentiality of Business Information Received:

In the process of gathering information about a qualifying business, the Village may receive information about the business, which is confidential, and, if released, could cause harm to the business or give unfair advantage to its competitors. State law authorizes cities and other public entities to maintain the confidentiality of business records, which come into their possessions.

To protect the business applying for funds and to encourage them to make full and frank disclose of business information relevant to their application, the Village may take the following steps to ensure the confidentiality of the information it receives:

1. The adoption of an ordinance which makes such information confidential and punishes disclose;
2. A restriction on the number of people with access to the files with the program administrator primarily responsible for their safe-keeping, and
3. A requirement that personnel involved in the program sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

If and when real estate is to be purchased or optioned by the Village under the Program, it should meet the following general criteria:

1. Be properly zoned with no excessive easement, covenants, or other encumbrances.
2. Should conform and be able to be re-zoned to comply with the Village's or County's Comprehensive Plan.
3. Can be located either within or outside of the Village limits.
4. The proceeds from the future sale of such land would be returned to the Village's Economic Development Fund for reuse for activities eligible in the Program.

INVESTMENT OF ECONOMIC DEVELOPMENT FUNDS

The Village will establish a separate Economic Development Fund.

1. All funds derived from local fund sources of revenue for the Economic Development Program, any earnings from the investment of such funds, any loan payments, any proceeds from the sale by the Village of assets purchased by the Village under its Economic Development Program, or any other money received by the Village by reason of the Economic Development Program, shall be deposited into the Economic Development Fund.
2. No money in the Economic Development Fund shall be deposited in the General Fund of the Village except as provided by statute.
3. The Village shall not transfer or remove funds from the Economic Development Fund other than for purposes prescribed in the Act and this plan.
4. The money from the Economic Development Fund shall not be co-mingled with any other Village funds.
5. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested as provided in Section 77-2341 R.R.S. Nebraska.
6. In the event that the Economic Development Program is terminated, any funds remaining will be transferred as provided by statute to the General Fund of the Village and will be used on an installment basis to reduce the property tax levy of the Village as provided by the Act.
7. If there is a conflict between this plan and State Statute, the State Statute will control.