

Hartington, Nebraska Economic Development Plan 2007-2008

A Look at Hartington Economic Indicators

The City of Hartington, Nebraska, has seen a population decline of over 7% since 1980, and with a corresponding decline of active business sites and business expansion, it is felt Hartington needs to be progressive to insure a stable future for our children and grandchildren. The community needs to provide viable and unique financing opportunities for expansion, retention, and new business adventures.

General Community and Economic Development Strategy

Hartington's community and economic development strategy is to improve the quality of life for our citizens. This involves building on our strengths, promoting our existing businesses, working to retain existing jobs, expanding current businesses, promoting entrepreneurship, and recruiting new businesses. We also need to strengthen our work force, develop community resources, attract new capital investment, broaden the community's tax base, and provide local community services needed to maintain a good quality life.

The City of Hartington recognizes that the retention and expansion, along with the attraction of new businesses, is occurring in a very competitive market place. In order to make Hartington as competitive as possible, the community must strive to use all financial and human resources available by using federal, state, municipal, and private sources.

General Intent and Proposed Goals

It is the intent of the City of Hartington to implement an economic development program, the purpose and goals of which will be to:

- create and retain jobs and generate employment opportunities within the area labor market;
- attract new capital investment to the community;
- broaden the tax base; and
- provide economic diversification to ensure economic stability and vitality for the City of Hartington and the surrounding area.

Eligible Businesses

Any corporation, partnership, limited liability company, or sole proprietorship, without regard to its principal source of income, shall be a qualifying business under the Hartington Economic Development Program. A qualifying business need not be located within the territorial boundaries of the City, but will need to meet requirements as set out by the local economical development group and the local city council.

Eligible Activities

Eligible activities under Hartington's Economic Development shall include any project or program for the purpose of providing direct or indirect financial assistance to a qualifying business and the payment of related costs and expenses.

Examples of eligible activities include, but are not limited to:

- 1) The purchase of real estate, options for such purchases, and the renewal or extension of such options;
- 2) Public works improvements essential to the location or expansion of a qualifying business;
- 3) Expenses for locating a qualifying business into the area or relocating an existing business to a more suitable location;
- 4) Job creation incentives;
- 5) Grants to qualifying businesses;
- 6) Loans to qualifying businesses;
- 7) Loan guarantees to qualifying businesses;
- 8) The provisions of technical assistance such as marketing assistance, management counseling, preparing business plans, engineering assistance, recruitment activities, etc.;
- 9) Job training grants or agreements;
- 10) Tourism promotion related activities;
- 11) All other activities allowed by law, both now and through future amendments to the Local Option Municipal Economic Development Act.

Land purchases shall be identified for purchase or option to purchase through local analysis by the City of Hartington or through other methods such as a Site Evaluation Team organized by the City or Program Administrator. Real estate purchases shall be approved by the City Board. The proceeds from the sale or lease of land purchased and/or developed with funds generated may be used for the purchase and development of additional real estate or for any other eligible activities under the program.

Source of Funding for the Economic Development Program

The Hartington Economic Development Program will be funded by the proceeds from a 35 percent of a 1 (one) percent local sales and use tax for a period of 15 years. It is estimated that \$70,000 per year will be generated for the Economic Development Program for an estimated 15-year total of \$1,050,000.

Duration of Program

The time period during which the program will be in existence will be from August 15, 2007 to August 15, 2022. Although the sales tax will be collected for a period of 15 years (January 1, 2007 to December 31, 2016), the program will continue until August 15, 2021, so that unused funds within the program (and funds generated through leases, real estate sales, loan repayments, and interest) can continue to be spent on program activities.

Basic Preliminary 15-year Budget

Income:

| | |
|--------------------------------|-------------|
| 15-year total to be collected: | \$1,050,000 |
|--------------------------------|-------------|

(Income may also include interest, sale of property, and loan repayments.)

Expenditures:

| | | |
|-----------------------------|-----------|-------------|
| Property Acquisition | \$150,000 | |
| Infrastructure Improvements | \$400,000 | |
| Business Loans/Grants | \$425,000 | |
| Recruitment & Marketing | \$ 75,000 | |
| Total Expenditures | | \$1,050,000 |

This is only a preliminary budget. The amount to be expended under the economic development program will be fixed at the time of making the annual budget and shall be included in the budget approved by the City Council.

Investment of Economic Development Funds

The City will establish a separate Economic Development Fund

Audit Procedures

The City shall provide for an annual, outside, independent audit of its economic development program by a qualified private auditing business. The results of such audit shall be filed with the City Clerk and made available for public review during normal business hours.

Future Funding/Bonding Authority

Hartington may have a business opportunity or other economic development project that requires initial funds that exceed funds on hand. In order to take advantage of such an opportunity, the City of Hartington shall have the authority to issue bonds pursuant to the Local Option Municipal Economic Development Act to provide funds to carry out the program, following a public hearing. The City shall also have the authority to commit future funding through contracting and other methods available to the City to respond to opportunities in which time is of the essence.

Financial Assistance Application Process

To be considered for direct financial assistance under the Hartington Economic Development Program, an applicant must provide the following unless waived by the Program Administrator:

A detailed description of the proposed project;

A business plan, including employment and financial projections;

Current financial statements, financing requirements for the project, and total project cost;

A completed "Hartington Economic Development Program Application for Financial Assistance" form. (An application shall be developed within the first 3 months of the Economic Development Program and may be revised from time to time to include pertinent information. Applications will be made available at the City of Hartington offices.);

Additional information, to determine the economic viability of the proposed project(s), may be requested by the Program Administrator.

Generally, applications will be reviewed in the order in which they are received. When an application is received that is deemed "urgent" by the Program Administrator, it may be reviewed and approved, before other applications received. Other pending applications will then be addressed in a timely manner.

Administrative System

A description of the administration of the plan follows. Additional responsibilities, as well as positions may be needed to carry out the program during the course of the economic development program and may be approved by the City Board at some point in the future.

It is the intent of the City of Hartington to contract with the Hartington Economic Development Corporation to serve as the Program Administrator for the Hartington's Economic Development Program.

The Program Administrator Duties:

The City of Hartington Board Duties:

Although, it is the intent of the City Board to contract the administration of Hartington's Economic Development Program to the Hartington Economic Development Corporation, the City retains the option to contract with another appropriate organization or may choose to administer the program within City government.

Process to Assure Applicable Laws and Regulations are Met

The Program Administrator will be responsible for procedures to insure that all applicable laws, regulations and requirements are met by the municipality and the qualifying businesses that receive financial assistance. These procedures will be subject to review and approval by the City Board.

The Program Administrator may use the City Attorney to review all contracts, official documents, land transactions, and other official actions related to the economic development program, as well as applicable laws annually, to ensure compliance with applicable laws, regulations, and requirements.

Loan Program

Applications from the revolving loan fund and program guidelines will be administered by the revolving loan committee recommendations and city council approval.

Citizen Advisory Review Committee

As per the Act, the ordinance establishing the economic development program shall provide for the creation of a Citizen Advisory Review Committee. (This committee is a “watch dog” committee, and not a committee that plays a role in the decision-making process in regard to where program funds are spent.) The committee shall consist of not less than five or more than ten registered voters of the City who shall be appointed by the City Chairperson subject to approval by the City Board. At least one member of the committee shall have expertise or experience in the field of business finance or accounting. No member of the Citizen Advisory Review Committee shall be an elected or appointed City official, an employee of the City, a participant in a decision-making position regarding the expenditure of 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.