

CITY OF ARAPAHOE

ECONOMIC DEVELOPMENT PLAN

April 1, 2022-April 1, 2037

(Reviewed by Kevin Urbom, July 2020)

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ARAPAHOE LOCAL ECONOMIC DEVELOPMENT PLAN (CONTENTS PER 18-2710)

A DESCRIPTION OF THE CITY'S GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

Arapahoe's community and economic development strategy involves the continued support of existing businesses and ongoing efforts to recruit new businesses and industries. The overall anticipated result of both efforts will be to continue to add business activity and jobs to the Arapahoe area.

The overall goal of the strategy is a stronger economy; however, several other anticipated benefits include: an improved quality of life for current and future residents; a stronger workforce with improved employment opportunities; increased community resources; the attraction of new capital investment; the broadening of the local tax base; and increased economic diversity.

Economic diversification that supports job creation and improves the overall quality of life for local residents was a critical priority in the previous economic development strategy and will continue to be so for the next fifteen (15) years. The recruitment of new businesses from outside and development of existing businesses will increase diversification. In addition to recruitment, economic development can create job opportunities by helping existing businesses in Arapahoe expand their markets and compete more successfully.

In order to develop and recruit businesses that provide much needed jobs and services to the area, the City of Arapahoe must provide a supportive environment for entrepreneurs and small businesses. The community's leadership must promote a growth-oriented culture that communicates the message to business owners and aspiring entrepreneurs that Arapahoe is a place of economic opportunity. This growth-oriented atmosphere will not only encourage local residents and businesses, but will also attract people with skills and ideas to relocate or return to Arapahoe to make a start in business. The successful marketing of Arapahoe as a center of opportunity is important to the City's efforts to expand its labor force and attract new residents.

The City of Arapahoe recognizes that the attraction of new business and industry and the expansion of existing businesses take place in a competitive marketplace. In order to keep Arapahoe current and as competitive as possible, the community will strive to use all financial and human resources available, which includes an ongoing willingness to partner with federal, state, municipal, and private organizations.

A STATEMENT OF PURPOSE DESCRIBING THE CITY'S GENERAL INTENT AND PROPOSED GOALS FOR THE ESTABLISHMENT OF THE ECONOMIC DEVELOPMENT PROGRAM

In 2019, the City collected and reviewed feedback from community residents. A strong majority of local residents responded that the following activities should continue to be or become a priority for the City's local economic development program:

- small business development that would sustain and increase the amount of local services available to residents;
- job creation efforts that would sustain current jobs and improve the quality and variety of jobs available;
- improvement of the quality and quantity of housing available to the area's workforce.

It is therefore the general intent of the City of Arapahoe to continue implementation of its economic development program by engaging in activities that will assist with the accomplishment of two important priorities for the City and its residents:

- 1) Support the recruitment, retention, expansion and development of small businesses serving the Arapahoe community and providing jobs to Arapahoe residents.
- 2) Support the growth of local businesses by implementing housing plans and projects that will improve the quality and increase the quantity of housing available to Arapahoe's workforce.

***A DESCRIPTION OF THE TYPES OF BUSINESSES AND ECONOMIC ACTIVITIES THAT WILL BE ELIGIBLE
UNDER THE PROGRAM FOR THE CITY'S ASSISTANCE***

Qualifying Business

- A. If a business that would otherwise be a qualifying business employs people and carries on activities in more than one city 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, 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 over the twelve-month period preceding participation.
- B. A qualifying business need not 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, if approved by the City Council.
- C. A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship, which derives its principle sources 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 that are sold or traded in interstate commerce.
 - 4. The sale of services in interstate commerce.
 - 5. Headquarter facilities relating to eligible activities as listed in this section.
 - 6. Telecommunications activities.
 - 7. Development, sale and support of technology, hardware and software for information technology and telecommunications.
 - 8. Tourism-related activities.
 - 9. Production of films or television programs.
 - 10. Retail business (up to 20% within a 5-year period or up to 40% in any one year).
 - 11. Construction and rehabilitation of housing pursuant to a Workforce Housing Plan, as provided for in the next section.
 - 12. Early childhood care and education programs
 - 13. Any other business deemed as a qualifying business through action of the legislature.

Eligible Activities

- A. Funds allocated to the program shall be expended primarily for the purpose of providing direct and indirect financial assistance for qualifying businesses. Activities eligible for the Program may include, but are not limited to the following:
- a.1. Grants or loans for the construction or rehabilitation for sale or lease of housing as part of a Workforce Housing Plan. Workforce Housing Plan means a program to construct or rehabilitate single family housing or market rate multi-family housing which is designed to address a housing shortage that impairs the ability of a city to attract new businesses or the ability of existing businesses to recruit new employees:
 - 13.A. the City has participated in a recent housing study (The Study). The Study covered the City and the surrounding one-mile zoning jurisdiction of the City. The Study found that the current housing stock in and around the City, including both single-family and market rate multi-family housing, was deficient in numbers and quality, and that the City has a housing shortage;
 - 13.B. the Workforce Housing Plan is intended to include all single-family housing and market rate multi-family housing. No special provisions for housing persons of low or moderate income are provided for within this Program;
 - 13.C. due to the lack of available housing within and around the City, existing businesses have difficulty recruiting new employees; and
 - 13.D. construction costs, and the cost of providing infrastructure for housing (to include streets and utilities) are adversely impacting the ability to find housing for persons seeking new or rehabilitated housing within and around the City of Arapahoe.
 - a.2. Job credits for full-time jobs created (full-time jobs defined as 2000 hours) to include grants, which are subject to job credit performance.
 - a.3. Direct loans or grants to qualifying businesses for fixed assets or working capital or both.
 - a.4. Equity investment or loan guarantees in a qualifying business.
 - a.5. Grants or loan agreements for job training.
 - a.6. Grants or loans for public works improvements essential to the location or expansion of, or the provision of new services by a qualifying business.
 - a.7. The purchase of real estate, options for such purchases, and the renewal or extension of such options. If and when real estate is to be purchased or optioned by the City under the Program, the real estate will be identified based

upon the need of a particular qualifying business or based upon potential needs of qualifying businesses not yet identified All such real estate should be properly zoned with no excessive easements, covenants, or other encumbrances.

Any proceeds received by the City from the future sale of such real estate shall be returned to the City's economic development fund for reuse under the program.

- a.8.Rehabilitation of commercial buildings or potential commercial buildings.
- a.9.Purchase of existing buildings or construction of new buildings.
- a.10. Demolition of blighted buildings.
- a.11. Business façade improvements.
- a.12. Small business development including expansion of existing businesses.
- a.13. Tourism related activities.
- a.14. The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance, etc.
- a.15. Expenses for business recruitment activities.
- a.16. Expenses for locating a qualifying business into the area.
- a.17. Activities to attract and recruit new residents and workers.
- a.18. Contracting with an outside entity to implement any part of the program, as necessary.
- a.19. Grants, loans, or funds for early childhood infrastructure development.
- a.20. The authority to issue bonds pursuant to the Act.

Additional activities as allowed by law: 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 Arapahoe 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 stay 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.

Changes to the Act: 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 Arapahoe's Economic Development Program. In order to stay current with Nebraska Statutes, the City of Arapahoe 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 other statutes that affect Arapahoe's Program. Such amendments can only be made after a public hearing and a majority vote of Arapahoe's City Council.

A STATEMENT SPECIFYING THE TOTAL AMOUNT OF MONEY THAT IS PROPOSED TO BE DIRECTLY COLLECTED FROM LOCAL SOURCES OF REVENUE BY THE CITY TO FINANCE THE PROGRAM.

Plan Funding and Timeline

The Program will primarily be funded a portion of the one-and-one-half (1½%) percent of the City Sales Tax. If approved by the voters, this tax will remain in force for a period of fifteen (15) years beginning on or about April 1, 2022. Based on the net taxable sales from the last 10 years, the one-and-one-half-percent sales tax will generate approximately \$180,000 each year the tax is collected for a 15-year period.

The City of Arapahoe will appropriate from the sales tax collected for the economic development program the amount of approximately \$60,000 (1/3 of 1½% sales tax) per year for a 15-year total of \$900,000.

The economic development plan, for use of these funds, will be in effect from January 2022 to December 2041, a twenty-year period of time. The amount of funds collected will not exceed the maximum amount allowable by law.

Proposed Preliminary Annual Budget

This table describes a preliminary source of funds and budget for Arapahoe'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.

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|------------------------------------|--------------|
| Annual Estimated Funds Collected | \$60,000 |
| Expenditures | |
| Business Recruitment and Expansion | \$30,000 50% |
| Workforce Housing Plan Activities | \$27,000 45% |
| Administration | \$3,000 5% |
| Total Expenditures | \$60,000 |

Bond Authority

The City may issue bonds pursuant to the Act to fund and carry out the Program. The total amount of bonds that may be outstanding at any time shall be set by resolution of the City Council and shall not exceed the anticipated collections and resources which will be available to the Program during its existence.

A DESCRIPTION OF THE ADMINISTRATIVE SYSTEM THAT WILL BE ESTABLISHED TO ADMINISTER THE ECONOMIC DEVELOPMENT PROGRAM.

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 Council at some point in the future.

The City Council may contract with an appropriate organization to serve as the Program Administrator for the Arapahoe 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 necessary amount of the funds is used to assist in the administration of the program.

Program Personnel

One administrator and three separate groups share the administration of the program.

1. Program Administrator

- A. Will be responsible for the day-to-day activities of administrating the program.
- B. Will assist applicants and conduct active recruiting for potential applicants.
- C. Will serve as an ex-officio member of the Citizen Advisory Review Committee who will provide that committee with necessary advice and information.
- D. Will develop and make available an "Arapahoe Economic Development Program Application for Financial Assistance" form.
- E. Will review applications on a timely basis.
- F. Will verify business information provided by eligible businesses to the extent applicable and possible.
- G. Will negotiate the terms and conditions of the assistance to be provided.
- H. Will make recommendations to the City Council on program expenditures.
- I. Will monitor participating businesses to ensure they are meeting or have met funding requirements as necessary.
- J. Will be responsible for the procedures to ensure that all applicable laws, regulations, and requirements are met by ttle municipality.
- K. Will provide for the review of all contracts, official documents land transactions, and other official actions related to the economic development program.

2. City Council

- A. Will have the final authority on the expenditure of funds in support of the economic development program. The Counsel may delegate specific final authority to the project review committee.
 - B. Will approve the membership of the Citizens Advisory Committee.
 - C. Will have ultimate responsibility for the economic development program.
 - D. Will establish the Arapahoe Economic Development Program by Ordinance.
 - E. Will appoint a city official or employee to serve as an *ex-officio* member of the Citizen Advisory Review Committee who will provide the committee with necessary advice and information.
 - F. Will develop and approve procedures to ensure the confidentiality of business information received from applicants.
 - G. Will arrange for an annual audit of the program.
 - H. Will annually review the process to assure that applicable laws and regulations are being met.
3. Project Review Committee

The Mayor, with the approval of the City Council will establish a Project Application Review Committee consisting of at least 5 but not more than 9 members. The membership of the committee should be a good cross section of individuals who have the expertise in business or finance and/or interest in the economic vitality of the community.

Membership can consist of individuals that live outside of the city limits of Arapahoe. The program administrator may be designated as either a member or *ex-officio* non-voting member of the project review committee by the Mayor with City Council approval.

The mayor will consider the following representation when making the selection of the committee:

- Representation of the City Council
- Representation of the Arapahoe Chamber of Commerce Board of Directors
- Representation of professionals such as attorneys, bankers, and accountants.

The project review committee will work closely with the program administrator and may assist the program administrator with his/her duties. The Committee will meet from time to time as needed to review applications. When a possible conflict of interest exists on a given proposed project, that individual with the conflict should be excluded from the discussion and any vote that may take place.

If the City contracts with an entity to administer the program, they may grant that entity the right to establish the project review committee.

The City Council may also delegate the Project Review Committee the authority to make the final funding decisions of specific types of projects, or under a certain dollar amount of funding, or within other guidelines they might set from time to time.

4. Citizen Advisory Review Committee

A Citizen Advisory Review Committee will be established by the City. The committee will be made up of a group of citizens who are registered voters of the City who are appointed by the Mayor and subject to approval by the City Council. Their purpose will be to review the functioning and progress of the economic development program and advise the City Council with regard to the program.

Committee organization will consist of: (1) not less than five nor more than ten members; (2) at least one individual will have expertise or experience in the field of business finance or accounting; and (3) a city 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 city official, an employee of the city, 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 Citizen Advisory Committee will meet regularly, as required, to review the program and will report to the City Council at least once every six months on its findings and suggestions at a public hearing called for that purpose.

Process to Ensure Confidentiality of Business Information Received

In the process of gathering information about a qualifying business, the city 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 that come into their possession.

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

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

Economic Development Program Ordinance

After approval by the voters of the economic development program, the City Council will, within forty-five days after such approval, establish the economic development program by ordinance in conformity with the terms of such program as set out in the original enabling resolution.

THE MANNER IN WHICH A QUALIFYING BUSINESS WILL BE REQUIRED TO SUBMIT AN APPLICATION FOR FINANCIAL ASSISTANCE.

To be considered for direct financial assistance under the Arapahoe Economic Development 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;
3. Current financial statements, financing requirements for the project, and total project cost;
4. A completed "Arapahoe Economic Development: Program Application for Financial Assistance" form. (An application shall be developed within the first three 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 Arapahoe City Office.
5. Additional information required 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. However other pending applications will then be addressed in a timely manner.

Application review and approval, or disapproval, will be based on project feasibility as determined by review of the applicant's application and documents, along with the potential future economic benefit to the community. Applications may be prioritized by the Program Administrator with the most cost-effective project to receive a priority for the use of funds.

Before final approval, the Program Administrator will be responsible for the verification of business information provided by eligible businesses that receive a recommendation for financial assistance.

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 City Council for its review and approval. The Council will consider the overall benefits to the community in its deliberation and will provide the Program Administrator a decision. Once approved, the Program Administrator will take the necessary action to execute agreements made.

Other incentive assistance processes, using alternative requirements and documentation, may be implemented so that the requirements are more appropriate for the type and amount of the incentive. For instance, in the case where a job creation incentive could be implemented, documents such as a business plan, financial statements, and similar documentation, may not be applicable to this type or amount of

incentive. Therefore, in this and similar cases, alternative requirements and application forms could be developed and used for other types of incentives.

Eligible qualifying businesses may apply more than once and receive program benefits more than once.

Contracts made with qualifying businesses shall include protective measures, applicable to the project, to safeguard Arapahoe's investment in the project.

Loan Program

Loans and a revolving loan program are eligible under Arapahoe's Economic Development Plan. As required by law, this plan must describe the loan program if it is an eligible activity under the plan. To meet that requirement, general guidelines follow:

1. Loans may be made under the program. These may be low-interest or no-interest loans.
2. Criteria that will be used to determine the level of assistance will include, job creation and retention, economic impact to the community, and the leverage of private and other funding sources.
3. For loans, the "Financial Assistance Application Process" and the business information verification process, as described earlier in this plan will also apply to loan assistance.
4. Although it is not expected that a single business would receive the entire proceeds from the funds to be raised through the sales tax, under certain conditions, 100 percent of the available funds may be provided to a single business. However, in this case, program funds would not exceed 50 percent of total project costs.
5. If the loan is approved as performance-based, a qualifying business may be approved to recapture a portion of the loan amount on a grant basis. The recaptured amount will be determined through negotiations, and will be based upon job creation or retention and economic impact of the project to the community.
6. A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. The time requirements to meet the goals of the business will be determined through negotiations and information provided. Requirements of other participating funding sources will also be considered when determining the time requirements to meet goals under Arapahoe's program. Repayments can either be held in the revolving loan fund for future loan projects, or returned to the Economic Development Fund for any eligible program activity.
7. The Program Administrator will be used to administer the loan program and to monitor loans until such time that a separate Loan Administrator is deemed

necessary or prudent. At that time, the City Council will contract with an appropriate party to serve as the Loan Administrator. The Loan Administrator may receive appropriate payment or reimbursement for their services. Such payment can be generated from loan fees or funds within the economic development program.

8. If a Revolving Loan Fund is active under the Economic Development Program the City will implement investment strategies to promote the growth of the loan fund while assuring its security and liquidity;
9. If a Revolving Loan Fund is active under the Economic Development Program, it will be audited annually by a selected firm or certified public accountant to ensure that the assistance given is used in an appropriate manner and that the City is protected against fraud and deceit in the conduct or administration of the program.

A DESCRIPTION OF HOW THE CITY WILL ASSURE THAT ALL APPLICABLE LAWS, REGULATIONS, AND REQUIREMENTS ARE MET BY THE CITY AND THE QUALIFYING BUSINESSES WHICH RECEIVE ASSISTANCE.

The Program Administrator will be responsible for procedures to ensure 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 Council.

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.

The Program Administrator may retain separate counsel, rather than using the City Attorney, for the review of any or all document. and laws with the approval of the City Council.

If there is a conflict between this plan or the ordinance that governs this plan and Nebraska State Statutes (both current and future), State Statutes will prevail.

INFRASTRUCTURE AND PARKS AND RECREATION IMPROVEMENT PROGRAM

Although improvements to the City's infrastructure and parks and recreation facilities are being funded by a portion of the proposed sales tax, it is not part of the economic development program.

The purpose of this program is to generate funding to assist with general City obligations for capital purchases, infrastructure projects, recreational and quality of life improvements, and other economic development activities.

The City's source of public funds for the infrastructure and parks and recreation improvement program will be two-thirds (2/3) of a 1.5% local option sales tax.

If approved by the voters, the tax collected for the program will be in effect from on or about April 2, 2022 through March 31, 2037, a fifteen-year period. The total amount to be collected for this program is estimated to be \$1.8 million (based on past 15 years net taxable sales) over the 15-year period.

Over the past 15 years, the City has funded numerous improvements to its parks and recreation facilities through the use of the sales tax collected, including:

- swimming pool modernization;
- installation of a community splash pad;
- installation and upgrades to community trail system;
- installation of new community playground equipment;

- development of community campground.

The City of Arapahoe has committed to support the construction of an addition to the library, with construction scheduled to begin in 2021.

The City also recognizes the need to maintain its basic and necessary infrastructure, and beginning on or about April 1, 2022, this program will include capital purchases, infrastructure projects, and other economic development activities which are not

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