
VILLAGE OF SHELTON ECONOMIC DEVELOPMENT PLAN

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GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

In 2017, the Shelton Community began a two-year public input, community visioning and planning process that involved the investment of roughly \$40,000 and countless volunteer hours.

This investment of time, effort, and money led to the creation of important planning documents and the reinstatement of the Shelton Planning Commission as well as the new establishment of the Shelton Community and Economic Development Board.

Those four key documents that were created are listed below:

1. Community Needs Assessment Survey (CNAS)
2. Comprehensive Plan
3. Zoning Ordinance
4. Blight & Substandard Study and Redevelopment Plan

The process of producing these documents highlighted the current challenges as well as future potential associated with improving the community and growing the economy. The CNAS consisted of 150 questions that were answered by 300 area residents.

Key takeaways from that survey included:

- 90% were supportive of using incentives to encourage housing development in Shelton;
- over 80% supported village expansion through the development of new residential areas;
- over half of the households currently pay more than 30% of their income for housing;
- a total of 9 business owners will transition out of business within the next 5 years; and
- lack of funding is the main issue holding back Shelton residents that are interested in starting/owning a business.

The CNAS documented that the Shelton Community is mostly in favor of seeing the Shelton Community grow. However, the village has several challenges that will have to be addressed through the intentional actions of the Shelton Village Board and the Shelton Community and Economic Development Board. For instance:

- 78% of the houses in Shelton are at least 40 years old (50% are at least 70 years old);
- although located in between two growing cities, the village has barely maintained its population, actually experiencing a slight decrease since the 1980s;
- Hall and Buffalo Counties have experienced an increase in economic activity. Yet, the Village of Shelton has experienced a net decrease of 61% in taxable sales from 2008-2018.

The residents and leadership of the Village of Shelton recognized that a great deal of opportunity exists within and around the community. However, without intentional actions taken by the community, the village will continue to see a decline in quality of housing, number of community members, and local economic activity.

As a response to the findings from the 2017-2018 planning process, the Village of Shelton has developed a strategy based upon two primary focuses.

- 1) Creation of a support system for the current and potential Shelton Business Community.
- 2) Revitalization of the workforce housing market in the Shelton area.

THE VILLAGE'S GENERAL INTENT AND PROPOSED GOALS FOR ESTABLISHING THE PROGRAM

It is the intent of the Village of Shelton to improve the current quality of life for local residents and make an investment in its future by engaging in activities that will meet two essential goals for the well-being and growth of the community:

In partnership with the Shelton Area Community and Economic Development Board, the Village of Shelton will focus upon the following priorities:

- Support the recruitment, retention, expansion and development of businesses serving the Shelton community and providing jobs to Shelton residents.
- Support the growth of local businesses by implementing a workforce housing plan that will improve the current state of the housing situation in Shelton.

BUSINESSES AND ACTIVITIES THAT WILL BE ELIGIBLE UNDER THE PROGRAM FOR ASSISTANCE

A. Eligible Activities:

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:

1. Grants or loans for the construction or rehabilitation of for sale or lease 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:
 - a. the village has participated in a recent housing study (The Study). The Study covered the village and its surrounding one-mile zoning jurisdiction. The Study found that the current housing stock in and around the village, including both single-family and market rate multi-family housing, was deficient in numbers and quality, and that the village has a housing shortage;
 - 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;
 - c. due to the lack of available housing within and around the village, existing businesses have difficulty recruiting new employees; and
 - 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 Village of Shelton.
2. Job credits for full-time jobs created (full-time jobs defined as 2,000 hours annually) to include grants, which are subject to job credit performance.
3. Direct loans or grants to qualifying businesses for fixed assets or working capital or both.
4. Equity investment or loan guarantees in a qualifying business.
5. Grants or loan agreements for job training.
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.
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 village 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.
8. Any proceeds received by the village from the future sale of such real estate shall be returned to the Village's Economic Development Fund for reuse under the program.

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

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 Shelton's Economic Development Program. In order to stay current with Nebraska Statutes, the Village of Shelton 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 Shelton's Program. Such amendments can only be made after a public hearing and a majority vote of Shelton Village Board of Trustees.

Purchase of Real Estate or Option to Purchase: Eligible activities include the purchase directly or indirectly through the Program Administrator of real estate and obtaining options for the purchase of such real estate. Land to be purchased or optioned may be within or outside the corporate limits of the Village of Shelton.

In addition, the funds may be used to provide the infrastructure to these sites or other sites to make them attractive to new or expanding businesses. Eligible infrastructure improvements will include, but not be limited to, street, storm drainage, water, sewer, gas, electric, or railroad extension. Infrastructure improvements and costs may extend beyond the corporate limits of the Village of Shelton.

The funds may also be used to construct facilities, structures, and/or appurtenances for new or proposed development or to attract new business or industry. These facilities, structures and appurtenances are not required to be within the corporate limits of the Village of Shelton.

These sites and facilities will improve the attractiveness of the Village of Shelton as a location for new business and industry and may be used as an incentive to aid in the location, relocation or expansion of a business. These sites and facilities may be sold or leased at a price at or below current market value. The proceeds from the sale or lease of land purchased and developed with funds generated by Local Option Municipal Economic Development Act may be used for the purchase and development of additional land and may be used for all other eligible activities.

B. Qualifying businesses:

Qualifying business means 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; or the production of films, including feature, independent, and documentary films, commercials, and television programs.

Qualifying business also means:

1. A business that derives its principal source of income from the construction or rehabilitation of housing;
2. A business that derives its principal source of income from early childhood care and education programs;
3. A business that derives its principal source of income from retail trade, except that no more than forty percent of the total revenue generated pursuant to the Local Option Municipal Economic Development Act for an economic development program in any twelve-month period and no more than twenty percent of the total revenue generated pursuant to the act for an economic development program in any five-year period, commencing from the date of municipal approval of an economic development program, shall be used by the village for or devoted to the use of retail trade businesses. For purposes of this subdivision, retail trade

means a business which is principally engaged in the sale of goods or commodities to ultimate consumers for their own use or consumption and not for resale; and

4. In cities with a population of two thousand five hundred inhabitants or less as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census, a business shall be a qualifying business even though it derives its principal source of income from activities other than those set out in this section.
5. If a business which 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 its application for participation in an economic development 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/village as a participant in its economic development program at a level not less than its average employment in such city/village over the twelve-month period preceding participation.
6. A qualifying business need not be located within the territorial boundaries of the city/village from which it is or will be receiving financial assistance.
7. Qualifying business does not include a political subdivision, a state agency, or any other governmental entity, except as allowed for cities of the first class, cities of the second class, and villages for rural infrastructure development as provided for in subsection (4) of section 18-2705 of the Nebraska Revised Statutes.

TOTAL AMOUNT OF MONEY PROPOSED TO BE DIRECTLY COLLECTED TO FINANCE THE PROGRAM

Plan Funding and Timeline

The source of public funds for the Shelton Economic Development Program will be funded by a portion of a one- and one-half percent village sales tax. The Economic Development Program will receive 1 percent of the one-and-one-half percent village sales tax. If approved by the voters, this tax will remain in effect for a period of ten (10) years, beginning on or about April 1, 2021.

Therefore, the Village of Shelton will appropriate from the sales tax collected for the economic development program an amount of approximately a minimum of \$39,000 the first year and \$67,000 each year thereafter for a ten-year total of \$712,000.

This economic development program shall be in effect commencing upon the date of its passage as provided by the Local Option Municipal Economic Development Act, and ending twenty (20) years thereafter, on or about March 31, 2036. Based upon taxable sales estimated provided by the Nebraska Department of Revenue, a one-and one-half cent sales tax will generate approximately \$101,000 per year.

Proposed Preliminary Annual Budget

This table describes a preliminary source of funds and budget for Shelton'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 Shelton Village Board of Trustees. In the field of economic development, it is impossible to anticipate every condition or requirement. The village shall maintain the flexibility to respond to specific requirements and opportunities on a short-term basis.

Annual Estimated Funds Collected	\$67,000
Expenditures	
Business Recruitment and Expansion	\$24,120 36%
Workforce Housing Plan Activities	\$36,180 54%
Administration	\$6,700 10%
Total Expenditures	\$67,000

Bond Authority

The Village of Shelton 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 Shelton Village Board of Trustees and shall not exceed the anticipated collections and resources which will be available to the program during its existence.

PROCESS FOR SMALL BUSINESSES TO SUBMIT AN APPLICATION FOR FINANCIAL ASSISTANCE

Phase I

Phase I determines the potential of financing for proposed project or activity. To be considered for direct financial assistance under this program, each applicant must provide the following:

1. A business description verifying that the business satisfies the program goals.
2. A detailed description of the proposed project.
3. A business plan, including employment and financial projections, current financial statements, financing requirements for the project, and total project costs.
4. A completed 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.

The Program Administrator will receive and forward 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 Loan Review Committee will be based on project feasibility as determined by review of the applicant's business plan and other requested information. The potential future economic benefits to the community of Shelton and the surrounding area will also be evaluated. The Program Administrator will be responsible for verification of information in the applications.

Applications, whether approved or disapproved by the Loan Review Committee, shall be forwarded to the Village Board, for ultimate review by the board, with their recommendations attached. If, upon its review following all review processes it establishes, the Village Board determines an application disapproved by the Loan Review Committee, should be approved, it may return the application to the Program Administrator and the Loan Review Committee for further review and/or with instructions, or may vote to approve the application. The Program Administrator will be responsible for verification of information in the applications of those eligible businesses which receive a recommendation for financial assistance before recommendation is made to the Village Board.

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, the Loan Review Committee and the applicant, the project will be submitted to the Village Board for its review and approval. Upon the Board's review of such applications, the Village Board shall hold a public hearing regarding the application and obligation of funding. All approvals by the Village Board for the obligation of funding for an application shall be made by resolution.

The Village Board will consider the overall benefits to the community in its deliberation and will provide the Program Administrator a decision that fits within the time frame suitable to meet the business requirements of the applicants. Once approved, the Program Administrator will take the necessary actions to execute the agreements made

Assurance of the privacy and confidentiality of business information provided to the city.

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 that come into their possession.

To protect the businesses applying for funds and to encourage them to make full and frank 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 disclosure;
2. A restriction on the number of people with access to the files with the Program Administrator primarily responsible for their safe-keeping;
3. A requirement that personnel involved in the program sign statements of confidentiality regarding all personal and private submittals by qualified businesses; and
4. Review by the Village Attorney of all public records requests that request documents related to a business applying for assistance from the economic development program.

Any information provided to the Village Board on the Loan Recommendation form, is considered public information. This information includes the following information: business entity, project description, borrower(s), loan amount, length of loan, interest rate, security, repayment, loan closing date and any other pertinent information.

All members of the Loan Committee and Citizen's Advisory Committee and Program Administrator and staff will sign a confidentiality statement for the Economic Development Program. The confidentiality statements will be renewed each January. The Confidentiality Statement will have attached the corresponding statute, which outlines that disclosure of confidential business information is a Class III misdemeanor. All loan applications will be referred to with their assigned loan number. Loan numbers will be issued with the year and application number in that year.

The Program Administrator will maintain copies of the loan application and its supporting documents at all times. These materials will be kept confidential. Loan Committee members will not receive application documents at any other time than during the official loan review committee meeting. At the conclusion of each meeting for a particular application, all loan committee members are required to return all loan forms and copies to the Program Administrator.

ADMINISTRATIVE SYSTEM THAT WILL BE ESTABLISHED FOR THE PROGRAM

Investment of economic development funds

The Village of Shelton will establish a separate Economic Development Fund.

1. The money from the Economic Development Fund shall not be commingled with any other Village or Program Administrator fund.
2. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested by the Village of Shelton.
3. In the event that the Economic Development Program is terminated, any funds not committed will be transferred as provided by the 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.
4. If there is a conflict between this plan and State Statute, the State Statute will control.

Personnel Structure

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 Village Board at some point in the future.

The Village Board may contract with an appropriate organization to serve as the Program Administrator for the Shelton 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.

One administrator and three separate, additional 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. 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 a "Shelton Economic Development Program Application for Financial Assistance" form.
 - E. Will process applications on a timely basis.
 - F. Will verify business information provided by eligible businesses to the extent applicable and possible.
 - G. Will administer the negotiated terms and conditions of the assistance to be provided.
 - H. Will report to the Village Board 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 the village.
 - K. Will provide for the review of all contracts, official documents land transactions, and other official actions related to the economic development program.
2. Village Board of Trustees
- A. Will have the final authority on the expenditure of funds in support of the economic development program. They may delegate specific final authority to the loan review committee.
 - B. Will approve the membership of the Citizens Advisory Committee.
 - C. Will approve the membership of the Loan Review Committee.
 - D. Will have ultimate responsibility for the economic development program.
 - E. Will establish the Shelton Economic Development Program by Ordinance.
 - F. 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.
 - G. Will develop and approve procedures to ensure the confidentiality of business information received from applicants.
 - H. Will arrange for an annual audit of the program.
 - I. Will annually review the process to assure that applicable laws and regulations are being met.

3. Loan Review Committee

The Board Chairman, with the approval of the Village Board will establish a Loan Review Committee consisting of at least 3 to 5 members. The membership of the committee shall 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 corporate limits of Shelton. The program administrator will be designated as an ex-officio non-voting member of the loan review committee to assist the committee.

In addition to the program administrator, one member of the Village Board will serve on the loan review committee as an ex officio, non-voting member of the committee

The Village Board will approve all members of the loan review committee. Terms shall be for four years, except that initial terms shall be on a staggered basis to provide for continuity on the committee.

The loan review committee shall be responsible for determining the credit worthiness of applications to the economic development program. Applications having received approval of the loan review committee will then be forwarded to the Shelton Village Board for final funding approval.

The loan 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 village contracts with an entity to administer the program, it may grant that entity the right to establish the loan review committee.

The Village Board may also delegate the loan 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 village. Their purpose will be to review the functioning and progress of the economic development program and advise the Village Board with regard to the program.

The committee will be made up of a group of citizens who are registered voters of the village who are appointed by the Board Chairman and subject to approval by the Board.

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 finance or accounting; and
3. the program administrator who will serve as an ex-officio member to assist the committee.

No member of the committee shall be:

1. an elected or appointed village official,
2. a member of the planning commission,
3. an employee of the village (other than the ex officio Program Administrator),
4. a participant in the application review and approval process,
5. an official or employee of a qualifying business receiving assistance under the program, or
6. an official or employee of a financial institution providing lending to a qualifying business receiving assistance under the program.

The Citizen Advisory Committee will meet regularly, as required, to review the program and will report to the Village Board at least once every six months on its findings and suggestions at a public hearing called for that purpose.

ASSURANCE THAT ALL APPLICABLE LAWS, REGULATIONS, AND REQUIREMENTS ARE MET

Legal and Regulatory Compliance

In order to ensure that all laws and regulations are being complied with, the Village Attorney will review the Economic Development Program and all laws and regulations pertaining to it annually. The Village Attorney will review all contracts, official documents, land transactions and other official actions related to the Economic Development Program to ensure compliance with existing law to ensure compliance.

Audit

The village shall provide for an audit on an annual basis to ensure that the assistance given through loans is used appropriately and that the village is protected against fraud or deceit in the conduct or administration of the program. The Village Board shall provide for an annual, outside, independent audit of its Economic Development Program by a qualified private auditing business. The audit may be included as part of the village's annual audit. The auditing business shall not at the time of the audit or any period during the term subject to the audit, have a contractual or business relation with:

1. Any qualifying business receiving funds or assistance under the Economic Development Program.
2. Any financial institution directly involved with a qualifying business receiving funds or assistance under the Economic Development Program.

The results of the audit shall be filed with the Village Clerk and made available for public review during normal business hours.