



2004-2005

Nebraska Department of Economic Development.
Fiscal Year Annual Report.

NEBRASKA
possibilities...endlessSM

Governor Heineman, Members of the Nebraska Legislature, Fellow Nebraskans:

As the Director of the Nebraska Department of Economic Development (DED), I am pleased to submit the 2004-2005 DED Annual Report. This Report provides you with a general overview of our Agency's activities and accomplishments for the past year; it also provides me the opportunity to step back and fully evaluate our efforts. I am amazed at the many ways dedicated staff and partners make Nebraska a better place to live, learn, work and play.

Much of our Agency's FY'04-'05 activities were impacted significantly by industry trends, actions of the Nebraska Legislature, and an increased emphasis on building community capacity. As the economy continued to heat up from its 2001 recession, Nebraska saw an increase in the number of business expansions, and a renewed sense of optimism among existing businesses. While optimistic, our existing businesses were also faced with increasing global pressures. Consequently, Nebraska firms placed additional emphasis on product and service innovation, quality process improvements, enhanced worker training and new market development.

Entrepreneurship and small business development continues to consume significant amounts of our staff time. During the past year, for example, our one stop business assistance center handled more than 2,500 calls and requests for information from potential entrepreneurs. In addition, we maintained our staff and/or financial support for microenterprise development through the provision of technical assistance, microlending, and developing relationships for angel and equity investment opportunities.

The 2005 Legislative session brought about the crafting of a new comprehensive economic development package, fondly branded as the Nebraska Advantage. Over two years of research on Nebraska's competitive position led to the eventual creation and overwhelming adoption of LB 312 and LB 90. These initiatives provide valuable programs and incentives that improve Nebraska's overall business climate, support existing business growth, encourage new business attraction, stimulate innovation, address specific rural development challenges, and offer funds to continually enhance Nebraska's workforce to meet the needs of our the rapidly changing business environment.

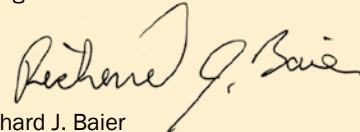
Upon adoption of the Nebraska Advantage program, DED staff worked cooperatively with the Nebraska Department of Revenue to provide valuable training to community, business and economic development leaders across the State. Simultaneously, DED worked with our economic development partners to promote the benefits associated with the Nebraska Advantage program to Nebraska

businesses, out-of-state business prospects, and the increasingly important site selection consultants. This comprehensive marketing plan entails direct mail, targeted advertising, Nebraska special events, team marketing trips and special publications. I envision this concerted marketing effort to reach well into calendar 2006.

The Tourism Division implemented a slight restructuring during 2004-2005. In addition to their on-going work in consumer and group-tour marketing, tourism planning and development, and special events coordination, the Tourism Division recognized the importance of experiential tourism to the State's overall tourism strategy. As a result, two existing staff positions were reassigned to focus specifically on the areas of agri-tourism and eco-tourism. With one of the smallest tourism budgets in the country, our staff worked diligently to evaluate every marketing opportunity, and to identify niche opportunities having the greatest long-term tourism development and economic impact.

To assure Nebraska's continued growth, we must make certain to never overlook the importance of developing strong economic foundations within our communities. These include the availability of affordable housing, a readily available, productive workforce, and sound public utilities. Clearly, these valuable community foundations require on-going focus and investment. Our housing staff continues to use a wide variety of federal, state, and local financing tools to support the availability of affordable rental and owner-occupied housing. This past year, we made great strides to improve coordination of the Department's programs with those of both the Nebraska Investment Finance Authority and the U.S. Department of Agriculture. In terms of infrastructure and utilities, we continue to leverage our resources by working cooperatively with these and other funding partners to properly assess needs and funding gaps. This requires a great deal of interagency coordination and prioritization.

As I look forward to the opportunities available to Nebraska in the years ahead, I remain convinced that we must find ways to stimulate and implement innovation within both our entrepreneurial and existing business communities. Likewise, we must be cognizant of the need to assure the availability and quality of our workforce. Finally, we must take a more active role in promoting the growth opportunities in our State. I recently talked with a consultant who told me that Nebraska is the best-kept secret in the United States. While I am not convinced that we should let everyone in on our great secret, I do think we need to more actively spread the word. Together, we can create a more prosperous Nebraska for our children and grandchildren.



Richard J. Baier
Director

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“Each of the components of the Nebraska Advantage package will help keep Nebraska’s economy strong through greater investment in businesses of all sizes and the workforce of tomorrow.”

-Governor Dave Heineman

NEBRASKA
Advantage

As the state’s lead economic development agency, the Nebraska Department of Economic Development (DED) is dedicated to helping businesses locate the information and resources they need to succeed, grow and prosper.

The department’s major responsibility is to use the tools and resources provided by the Nebraska Legislature, under the Governor’s leadership, to diversify and develop the capability of Nebraska’s economy to grow at a pace that enhances the lives of its residents.

This responsibility grew exponentially easier in 2005 when the Nebraska Legislature passed the Nebraska Advantage package (effective January 1, 2006).

The Nebraska Advantage package was designed to create a business climate that makes the state the preferred location for starting and growing businesses. The Nebraska Advantage rewards businesses that invest in the state and hire Nebraskans. In this progressive, pro-business tax climate, corporate income and sales taxes are reduced or virtually eliminated for qualified companies.

Components of the Nebraska Advantage package:

Nebraska Advantage Act (LB 312)

- Expanded incentives for 5 “Tiers” of investment and/or job creation
- Small Business Advantage
- Research and Development Advantage
- Microenterprise Tax Credit Advantage
- Rural Development Advantage
- State and local sales tax exemptions of manufacturing machinery, equipment, and related service

Nebraska Agriculture Innovation Advantage (LB 90)

- Agriculture Opportunities and Value-Added Partnership Act
- Building Entrepreneurial Communities Act
- Ethanol Production Incentive Cash Fund Enhancement

**Nebraska Customized Job Training Advantage
Microenterprise Development Fund Enhancement**



DED’s mission is to provide quality leadership and services that enable Nebraska communities, businesses, and people to succeed in a global economy. To achieve this in part, the Department works with, several commissions and organizations including:

Economic Development Commission

established by the Nebraska Legislature in 1986 to advise and help DED find new ways to develop the state’s economy. The commission consists of nine voting members and DED’s director who serves as a non-voting member.

Nebraska Rural Development Commission

serves as a voice for rural Nebraska communities in the creation of policies and initiatives that affect economic, civic, and social conditions and foster cooperation and understanding among public and private agencies and organizations.

Nebraska Diplomats

is a nonprofit corporation with membership of more than 400 business executives and community leader members. The Diplomats’ mission is to help support the work of DED in building the state’s economy. Efforts include assisting the growth and expansion of existing businesses, attracting new businesses, and improving the state’s business climate and competitiveness. Diplomats provide a connection to Nebraska leaders without political, organizational, or geographic restrictions. During FY04-05, the Diplomats hosted the Passport Weekend, Legislative Reception, and Business and Industry Day.

Lewis and Clark Commission

comprised of 13 members appointed in 2000 by the Governor to promote the observation of the 200th Anniversary of the Lewis and Clark Expedition.

Sources of Funds

\$3,990,459
General Funds

\$12,017,604
Cash Funds

\$23,493,353
Federal Funds

\$39,501,416
Total

Use of Funds

\$4,372,888
Staff

\$5,482,361
Operations

\$29,646,167
Aid/Grants

\$39,501,416
Total

Major Aid/Grant Programs and Service Contracts

\$16,499,700
Community Development Block Grant

\$6,000,000
Affordable Housing Trust Fund

\$5,000,000
HOME

\$1,107,944
Customized Job Training Contracts

\$422,121
Manufacturing Extension Partnership

\$250,000
Microenterprise Program Contract

\$50,000
Venture Capital Forum Contract

\$125,000
Surety Bond Program Contract

\$77,552
Tourism Marketing Grants

\$113,850
Main Street Program Grants

\$29,646,167
Total



According to data reported by the Nebraska Department of Labor, the state's unemployment rate declined from 4.0 percent in June 2004 to 3.9 percent in June 2005. Over the same period, the U.S. unemployment rate fell from 5.6 percent to 5.0 percent. The number of employed persons living in Nebraska decreased by 1.6 percent, while total U.S. employment advanced by 1.8 percent. Persons on non-farm payrolls in Nebraska gained 0.9%

Because DED programs attempt to positively influence Nebraska's economy, it is appropriate to review recent state economic performance. Generally, economic fluctuations are not as pronounced in Nebraska as in the overall U.S. During economic upturns, increases in employment are usually more gradual in Nebraska than in the overall U.S. Conversely, in economic slow-downs, declines in employment are not as sharp.



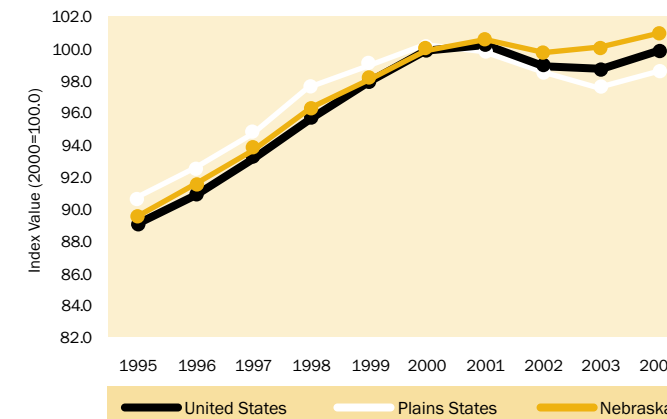
Non-Farm Employment on payrolls by Place of Work in Nebraska Industry Breakdown. June 2004 and June 2005

June 2004	June 2005	Change	Percent
51,817 Construction and Natural Resources	52,107	290	0.6%
101,138 Manufacturing	100,120	(1,018)	(1.0%)
41,457 Wholesale Trade	41,171	(286)	(0.7%)
106,720 Retail Trade	107,218	498	0.5%
48,677 Transportation, Warehouse, and Utilities	51,327	2,650	5.4%
21,531 Information	21,792	261	1.2%
63,429 Financial Activities	64,811	1,382	2.2%
95,995 Professional and Business Services	96,495	500	0.5%
126,433 Educational and Health Services	127,014	581	0.5%
80,860 Leisure and Hospitality	83,968	3,108	3.8%
34,901 Other Services	34,859	(42)	(0.1%)
162,709 Government	162,952	243	0.1%
935,667	943,834	8,167	0.9%

Total Source: Nebraska Department of Labor

Economic Performance Indicators.
2004-2005 Fiscal Year Annual Report.

Graph 01. Industry Employment
Index of Total Non-Farm Payroll Jobs.
United States, Plains States, and Nebraska.

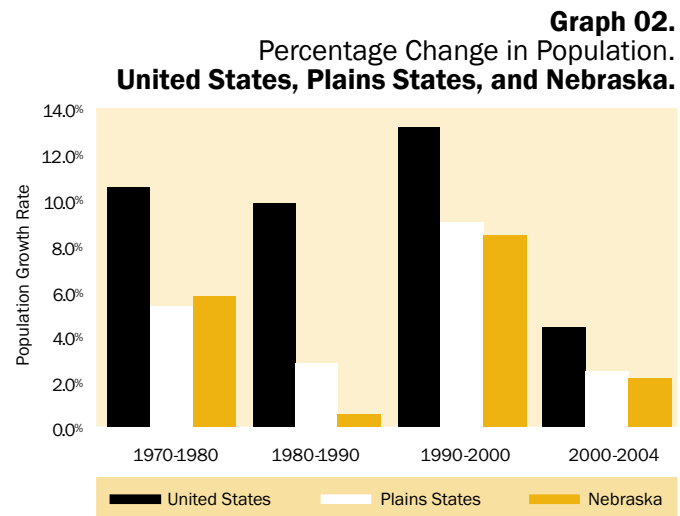


Source: U.S. DOL, Bureau of Labor Statistics, 2005. The Plains States include Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. The Census Bureau classifies those states as the West North Central Division.

Despite the decline in the number of employed persons in Nebraska, there was an increase in non-farm employment by place of work, or number of jobs. As shown in Table 1, total non-farm employment in Nebraska grew 0.9 percent from 935,667 in June 2004 to 943,835 in June 2005. Employment increased in construction and natural resources; retail trade; transportation, warehouse, and utilities; information; financial activities; professional and business services; educational and health services; leisure and hospitality; and government. Decreases occurred only in manufacturing, wholesale trade, and the other services category.

As shown in Graph 1, job growth in Nebraska, the Plains States region, and the United States was rapid in the late 1990s, but slowed afterward, with a few years of decline. There has been an upturn since 2002, which has been at a faster pace in Nebraska than in the Plains States and in the United States.

In agriculture—Nebraska's largest sector for both self-employment and home-based business—total net farm income fell as most crop prices declined, and energy, fertilizer, and other costs increased. From June 2004 to June 2005, average prices declined by 22.7 percent for corn, 34.1 percent for soybeans, and 9.0 percent for wheat. Lower crop prices, however, meant lower feed-grain costs for livestock producers, helping raise the net earnings of cattle producers despite a 1.4 percent decrease in cattle prices. Substantial government farm payments also helped compensate for the lower crop prices.



Source: USDOC, Bureau of the Census, 2005.

Population

Nebraska had an estimated total population of 1,747,214 in 2004, according to the U.S. Bureau of the Census. As shown in Graph 2, over the last 35 years, the growth rate of population in Nebraska has trailed that of the United States and approximated that of the Plains States.

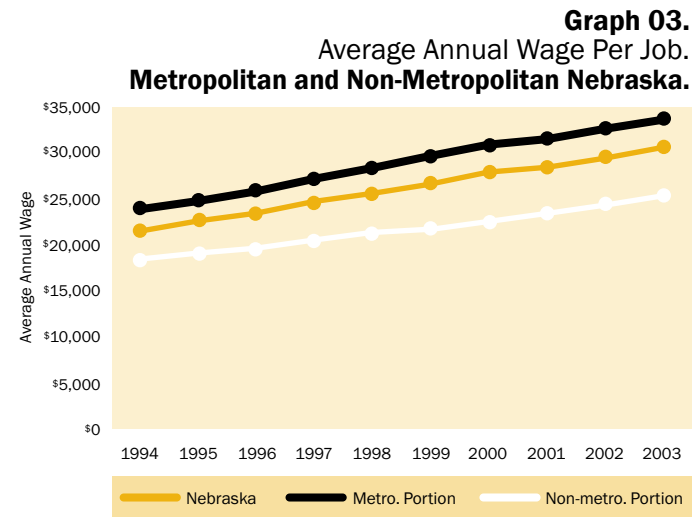
A growing majority of Nebraska's population and employment is in the Omaha and Lincoln metropolitan areas. Of the total state population, 55.1 percent resided in the metropolitan Omaha and Lincoln areas. The median ages of population in the metropolitan areas are also slightly younger than for the state as a whole. In 2000, the median age of the overall Nebraska population was 35, compared to 33 in 1990. It was 34 in metropolitan Omaha (up from 32 in 1990) and 32 in metropolitan Lincoln (up from 31 in 1990).

In June 2005, the two metropolitan areas together had 61.9 percent of the state's non-farm jobs, an increase from 61.4 percent a year earlier. As shown in Table 3, in both metropolitan Lincoln (Lancaster and Seward counties) and Nebraska's portion of the Omaha metropolitan area (Cass, Douglas, Sarpy, Saunders, and Washington counties), total non-farm employment increased from June 2004 to June 2005, but it fell in non-metropolitan Nebraska.

	June 2004	June 2005	Change	Percent
168,337	171,087	2,750	1.6%	
Metropolitan Lincoln				
405,761	412,506	6,745	1.7%	
Metropolitan Omaha				
361,569	360,261	(1,308)	(0.4%)	
Rest of State				
935,667	943,854	8,187	0.9%	
Total				

Source: Nebraska Department of Labor





Source: U.S. DOC, Bureau of Economic Analysis, 2005.

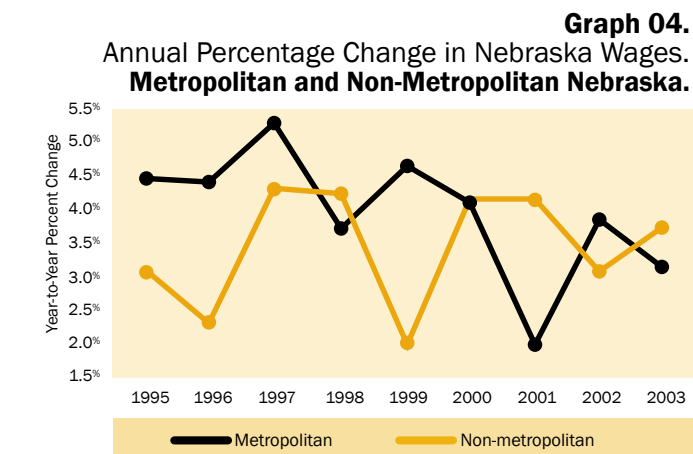
Wages and Cost of Living

For many years, wages in metropolitan Nebraska have, on average, been higher than in the non-metropolitan portion of the state. In 2003, the estimated average annual pay per job was \$33,613 in metropolitan Nebraska and \$25,174 in the non-metropolitan counties. As shown in Graph 3, the gap in the average wage rate between the metropolitan and non-metropolitan counties also widened between 1994 and 2003.

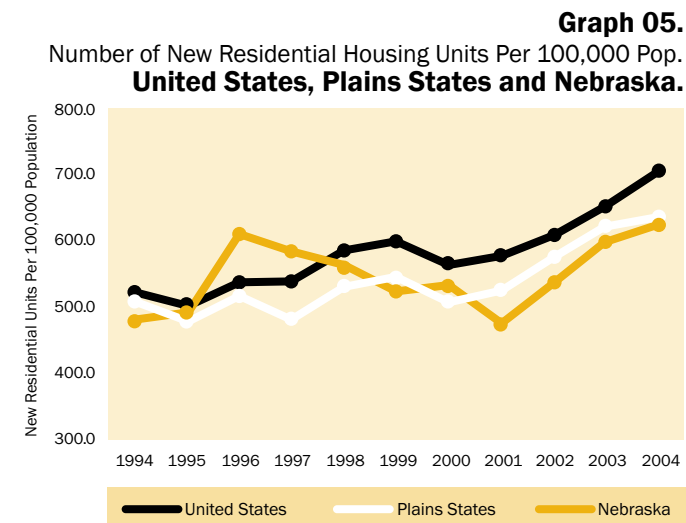
Rising worker productivity in manufacturing helped boost wages in that industry in Nebraska in FY04-05. The average hourly earnings of manufacturing workers reported by the Nebraska Department of Labor rose from \$15.16 in June 2004 to \$15.56 in June 2005. But in the professional and business services sector, there was a decrease from \$16.38 to \$15.93 per hour.

The average income of Nebraskans (including wages, interest, dividends, transfer payments, etc.) has historically been below the national average. The U.S. Bureau of Economic Analysis reports that per capita personal income in Nebraska in 2004 was \$32,276, or 97.8 percent, of the U.S. average of \$33,041. This difference can be viewed as more than offset by a cost of living that is also below the national average. According to the second quarter 2005 cost of living survey by the American Chamber of Commerce Researchers Association, the average of general living costs in two Nebraska communities surveyed—Hastings and metropolitan Omaha—was 89.7 percent of the national average.

Source: U.S. DOC, Bureau of Economic Analysis, 2005.



Source: U.S. DOC, Bureau of Economic Analysis, 2005.

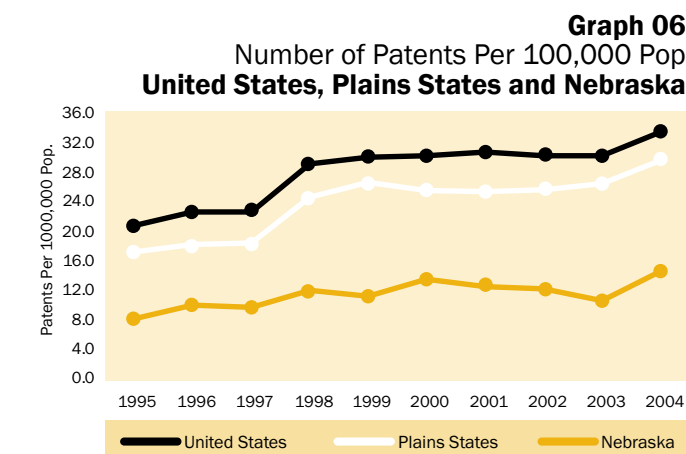


Source: U.S. DOC, Bureau of the Census, 2005.

Housing prices are, on average, lower in Nebraska than in the overall United States, leading to a higher percentage of owner-occupied housing in the state than the national average. As shown in Graph 5, the number of new residential housing units per 100,000 population was greater in Nebraska in some years in the 1990s than in the total Plains States and United States, but has been less in Nebraska since 2001.

Innovation

When Nebraska is compared with other states, it often scores well on such measures as employment stability, cost of living, and the overall quality of life. But it typically does not fare well on measures of entrepreneurship and innovation, challenging Nebraskans to find more and better ways to stimulate such activities. Along with such measures as research and development activity and royalties and licenses, an important indicator of innovation assets is the numbers of patents issued in a state. As shown in Graph 6, the number of patents issued per 100,000 residents during the past decade has been much lower in Nebraska than in the Plains States and United States.



Source: U.S. Patent and Trademark Office, Patent Counts by Country/State, March 2004.

Nebraska Databook

Much of the above information and data on Nebraska can be seen in the Nebraska Databook, accessible via DED's home page at: <http://www.neded.org>.

The department strives to competitively strengthen the state's businesses, communities and people in order to continue developing economic opportunities. Since its creation in 1967, DED's emphasis has been on growing and diversifying the state's "economic base," or activity that draws new dollars to the state.

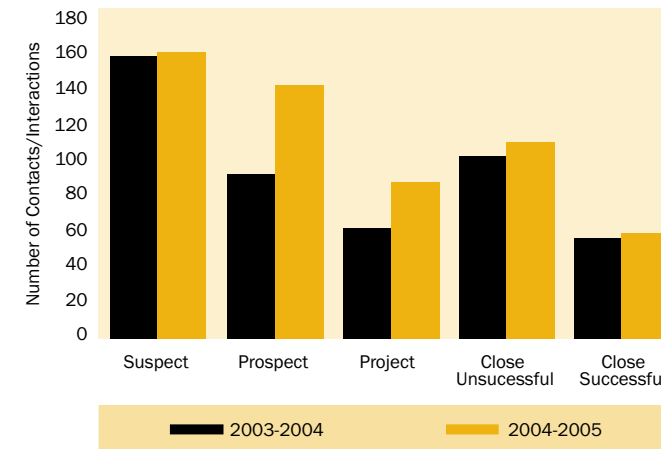


Business Development Division

The Business Development Division assists communities with business and economic development programs, financially assists businesses, and helps recruit businesses statewide. Principal programs are the new Nebraska Advantage Program (as previously discussed), Business Retention, Expansion and Recruitment, Nebraska Business Visitation Program, International Trade and Investment, Nebraska Manufacturing Extension Partnership, Nebraska Film Office, Workforce Development, Customized Job Training Program, Edgerton Quality Awards Program and One-Stop Business Assistance.

DED's broad range of programs serve to support communities' development efforts; assist communities with starting, retaining and expanding businesses; promote the state as a place for business locations and expansions; and to encourage more travelers and tourists to visit. The department's three operating divisions and major goals and services are outlined.

Graph 07.
 Business Recruitment/Expansion Activities by Type.
FY 04-05.



Business Retention, Expansion & Recruitment

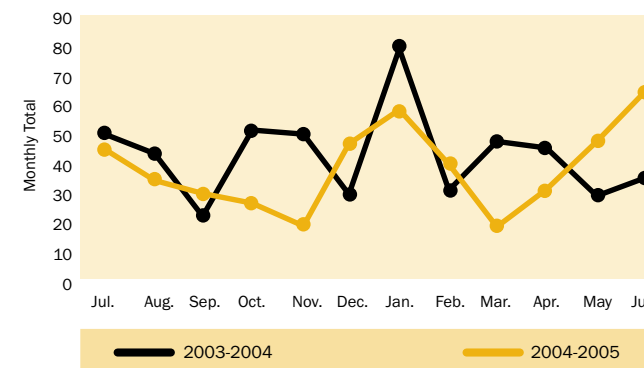
Economic development loans are awarded to communities throughout Nebraska to help expand and recruit businesses ranging from super- and mid-sized manufacturers to small start-ups. Each makes major contributions to the profitability and health of the state's economy. In FY04-05, 22 projects were awarded \$7,895,047 economic development loans. The projects created a total 679 jobs and leveraged \$154,602,925. Of these, 14 were business expansions that created 387 jobs and leveraged \$4,804,100, while eight were newly recruited businesses that created 292 jobs and leveraged \$3,090,947.

Business recruitment trips were taken throughout the U.S. and abroad. Destinations included Iowa, Minneapolis and greater Minnesota, New York City, the West Coast, Mexico, Canada, Illinois, Georgia, North Carolina, and Ohio.

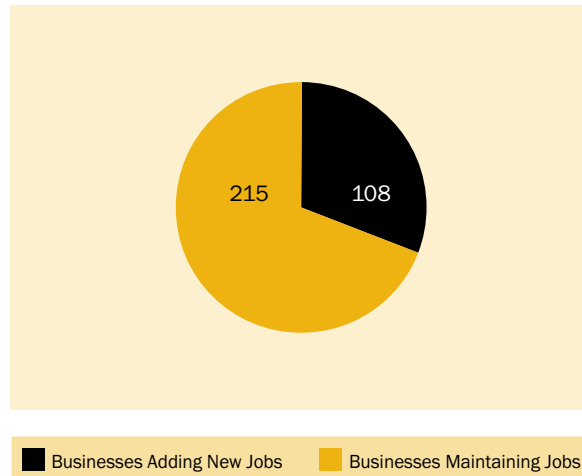
Thanks to prospect-ready, business friendly and highly responsive partners, DED closed nearly 60 new attraction and business expansion projects in FY04-05 (Graphs 7 and 8).

The division also published a four-color brochure enumerating the benefits of doing business in Nebraska, placed an advertorial insert in March 2005 Inbound Logistics magazine, and helped form the new Nebraska Logistics Council within the Nebraska Trucking Association to facilitate transportation and logistics-related commerce as an economic development tool for the state. A 2005 goal for the division was to interview 50 transportation, logistics and warehousing company leaders to gain a better understanding of specific needs and issues related to their industries.

Graph 08.
 Total Monthly Business Recruitment/Expansion Suspect, Prospect, Contacts, Successfully and Unsuccessfully Closed Projects.
FY 04-05.



Graph 09. Business Visitation Program
 Number of BRE visited Businesses Adding New Jobs.
FY 04-05.



The Nebraska Business Visitation Program has reached over 2000 businesses in 6 years by working with local economic developers. The Nebraska Diplomats and the Nebraska Economic Developers Association are partners in the interviews conducted with businesses.

In FY04-05, 108 businesses reported plans to increase employment by 2,768 new employees. That amounted to one-third of the businesses interviewed.

Businesses generally rated the local business climate as fair to excellent. Labor quality and productivity were the top advantages for conducting business in Nebraska.

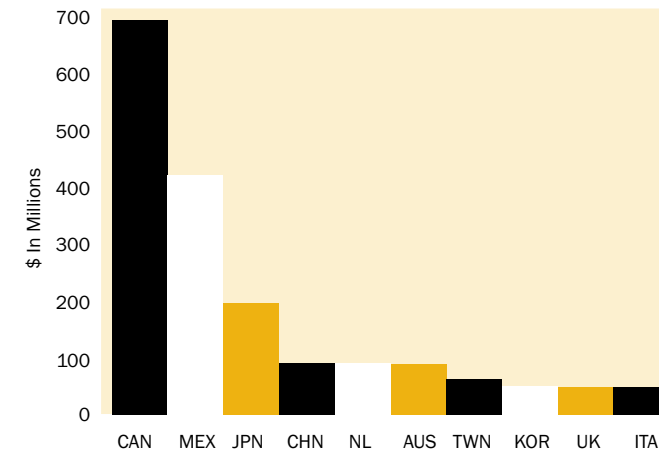
Businesses needing assistance and those with plans to invest and add new employees received follow up calls as part of the Visitation Program. New investment by the companies interviewed in FY04-05 was estimated at \$158 million over the next 3 years.

Valley County Economic Development Board conducts interviews with existing businesses annually. One of those businesses interviewed is Timberline Total Solutions (TTS), a sales and marketing company, specializing in outbound sales, and installation and service for the cable, satellite and communications industries. Established in Omaha in 1996, the company used a \$255,000 Community Development Block Grant to expand its operations to Ord in 2001. Starting with just 25 full-time employees, the Ord facility now employs 90.

“...the experience in Ord has further helped me develop a strong personal desire to create enough business in Timberline that I can create similar opportunities in more of our fine Nebraska communities.”

–Russ Leavitt, President of TTS

Graph 10. International Trade and Investment
 Nebraska’s Export Destinations.
FY 04-05.



Nebraska exports to more than 140 countries annually, shipping agriculture commodities, processed foods, agriculture equipment and machinery, transportation equipment, telecommunications equipment, athletic equipment, computer hardware and software, medical and surgical products, modular homes and air and water purification systems destined for foreign markets.

In 2004, Nebraska’s manufactured exports totaled more than \$2.3 billion. While 50 countries accounted for 98% of Nebraska’s total exports, 56% of Nebraska’s exports went to just three countries: Canada (30%), Mexico (18%), and Japan (8%).

Exports to Canada alone totaled \$689.6 million in 2004, an increase of 19% from 2000. Mexico ranked second of countries importing Nebraska products, a 37% increase during the past four years.

While Japan is the third largest importer of Nebraska products, the state lost considerable percentage of the market due to the Japanese ban on U.S. beef. Total exports to Japan dropped 72% from \$683.7 million in 2000 to \$193.3 million in 2004.

Overall exports to China increased 60% between 2000-2004. Exports of processed foods, chemicals, waste scrap metals, computers, leather and electrical equipment accounted for the healthy increase over the past four years.

Nebraska’s interests were represented in Brazil in April 2005, and resulted in a Brazilian company locating its U.S. headquarters in the state.

DED also aided in the re-development of a functional Foreign Trade Zone (FTZ) in Omaha that will create new jobs and be open by year’s end. As a result, three international companies are considering Omaha and this trade zone to support their U.S. distribution.

Nebraska Manufacturing Extension Partnership

Nebraska manufacturers are guaranteed their money's worth when they contract with the Nebraska Manufacturing Extension Partnership (MEP). Twenty-five MEP clients served from July 1, 2004 to June 30, 2005 reported that Nebraska MEP's services led to 125 jobs created or retained, increased and retained sales of \$8,452,264, reduced production costs of \$2,049,046, and total new investments of \$1.219 million.

Brehmer Manufacturing in Lyons, is a recipient of Nebraska MEP services. Brehmer, started by father and son, Rey and Joe Brehmer, employs 20 people in the manufacturing of customized truck bodies, reconditioned trucks, truck hoists, and equipment made from recycled tires. Brehmer Manufacturing is one of seven companies that formed a local manufacturing network, and regularly met with a Nebraska MEP field agent. To energize the network, the agent suggested that they undergo formal Lean Manufacturing 101 training, followed by a group Value Stream Mapping exercise. A skeptic at first, Joe Brehmer became a believer when he and his brother, Jaime, who now runs the company with him, began realizing improvements, specifically in their tire recycling product line, product throughput, and customer response time.

Nebraska Film Office

The Nebraska Film Office assists producers and directors of full-length films, commercials and other film or TV related projects. The proliferation of affordable and user-friendly film production technology has resulted in tremendous growth in the production of films. In response, the Film Office in FY04-05 emphasized the completion of an updated production guide, both online and in printed form, to inform producers about the services and equipment available from Nebraska vendors. Marketing focused on three mailings to producers encouraging them to consider Nebraska as a production location.

Recent projects include:

- Scenes for "Elizabethtown"
- "Out of Omaha"
- "Imitation Life"
- Scenes for at least two reality TV shows
- Numerous commercials



"I've lived in Chicago, Las Vegas, Florida, Alabama, Texas and Colorado, but when you have small children, it's nice not to have to fight traffic. [While living in Denver] my wife didn't do much outside of her nucleus with the kids, and we didn't often participate in all the things that the city had to offer. It was nice that it was there, but I think you also have access to amenities in smaller cities without having access to four major sports teams, traffic, and other big city issues."

-Dan Davidchik

Workforce Development

The Workforce Development Program assists businesses, communities and regional partnerships with identifying workforce development needs and developing plans to address issues related to recruiting and retaining employees. During FY04-05, business development staff conducted a Panhandle Labor Survey, and worked in a collaborative effort with Future Force Nebraska, an organization whose goals are to educate youth and adults about the excellent job opportunities in the state, and to ensure that the workforce is prepared to meet the needs of the state's growth industries.

The department also was involved in planning and hosting, along with many partnering organizations, a first of its kind Alumni Celebration and Job Fair in Denver. The objective was to match Nebraska employers seeking quality employees with native Nebraskans and others.

Dan Davidchik was one. Tired of traffic jams and nonstop work-related travel, he wanted to relocate his young family to a quieter, smaller community. A native of Columbus, Nebraska, Davidchik was drawn to that city's booth where he met Bonnie McPhillips, Nebraska Workforce Development, Matt Gotshall, Central Community College, and Jon Heibel, Behlen Manufacturing. He learned about four positions—two that hadn't been advertised yet. When Central Community College learned it had received a \$1.6 million grant from the U.S. Department of Labor to establish the Mechatronics Education Center, along with a coordinator position, Gotshall encouraged him to apply. He interviewed and was offered the job, and moved his family back to Nebraska.

Customized Job Training Program

The Customized Job Training Program provides training assistance to eligible companies and training projects with the potential to increase economic development in Nebraska. Examples of companies that qualify are those engaged in selling goods and services primarily to non-Nebraska markets; manufacturing, processing and warehousing operations; and headquarter facilities. A component of the new Nebraska Advantage Package passed in May includes the Nebraska Customized Job Training Advantage that will provide \$15 million during the next two years for custom job training. This new funding was added to the existing Customized Job Training Program, administered by DED.

Edgerton Quality Awards Program

The Edgerton Quality Awards Program evaluates applicants in leadership, strategic planning, customer and market focus, information and analysis, human resources, product and service processes, and business results categories. Six hospitals, three manufacturers and one professional service business received 2004 Edgerton Quality Awards. Of those, two received Excellence Awards, making them only the seventh and eighth businesses to receive the highest award level in the Edgerton Program's 11-year history. Program cosponsors are the Nebraska Diplomats and Nebraska Section of the American Society for Quality.

One-Stop Business Assistance

The One-Stop Business Assistance Office provides a single source of contact for information related to starting a business; business development and market research; compliance with government regulations and registration requirements; and a wide variety of general business questions ranging from financing to intellectual property.

The office responded to 2,785 requests for information during FY04-05 and has assisted people and businesses in practically every Nebraska community and the 50 states since its' beginning in 1988.

The range of topics the office assists with is reflected online at the "Business Toolkit" website: <http://assist.neded.org>, and includes business and tax registration forms, training and business assistance services and resources, and an extensive library of information requested by many types of businesses ranging from financing to intellectual property.



The Community and Rural Development Division provides technical and financial services through community targeted programs and regional service delivery. These include grant programs for housing, community infrastructure, planning, and business development; the Community Development Assistance Act tax incentive program; the Nebraska Community Improvement Program; and the Nebraska Microenterprise Development Program.

Affordable Housing

A total of \$9,145,520 in grants was distributed through the Affordable Housing Program in FY04-05.

On May 22, 2004, a category F4 tornado ravaged southern Lancaster County, destroying more than 125 homes in Hallam. Only 12 homes were left standing, while the post office, bank, grain elevator, Legion Hall, auditorium and several small businesses were all damaged or destroyed. Electricity, water, sewer, phone and cable service also were interrupted. President George W. Bush declared the area a federal disaster.

In the ensuing months, DED stepped in and awarded \$400,000 in Nebraska Affordable Housing Trust Funds to the Lincoln Action Program, of which \$348,000 went to housing rehabilitation, \$36,000 to housing management, and \$16,000 general administration. The project was designed to stimulate private investment, provide disaster assistance to families with greatest needs, increase the number of available affordable housing units, promote relocation within all impacted communities, and encourage future economic development activity in southern Lancaster County.

Notable in FY04-05 was DED's and the Nebraska Investment Finance Authority's development of a combined application process for Low Income Housing Tax Credits and HOME Funds; a process that streamlines the overall application and allocation of resources for these programs.

Grants

41

Affordable Housing

28

Planning

13

Public Works

13

Water/Wastewater

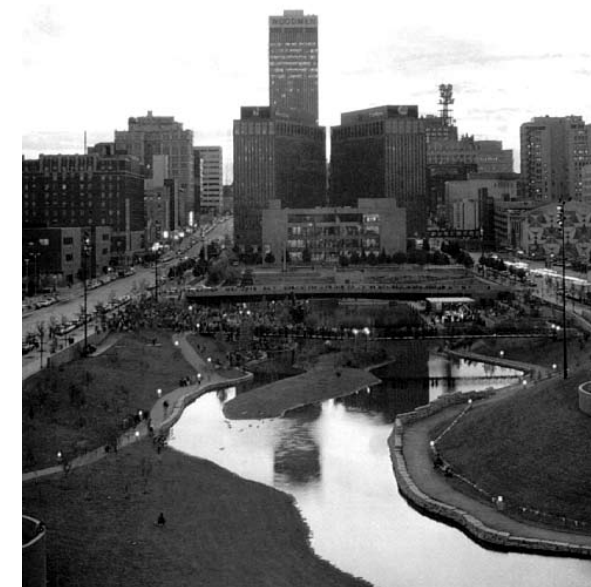
Total

\$9,145,520

\$533,580

\$3,464,400

\$2,153,125



Planning

Twenty-eight planning grants for a total of \$533,580 were distributed in FY04-05.

The City of Wayne was awarded \$21,000 in the Planning category to update its comprehensive plan as part of FY04-05's second funding cycle. The initiative was launched by the city council and planning commission to address rapid growth in industrial and housing sectors, and proposed expansion of a four-lane highway to connect the city with interstates 29 and 80. The new comprehensive plan will address and coordinate growth in the areas of infrastructure, public facilities and services, housing, transportation, industrial and commercial development, recreation, land use, subdivision, and zoning regulations.

Public Works

A total \$3,464,400 public works grants were distributed in FY04-05.

During a funding cycle in May, Governor Dave Heineman awarded \$3.21 million for 21 community public works and planning projects. Among those projects was an award of \$344,000 Community Development Block Grant (CDBG) funding to renovate and expand the Grand Generation Center in Lexington. The city's plans included building a 3,000 sq. ft. addition to house meeting space, craft and exercise rooms, a storage room and restroom facilities, as well as renovating kitchen facilities and redesigning the parking lot to provide handicapped access. For the past 34 years, the Grand Generation Center has served as a key hub for Lexington's 62 and older age group.



Water/Wastewater

A total \$2,153,125 water/wastewater grants were distributed in FY04-05.

The governor awarded five communities grants to repair or update existing water and wastewater systems in early 2005. Among the awardees was Stamford, located in Harlan County, which will use its \$250,000 grant to build a retention waste stabilization lagoon system. The village's existing two-cell wastewater treatment facility, built in 1970, covers approximately two acres of water surface. In recent years, the lack of capacity at the existing waste stabilization ponds has resulted in excessive water levels in and over the ponds' design, causing extensive damage to the system.

Community Development Assistance Act (CDAA)

The Community Development Assistance Act provides tax credits to local governments and nonprofit organizations that use the credits as incentives to draw private investment to their organizations in support for specific community economic development projects. In FY04-05, 11 projects were awarded a tax credit authorization totaling \$250,000, which is the maximum of the department's annual allocation. The credits leveraged \$11.9 million of private investment. Examples of projects included a new library, main street improvements, a homeless shelter, soccer complex, affordable housing, and historic preservation of a theater. During its 2005 session, the Legislature also increased the total yearly allocation to \$350,000, and included individuals as eligible contributors.

Nebraska Community Improvement Program (NCIP)

Celebrating its 41st anniversary in 2004, NCIP continues to help communities and recognize their accomplishments in leadership and community and economic development. In 2004, 58 communities participated in the program. Since 2001, program participation has increased 23 percent.

Spring and summer regional workshops were held in 36 communities to help prepare community volunteers for participation in NCIP. The Heartland Center for Leadership Development also hosted training sessions statewide with follow-up sessions during the 2004 NCIP Community Quest Conference.

The NCIP booth and/or program information was featured at seven conferences statewide throughout the year. Communities were called to ensure greater participation and several community organizations and local governments benefited from NCIP presentations. The NCIP website was revamped and now includes sponsor links, sample nomination forms, program information, conference/awards information, and NCIP community photos.

Community Development Awards presented during the 2004 Community Quest banquet were:

- Class I—Eustis (pop. 452)
- Class II—Bassett (pop. 739)
- Class III—Hartington (pop. 1,652)
- Class IV—Gothenburg (pop. 3,347)
- Class V—Alliance (pop. 9,765)
- Class VI—Hayes County (pop. 890)

Nebraska Microenterprise Program

Micro businesses in Nebraska completed the seventh year of data collection for funding received under the Nebraska Microenterprise Act. The Nebraska Microenterprise Partnership Fund and DED administer the program cooperatively. Individuals from all 93 Nebraska counties have received services throughout the years, and the number of active loans and trainees increased to 4,340 awarded through 11 programs receiving funding under this program in FY04-05. The Nebraska Legislature doubled the amount awarded this program to \$500,000, and passed the Nebraska Microenterprise Tax Credit Advantage in FY04-05 that provides a 20 percent refundable investment tax credit to micro businesses on new investment or employment in targeted communities. Applicants may qualify for a maximum \$10,000 throughout the life of the program. The credit is geared to companies with five or fewer employees, including start-ups in distressed counties.



In 2004, travelers spent more than \$2.9 billion in the state on trips with overnight stays in paid accommodations and on day trips to places 100 miles or more from home. Annual spending on these trips has increased by more than \$1.3 billion since 1990. More than 43,000 Nebraska jobs were directly attributed to travel spending in 2004. In addition, each dollar spent by tourists in Nebraska is re-spent in the state to produce an additional \$1.70 in business and income, creating an overall economic impact of \$2.70.

Nebraskans and visitors to Nebraska made 19.6 million trips in the state in 2004 to destinations 100 miles or more from home. Leading states for visitor origin were Kansas, Iowa, Colorado, Missouri, South Dakota, Illinois, and Minnesota. The average nonresident traveling party visiting Nebraska by highway during the summer consists of 2.4 persons who stay 2.2 nights in the state and spend \$380. More than one-third of the nonresident traveling parties go to attractions and events, and for each attraction or event visited, they average a half-day longer in Nebraska, spending an additional \$87.

Tourism Marketing Grants

Tourism groups throughout Nebraska received 31 tourism marketing grants totaling more than \$136,000. Grants were used for development of brochures, websites, campaigns, trade show attendance and other uses that promote and encourage local tourism events.

Tourism Development Initiative

Three tourism development projects received \$339,500 in Community Development Block Grant funding through the Tourism Development Initiative.

Cherry County received \$63,500 to help construct the Niobrara River Interpretive Center and Museum Complex in Sparks, which will employ three full-time equivalent employees.

Columbus received \$145,000 to help build a 20,000 sq. ft. National Freedom Center Museum, which will create four full-time positions.

Red Willow County received \$131,000 to renovate an existing 4,480 sq. ft. building, re-develop surrounding property and an additional 180 acres of native mixed grass prairie as part of the Hilton Farm Eco-Retreat. The project will create 3.5 full-time equivalent positions.

Established July 1988, the TDI grant program funds tourism development projects that have already attracted significant financial support and are expected to have long-term positive impacts on local and regional economies.

Tourism Assessment Resource Growth Evaluation Team (TARGET)

Started in 1991, the TARGET Program helps Nebraska's rural communities celebrate strengths, improve weaknesses and reach tourism potentials. Communities organize a local TARGET team that completes an evaluation of the community's past and present tourism efforts and issues. After the state TARGET coordinator reviews the evaluation, a community site visit is scheduled where local TARGET members and the TARGET team from the Nebraska Travel and Tourism Division meet to tour and discuss the community's existing tourism draw and potential for future tourism development.

In 2005, TARGET reports were written for eight counties, and/or city and county partnerships.

Tourism Development and Marketing Resources Guide

The Tourism Development and Marketing Resources Guide provides local officials with a useful tourism tool to develop their tourism industries. The document includes a variety of information on local, state and federal funding resources; community and statewide foundations; and tourist oriented organizations and associations. It is continually updated, as new programs, organizations, and funding sources are known.

A long-popular slogan described Nebraska as “The Good Life.” A more recent slogan refers to all the “Possibilities...Endless,” that people will find in the state. Together, these slogans describe the core of what living in Nebraska is all about: Genuine characteristics, deep-held values, and endless opportunities form the basis for the good life in Nebraska. And it is this high quality of life that Nebraskans are increasingly proud of and willing to share with others.



Nebraska Department of Economic Development

**301 Centennial Mall South
P.O. Box 94666
Lincoln, NE 68509-4666
(800) 426-6505
(402) 471-3778 (Fax)
www.neded.org**

Economic Development Commission.

This commission of nine advises the Department.

N.P. "Sandy" Dodge Jr., **Omaha**

Phyllis Gardner, **Max**

Don Groesser, **Ralston**

Richard Jefferies, **Omaha**

Craig Madson, **Lincoln**

Janet Palmtag, **Nebraska City**

Marilyn Sims, **Omaha**

Bob Unzicker, **Scottsbluff**

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