

NEBRASKA

Department of

ECONOMIC DEVELOPMENT

2007 Fiscal Year Annual Report

July 1, 2006 - June 30, 2007

NEBRASKA

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Department of Economic Development



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MESSAGE *from* THE DIRECTOR



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

As the Director of the Department of Economic Development (DED), it is my privilege to submit this Fiscal Year 2007 Annual Report for your review. This report contains a summary of our organization's goals, activities and accomplishments for the past year. However, this

summary can in no way highlight the impact our dedicated staff members had on the future of Nebraska. DED accomplishes its valuable statewide mission by focusing efforts on community development, proactive business retention and expansion, new business attraction, new business creation (entrepreneurship), and targeted tourism development with special emphasis on creating new primary jobs and wealth.

Strong, thriving communities are at the root of every successful economic development effort. DED remains committed to offering programs that expand affordable housing, support public infrastructure and enhance community planning activities. Special emphasis continues to be placed upon supporting those communities that demonstrate significant financial need as well as those with the most pressing community development challenges. In 2006-07, for example, DED piloted the New Neighborhoods program that provided significant funds to the pilot communities of Sidney, Holdrege and Columbus to tackle housing challenges in a comprehensive and proactive manner.

Globalization and innovation continues to shape the way in which existing Nebraska communities grow and profit. Increasingly, our existing industry base leverages innovation and the state's tradition-rich work ethic to create products and services promoted in the international marketplace. Subsequently, an increasing number of foreign-based companies are increasing their foreign direct investment into Nebraska. Countries and regions, including Canada, Mexico, Brazil, China, the Middle East and Japan remain key international business part-

ners. This past year, DED organized a partnership of Nebraska businesses and government and educational organizations to open the Nebraska Center-Japan Trade Office – the first international trade office for our State.

Through programs such as the Manufacturing Extension Partnership, we also worked with Nebraska businesses to leverage innovation, increase productivity, implement technological enhancements and form strategic partnerships and alliances. An overwhelming majority of our staff time remains committed to our business retention and expansion strategy.

National and international marketing of the Nebraska Advantage tax incentive legislation and our improving business environment remained key to DED's new business recruitment strategy. DED and its partners continued to conduct e-mail and direct mail campaigns to target markets, participated in targeted trade shows, hosted special events to promote Nebraska and visited corporate clients and site selection consultants. From its passage until June 30, 2007, more than 67 growing companies applied for benefits under the Nebraska Advantage program. These companies will invest at least \$1.27 billion into the state's economy and will create at least 4,251 new jobs. Nebraska's recent efforts to improve its business climate through incentive and tax policy changes have not gone unnoticed. In 2007, leading site consultant Ron Pollina of Chicago selected Nebraska as one of the "Top Ten States for Doing Business" in his annual national ranking.

New business creation and entrepreneurship represent an expanding component of DED's overall development strategy. In addition to activities including fielding 2,500+ calls through our One-Stop Entrepreneur Center, DED also leveraged enhanced funds from the Legislature to support and fund the activities of numerous partnering organizations including the Nebraska Enterprise Partnership Fund, Nebraska Operational Assistance Act for Angel Investing, BIONebraska, Rural Enterprise Assistance Program, Market Place Conference for Entrepreneurs and others. In addition, DED and the Rural Development Commission, for which DED has oversight, administered the Building Entrepreneurial Communities Act grant program and Value-Added Ag grant program, and provided financial support to the University of Nebraska Center for Entrepreneurship Business Plan Competition.

The Nebraska tourism industry continues to experience significant changes as a result of customers changing attitudes and ever-evolving technological advances. While still marketing Nebraska to consumer and group-tour markets via print publications and trade shows, DED's Travel and Tourism Division is increasingly committing resources to leverage new technological marketing opportunities and stimulate growth in the experiential tourism arena. The Tourism Division hosted the Second Annual Governor's Agri/Eco-Tourism Summit to stimulate discussion and encourage investigation in the rapidly expanding experiential tourism industry.

In carrying out our valuable statewide mission, I have the pleasure of working with a very professional staff as well as numerous public and private partners dedicated to the future growth of our State. For this tireless support and dedication, I am extremely grateful. I also want to extend a special thank you to members of both the Executive and Legislative branches for their strong interest and passion for growing Nebraska's communities and businesses. Together, we can create a more prosperous Nebraska for our children and grandchildren.

A handwritten signature in black ink that reads "Richard J. Baier".

Richard J. Baier
Director

ECONOMIC PERFORMANCE INDICATORS

INTRODUCTION

The mission of the Nebraska Department of Economic Development is to provide quality leadership and services that enable Nebraska communities, businesses, and people to succeed in a global economy. The Department accomplishes this by growing strong communities, retaining and expanding existing businesses, attracting new businesses, encouraging entrepreneurship, and developing and marketing a flourishing tourism industry. Job creation and development of new capital investment receive special emphasis.

To be successful, the Department pursues economic development initiatives, programs and policies that:

- *build public infrastructure and quality affordable housing to stimulate long-term, sustainable communities now and into the future.*
- *create and retain employment opportunities that improve per capita incomes and lead to more qualitative lives for all Nebraskans.*
- *generate or create additional wealth potential and revenue streams for Nebraskans.*
- *attract human and financial capital from outside the state.*
- *grow readily available, quality and skilled work forces that retain the state's outstanding youth and build a new employee and population base to meet the constantly changing needs of businesses and industries.*
- *promote the state as a great place to live, work, play, and grow prosperous businesses.*

The Department's three major divisions—Business Development, Community and Rural Development, and Travel and Tourism—and the administration accomplish this work.

While the majority of the Department's approximately 70 employees are based in its Lincoln office, a number of field staff covers the state's three regions—west, central and east—to facilitate the Department's outreach goals.

UNEMPLOYMENT RATE

According to the Nebraska Department of Labor, the state's unemployment rate increased slightly from 3.1 percent in June 2006 to 3.3 percent in June 2007. During the same period, the U.S. unemployment rate remained higher, moving from 4.6 percent to 4.5 percent. The number of employed persons living in Nebraska increased by 0.9 percent, while total U.S. employment advanced by 1.8 percent. Non-farm employment in Nebraska rose 1.3 percent.

INDUSTRY EMPLOYMENT

Total non-farm employment in Nebraska grew by 12,706 jobs from June 2006 to June 2007. Employment increased in natural resources and construction; wholesale trade; retail trade; transportation, warehousing and utilities; financial activities; professional and business services; educational and health services; and leisure and hospitality services. Decreases occurred in information services, manufacturing and government.

Job growth in Nebraska, the Plains States 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, with Nebraska adding more than 41,000 from 2002 through 2006 and having more gains in 2007.

In agriculture—Nebraska's largest sector for both self-employment and home-based business—aggregate net farm income rose dramatically, spurred in

large part by ethanol production. From June 2006 to June 2007, average prices rose 96.7 percent for corn, 38.5 percent for soybeans, and 17.1 percent for wheat. Beef cattle prices increased 12.8 percent, but hog prices decreased 3.8 percent.

INCOME AND COST OF LIVING

The U.S. Bureau of Economic Analysis reports that per capita personal income in Nebraska in 2006 was \$34,383 or 94 percent of the U.S. average, basically aligning it with Nebraska's below national average cost of living. According to the fourth quarter 2006 American Chamber of Commerce Researchers Association Cost of Living Index, the average general living costs in the sample cities of Hastings and metropolitan Omaha was 91.4 percent of the national average.

For many years, wages in metropolitan Nebraska have, on average, been higher than in non-metropolitan parts of the state. Statewide, average hourly earnings increased in manufacturing from \$14.97 in June 2006 to \$15.21 in June 2007. These also grew in professional and business services from \$16.14 to \$18.02 an hour. In the Arts, Entertainment and Recreation industries, these slightly increased from \$9.63 to \$9.69 an hour.

Housing prices are, on average, lower in Nebraska than in the overall U.S., leading to a higher percentage of owner-occupied housing in the state than the national average. In both Nebraska and the overall U.S., the annual number of new housing starts and sales of existing homes have declined in recent years. However, according to the National Association of Realtors, the number of housing units sold in Nebraska increased by 1.0 percent in the second quarter of 2007 over the number in the second quarter of 2006, while they declined 10.8 percent nationally.

Detailed demographic and economic data of Nebraska can be seen in the Research and Data book section of the Department's Web site: www.neded.org

**NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT
FY 2007 TOTAL BUDGET SOURCES AND MAJOR USES**

SOURCE OF FUNDS	FY 2006-2007 TOTAL BUDGET
General Funds	8,041,000
Cash Funds	41,959,000
Federal Funds	28,902,000
Total	78,902,000

USE OF FUNDS	
Staff.....	4,899,000
Operations	6,999,000
Aid/Grants (Listed Below).....	67,004,000
Total	78,902,000

MAJOR AID/GRANT PROGRAMS AND SERVICE CONTRACTS

Customized Job Training	19,532,000
Community Development Block Grant	19,573,000
Affordable Housing Trust Fund.....	15,589,000
HOME	5,500,000
Value Added Agriculture Grants	1,700,000
Microenterprise Program Contract.....	512,000
Manufacturing Extension Partnership	630,000
Building Entrepreneurial Communities Act	500,000
Tourism Marketing Grants.....	991,000
Civic, Cultural & Convention Center Fund	2,199,000
Other	278,000
Total	67,004,000



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COMMUNITY & RURAL DEVELOPMENT DIVISION

Providing the basic foundation on which all economic and community development is built is the Department's Community and Rural Development Division, which administers grant programs for housing, community infrastructure, planning and business development. The division's technical and financial services target communities and region-wide delivery.

COMPREHENSIVE REVITALIZATION

During FY 2007, the cities of Bellevue, Columbus, Fremont, Grand Island, Kearney, Norfolk and North Platte shared \$1,442,655 in grants to implement projects targeting various housing and public works needs as part of the Comprehensive Revitalization category established and administered by the Department in 2005. The projects identified in the cities' initial strategies will be implemented from 2006-2008.

HOUSING

The Department works closely with private and non-profit organizations to identify housing needs, fill gaps in services, and provide technical assistance. Offering affordable housing is a high priority for the Department, particularly for people and families earning 80 percent or less of the median income.

During the 2007 program year \$5,479,500 in Nebraska Affordable Housing Program funds were invested in the rehabilitation of 216 owner-occupied homes. An additional \$2,502,600 Housing Program funds went toward rehabilitating homes and helping first-time homebuyers purchase homes. More than \$2.1 million (\$2,189,621) of the Housing Program's HOME funds, and \$2.6 million (\$2,605,876) of its Nebraska Affordable Housing Trust Funds went toward affordable rental projects, including Nebraska Investment Finance Authority (NIFA) Low-Income

Housing Tax Credit equity as a funding source.

The Department also awarded \$3,594,897 to eight local governments and nonprofit housing organizations to develop 229 rental units for low-income persons—of those, 23 were earmarked for extremely low-income renters.

PLANNING

Eighteen planning grants totaling \$274,300 in Community Development Block Grant (CDBG) funding were distributed in FY 2007. These grants are used for everything from comprehensive zoning plans and housing market studies to recreation plans and water and wastewater system studies.

For example, McCool Junction used its \$22,900 grant to update the local comprehensive plan, zoning and subdivision regulations, and to conduct a housing market study.

PUBLIC WORKS

A total \$3,117,160 public works grants were distributed to 17 communities and counties in FY 2007. One project involved a \$250,000 grant to Ewing to help build a new 15,000 sq. ft. fire station with eight stalls, a tool and equipment room and a combined office/radio room. Another project involved a \$250,000 grant to Humboldt to replace more than 5,000 feet of water and sanitary sewer lines in the central business district, as part of a greater comprehensive town square enhancement project.

WATER/WASTEWATER

A total \$1,903,400 water/wastewater grants were distributed in FY 2007. The governor awarded CDBG funding to eight Nebraska communities to help local governments repair or update existing water and wastewater systems. Among the award-

ees was Bancroft that used its \$250,000 grant to replace a portion of outfall sewer that leaked, repair manholes to prevent further infiltration, construct a new wastewater treatment facility, and abandon and seal off all existing bypass lines. Bancroft's original sewer line was constructed in 1923 with the last segment of outfall line rebuilt in 1968 as part of the village's existing wastewater treatment facility construction.

COMMUNITY DEVELOPMENT ASSISTANCE ACT (CDA)

The Community Development Assistance Act provides tax credits to local governments and nonprofit organizations that use the credits as incentives to attract private investment in support of specific community economic development projects. In FY 2007, 15 projects were awarded tax credit authorization totaling \$350,000. The credits leveraged \$18.9 million of private investment.

NEBRASKA COMMUNITY IMPROVEMENT PROGRAM (NCIP)

Celebrating its 43rd anniversary in 2007, NCIP provides accomplishments of cities and towns in leadership and community and economic development. In 2006, 53 communities participated in the program. Regional workshops were held in 32 communities to help prepare community volunteers for participation in NCIP.

BUSINESS DEVELOPMENT DIVISION

Business Development staff provides technical and financial services to businesses, regional organizations and communities to help expand economic development opportunities in areas including business and industry recruitment, international trade and investment, existing and start-up business assistance, entrepreneurship, workforce development and job training.

ECONOMIC DEVELOPMENT ACTIVITY

The Department monthly tracks business contacts, and contacts with consultants scouting business locations in the state. DED reported the following statistics for FY 2007:

97

Candidates (companies that express initial interest in learning more about Nebraska as a potential location)

73

Prospects (companies in the process of pursuing start up or expansion in Nebraska through more extensive contacts with community and state officials, visits, etc.)

90

Projects (companies that have selected locations and are actively working with community and state officials regarding financial packaging, construction, infrastructure, hiring, and other key factors)

15

Referred (candidates, prospects, and/or projects that were recommended to the Department along with the names of consultants, partnering organizations and/or companies that initially referred them)

77

Closed Successful (the number of projects the Department has successfully assisted from start to finish)

BUSINESS RECRUITMENT

In FY 2007, the Department's recruitment staff led trips to Iowa, North Carolina, Florida, Missouri, Colorado and New York. Staff successfully closed 77 projects in targeted industries ranging from renewable fuel and manufacturing to financial services and insurance. Successful projects included Verizon Wireless in Lincoln, Siouxland Ethanol in Jackson, E-Ethanol in Adams, Xpanxion in Kearney, Tabora Bakery in Cozad, Principal Life Insurance in Grand Island, Valley Farm Industries in Benkelman, Vantage Beatrice Bio Diesel, LLC in Beatrice, SchillingBridge Winery in Pawnee City, Feeney Wire and Rope in Tekamah, A1 Fiberglass in Aurora and Co-Sentry in Bellevue.

NEBRASKA ADVANTAGE

The Nebraska Advantage Act has significantly enhanced the state's business climate. Nebraska recruitment efforts are focused on a statewide vision in the global economy. The Department's business recruiters work closely with companies and communities to address labor availability, accessible employee training programs, financial assistance,

available properties that meet client's needs, and other issues. In FY 2007, the Act attracted 67 applications translating to a potential \$1.27 billion investment and 4,251 jobs. Under the Nebraska Advantage Rural portion of the Act, 43 applications have been submitted with a potential \$66.56 million in investment and 132 jobs while 827 applications have been submitted under the Nebraska Advantage Microenterprise portion.

GROWTH TARGETS

During FY 2007, the Department's Existing Business staff in partnership with the Nebraska Public Power District worked with Ravenna, Geneva, York, Seward and Cambridge. Economic targets selected in the communities ranged from ethanol clusters, people recruitment, and developing relationships between economic development groups and college students to developing information technology structure and housing, helping communities go wireless and enhancing the overall quality of life.

ONE-STOP BUSINESS

The One-Stop Business office responded to 2,415 requests for information via telephone calls, email requests and office visits during FY 2007. Since its creation in 1988, the office has assisted people in nearly every Nebraska community and all 50 states.

NEBRASKA BUSINESS VISITATION PROGRAM

In FY 2007, the Department partnered with local economic developers, Nebraska Diplomats and the Nebraska Economic Developers Association to interview 354 business owners or managers and learn about their challenges and plans for expansion. Survey results identified 740 new jobs to be created



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BUSINESS DEVELOPMENT DIVISION

within the year of the interview; 114 businesses with plans for physical expansion, and \$117,349,500 anticipated capital investment to take place during the next three years. The top three identified challenges for all businesses were workforce availability; market competition; and maintaining the local economy. These issues have been consistently reported in previous years. While most businesses score productivity and reliability of workers on the job from good to excellent, there is a continued lack of people to hire for positions in certain occupations.

CUSTOMIZED JOB TRAINING

In FY 2007, the Customized Job Training Program signed 30 contracts resulting in \$3,458,050 investment, creating 2,114 jobs. The new Nebraska Advantage package, which passed in May 2005, included the Nebraska Job Training Advantage that provided \$15 million during the course of FY2005 and FY2006 for job training. This new one-time appropriation was added to the existing Job Training Program administered by the Department.

NEBRASKA MANUFACTURING EXTENSION PARTNERSHIP(MEP)

Thirty-seven Nebraska MEP clients surveyed during FY 2007 reported that Nebraska MEP's services led to 453 created or retained jobs, increased and retained sales of more than \$61 million, reduced production costs by \$2.2 million, and generated \$16.4 million in new investments. The clients rated the quality of services they received at 4.7 on a scale of 1-5, with 5 being the best.

For example, Nebraska MEP connected Holen One Farms of rural Loomis, a start-up company that produces meat marinades and rubs with a contract manufacturer that processed their products.

Since 1999, retired farmers Mike and Renee Holen

had operated a successful food stand at fairs, auctions and other events. The marinade they used on grilled meats was requested so often that they turned to the University of Nebraska Food Processing Center (a Nebraska MEP partner) to explore bottling and selling it in stores. The Holens successfully completed the Center's Food Entrepreneur Assistance Program and launched their product into the marketplace in 2006. Today several Holen One Farms products are available in stores throughout Nebraska and other states.

INTERNATIONAL TRADE AND INVESTMENT

In FY 2006, Nebraska's manufactured exports totaled more than \$3.6 billion, an increase of nearly 21% over 2005. While 50 countries accounted for 95% of Nebraska's total exports, 50% of Nebraska's exports went to just two countries: Canada (28%) and Mexico (22%). Exports to these two countries alone were valued at over \$1.8 billion (Canada - \$1.027 billion and Mexico-\$802 million). Other top markets include: Japan, China, Australia, the United Kingdom, South Korea, the Netherlands, Belgium and Germany.

NEBRASKA'S EXPORT DESTINATIONS

A hallmark event occurred in December 2006 when Nebraska's Lt. Governor and a 28-member Nebraska delegation celebrated the grand opening of the state's first foreign trade office in Japan. More than 200 leaders from Japanese business, industry and government attended a reception in recognition of this significant center at Tokyo's Imperial Hotel. Under executive director Koji Nagasaka's guidance, center staff has proven invaluable to a number of companies, including Oxbow Pet Products in Murdock. Oxbow executives traveled to Japan in March 2007 to attend and exhibit at the Japan Pet Fair in Yokohama and to explore opportunities for increasing mar-

kets for their products. Nagasaka and assistant Aira Takahashi helped the executives get a trade show booth cleared through customs, set up and navigate meetings with Japanese business leaders, and U.S. embassy and government officials, and familiarize themselves with the Japanese culture and customs.

EDGERTON

Edgerton Quality Awards Program applicants are judged and rated by Edgerton examiners according to strengths and improvement opportunities. The judges rate applicants according to leadership, strategic planning, customer and market focus, information and analysis, human resources, product and service processes, and business results. In 2006, Saint Francis Medical Center in Grand Island, Nebraska Workforce Development-Department of Labor, Phelps Memorial Health Center in Holdrege, The Nebraska Medical Center in Omaha, and Mary Lanning Memorial Hospital in Hastings received Edgerton Awards.

PATENT DEVELOPMENT AND TECHNOLOGY PROGRAM

The Department works with the University of Nebraska to identify and commercialize technologies in the state that can result in new businesses and higher paying jobs. The Department's activities focus primarily on the knowledge-based industries, including information sciences, bio-medical equipment, bioinformatics, health technologies, and biotechnology.

The owners and entrepreneurs of TillPro, Inc., a manufactured garden tiller said they owed a lot to the Department for its guidance in providing feedback and helping them acquire a patent for their product. The startup company has sold nearly 500 units and is interested in scaling up production or partnering with another brand name company.

BUSINESS DEVELOPMENT DIVISION

NEBRASKA MICROENTERPRISE PROGRAM

Micro businesses in Nebraska completed the ninth year of data collection for funding received under the Nebraska Microenterprise Act. The Nebraska Microenterprise partnership Fund and the Department administer the program cooperatively. Individuals from all 93 Nebraska counties have received services throughout the years, and active loans and trainees increased to 5,534 through ten programs receiving funding under this program in FY 2007.

NEBRASKA FILM OFFICE

The Nebraska Film Office assists producers and directors of full-length films, commercials and other film- or TV-related projects. In FY 2007, the office responded to an average of five-six inquiries weekly, mailed out production packages, including the Omaha and state production guide, promoted Nebraska and its locations through a quarterly direct mail postcard campaign to industry executives, maintained the office's Web site: www.filmnebraska.org, and scouted locations for a variety of commercials and feature films. For example, the office hosted partial filming of the movie "Balls Out: The Gary Houseman Story," from O.N.C. Entertainment of Los Angeles, and starring Randy Quaid and Sean William Scott. The film used various locations in and around Lincoln. The office also helped facilitate the filming of "Hardships on the Oregon Trail" documentary, which filmed historic locations including Ash Hollow State Park, Courthouse and Jail rocks, Chimney Rock, Scotts Bluff National Monument, sites along the Platte River, Rock Creek Station State Historic Park, and Ft. Kearny State Historic Park. Many native Nebraskans/first-time filmmakers return home to make their projects, and estimated \$1.5 million annual revenue is generated from commercials and independent films.

TECHNOLOGY AND TRANSPORTATION

Nebraska has positioned itself as a prime location for businesses in the rapidly growing technology and transportation industries. Advantages for transportation-related businesses include speed to markets, first class infrastructure, minimal congestion, consistent service, economical cost of doing business, industry leading businesses in Nebraska, which are available to help meet other companies' needs, two top 10 motor carriers, 8,000 licensed motor carriers, and readily accessible service from two of the largest rail companies in the U.S. Nebraska is home to NCEE Labs, an American Association for Laboratory Accreditation (A2LA) lab that provides EMC, Product Safety, and Environmental testing and product certification to large and small manufacturers throughout the Midwest.

BUSINESS DEVELOPMENT REGIONAL STAFF

Eight Department field staff work with businesses, from startups and microenterprises to major industries. Services include technical assistance and financial packaging for start-ups, transition, marketing, expansion, and retention. Communities wanting to grow existing businesses or recruit new industries also receive business development assistance.

Among their successes are:

Holt County Economic Development was formed in 2007 with extensive technical assistance from Sheryl Hiatt, DED field service manager. For nearly two years, Hiatt worked with Laurie Hansen, director of Central Nebraska Economic Development District and Nicole Sedlacek, coordinator of Holt County Hometown Competi-

tiveness, county supervisors, various city officials and economic development committees to help develop the organizational structure, the organization's board, and strategic planning. Capacity building for economic development organizations is just one service provided by the Department's Business Development Field Staff. Holt County Economic Development now has a full-time staff, board of directors and a strategic plan and is working with existing businesses and startups throughout the county. A Business Retention and Expansion (BRE) survey was conducted there in June 2007, and the organization is taking advantage of several other Department programs.

"Our collaboration with DED has created a team effort to build a stronger Holt County," said Sedlacek. "Growing our economy isn't about beating out the other guy—it's about recognizing that we should work together with our neighbors and economic development partners."





BUSINESS

DEVELOPMENT DIVISION

The grassroots Siouxland Ethanol project resulted in a 55 million gallon ethanol plant located just west of Jackson, Neb. The plant was permitted to produce 55 million gallons and notice has been filed to increase its capacity to 100 million gallons. The group's ingenuity also led the plant to be approved for capturing methane gas for other applications. Fund-raising for the Siouxland project was completed in three days with 692 total investors signing on. The total ethanol project is valued at \$80,500,000 with more than 30 employees. Community Development Block Grant (CDBG) funds totaling \$77,500 were awarded to help Dakota County make infrastructure improvements to Knox Boulevard, a county road adjacent to the site.

Summit Foods dba Madison Foods in Madison, Neb., was created in 1986 as a subsidiary of parent company Summit Foods in St. Paul, Minn. Its only product at the time was "Bet-tur", a soy-based butter substitute manufactured for the commercial food service. In 1995, the company changed its name and diversified its operations to include a variety of barbeque and pasta sauces, and salsas, including Savory Kitchen Marinara, Calvin & Cleo's Salsa, and Savory Kitchen Salsa marketed and sold to food service and retail markets. The company worked closely with the University of Nebraska-Lincoln's Food Processing Center and Nebraska entrepreneurs to co-pack locally developed products. The company's solid markets for its products, including several Las Vegas casinos, combined with its unique manufacturing capability that allowed it to produce cold- and hot-packed products in glass and plastic fueled its excellent growth potential. The City of Madison received \$205,000 CDBG funds and loaned it to the company to add 10,000 square feet to its existing warehouse and production facility. The project resulted in 10 new employees.

"With the assistance and funding provided by the DED staff the expansion at the Madison Foods plant became a reality. Our new warehouse space enables us to provide customers with important inventory options. Together, with the improvements to our bottling line, we now have the ability to compete for business formerly beyond our reach. Starting next week we will begin bottling two million pounds of sauce for a new customer. With out the expansion that would have been a fantasy rather than a reality."

Stephen Corrigan
President
Summit Foods

NEBRASKA ECONOMIC DEVELOPMENT CERTIFIED COMMUNITIES

The program marked its second anniversary in May 2007 with 10 certified communities—Auburn, Fremont, Grand Island, Holdrege, Nebraska City, Norfolk, North Platte, Ogallala, Ord and South Sioux City. The Nebraska Diplomats and other development partners sponsor the program, and the Department administers it. The program is one of only a few in the nation to recognize communities for economic development preparedness.

LB 840

The Local Option Municipal Economic Development Act (LB 840) authorizes incorporated cities and villages to collect and appropriate local tax dollars (sales and/or property tax) if approved by the local voters, for economic development purposes. To date, the following communities have voted to create LB 840 programs: Albion, Alliance, Arapahoe, Arnold, Atkinson, Bayard, Beatrice, Beaver City, Blair, Burwell, Cambridge, Central City, Chadron, Columbus, Cozad, Curtis, Fairbury, Falls City, Fremont, Geneva, Gering, Gothenburg, Grand Island, Holdrege, Imperial, Kimball, Lexington, Louisville, Milford, Mitchell, Nebraska City, North Platte, Ord, Oshkosh, Plattsmouth, Schuyler, St. Paul, Scottsbluff, Seward, Sidney, Superior, Tecumseh, Valentine and Wakefield.

TRAVEL & TOURISM DIVISION

The Department's Travel and Tourism Division offers program and services to help communities and regions develop tourism potential and further strengthen and build on the state's third largest earner of revenue from outside the state, after agriculture and manufacturing.

In FY 2007, travelers spent almost \$3.3 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 \$1.6 billion since 1990. More than 42,000 Nebraska jobs were directly attributed to travel spending in FY 2007. In addition, each dollar spent by tourists in Nebraska is responsible 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 19.5 million trips in the state in FY 2007 to destinations 100 miles or more from home. Leading states for visitor origin were Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri and South Dakota. The average nonresident traveling party visiting Nebraska by highway during the summer consisted of 2.4 persons who stayed 2.2 nights in the state and spent \$420. 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 \$97.

TOURISM ADVERTISING

Funded mostly with revenues from the state's 1 percent lodging tax, the Travel and Tourism Division devotes a large portion of its resources to advertising, printing and distributing state travel literature, and answering requests for travel information. In FY 2007, paid ads generated 138,482 inquiries for travel information. Of this number, 129,289 were received in the first six months of 2007 when most of the tourism ads also ran.

TOURISM MARKETING GRANTS

Tourism groups throughout Nebraska received 31 tourism marketing grants totaling more than \$129,000. Grants were awarded for promotion of events, promotion of regions, Internet marketing, and general marketing. For area and regional travel marketing activities, a second program awarded a total of \$500,000 in Tourism Advantage matching grants to 29 organizations.

NEBRASKA BYWAYS PROGRAM

The Nebraska Byways Program, which began in 1999, showcases outstanding archaeological, cultural, historic, natural, recreational and scenic qualities along Nebraska's two-lane highways. The state has nine designated scenic and historic byways. A division staff member serves as a byways coordinator helping them receive grants and other assistance for promoting these roadways.

TOURISM ASSESSMENT RESOURCE GROWTH EVALUATION TEAM (TARGET)

The TARGET Program helps Nebraska's communities build on strengths, correct weaknesses and reach tourism potentials. Communities organize local TARGET teams that evaluate local past and present tourism efforts and issues. After the state TARGET coordinator reviews an evaluation, a community site visit is scheduled where local TARGET members and the TARGET team from the Travel and Tourism Division meet to tour and discuss the community's existing tourism assets and potential for future tourism development. In FY 2007, TARGET reports were written for Kearney, Adams, Nemaha and Seward counties, Sidney/Cheyenne County, and the communities of St. Paul, Nebraska City and O'Neill.

TOURISM DEVELOPMENT AND MARKETING RESOURCES GUIDE

The Tourism Development and Marketing Resources Guide provides useful information on local, state and federal funding resources, community and statewide foundations, tourist-oriented organizations and associations, and other information pertinent to developing one's tourism industry. It is continually refreshed with new programs, organizations, and funding sources.

AGRITOURISM AND ECOTOURISM

With increasing interest in agritourism and ecotourism in Nebraska, the Travel and Tourism Division has specialists on its staff to assist in these areas of development. In February 2007, Governor Heineman hosted an agri/ecotourism workshop attended by 175 people.

Overall, agri/ecotourism continued to show strong interest statewide this year, with an increase in businesses specializing in wine (wineries and vineyards), birding opportunities, river activities (particularly tanking), country retreats, and local food production.

Four new wineries opened this past year, bringing the state's total wineries to 21. More landowners recognized the growing interest and value in offering wildlife/bird watching as these activities overtook hunting and fishing as the top outdoor activities, attracting more than 650,000 people in the U.S. (2006 Fish & Wildlife Survey).

"Tanking" also grew in popularity along Nebraska's rivers and streams, as well as kayaking. The state's two designated National Scenic Rivers attract travelers worldwide.

For people seeking peace, quiet, and unobstructed views of overall scenery and night skies, the state's number of country retreats increased.

Many people also found more locations to frequent where they could "Buy Fresh/Buy Local" foods, such as cheese, bison jerky, jellies, homemade pies, and organic beef and poultry.





COMMISSIONS & ORGANIZATIONS

ECONOMIC DEVELOPMENT COMMISSION

The Department is served by a nine-member Economic Development Commission consisting of nine voting members and the Department director who serves as a non-voting member. The members are: N.P. “Sandy” Dodge Jr., Omaha; Phyllis Gardner, Max; Don Groesser, Ralston; Richard Jeffries, Omaha; Craig Madson, Lincoln; Marilyn Sims, Omaha; Janet Palmtag, Nebraska City; Bob Unzicker, Scottsbluff; and Tim White, Grand Island.

NEBRASKA DIPLOMATS

The nonprofit Nebraska Diplomats Inc. has a membership of more than 475 business executives and community leaders, and is the largest economic development organization in Nebraska.

The Diplomats form alliances with other Nebraska economic development organizations to promote the state’s productive business climate and quality of life.

RURAL DEVELOPMENT COMMISSION (RDC)

Twenty-three representatives from state and federal agencies, regional governmental groups, finance, farming, ranching, education, agriculture support, and telecommunications, tribal organizations, not-for profit social support entities, and development organizations make up the Commission. In addition to working on projects that further commission goals, the RED assisted the Department with reviewing, awarding, and monitoring the Building Entrepreneurial Communities (BECA), and Agricultural Innovation and Value-Added Agriculture (VAA) grant programs. Twenty-nine BECA awards totaling \$500,000 and 47 VAA awards totaling \$1,699,500 were awarded during this year. The commission features more information on its Web site: www.ruralnebraska.info.

NEBRASKA INNOVATION ZONE COMMISSION (NIZC)

The Nebraska Innovation Zone made great strides during FY 2007. The Commission formed four key committees—Transportation and Logistics, Economic Development and Marketing, Planning and Infrastructure, and Tourism, Recreation and Environmental Needs that involved monthly participation from more than 60 community members. From these discussions, NIZC was able to identify the targeted focus of needs and interest for the I-80 corridor region. In turn, this information helped the Commission apply for and receive two federal grants for the initial phases of a multiphase plan. Currently, the Commission is working with consultants to complete Phase I in early 2008.

The Web site www.I-80ideas.com was created to provide a way for communities to share thoughts and suggestions regarding the I-80’s corridor regional development. The Commission believes that to be successful, a defined region must think and act as a regional family, crossing jurisdictional lines and spanning public sectors, and innovative and creative measures must be considered to develop and build an economically sound region that can sustain long-term growth, in turn, creating regional competitiveness strategies.

NEBRASKA'S ADVANTAGES MAKE LIVING, WORKING AND DOING BUSINESS HERE A RICH AND REWARDING EXPERIENCE. THESE INCLUDE A MYRIAD OF EMPLOYMENT OPPORTUNITIES, SHORT COMMUTE TIMES, SAFE AND SECURE COMMUNITIES IN WHICH TO RAISE FAMILIES, TOP-NOTCH EDUCATIONAL INSTITUTIONS FROM KINDERGARTEN THROUGH COLLEGE, CLEAN AIR AND WATER, MARVELOUS ATTRACTIONS AND FESTIVALS, AND BREATHTAKING SCENERY WHERE PEOPLE CAN IMMERSE THEMSELVES IN HISTORY, PURE FUN AND ENTERTAINMENT, OR THEIR FAVORITE RECREATIONAL PAST TIME. IT IS THESE ADVANTAGES AND MANY MORE THAT MAKE POSSIBILITIES FOR PROSPERITY AND HAPPINESS SEEM ENDLESS HERE IN NEBRASKA.

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ECONOMIC DEVELOPMENT COMMISSIONERS

This commission of nine advises the Department.

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Phyllis Gardner, Max

Don Groesser, Ralston

Richard Jefferies, Omaha

Craig Madson, Lincoln

Janet Palmtag, Nebraska City

Marilyn Sims, Omaha

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NEBRASKA
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Department of Economic Development

