

# Nebraska Department of Economic Development (DED)

2006 Fiscal Year Annual Report  
July 1, 2005 - June 30, 2006



NEBRASKA  
possibilities...endless<sup>SM</sup>

# Message from the Director

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As the Director of the Nebraska Department of Economic Development (DED), it is my distinct pleasure to provide this DED Fiscal Year 2006 Annual Report. The information contained herein is a summary of the many activities accomplished by our dedicated and professional staff during the past year. Through strategic public investment, DED assists State government in making Nebraska a better place to live, work, raise a family, and grow a business. This strategy is accomplished by focusing efforts on aggressive community development, business retention and expansion, new business attraction, new business creation (entrepreneurship) and tourism development, with special emphasis on the creation of new primary jobs and wealth.

Fiscal year 2006 brought a renewed sense of optimism in the world and national economies. Nebraska was no exception to this economic growth phenomenon – state unemployment continued to decline, business exports skyrocketed and real wages increased. This upward economic growth pattern, coupled with the marketing and implementation of the new Nebraska Advantage program, brought a significant amount of work and energy to DED.

Existing Nebraska businesses were increasingly impacted, during the past year, by accelerated technological changes and global competition. DED placed special emphasis upon fostering workforce housing, public infrastructure and community amenities in our Nebraska communities necessary to retain and attract a skilled labor force. A thorough demographic

analysis clearly indicates that the availability of a skilled labor force will greatly impact businesses growth and prosperity in the months and years to come. Strong communities are an essential component in assuring future business and population growth in our State.

DED worked actively with our existing business and industry base to enhance both national and international marketing efforts. Through programs like the Manufacturing Extension Partnership, we also worked with Nebraska businesses to leverage innovation and exports, increase productivity, implement technological enhancements and form strategic partnerships and alliances, when possible. An overwhelming majority of our staff time remains committed to our business retention and expansion mission.

Staff continues to commit significant amounts of time to supporting entrepreneurship and small business. During FY 2006, for example, our one stop business assistance center handled more than 2,700 calls and requests for information from potential entrepreneurs. In addition, we maintained staffing and financial support for microenterprise development through the provision of field staff technical assistance and micro-lending programs. Substantial funding and assistance were provided for programs such as the Nebraska Microenterprise Partnership Fund and Rural Enterprise Assistance Act. DED also was actively involved in creation of the new BIO Nebraska Trade Association and support was provided to help create several local angel and equity funds. Finally, DED and the Rural Development Commission, for which DED has oversight, served as primary sponsors with the University of Nebraska Center for Entrepreneurship for its Business Plan Competition.

Marketing and implementation of the Nebraska Advantage Act, adopted by the Legislature in 2005, consumed hundreds of hours for our business development staff. DED worked cooperatively with partners across the State, including utility companies and community organizations, to conduct an aggressive marketing campaign around the country. This campaign included direct mail, Nebraska special events, targeted ad-

vertising efforts, target industry trade shows and personal visits. The goal of this overall campaign was to raise awareness about the new Advantage program and to talk candidly with existing businesses, prospective companies and site selection consultants about the many advantages afforded to businesses in Nebraska.

DED's Tourism Division remained committed to their core activities of consumer and group-tour marketing, tourism planning and development, and special events coordination. Additional focus also was placed upon marketing tourism opportunities to residents within the State. The Picture Perfect Nebraska advertising campaign hosted at the Lincoln Saltdogs baseball stadium, for example, successfully reminded Lincoln area residents and others attending about the many tourism treasures in our State. The Tourism Division also continued their effort to support and develop the eco- and agri-tourism industry. Special staff time and funding were committed to these activities. With one of the smallest tourism budgets in the country, our staff worked diligently to evaluate every marketing opportunity and to identify niche opportunities where Nebraska can have the greatest long-term tourism development and economic impact.

To successfully fulfill our overall statutory mission, I have the pleasure of working with a very competent and professional staff that is dedicated to the future of our State. We also work closely with partner groups and organizations from across this 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. Their tenacious support and passion for growing Nebraska makes my job easier. Together, we can create a more prosperous Nebraska for our children and grandchildren.

A handwritten signature in dark ink, reading "Richard J. Baier". The signature is written in a cursive style with a large, sweeping initial "R".

Richard J. Baier  
Director

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# Economic Performance Indicators

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## Introduction

Since its creation in 1967, DED has striven to help businesses, communities, and people fully realize and take advantage of all economic opportunities. 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. New primary job creation and the development of new capital investment receive special emphasis.

To be successful, DED believes that economic development initiatives, programs and policies must:

- Support solid public infrastructure and quality affordable housing options to stimulate strong, long-term and sustainable communities and future economic growth.
- Create and retain quality primary employment opportunities that improve per capita incomes and lead to overall better quality lives for all Nebraskans.
- Generate or create additional wealth potential for Nebraskans.
- Attract human and financial capital from outside the state.
- Grow readily available, quality, and skilled workforces that retain the state's best and brightest youth and attract a new employee and population base to meet the changing needs of businesses and industries.

The Department accomplishes this through four operating divisions: Administration, Business Development, Community and Rural Development, and Travel and Tourism.

## Unemployment Rate

According to the Nebraska Department of Labor, the state's unemployment rate declined from 3.8 percent in

June 2005 to 3.2 percent in June 2006. During that same period, the U.S. unemployment rate fell from 5 percent to 4.6 percent. The number of employed persons living in Nebraska increased by 1 percent, while total U.S. employment advanced by 1.8 percent. Non-farm employment in Nebraska rose 1.9 percent.

## Industry Employment

Total non-farm employment in Nebraska grew by 171,854 jobs from June 2005 to June 2006. Employment increased in manufacturing, wholesale trade, transportation, warehousing and utilities, financial activities, professional and business services, educational and health services, leisure and hospitality, government, and other services. Decreases occurred only in construction and natural resources, retail trade, and the information categories.

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 30,000 jobs from 2002 through 2005 and having more gains in 2006.

In agriculture—Nebraska's largest sector for both self-employment and home-based business—total net farm income fell as drought conditions reduced crop yields, and energy, fertilizer and other costs increased. From June 2005 to June 2006, average prices increased by 5.4 percent for corn and 24.1 percent for soybeans, but declined 14.7 percent for wheat. Beef cattle prices decreased by 4.3 percent, and hog prices rose 8.7 percent.

## Income and Cost of Living

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 2005 was \$33,616, or 97.2 percent of the U.S. average of \$34,586. However, the cost of living also is below the national average. According to the fourth quarter 2005 American Chamber of Commerce Researchers Association Cost of Living Survey, the average general living costs in sample cities Hastings and metropolitan Omaha was 88.7 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. Average hourly earnings in Nebraska declined in manufacturing from \$15.40 in June 2005 to \$14.96 in June 2006. But earnings grew in most other industries. The rise in wages in professional and business services went from \$16.20 to \$16.41 an hour. In educational and health services, the wage rose from \$15.71 to \$16.11 an hour, and in leisure and hospitality services, it went from \$8.59 to \$9.30 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. 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 U.S., but has been less in Nebraska since 2001.

## Innovation

Compared with other states, Nebraska 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 mea-

asures 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 is the number of patents issued in a state. 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 U.S.

Much of the above information and data on Nebraska can be seen in the Nebraska Data book, accessible at: <http://www.neded.org>

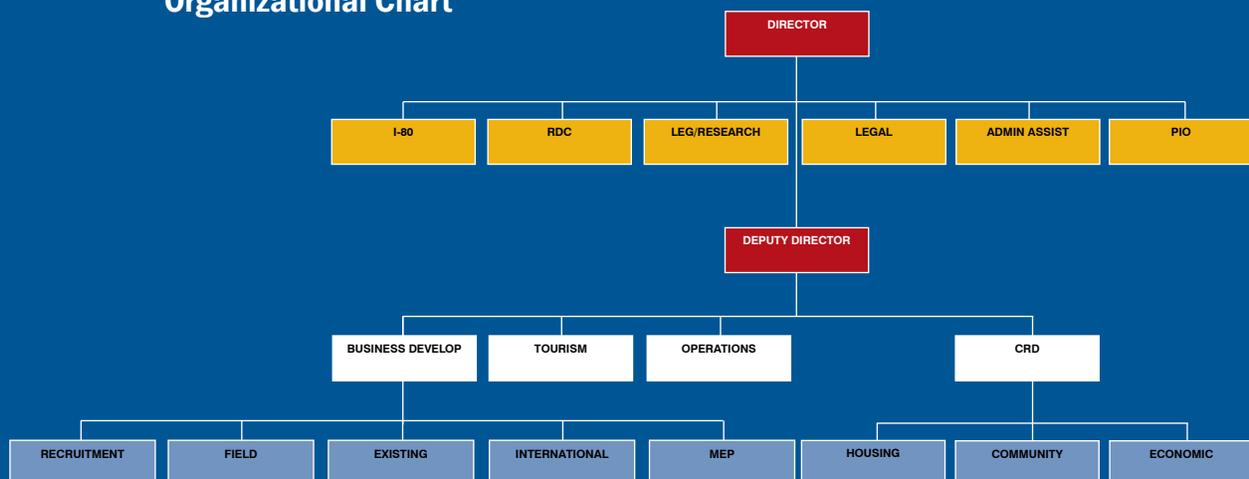
### Administration Division

DED has approximately 70 employees, most based in its Lincoln office. The average tenure of employees is 12.74 years. Recently, DED has employed more university interns in an effort to match their skills post graduation with potential job openings in the Department. DED also bid Stu Miller, deputy director, a fond farewell. Stu retired after serving 11 directors and many governors during his nearly 33 years of dedicated service.

## Nebraska Department of Economic Development FY2006 Annual Budget Sources and Major Uses

Source of Funds	FY 2005-2006 Appropriation
General Funds	6,086,804
Cash Funds	28,630,389
Federal Funds	24,441,757
	<b>59,158,950</b>
Use of Funds	
Staff	4,556,066
Operations	5,672,630
Aid/Grants (Listed Below)	48,930,254
	<b>59,158,950</b>
Major Aid/Grant Programs and Service Contracts	
Main Street Program Grants	113,850
Microenterprise Program Contract	497,500
Affordable Housing Trust Fund	7,500,000
Value Added Agriculture Grants	850,000
HOME	6,000,000
Community Development Block Grant	15,636,700
Surety Bond Program Contract	125,000
Building Entrepreneurial Communities Act	250,000
Manufacturing Extension Partnership	399,730
Customized Job Training	16,107,944
Tourism Marketing Grants	350,000
Civic, Cultural & Convention Center Fund	1,099,530
	<b>48,930,254</b>

## Nebraska Department of Economic Development Organizational Chart



# Community and 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.

## Housing

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

During the 2006 program year, \$4,977,700 in Nebraska Affordable Housing Program (Housing Program) funds were invested in the rehabilitation of 234 owner-occupied homes. An additional \$2,423,681 Housing



Program funds went toward rehabilitating homes and helping first-time homebuyers purchase homes. More than \$2.9 million (\$2,991,000) of the Housing Program's HOME funds went toward affordable rental projects, including Nebraska Investment Finance Authority (NIFA) Low-In-

come Housing Tax Credit equity as a funding source.

DED also awarded \$3,210,500 to eight local governments and nonprofit housing organizations to develop 63 rental units for low-income persons—of those, 24 were earmarked for extremely low-income renters.

For example, Parkland Estates, a single-family community of 74 homes is planned for North Platte. The development will feature walking paths to a proposed park, and cul-de-sacs offering more privacy. Ten homes will be available to families who earn below median incomes, along with down payment and closing cost assistance from the Lincoln County Community Development office.

**“This is the fifth or sixth project for which I've received funding from DED and I have a history working with the housing team. They're great to work with and have allowed us to do projects that wouldn't have worked without DED funding. North Platte has a huge need for housing, and this innovative project includes down payment assistance, housing education, and improvements to adjoining land that will become a park.”**

**—Matt Thomas  
Developer representing Opportunity Builders and The Nicholes Group, CA**

## Planning

Twenty-four planning grants totaling \$443,688 in Community Development Block Grant (CDBG) funding were distributed in FY 2006. 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, Rock County, the village of Bassett, and the Rock County Historical Society used its \$40,000 grant for a master recreation plan that lets local entities coordinate strategies for recreational improvements to local parks and county fairgrounds, and historical preservation of area sites and buildings.



## Public Works

A total of \$3,042,800 public works grants were distributed in FY 2006. Of this amount, \$3 million CDBG funded public works projects in 21 communities and counties during one cycle. One project involved a \$250,000 grant to Ainsworth to help build a new fire and rescue station. Ainsworth and Brown County will share in the operations and maintenance of the new station.

**“The City of Ainsworth is building this new fire hall without raising property taxes or going out for a bond issue because of the funding [we received from] DED. Without the grant funding, the City would not have been able to build a new fire hall. By providing grants, DED enables rural communities to proceed with projects that otherwise would not be possible due to funding issues. In the past 10 years, DED has provided the City of Ainsworth with [a number of] grants to help us improve and update our infrastructures.”**

**--Kristi Thornburg  
Ainsworth City Clerk**



grants to build a well field and transmission mains as part of a regional water system that supplies water to Bartley, Cambridge and Indianola. The system also will reduce contaminants in area water supplies and boost water pressure.

**“We are to the point where our biggest well is going to have to be shut down [by federal mandate] and we also are over the acceptable arsenic level. Our town wasn’t big enough to qualify for certain funding so there came the birth of “BIC”-Bartley, Indianola and Cambridge. I was very thankful that [the people who administer] CDBG [funding] were able to work with us because I wasn’t sure how we were going to come up with the money to finance it all. They go the extra mile for us...they’re not just interested in the Lincolns, Hastings and Grand Islands. We’re a town of 662 people and they’re very interested in us and in keeping rural Nebraska alive.”**

**--Ona Malleck  
Indianola City Clerk**



### **Water/Wastewater**

A total of \$2,652,238 water/wastewater grants were distributed in FY2006. In early FY 2006, the governor awarded more than \$2.1 million CDBG funding to 10 Nebraska communities to help local governments repair or update existing water and wastewater systems. Among the awardees were Bartley and Indianola that will use their combined \$393,000

### **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 2006, 13 projects were awarded tax credit authorization totaling \$350,000. The credits leveraged \$10.3 million of private investment.



### **Nebraska Community Improvement Program (NCIP)**

Celebrating its 42nd anniversary in 2006, NCIP provides assistance to, and recognizes accomplishments of cities and towns in leadership and community and economic development. In 2006, 64 communities participated in the program. Regional workshops were held in 31 communities to help prepare community volunteers for participation in NCIP.

# Business Development Division

Business Development staff provide 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

DED monthly tracks business contacts, and contacts with consultants scouting business locations in the state. Based on the cumulative numbers, DED made more business development contacts and, possibly, more successful

contacts in the latter months of FY2006 (January 1-June 30, 2006) than earlier months (July 1-December 31, 2005).

## Business Recruitment

In FY 2006, DED recruitment staff led business recruitment trips to New York, Illinois, North Carolina, South Carolina, Georgia, Minnesota and Colorado. The staff successfully closed 49 projects in targeted industries ranging from Value Added Ag, Manufacturing, Financial Services and Bio Tech. Successful projects included Brotje in Omaha, Novartis in Lincoln, Badger Holdings in South Sioux City, Kaufman Trailers in Beaver City, Iams in Aurora, and Vulcraft in Norfolk.

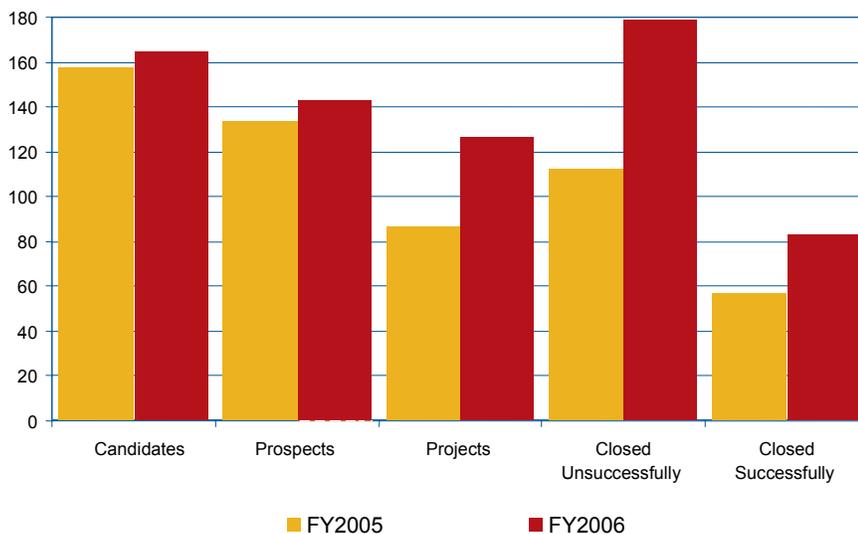
**“Governor Heineman and the Nebraska Department of Economic Development were instrumental in bringing this expansion to the Aurora facility. The state’s dedication to economic development through grants and incentive programs makes this kind of investment in Nebraska possible.”**

**– Kathy Brown, plant manager, Procter and Gamble Company (P&G), Aurora, which owns Iams**

**“Tax incentives from the Nebraska Advantage Act played a key role in the company’s decision to locate in Nebraska.”**

**–Andreas Ditsche, executive vice president CLAAS North America (Broetje Automation-USA is a subsidiary) LaVista**

**Graph 1. DED Business Development Activity, FY 2005 and FY 2006\***



Source: DED, Business Development Division, FY 2005 (July 1-December 31, 2005), and FY 2006 (January 1-June 30, 2006)

\*Definitions—Candidates are business contacts that expect to conduct a location search in Nebraska; prospects are business contacts undertaking a location search; and a prospect becomes a project when DED staff begin interacting with a business in its location search.

## Nebraska Advantage

The Nebraska Advantage Act, enacted January 1, 2006, has significantly enhanced the state’s business climate. Nebraska recruitment efforts are focused on a statewide vision in the global economy. DED 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 a span of six months, the Act attracted 47 applications translating to a potential \$2.6 billion investment and 6,155 jobs. By industry, this breaks

down to 27 projects in manufacturing/processing for a potential \$1.729 billion and 1,709 jobs; seven projects in financial services for a potential \$97 million, and 2,978 jobs; and 13 projects in telecommunications and other related services for a potential \$782.3 million and 1,468 jobs.

**“Cross-Sourcing allows us to parlay the economic value of our programming team in India, the expertise of on-site project managers in Atlanta, and the high work ethic and quality standards of the Nebraska workforce. It also allows us to take advantage of several government incentive programs in Nebraska aimed at increasing the presence of IT industries in rural areas.”**

**–Paul Eurek, Xpanxion CEO and Nebraska native who grew up near Kearney**

Of the 47 projects, 24 are located in the greater Omaha metropolitan area (encompassing Douglas, Sarpy, Saunders and Washington counties); six are located in the greater Lincoln metropolitan area (encompassing Lancaster and Seward counties); and 17 are scattered throughout the rest of the state.

Under the Nebraska Advantage Rural portion of the Act, seven applications have been submitted with a potential of \$5.9 million in investment and 53 jobs while 30 applications have been submitted under the Nebraska Advantage Microenterprise portion.



## Growth Targets

During FY 2006, DED's Existing Business, in partnership with the Nebraska Public Power District, accelerated efforts to help local economic development leaders define growth targets for their areas. In each area,

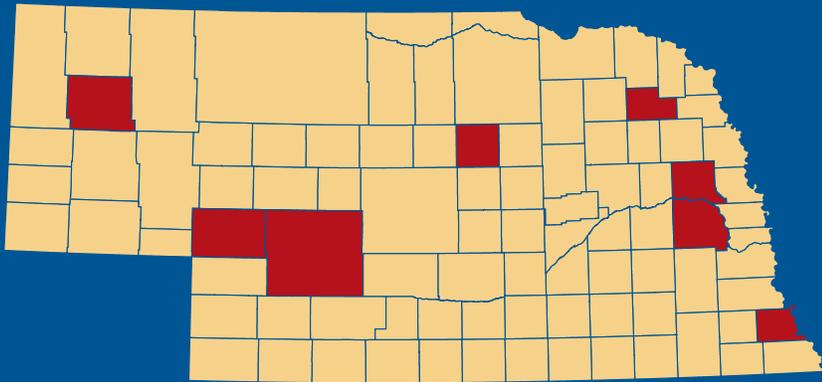
mated 90 office visits during FY 2006. An estimated 65,000 Business Toolkit web requests were received. Since its creation in 1988, the office has assisted people in nearly every Nebraska community and all 50 states.

## Nebraska Business Visitation Program

In FY 2006, DED partnered with local economic developers, Nebraska Diplomats and the Nebraska Economic Developers Association to interview more than 200 business owners or managers and learn about their challenges and plans for expansion. Survey results identified 82 businesses with physical expansions; 107 businesses reporting new capital investments during the next three years; \$110,132,000 capital was invested in equipment, machinery, and expansion; and 100 businesses added 700 new jobs.

The top three identified challenges for all businesses were worker availability; market competition/customer base; 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.

### Areas Completing Targeting Program



A few examples of targets are:

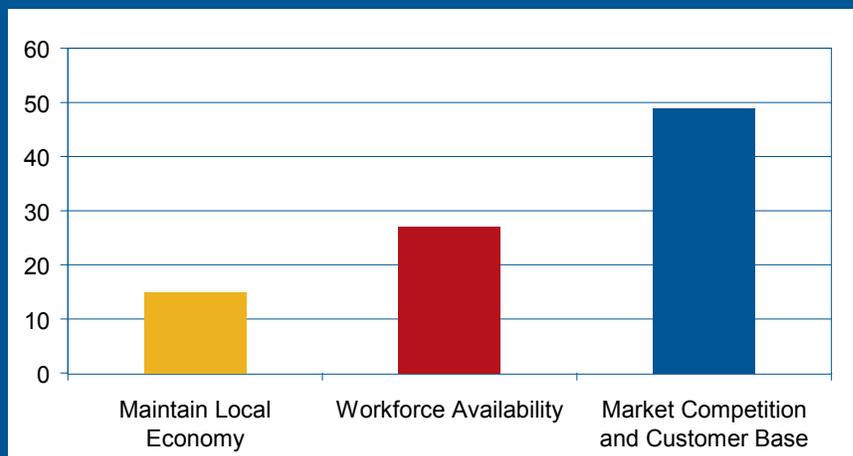
- Warehousing and Logistics
- Medical Services
- Nutraceuticals Manufacturing
- Biodiesel/Ethanol Cluster Development
- Expanding Existing Companies
- Tourism Development
- Population and Labor

local leaders committed to three monthly meetings to determine what industry attributes were most important to them and to select economic development targets that best fit those attributes and are most attainable given the area's competitive advantages. Typically, leaders selected and used three to five target industries to develop their work plans.

## One-Stop Business

The One-Stop Business office responded to 2,778 requests for information—specifically 1,775 telephone calls, 913 email requests, and an esti-

### Leading Challenges of Interviewed Businesses



## Recruitment

Recruiting people, not just for jobs, but also to increase the population and customer base for Nebraska businesses is a top priority for economic developers. The majority of Nebraska counties continue to lose population, resulting in lost customers and a continued downward spiral of the local economy. Finding new ways to attract people to communities is probably the next economic development strategy that will require incentives and creative approaches.



## Job Training

In FY 2006, the Job Training Program signed 48 contracts resulting in \$7.18 million in investment, creating 5,031 jobs at an average wage of \$14.14. The new Nebraska Advantage package passed in May 2005, included the Nebraska Job Training Advantage that provides \$15 million during the next two years for job training. This new funding was added to the existing Job Training Program, administered by DED.

**“The State’s incentive package was instrumental in Technologent’s decision to expand in rural Nebraska. Since we opened in August 2003, we have added 58 new jobs and started a sister company, Your Selling Team. As we continue to grow both of these companies in Nebraska, we are very encouraged about Governor Heineman’s [passage of] the Nebraska Advantage Act.”**

**—Tom Gallaway, president, Technologent and Your Selling Team**

## Nebraska Manufacturing Extension Partnership (MEP)

Twenty-five MEP clients served during FY 2006 reported that Nebraska MEP’s services led to 54 created or retained jobs, increased and retained sales of \$980,000, reduced production

costs by \$991,000, and totaled \$7.219 million in new investments.

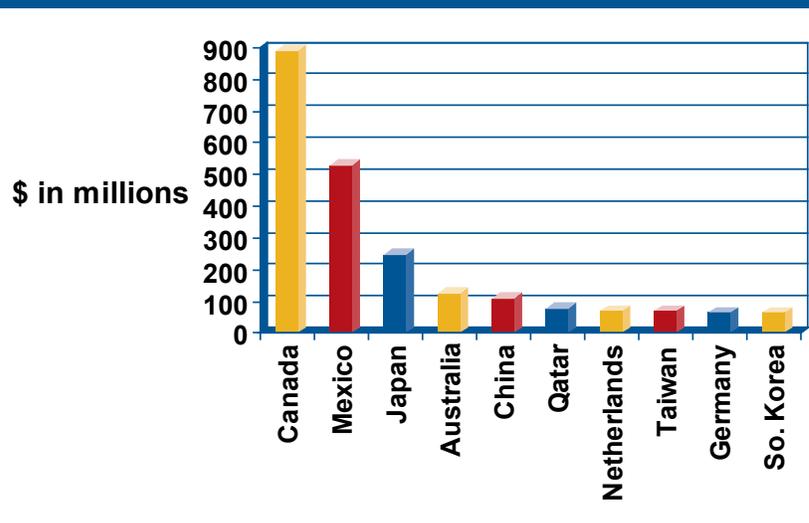
## International Trade and Investment

In FY 2006, Nebraska’s manufactured exports totaled more than \$3 billion. While 50 countries accounted for 97% of Nebraska’s total exports, 56% of Nebraska’s exports valued at nearly \$1.7 billion went to Canada, Mexico and Japan. Other top markets include Australia, China, Qatar, the Netherlands, Taiwan, Germany and South Korea.

## Nebraska’s Export Destinations

In dollars, Nebraska’s leading manufactured export growth category is machinery. Export shipments of these products grew from \$269 million in 2001 to \$525 million in 2005. Other manufactured export categories registering large dollar growth during this time were chemical (up \$121 million), and transportation equipment (up \$84 million).

## Nebraska’s Export Destinations



Percentage wise, Nebraska's fastest-growing manufactured export category is fabric mill products, which grew from \$5.1 million in 2001 to \$27.8 million in 2005. Other rapidly growing



manufactured exports during this period were primary metal (up 98 percent), apparel (up 96 percent), machinery (up 95 percent), and non-metallic mineral (up 95 percent).

### 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 FY 2006, Behlen Mfg. Co. of Columbus, Neb., and Cooper Nuclear Station of Brownville, Neb., received the Edgerton Award of Progress, and Phelps Memorial Health

Center, Holdrege, Neb. received the Edgerton Award of Commitment. Program cosponsors are the Nebraska Diplomats and Nebraska Section of the American Society for Quality.

**“Basically every year we will re-evaluate the items we’ve learned, examine that area, and say ‘What can we do differently now?’...It is a continuous improvement process. Quality is in the fabric of what we do, whether it’s in our equipment, our training processes, or our human performance where we are looking at our error reduction techniques. Quality is just a way of life where every single item we work on is examined from a quality perspective.”**

**—Randy Edington, NPPD chief nuclear officer**

### 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. DED's activities focus primarily on the knowledge-based industries, including information sciences, bio-medical equipment, bioinformatics, health technologies, and biotechnology.

### Nebraska Microenterprise Program

Micro businesses in Nebraska completed the eighth 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 active loans and trainees increased



to 3,529 through nine programs receiving funding under this program in FY 2006. The Nebraska Legislature doubled the amount awarded through this program to \$500,000, and passed the Nebraska Microenterprise Tax Credit Advantage in FY 2005 to provide a 20 percent refundable investment tax credit to micro businesses on new investment or employment in targeted communities. The credit is geared to companies with five or fewer employees, including start-ups in distressed counties.

### 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 2006, the office responded to an average 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 cam-

paign to industry executives, maintained the office's website: [www.film-nebraska.org](http://www.film-nebraska.org), and scouted locations for a variety of commercials and feature films. The office also hosted Windstream promotional TV spots and print ads, coordinated a film forum meeting that included professionals from local industry. Many native Nebraskans/first-time filmmakers return home to make their projects, and an 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



ers, 8,000 licensed motor carriers, and readily accessible service from two of the largest rail companies in the U.S. For technology-related businesses, 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 DED field staff work with businesses, from startups and micro enterprises 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 the projects that regional staff successfully assisted were:

Kaufman Trailers, a manufacturer of construction, utility and automobile trailers in Lexington, N.C., sought help from DED regional staff when it decided to expand to Beaver City. Regional staff not only helped local Beaver City officials prioritize goals and objectives, and position themselves to recruit the manufacturer, but worked with Kaufman Trailers to select a site and put together a financial package.

Osborne Steel & Supply Company of Atkinson contacted DED regional staff when the company needed a new manufacturing facility for its grain handling equipment due to rapid growth. For three years, the company worked with regional staff to develop a business plan, select a site, and put together financial packaging and funding through the department's economic development loan program.

**“I am very proud of the entire overall project, including the expansion. From start to finish, the assistance that I have received from everyone has allowed this project to become a reality. The new facility and expansion will allow us to continue to provide the highest quality parts and services to our customers, and enable us to continue to grow.”**

**—Robert J. Osborne, owner of Osborne Steel & Supply Company, Inc**

the nation to recognize communities for economic development preparedness.

**“I think that these are outstanding examples of communities that have taken it upon themselves to be leaders in providing economic development opportunities in rural Nebraska. Pursuing certified community designation shows that a community is willing to embrace the process and responsibility of growing itself.”**

**—Don Heimes, 2005 Nebraska Diplomats president**

## **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, 35 communities have voted to create LB 840 programs.

## **Nebraska Economic Development Certified Communities**

The program marked its first anniversary in May 2006 with six certified communities—Auburn, Fremont, Holdrege, Norfolk, Ord and South Sioux City. The Nebraska Diplomats and other development partners sponsor the program, and DED administers it. The program is one of only a few in



# Travel and Tourism Division

DED's Travel and Tourism Division offers programs and services to help communities and regions develop tourism potential and further strengthen and build on the state's third largest industry.



For example, in FY 2006, travelers spent more than \$3.1 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 \$1.5 billion since 1990. Nearly 43,000

Nebraska jobs were directly attributed to travel spending in 2006. 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.

**“During our start-up years, the Nebraska Department of Economic Development, specifically, the Travel and Tourism Division, has been instrumental in our success. We started this endeavor nine years ago due to the National Scenic River designation on the Niobrara River. Realizing that tourism is the third largest revenue producer in the state, it is vital that we use all of our assets, private, state and federal entities, for the economic development of our county and that each of those entities work together and understand how important tourism is to our economy.”**

**—Kerry Krueger, owner, Heartland Elk Guest Ranch, near Valentine**

Nebraskans and visitors to Nebraska made 19.6 million trips in the state in 2005 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 \$400. 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 \$92.

## 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 2006, paid ads at a total cost of \$779,455 generated 70,882 inquiries for travel information. In FY 2006, the Division responded to 127,539 requests from all sources. There were 29,190 email requests.



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## Tourism Marketing Grants

Tourism groups throughout Nebraska received 31 tourism marketing grants totaling more than \$136,000. Grants were awarded for promotion of events, promotion of regions, and general marketing. In addition, \$350,000 was awarded in 22 Tourism Advantage Matching Grants for local and regional travel marketing.

## Tourism Development Initiative (TDI)

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 employs 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.

tage tourism brochure; custom TV and radio spots; and a grant to promote and market a recently re-named and extended highway. The Nebraska By-



The project will create 3.5 full-time equivalent positions.

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.

## Nebraska Byways Program

Rural communities along Nebraska's nine scenic and historic byways benefited from more than \$332,000 in marketing grants that went toward projects, including: a membership recruitment and education packet; a heri-

ways Program, which began in 1999, showcases outstanding archaeological, cultural, historic, natural, recreational and scenic qualities along Nebraska's two-lane highways.

## Tourism Assessment Resource Growth Evaluation Team (TARGET)

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

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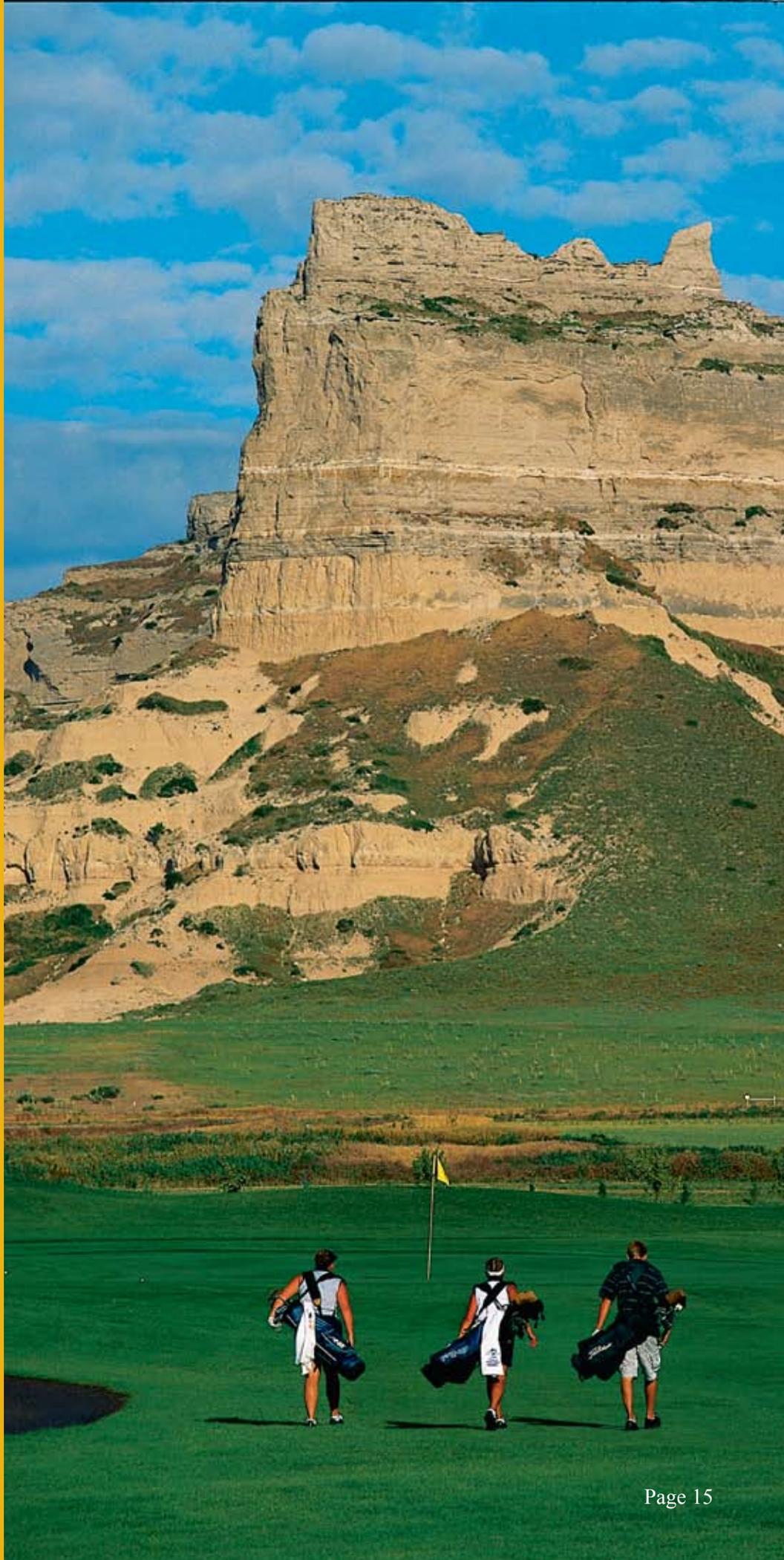
state TARGET coordinator reviews the evaluation, a community site visit is scheduled where local TARGET members and the TARGET team from the Travel and Tourism Division meet to tour and discuss the community's existing tourism draw and potential for future tourism development. In FY2006, TARGET reports 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 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 added specialists to its staff to assist in these areas of development. The Division published "*Nebraska's Guide to Agritourism and Ecotourism Development*," and in January 2006, Governor Heineman hosted the state's first Agritourism workshop attended by nearly 350 people.



# Commissions & Organizations

## Rural Development Commission (RDC)

Twenty-four 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 the commission goals, the RDC assisted DED with reviewing, awarding, and monitoring the Building Entrepreneurial Communities (BECA), and Agricultural Innovation and Value-Added Agriculture (VAA)



grant programs. Nine BECA awards totaling \$140,000 and 30 VAA awards totaling \$850,000 were awarded dur-

ing the first cycle. The second cycle of grants is under review. The commission features more info on its website: [www.ruralnebraska.info](http://www.ruralnebraska.info)

## Nebraska Innovation Zone Commission (NIZC)

During FY 2006, the Commission created task force committees in Economic Development and Marketing, Tourism, Recreation and Environment, Infrastructure and Planning, and Logistics and Transportation to gather data and information, and draft proposals that support the Commission's commitment for planned growth within the zone. The Commission also unveiled the website: [www.NIZC.org](http://www.NIZC.org).

## Economic Development Commission

The ED Commission works with DED in an advisory capacity regarding ways to further develop and grow the state's economy. Established in 1986 by the Nebraska Legislature, the Commission consists of nine voting members and DED's director who serves as a non-voting member. They are: Nathan P. "Sandy" Dodge Jr., Omaha; Phyllis A. Gardner, Max; Don Groesser, Ralston; Richard (Dick) Jeffries, Omaha; Craig K. Madson, Lincoln; Janet Palmtag, Nebraska City; Marilyn Sims, Omaha; Bob Unzicker, Scottsbluff; and Timothy (Tim) D. White, Grand Island.

## Nebraska Diplomats

The nonprofit Nebraska Diplomats Inc. has a membership of 386 business executives and community leaders, and is the largest economic development organization in Nebraska.

The Diplomats form alliances with other Nebraska economic develop-

ment organizations to promote the state's productive business climate and quality of life.



## Lewis and Clark Bicentennial Commission

FY 2006 activities focused on the Lewis and Clark Expedition's trip home. The 13 members, appointed in 2000 by the Governor, met regularly to coordinate and plan send-off activities in Ponca State Park, Omaha and Nebraska City.

## **Nebraska Department of Economic Development**

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## **Economic Development Commissioners**

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

Tim White, Grand Island

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