

Qualified Action Plan for the Site and Building Development Act

Prepared for
Governor Dave Heineman

by the
State of Nebraska
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Submitted by
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DEFINITION OF TERMS

Nonmetropolitan areas – counties with fewer than one hundred thousand inhabitants according to the most recent federal decennial census.

SECTION ONE: INTRODUCTION TO THE SITE AND BUILDING DEVELOPMENT FUND ACT

EXECUTIVE SUMMARY

The Site and Building Development Act was introduced under LB 388 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 388 was part of Governor Heineman’s Talent and Innovation Initiative, a four-part legislative package aimed at advancing business innovation and strengthening workforce recruitment efforts in Nebraska. The bill was adopted during the 102nd Nebraska Legislative Session and signed into law by Governor Heineman. LB 388, which is operative October 3, 2011 has been codified in the Nebraska Revised Statutes at §§81-12,144 to 81-12,151.

The purpose of the Site and Building Development Act, as stated in Neb. Rev. Stat. §81-12,145 is to assist in the provision of industrial-ready sites and buildings in all areas of the state in order to create “conditions favorable to meeting the industrial readiness of the state”.

PURPOSE OF THE QUALIFIED ACTION PLAN

The Department is required through the Site and Building Development Act (Neb. Rev. Stat. §81- 12,149) to develop a qualified action Plan by January 1st of each even numbered calendar year.

The Qualified Action Plan sets forth the activities eligible for assistance under the Site and Building Development Act. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state’s economy. The Department is placing an emphasis on projects that meet a community’s immediate need for site and building development, proposed increases in jobs and investment, private dollars leveraged, level of local government support and participation, and repayment, in part or in whole, of financial assistance awarded by the Site and Building Development Fund.

This Qualified Action Plan, which will be in effect January 1, 2014 through December 31, 2015 has been developed by the Department to the meet the statutory requirements specified in Neb. Rev. Stat. §81-12,149.

AMENDMENTS TO THE QUALIFIED ACTION PLAN

The Department of Economic Development reserves the right to make changes to the Qualified Action Plan at the Department's discretion.

If the Department determines that it is necessary to amend the Qualified Action Plan, the proposed amendment will be submitted to the Director of the Department of Economic Development for review and approval. The Qualified Action Plan, including any amendments, will be made available on the Department's website at: www.neded.org.

ALLOCATION OF FUNDS

The Site and Building Development Act allocation amount is an estimation based upon the Department's projected forecast for the 2014 and 2015 calendar years. The forecast is conditioned on funding levels available from appropriations and documentary stamp collection receipts to the Site and Building Development Act.

January 1, 2014-December 31, 2015 Allocation

<i>Table 1</i>	Site and Building Development Act Estimated Allocation
Calendar Year 2014	\$1,975,000*
Calendar Year 2015	\$2,020,000*
Total Estimated Allocation for January 1, 2014-December 31, 2015	\$3,995,000*

* This amount is an estimation. Actual amounts will be based upon credits and transfers made to the Site and Building Development Fund. At least forty percent of the amount available for distribution will be made available for projects in nonmetropolitan areas as required by Neb. Rev. Stat. §81-12,149.

SECTION TWO: OBJECTIVE, ELIGIBILITY, AND PROGRAM PROCESS

OBJECTIVE

SITE AND BUILDING DEVELOPMENT FUND QUALIFIED ACTION PLAN

The objective of the Site and Building Development Fund (SBDF) is to enhance the economic development of the state and to provide for the general prosperity of all of Nebraska's citizens by creating conditions favorable to improving the industrial readiness of the state.

GOALS

Since October 3, 2011, the Department has invested in several speculative sites and buildings in Nebraska with the Site and Building Development Act. The Department will be more selective in considering projects for the 2014 and 2015 calendar years. The Department will classify three types of projects:

1. **First Priority:** The Department's first priority is to invest in projects that are financially viable and ready to proceed and designated as a "First Priority Project".
2. **Business Recruitment and Expansion:** The Department may invest in business recruitment and expansion projects. These projects will involve identified businesses that may expand or locate in the state.
3. **Speculative Site and/or Building:** The Department may invest in speculative sites or buildings to increase available properties or improve sites and buildings for business location or expansion.

ELIGIBLE APPLICANTS

Local Governments and Nebraska non-profit organizations are eligible to receive Site and Building Development funds. Nebraska non-profit organizations must document Internal Revenue Service (IRS) designation as a 501(c)(3) or submit verification from an Attorney that the applicant operates as a 501(c)(4) or 501(c)(6) organization. All Nebraska non-profit organization applicants must have a current Certificate of Good Standing from the Secretary of State at the time of application.

ELIGIBLE PROJECTS

The Department shall use the Fund to provide financial assistance for industrial site and building development. The following activities are eligible: land and building acquisition; building construction or rehabilitation; site preparation; infrastructure development and improvements; engineering and design costs; technical assistance and planning; and other preapproved costs necessary for the development of industrial-ready sites and buildings.

Projects located in communities with speculative sites and buildings previously awarded funds from the Department and have an open agreement which has not been satisfied are **not eligible** for assistance from this Fund. This restriction does not apply to First Priority Projects and can be waived by the Director on a case-by-case basis.

FIRST PRIORITY PROJECTS

First priority will be given to projects that are financially viable and ready to proceed. In cases where the Department has a written agreement with a business indicating the business will locate on a site within ninety days of execution of the agreement, conditioned on the Department providing funding from the Site and Building Fund, those projects will have priority for funding. The Department may designate a project as a “First Priority Project” based on information received directly from the business, an agent of the business such as a site locator, the local government, or the SBDF applicant. As a guideline, the business in a First Priority Project must not have a significant presence in Nebraska at the time of the agreement to locate operations in the state. The decision to designate a First Priority Project and the process for awarding funds to First Priority Projects will be at the sole discretion of the Director. First Priority Projects are subject to an invitation-only application process administered by the Department.

AMOUNT OF FUNDING AVAILABLE & GRANT LIMITATIONS

The Department expects to award \$4,000,000 to projects during the period covered under this plan. This is conditioned on funding levels available from appropriations and documentary stamp collection receipts to the Site and Building Fund. Typical awards are expected to be \$250,000 to \$500,000. Specific award amounts may vary at the Department’s discretion.

The Department shall allocate not less than forty percent of the total estimated amount available to nonmetropolitan areas. Nonmetropolitan areas are counties with fewer than one hundred thousand inhabitants according to the most recent federal decennial census. For the purposes of this plan period, all counties in Nebraska excluding Douglas, Lancaster, and Sarpy counties are considered Nonmetropolitan areas.

MATCHING REQUIREMENTS

Entities receiving assistance shall provide matching funds of at least an amount equal to one hundred percent of the amount of assistance provided from the Site and Building Fund. The matching ratio requirement is a minimum of 1:1.

PROJECT SELECTION CRITERIA

The Department’s SBDF committee considers the following criteria when evaluating preliminary proposals, pre-applications and applications for funding:

Overall considerations:

- Capacity of the applicant to successfully complete the project
- Capacity of the development team to successfully complete the project

- The project will produce the desired result of locating a company at the Site and Building project that is represented in an industry or industry cluster identified by the Department.

Funding proposals must meet the following thresholds:

Prior to the application for SBDF, the local development team will have undergone extensive analysis and planning efforts to identify (1) the targeted industries for the speculative project, (2) physical characteristics including any mitigating measures needed to overcome real or perceived disadvantages of the site and building, and (3) non-SBDF funding available for SBDF match and other resources required to ensure the speculative project will be utilized by a targeted industry within a reasonable period of time.

Preference will be given for projects that can verify adequate site control by the applicant or a key member of the development team. Adequate site control can include an Option to Purchase if the option does not expire for at least 12 months from the date of application. All costs for obtaining adequate site control are the responsibility of the applicant and the development team.

Funding proposals must address the following criteria:

- Site control status by the applicant or a key member of the development team
- Project description
- Scope of work
- Importance of the project to the success of businesses in the targeted industry
- Appropriateness of the proposed budget, SBDF funding request, and matching funds
- Potential economic impact including job creation and investment
- Building and/or site size
- Community commitment to the project which may include funding, level of involvement in the development team, and promotion of the site
- Successful track record of the applicant, development team, or key staff of both to attract quality projects to speculative sites or buildings
- Documentation of financial commitments from Non-SBDF funding sources
- Availability, proximity, potential for redundancy, and capacity of infrastructure
 - Water
 - Sewer
 - Electric power
 - Natural gas
 - Broadband connectivity
 - Streets
- Available workforce and training

APPLICATION TIMING & PROCESS

There are three types of projects:

1. **First Priority:** First priority will be given to projects that are financially viable and ready to proceed. In cases where the Department has a written agreement with a business indicating the business will locate on a site within ninety days of execution of the agreement, conditioned on the Department providing funding from the Site and Building Development Fund, those projects will have priority for funding.

The decision to designate a First Priority Project and the process for awarding funds to First Priority Projects will be at the sole discretion of the Department Director. When a project has been designated as a First Priority Project, the Department will inform the appropriate representatives and provide the First Priority Project application to the designated contact(s).

2. **Business Recruitment and Expansion:** The Department may invest in business recruitment and expansion projects. These projects will involve identified businesses that may expand or locate in the state.

The decision to invite an application for a business recruitment or expansion project will be at the discretion of the Department's Business Development Director. The Department will inform the appropriate representatives and provide the application to the designated contact(s).

3. **Speculative Site and/or Building:** The Department may invest in speculative sites or buildings to increase available properties or improve sites and buildings for business location or expansion.

The Department may invite applications for speculative sites and/or buildings at any time. The Department may also announce one or more closed, competitive application cycle(s) for speculative sites and buildings during the 2014 and 2015 calendar years. Once announced, a timeline of the process and application will be made available.

It is important to note that site control is a priority. If at any time during the review process after the application has been submitted, the Department or the applicant determine that the proposed site or building is no longer available or feasible for the project, the Department will not accept alternative sites and buildings in the same review process.

SELECTION PROCESS

The review process by the Department's review committee uses the criteria listed above and other appropriate objective considerations to determine the appropriateness and

feasibility of the project and the capacity of the applicant and development team to produce the desired results. A consensus decision is reached evaluating the merits of each application. The final decision for funding recommendation will take into consideration geographic distribution of the SBDF including, but not limited to, the requirement to award a minimum of 40% of the funds to projects located outside of Douglas, Lancaster, and Sarpy counties. The Department will send a formal Notice of Approval letter or non-selection letter to each applicant after the application has been reviewed or at the end of a closed, competitive application cycle.

DED CONTACTS

For clarifications on the Site and Building Development Fund, please direct inquiries to:

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