

Who Works With NEDC for Economic Development?

Nevada Economic Development Council (NEDC) was incorporated as a non-profit 501 C6, in the early 1990's. The Board of Directors consists of 15 members who serve 3 year terms and are eligible to serve two consecutive terms. The City Administrator and one City Council Person are voting members of the Board. The Mayor of Nevada is an ex-officio member and attends board meetings. The City allocates a portion of local option tax (LOT), as does the County, to the NEDC's annual budget. This funding provides for only a portion of the NEDC's annual budget. The Executive Director is hired by, and is accountable, to the NEDC Board of Directors.

Although the City of Nevada and the NEDC are separate entities, a partnership of nearly 20 years has existed to accomplish shared vision for community growth. Typical players in this partnership have been NEDC board members, City officials and staff, Iowa Department of Economic Development staff and the community's utility providers. Citizens of the city of Nevada play an important role in supporting growth within the community.

Over the past decade, these partnerships have provided new projects that have added more than \$53 Million in assessed valuation and provided more than \$1,624,000 in additional tax revenues to the City of Nevada each year. Jobs created/retained as a result of these projects total more than 1,000. At a time when many communities of Nevada's size have experienced declining industrial and business growth, Nevada continues in a growth mode.

How Has NEDC Contributed to Nevada's Tax Base?

West Industrial Park

The original 25 acres for the West Industrial Park was purchased by NEDC in 1993 with bank loans. The additional 50 acres acquired in 2000 was purchased by NEDC with a USDA no interest loan. Partnering with the City in 2000 to provide the major portion of the infrastructure, ten additional lots were made ready for new tenants. Since that time, six additional companies have located in the park with two of those companies already doubling the square footage of their facilities. Nearly all of the land in the West Park has been gifted to industrial projects and several sold at a much reduced price. NEDC believes that the majority of these companies would not have located and/or expanded in Nevada without the aggressive incentives that were offered. Companies located in the West Industrial Park are:

- Print Graphics local company retained & expanded
- Midwest Cylinder local company retained & expanded
- Buckaroos Indiana Company relocation
- Paragon International Union, IA relocation & expansion
- Priority Envelope Minneapolis company expansion
- Iowa Insulation Ames company relocation
- Block Party Studio local company retained & expanded
- BECON (ISU)Research new project

Of the 12 lots in the East Park, 9 are occupied and 3 remain available. Proceeds from the sale of lots are shared between the NEDC and the City of Nevada.

Businesses locating in the 50 acre East Business Park are:

- McDonalds New to Nevada
- Parkview Pharmacy Nevada relocation
- Dollar General New to Nevada
- Mid Iowa Insurance Nevada relocation & expansion
- Fareway Foods Nevada relocation & expansion
- Skinner & Assoc. Nevada relocation
- Stephenson Dental Clinic Nevada relocation & expansion
- River Valley Credit Union New to Nevada
- West Financial Advisors New to Nevada
- Dr. Thomas Wilson New to Nevada
- Bacon Funeral Home & Crematory Nevada relocation & expansion
- Movie Gallery New to Nevada
- Anytime Fitness New to Nevada
- Story County Justice Center Nevada relocation & expansion

These projects have a combined real estate assessed valuation of \$6,250,000 and generate approximately \$254,135 in annual real estate taxes.

Projects Outside of Business Parks

- NEDC assisted the City of Nevada in the annexation and development of the Lincoln Highway Corridor. Companies within this annexed area are Lincolnway Energy and Heart of Iowa Coop.
- Received one of the first state grants (LHAP) for affordable single family home projects in the State of Iowa. A partnership between the City, NEDC and Iowa Department of Economic Development assisted in the completion of a new 20 home sub-division of Northern Heights in 2002.
- In the late 90's NEDC sponsored the Regency Senior Independent Living Center located on West E Ave and S-14 and was instrumental in bringing (2) 24 unit Northridge apartment complexes to Nevada in 1997.

These additional projects have a combined assessed valuation of \$30,882,900 and will generate approximately \$784,629 in taxes annually.

In Summary

Through the progressive efforts of the City of Nevada and NEDC, Nevada has realized, from the aforementioned projects, increased assessed valuations of more than \$53 Million and new annual tax revenues in excess of \$1.6 Mil. Jobs created and retained as a result of these projects total over 1,000.

Funding and utilization of funds

Where Does NEDC Get Funding?

Bank Loans (\$740,000)

More than \$740,000 has been invested by NEDC in land purchases to establish the 10 acre G Ave Business Park, 75 acre West Industrial Park, 50 acre East Business Park and 10 acre East Industrial area. The land purchases were made with bank loans obtained by NEDC and paid back with lot sales in the East Business Park, East Industrial area and G Ave Business Park. None of the land in these business parks was purchased with City money or taxpayer dollars.

Gifted Buildings (\$700,000)

Additionally, when First Data Corporation closed the former Donnelly Marketing facilities in Nevada, NEDC worked with the company to obtain their vacated buildings. Subsequently, First Data gifted the buildings to NEDC. NEDC sold three of the buildings for approximately \$700,000 and donated the Donnelly Fitness Center building to Nevada Schools to accommodate the Community Resource Center. The proceeds from these sales have been utilized for marketing, operating expenses and payment of land debt.

Local Option Tax (\$80,000/ annually)

Over the past ten years, the City has invested \$80,000 annually in Nevada Economic Development Council. These funds are allocated from Local Option Tax (1% sales tax) and are not derived from the City's general fund. The funds assist the NEDC with annual operating costs. Examples are marketing, staffing, equipment and supplies, office rental, insurance, park maintenance, legal and accounting fees and real estate taxes. Over the past 11 years, NEDC has paid nearly \$500,000 in real estate taxes to the City of Nevada.

Local Option Tax (\$5,100/annually)

Story County allocates Local Option Tax to communities within the County. The amount of funding for each community is based upon population. Communities must be actively involved and have representatives associated with the Story County Economic Development Group. This annual funding is utilized for projects and marketing.

How Does NEDC Assist Nevada Residents?

Developing business parks is an expensive endeavor. Once developed and marketed it pays great dividends to the community through jobs and tax base that is returned to the City and its citizens. (More than \$1.6 Mil in new taxes annually and 1,000 + in new and retained jobs). The NEDC must have a partnership with the City to accomplish any recruitment of new businesses. Although the land has been provided by the NEDC, the land cannot be developed without the important infrastructure of streets, sewer, water and storm water detention capabilities. These are provided by the City of Nevada. East Parks and West Industrial Park are all within TIF districts.

This means that the City captures a return of nearly all real estate derived from new development on these properties, thus a payback on the City's infrastructure investment. Unlike residential properties that pay taxes based on 48% of the assessed valuation, both commercial and industrial properties pay taxes on 100% of the assessed valuation. Thus it is important to retain and attract additional commercial and industrial projects in order to maintain affordable residential taxes. The end result equation of economic development is: "More businesses = more jobs = more residents which provide more customers for our local businesses and more taxpayers, thus keeping Nevada affordable for our citizens".

How Does NEDC Assist the City?

Nevada competes not only with other communities in Iowa, but with communities in other states, for recruitment of new and expanding industries. The competition is tough and quality of incentives is critical. The companies that have located in Nevada's West Industrial Park have all been "gifted" or provided land at greatly reduced cost. In doing so, NEDC receives no monetary return on the West Industrial Park land investment. The City's infrastructure investment is returned to them through annual real estate taxes paid by the new or expanding industry. Nevada has been fortunate over the past several decades to have progressive city leaders in Mayoral, City Council and Administrative positions. With their progressive leadership and the vision of many local volunteers, Nevada has become a "community of choice" for new residents and businesses.

How Does NEDC Work With Prospects?

Prospects are referred to NEDC from the Iowa Department of Economic Development, vendors, existing industries within the area, utility providers, site consultants, direct marketing, trade shows, companies searching the internet, local citizens and occasionally a "walk in".

Prior to initiating a proposal to a prospect, the NEDC Executive Director establishes the approximate assessed valuation of the completed project. The Director then meets with the City Administration, performs due diligence and with City Administration, evaluates the incentives that may be offered. The incentives are determined by cost versus long term return on investment (jobs and tax revenues). During this process, the Executive Director confers with the Executive Board of the NEDC. When the preliminary proposal has been drafted, preliminarily approved by City Officials, and before submittal to a prospect, it is reviewed by the entire NEDC Board. Incentives that may be offered to a prospect by the City, NEDC or the State are always contingent upon availability of funds and certain criteria that must be met by the company. Under no circumstances are there deviations from this process. NEDC approval is by majority vote.

Why DO Prospects Require Confidentiality? (With excerpts from Pacesetter)

Many companies require signed confidentiality agreements. One of the more important aspects of economic development, yet is least understood by the public, evolves around confidentiality.

Several of the larger firms which act as consultants to industry leaders in search of a new location, report that more than 90% of their clients require confidentiality and anonymity during the process of deciding where and when to locate or expand.

Once information leaks regarding a company we are entertaining to locate in our community, we open ourselves to competition from other communities that were perhaps not in the running. As other communities learn of a company that is looking for a site, they too, begin to offer proposals, thus increasing competition that may otherwise not have been considered. Prospective companies will usually advise local leaders early in the discussions as to the necessity for confidentiality. In those communities where a request for confidentiality is violated, that community is quickly removed from consideration in the early stages.

Economic development is a highly competitive business. Those community leaders who do not understand, or are unwilling to accept the need for anonymity in dealing with prospects, are destined to failure in their hope to attract new jobs to their communities. Businesses can, and have been, lost to communities who fail to respect confidentiality.