

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
AUGUST 3, 2010 AGENDA

Subject:	Type:	Submitted By:
CDBG APPLICATION FOR FUNDING – GRAEPEL NORTH AMERICA	◆ RESOLUTION ORDINANCE RECEIVE/FILE	ANN BIRCH COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS

A public hearing has been scheduled and a resolution prepared to authorize the Mayor to sign an application to the Nebraska Department of Economic Development (DED) for Community Development Block Grant (CDBG) funding in the amount of \$477,000.

FISCAL IMPACT

The project involves a possible CDBG award of \$477,000 from the Nebraska Department of Economic Development to the City, \$5,000 of which is for the City's costs administering the grant (which will be paid to MAPA), the remainder to be provided to the applicant, Graepel North America to offset the cost of equipment purchases associated with the establishment of the La Vista operations.

RECOMMENDATION

Approval.

BACKGROUND

The Nebraska Department of Economic Development (NDED) has been working with the Sarpy County Economic Development Corporation and Toby Churchill to assist Graepel North America in locating a building to serve as its North American manufacturing headquarters. The company currently has a sales office in the metro area and is planning to establish a new location to manufacture sheet metal components for its current North American clients. Graepel manufactures components for heavy equipment, including perforated steps for combines and construction equipment, and CLAAS is one of its key local clients.

The Company has identified the industrial building at 13205 Centennial Road in Interstate Industrial Park as its desired location and would like to lease that space for this purpose. In attracting this business to Nebraska, the DED has offered favorable consideration of an application for CDBG Economic Development funds to the company to offset the cost of associated with equipment purchases associated with the establishment of the La Vista operations.

The application amount is for \$477,000, with \$472,000 to be provided to Graepel in the form of a combination forgivable-repayable loan and \$5,000 to be used by the City for general administration of the project. Conditions of funding for the company are to provide an additional \$1,728,000 in working capital from corporate proceeds and to create and maintain 14 new jobs at the facility for three years from the date of the award. At least 51% of all new jobs at the facility are to be taken by persons from low-to moderate income households. In conjunction

with this project, repayable proceeds are normally returned to DED, but in this case the Department has indicated interest in directing the repayable portion of the loan to a regional nonprofit development organization that will be able to operate similar to a CDBG reuse fund, with a key difference being that following one reuse of funds, future revolutions of that money will not carry federal funding restrictions on them. The state is trying to set up these programs in each of its Economic Development Districts, and the local organization would be operated by the MAPA Economic Development District.

CDBG Program regulations require that units of local government including cities or counties must serve as the applicants for CDBG funding. As this project will be located in La Vista's ETJ, we are being asked to serve as the applicant and to pass through the funding from NDED to the business. Upon approval of the application by NDED, the City will obtain adequate security from NDED and the business to protect its financial interests while serving in this capacity. The project will need to be administered by a certified CDBG administrator, and it is likely that staff from Metropolitan Area Planning Agency (MAPA) will provide this service.

Program regulations require that a public hearing be conducted on the application prior to its approval by the City Council, and that public comments be included with the application materials. A copy of the application, a resolution authorizing the Mayor to sign the application, and a draft Memorandum of Understanding (MOU) for the project are included in the packet.

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RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE APPLICATION FOR A COMMUNITY DEVELOPMENT BLOCK GRANT AND AUTHORIZING THE MAYOR TO EXECUTE ANY RELEVANT DOCUMENTS REFERENCING THE GRAEPEL NORTH AMERICA, INC. PROJECT.

WHEREAS, the City of La Vista, Nebraska is an eligible local government authorized to file an application under the Housing and Community Development Act of 1974 as amended for Small Cities Community Development Block Grant Program, and,

WHEREAS, the City of La Vista, Nebraska has obtained its citizen's comments on community development and housing needs; and has conducted public hearing(s) upon the proposed application to assist with machinery and equipment purchases for a For Profit Business, and Grant Administration Costs,

NOW THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska to hereby approve the application for a Community Development Block Grant and authorize the Mayor to execute any relevant documents referencing the Graepel North American, Inc. project all contracts, documents, or other memoranda between the City of La Vista, Nebraska and the Nebraska Department of Economic Development so as to effect acceptance of the grant application.

PASSED AND APPROVED THIS 3RD DAY OF AUGUST 2010

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

APPLICATION FOR ECONOMIC DEVELOPMENT

CATEGORY

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
Nebraska Department of Economic Development (DED)

DED USE ONLY

Application Number

10-ED-002

Date Received

2010

PART I. GENERAL INFORMATION

TYPE OR PRINT ALL INFORMATION

1. APPLICANT IDENTIFICATION			2. PERSON PREPARING APPLICATION		
Applicant Name City of LaVista			Name Jake Hansen		
Mailing Address 8116 Park View Blvd.			Address MAPA; 2222 Cuming		
LaVista	NE	68128	Omaha	NE	68102-4328
(City)	(State)	(ZIP)	(City)	(State)	(Zip)
Telephone Number (402) 331-4343			Telephone Number (402) 444-6866 x226		
Local Government Contact Ann Birch			Federal Tax ID # / SS# 47-0522862		
Fax Number (402) 331-4375			Email Address jhansen@mapacog.org		
Federal Tax ID Number 47-6050031			Application Preparer (check one)		
DUNS Number (Local Government) 054561071			<input checked="" type="checkbox"/> Local Staff	<input type="checkbox"/> Out-of-State Consultant	
Email Address ABirch@cityoflavista.org			<input checked="" type="checkbox"/> Economic Development District	<input type="checkbox"/> Non-Profit Organization	
			<input type="checkbox"/> In-State Consultant	<input type="checkbox"/> DED Staff	
3. DEVELOPMENT CATEGORY					
<input checked="" type="checkbox"/> Direct Loan <input type="checkbox"/> Job Training <input type="checkbox"/> Spec Building/Park <input type="checkbox"/> Public Works <input type="checkbox"/> Entrepreneur Development					
4. APPLICATION TYPE					
<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Joint (List other applicants in box #6)					
5. FUNDING SOURCES					
CDBG Funds Requested \$ 477,000					
Matching Funds \$1,728,000					
Other Funds \$ 0					
Total Project Funds \$ 2,200,000					
<i>(Round amounts to the nearest hundred dollars.)</i>					

6. PROGRAM SUMMARY:

Brief narrative description of the project for which CDBG funds are requested.

The City of La Vista is requesting \$477,000 to provide assistance for equipment purchases to Graepel North America, Inc., which intends to locate a metal fabrication operation in I-80 Industrial Park 2 at 13205 Centennial Road. Graepel will use this facility to serve its existing and acquired customers in North America. Products currently made in Germany for the US will be relocated to the facility, and new products for North American customers will be manufactured at the site. Within two years of project initiation, Graepel will invest approximately \$2.67 million in manufacturing equipment and leasehold improvements at the site, and will create 14 new FTE jobs within three years.

7. CERTIFYING OFFICIAL:

Chief elected officer of local government requesting CDBG funds

To the best of my knowledge and belief, data and information in this application are true and correct, including any commitment of local or other resources. This application has been duly authorized by the governing body of the applicant following an official public hearing. This applicant will comply with all Federal and state requirements governing the use of CDBG funds.

Signature in ink Date Signed

Douglas Kindig, Mayor

Typed Name and Title

Attest Date Signed

Pamela Buethe, City Clerk

Typed Name and Title

SUBMIT THE ORIGINAL OF THE ENTIRE APPLICATION (no additional copies are required) TO:

Nebraska Department of Economic Development
 Division of Community and Rural Development
 PO Box 94666 - 301 Centennial Mall South
 Lincoln, NE 68509-4666
 (402) 471-3119 (800)426-6505 Fax (402) 471-8405

Individuals who are hearing and/or speech impaired and have a TDD, may contact the Department through the Statewide Relay system by calling (800) 833-7352 (TDD). The relay operator should be asked to call DED at (800) 426-6505 or 402-471-3119.

PART II. FUNDING SUMMARY

(Round amounts to the nearest hundred dollars.)

Activity Code	CDBG Funds	Matching Funds	Other Funds	Total Funds	Sources of Matching or Other Funds
0010 Acquisition					
0020 Planning ¹					
0070 Public Fac. & Improvements					
0230 Streets					
0250 Storm Sewers					
0270 Sanitary Sewers					
0290 Sewage Treatment					
0310 Water Source/Well					
0330 Water Distribution					
0350 Water Storage					
0370 Flood & Drainage Facilities					
0600 ED Infrastructure Development					
0690 Fixed Assets / Land and Building					
0691 Speculative Building / Park					
0700 Direct Financial Assistance to For-Profit Biz					
0710 Job Training					
0730 Working Capital					
0750 Fixed Assets / Machinery & Equipment	\$472,000	\$1,538,851		\$2,010,851	Graepel
0770 Fixed Assets / Leaseholds Improvements		\$189,149		\$189,149	Graepel
0780 Entrepreneur Development					
0791 Microenterprise Lending					
0181 General Administration	\$5,000	\$0	\$0	\$5,000	N/A
1000 TOTAL PROGRAM COSTS	\$477,000	\$1,728,000	\$0	\$2,205,000	

¹ Only allowable as an Activity when associated with a Speculative Park project.

Exhibit A**Participation Identification and Project Summary****1. Name of Business: Graepel North America Inc.**Address: 9840 S 140th Street #1Omaha, NE 68138
(City) NE (Zip)
Telephone No. (402) 861-1817Fax No. (402) 894 4952Contact Person: Mr. Mark ZumdohmeDUNS Number (Business) 78-333-5883**3. Business Type**

Start-Up
 Existing
 Business Buy-Out
 Spec Building / Park

5. Project Location: Within the City Limits of (Name of City) _____ Outside the City Limits, but within the Zoning Jurisdiction of (Name and City) LaVista, NE(The postal address is: **13205 Centennial Rd. Ste 4+5, Omaha, NE 68135**) Outside the Zoning Jurisdiction of (Name of City) _____ in (County) _____ Located in county (not in incorporated areas.) _____Zoning Action Required? Yes No Project in 100 yr. floodplain? Yes No If zoning action is required, please attach an explanation. Attach a legal description of the project's location. Attach a map of the applicant's jurisdiction, identifying the areas in which the project activity will occur.**6. Ownership Identification**

A. Name	%
<u>Friedrich Graepel AG</u>	<u>100</u>
<u>Zeisigweg 2</u>	
<u>49624 Loeningen</u>	<u>Germany</u>

B. Percentage of Company Owned by:
Women <u>0</u> %
Minorities <u>0</u> %
Disabled Persons <u>0</u> %

7. Affiliated BusinessesA. Does the Company have a Parent or Subsidiary? Yes NoIf Yes, Identify Name: Friedrich Graepel AGAddress: Zeisigweg 2City: 49624 Loeningen, Germany State: _____ Zip: _____B. Do the Owners of the Company have an Ownership interest in any Other Company? Yes No

If Yes to Either A or B Identify Below:

Company Name	Relationship	% Owned
<u>Graepel STUV GmbH, Seehausen, Germany</u>	<u>Subsidiary</u>	<u>100</u>
<u>Graepel Bozankaya Ltd., Ankara, Turkey</u>	<u>Subsidiary</u>	<u>50</u>

8. Project Participation Identification: Identify All Entities Participating with the Financing of the Project.

A. Financial Institution(s)

Name: Not applicable

Address: _____

(City) _____

(State) _____

(Zip) _____

Contact Person: _____

Title: _____

Telephone: () _____

C. Source(s) of Equity/Investment Capital

Name: Graepel North America

Address: 9840 S 140th Street, Ste. 1

Omaha, NE 68138

(City) _____ (State) _____ (Zip) _____

Telephone: (402) 861-1817

B. Other Local, State or Federal Financing Sources

Name: Not applicable

Address: _____

(City) _____

(State) _____

(Zip) _____

Contact Person: _____

Title: _____

Telephone: () _____

Name: Friedrich Graepel AG

Address: Zeisigweg 2

49624 Loeningen, Germany

(City) _____ (State) _____ (Zip) _____

Telephone: +49 5432 850

9. State the project's overall objective, including a brief history of operations to date:

Graepel is a manufacturer of perforated and stamped sheet metal components and assemblies for the agricultural machinery, construction equipment and truck industry - worldwide.

Information about our product range can be found on www.graepel.de

Since 1993 Graepel products are supplied to the United States. In 2006 Graepel North America Inc. was founded as sales office and warehouse to increase business in North America.

Graepel North America could successfully grow the business in the North American Market and has significant orders with our strategic customers John Deere, Caterpillar, Navistar and Daimler Trucks for the next years. Most of the sold products require manufacturing and value add in the local US Market.

Now Graepel will set up a manufacturing plant in Omaha, Nebraska to serve its existing and acquired customers in North America from the US. Products currently made in Germany for the US will be relocated to the US. All upcoming additional products for the US will be made in the US.

Graepel will lease a new facility building for the term of 5 years. Production equipment for approx. USD 2,500,000 will be installed within the first 2 years (e.g. Hydraulic Presses, Press Brakes, Laser Cutter, Welding equipment). Current and upcoming business based on existing customer contracts enable the creation of a total of 16 fulltime jobs by the end of 2012.

Graepel requests the CDBG loan to close a gap in financing in order to set up manufacturing in the US, invest into the necessary equipment needed to create above indicated jobs.

Exhibit B**PROJECT FINANCING AND USE OF LOAN PROCEEDS**

I. Project Financing	Amount	Percent Project Cost	Annual Debt Service	Maturity	Interest Rate	Lien Position
1. CDBG Share of Project Cost	\$472,000	21%	\$ 47,200 (50% forgivable, 50% repayable)	5 years	0%	UCC/Deed of Trust on Equip.
2. Private Sector Financial Institution	\$		\$			
Other (Graepel)	\$1,728,000	79%	\$			
Total Private Sector Financing	\$		\$			
3. Other Federal Sources	\$		\$			
4. Equity Injection			\$			
5. TOTAL PROJECT FINANCING	\$2,200,000		\$			

Exhibit C

Job Creation / Retention Information

1. Total full time equivalent positions as of July 2010: 2.5 (date)
2. Total new full time equivalent positions being **created** from the project which will be filled for one year or longer. 14
3. The total number of **retained** FTEs that will result from the project for which notification of lay-off or termination has occurred, or is apt to occur (provide explanation) if the project is not carried out. Classify retained FTEs as follows: 0
 - a. Total jobs known to be currently held by LMI people.
For each employee, submit the Employee Certification Form or _____
 - b. Total number of jobs that can reasonably be expected to become available through turnover to LMI persons within a two year period from an award of CDBG funds. The number of jobs should be based upon the historical turnover rate for each of the past two years converted to FTE positions. _____
4. (For seasonal hiring only). Total new full time equivalent positions being created from the project which will be filled for 3 months or longer. N/A
5. Provide a job description for each new position. Complete all information for each job title and identify the number of positions to be created. (Use the attached list for job titles) See below
6. Describe training and recruitment opportunities that would make the retained jobs available to LMI persons. All CDBG funded projects may use Nebraska Workforce Development for their recruiting of new employees to assist in the documentation of first consideration being given to low and moderate income persons. Nebraska Workforce Development will obtain and keep on file for verification the necessary information about the person to determine low and moderate income status. The distance from residence and availability of transportation to the employment site should also be considered in determining whether a particular low and moderate income person can seriously be considered an applicant for the job.
7. Complete the projected hiring schedule for positions expected to become available through turnover.

Job Descriptions

No. of FTE Positions to be Created / Retained	Job Title	Skills (describe)	Education (indicate HS education, specialized training, 4-yr degree, other)	Experience (No. of yrs)	Wage / Salary	Benefit Package
1	Manager	Production Mgmt	Engineering Degree	10	50,000 /yr	For all employees
1	Officer	Metal forming / Tooling	Tool and die maker	10	60,000 /yr	
1	Officer	Quality Assurance	Engineering Degree	5	50,000 /yr	
1	Officer	Supply Chain Mgmt	BA Degree	10	50,000 /yr	
½	Office	Administration	HS Education	1	18,000 /yr	
1	Craft Worker	Metal forming / Tooling	HS Education	1	35,000 /yr	
1	Craft Worker	Metal forming / Tooling	HS Education	1	35,000 /yr	
1	Craft Worker	Metal forming	HS Education	1	35,000 /yr	
1	Craft Worker	Metal forming	HS Education	1	35,000 /yr	
1	Craft Worker	Metal forming / Welding	HS Education	1	35,000 /yr	
1	Craft Worker	Metal forming / Welding	HS Education	1	35,000 /yr	
1	Craft Worker	Logistic	HS Education	1	30,000 /yr	
1	Craft Worker	Logistic	HS Education	1	30,000 /yr	
1	Craft Worker	Service	HS Education	1	30,000 /yr	

Business Signature – Authorized Person

Date

Typed Name and Title

**STATE OF NEBRASKA
COMMUNITY DEVELOPMENT BLOCK GRANT
EMPLOYEE CERTIFICATION FORM**

For use by **Graepel North America** to meet the requirements of the Nebraska Department of Economic Development and U.S. Department of Housing and Urban Development (HUD).

Dear Employee or Applicant:

Please provide the information requested on this form by so that we can verify to the Nebraska Department of Economic Development that your employment here is achieving the goals of the Nebraska Community Development Block Grant Program. This information is voluntary. Your response should be based upon the earned family income in the county in which you reside. The information will be placed in your confidential personnel file and is available to only a limited number of company officials. The information is subject to verification by officials from the City of LaVista, Nebraska and representatives of the Nebraska Department of Economic Development.

EMPLOYEE or APPLICANT: Please answer questions 1, 2 and 3:

Find your family size and household income level. Count all family members including yourself living at home.

HUD Income guidelines for WASHINGTON, DOUGLAS, SARPY, CASS CO., NEBRASKA

(Please ask personnel staff for additional tables if you live in a county not listed above)

Family

Size:

1 PERSON 2 PERSONS 3 PERSONS 4 PERSONS 5 PERSONS 6 PERSONS 7 PERSONS 8 PERSONS

Row A	\$14,800	\$16,900	\$19,000	\$21,100	\$22,800	\$24,500	\$26,200	\$27,900
Row B	\$24,650	\$28,150	\$31,650	\$35,150	\$38,000	\$40,800	\$43,600	\$46,400
Row C	\$39,400	\$45,000	\$50,650	\$56,250	\$60,750	\$65,250	\$69,750	\$74,250

1) My household size is _____ persons.

Please check the box below that represents your **TOTAL** household income **FOR LAST YEAR** in relation to the income levels in rows A, B, and C above. **LAST YEAR** my total income was:

LESS THAN THE AMOUNT IN ROW A
 BETWEEN THE AMOUNTS IN ROWS B AND C

BETWEEN THE AMOUNTS IN ROWS A AND B
 MORE THAN THE AMOUNT IN ROW C

2) Please Check the Box(es) that identify your race:

Single Race:

White
 Black/African American
 Asian
 American Indian/Alaskan Native
 Native Hawaiian/Other Pacific Islander
 Other

Multi-Racial Identifiers:

American Indian/Alaskan Native **and** White
 Asian **and** White
 Black/African American **and** White
 American Indian/Alaskan Native **and** African/American
 Other Multi-Racial

3) Please answer these questions:

Do you consider yourself as being of Hispanic ethnicity?

Yes No

What sex are you?

Female Male

Do you have a disability that is a substantial handicap?

Yes No

Are you a female head of household?

Yes No

Your Name _____
(please print)

Your Signature: X _____

Date Signed: _____

TO BE COMPLETED BY THE BUSINESS Please indicate job category for which this employee or applicant is being considered: See attached sheet for description of job categories)

Officials or Managers Professional Technicians Sales Office or Clerical
 Craft Worker (skilled) Operatives (semi-skilled) Laborers (unskilled) Service Workers

HUD INCOME GUIDELINES

DODGE COUNTY, NE

Family

Size:

	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Row A	\$11,950	\$13,650	\$15,350	\$17,050	\$18,450	\$19,800	\$21,150	\$22,550
Row B	\$19,900	\$22,750	\$25,600	\$28,400	\$30,700	\$32,950	\$35,250	\$37,500
Row C	\$31,850	\$36,400	\$40,950	\$45,450	\$49,100	\$52,750	\$56,400	\$60,000

LANCASTER COUNTY, NE

Family

Size:

	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Row A	\$14,400	\$16,450	\$18,500	\$20,550	\$22,200	\$23,850	\$25,500	\$27,150
Row B	\$24,000	\$27,400	\$30,850	\$34,250	\$37,000	\$39,750	\$42,500	\$45,250
Row C	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600	\$68,000	\$72,350

SAUNDERS CO, NE

Family

Size:

	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Row A	\$13,650	\$15,600	\$17,550	\$19,450	\$21,050	\$22,600	\$24,150	\$25,700
Row B	\$22,700	\$25,950	\$29,200	\$32,400	\$35,000	\$37,600	\$40,200	\$42,800
Row C	\$36,300	\$41,500	\$46,700	\$51,850	\$56,000	\$60,150	\$64,300	\$68,450

HARRISON, MILLS, POTTAWATTAMIE COUNTY, IA

Family

Size:

	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Row A	\$14,800	\$16,900	\$19,000	\$21,100	\$22,800	\$24,500	\$26,200	\$27,900
Row B	\$24,650	\$28,150	\$31,650	\$35,150	\$38,000	\$40,800	\$43,600	\$46,400
Row C	\$39,400	\$45,000	\$50,650	\$56,250	\$60,750	\$65,250	\$69,750	\$74,250