



Heritage Tourism Development
Short Report
Jan. 18, 2022

Executive Summary

The Nebraska Department of Economic Development approved the City of Red Cloud's application to be a Leadership Certified Community! This means that Red Cloud is being recognized for its development efforts and that the City will be more competitive on grant applications. The Farmers & Merchants Banquet will be held on Friday, January 28th, 2022 and will feature both a raffle and a silent auction. Packages from North Platte, Lincoln, and Kearney will be available as well as a Spa Day package at RC, Blue Hill, and Hastings businesses. Wade Maudlin will start a car dealership near the Dollar General store. We will be moving forward with the E3 (Energizing Entrepreneurial Ecosystems) program with Community & Cultural Asset Mapping on Jan. 20th and eResources Mapping on Jan. 25th.

Some additional highlights:

- The Willa Cather Foundation will have Lemon Fresh Day perform on Jan. 29 and bluegrass artists Kerry Grombacher & Aspen Black on Feb. 26th. They will also host the first Great Plains Mini-Film Festival on March 12th.
- The hospital will host its Soup & Rolls for the Soul Fundraiser on Jan. 23rd
- The deadline to file for public office and get your name on the ballot is in February. Contact Louise Petsch at the County Courthouse for more information.
- Maddy O'Tool was hired as the new City Clerk
- The City will host a public information meeting about the future of Cherry Corner Estates on February 2nd at 6:30pm.
- The 2022 Nebraska Travel Guides have arrived and there are several boxes at the Cather Center if anyone wants any.



Heritage Tourism Development Long Report

Jan. 18, 2022 version

Table 1: December 2021 Website Data

 Great Stories Grow Here	YTD	Dec '21	v. Dec. 20	vs. previous month	2021 v. 2020	2021 v. 5 year average
Website users (visitedredcloud.com)	33,085	1,948	+18.3%	+0.5%	+10.7%	+44.0%
Webpage views	79,689	4,338	+7.0%	-2.4%	+12.2%	+23.0%

Analysis:

Our website performance continues to flourish, falling just short of 80,000 views from more than 33,000 users. The redesign will celebrate its 5th anniversary in April 2022. It is probably time to consider getting bids on refreshing the design. Typically, websites will refresh every few years. Present year versus 5 year rolling average is even more impressive than versus prior year, meaning we are experiencing significant long-term growth. I am hopeful that I will have updated charts for 2021 website, e-newsletter, and social media data in time for the February report.

Table 2: November 2021 Tax Data¹

Tax source	2021	Nov. 21	v. Nov. 20	v. previous month	2021 v. 2020	2020 v. 5 year average
County lodging tax revenue	\$8,927	\$448	-59.0%	-23.5%	+38.9%	+12.7%
City sales tax ² payout	\$248,391	\$22,527	+2.0%	-3.3%	+1.9%	+40.3%
Sales tax derived from retail sales	\$196,782	\$17,223	-16.0%	-27.1%	-17.5%	NA

¹ Sales tax in Red Cloud is 7%, with 5.5% going to the State and 1.5% going to the City. These payout numbers only reflect the 1.5% payout to the City. Lodging tax for Webster County is at 5% with 1% going to the State of Nebraska. These numbers reflect the 4% that comes back to Webster County. Lodging establishments collect both sales and lodging tax and are approved to collect occupancy taxes and other taxes that the City and County currently do not collect. The Webster County Visitors Promotion Committee grants revenue from the lodging tax to tourism related entities for marketing and/or improvement projects targeted towards attracting visitors.

² Includes use and motor vehicle tax.

Analysis:

There is more red than what we've been used to on this chart, but the overall City sales tax payout is the most important category and it is still doing great. It is being bolstered by use and motor vehicle sales tax—once the December numbers come in collections should be near or even exceed 2020 payout which would set a new record. The same is true with lodging tax. Despite a lackluster November, the odds are pretty good that we will set an all time record with the next report as December is usually the month with the highest collections as some lodging facilities send in tax revenue once a year instead of monthly. There continues to be volatility in the hospitality sector nationwide because of COVID and the Omicron variant isn't helping smooth things out.

Hotel Garber Update

- APMA completed its redraft of design development documents and is now targeting a March 1st, 2022 completion date for the creation of Construction Documents. This means a possible April 2022 construction start date and a possible May 2023 completion date. It's probably better to give a range for completion date of April 2023 to October 2023.
- The Red Cloud Community Fund now has a Red Cloud Hotel account and can accept donations for the project in any amount.
- I will be submitting grant applications to the Chief, Kiewit, Daughtry and additional foundations through the Nebraska Community Foundation to hedge our bets further. We will also be attempting to utilize NCF's allocation of CDAA Tax Credits to encourage additional donations.
- Our architects (APMA) have successfully shepherded the Historic Tax Credit application through Phase I of the process and hope to have new color designs of the exterior soon.
- Shovel Ready Grant will likely be announced in February or March based on the Nebraska Legislative Schedule. If we receive this funding, it will render all of the other efforts outlined above moot (except the historic tax credits) as we will fund the rest of the project at that point. We are mainly continuing to apply for other funding sources because we do not want to count our chickens before they hatch and will therefore continue to aggressively fundraise for the foreseeable future since this will be part of the state budget process in the next legislative session and therefore unlikely to be announced until late February 2022. Shovel Ready would eliminate the need for loans, which makes it the most attractive possibility even as it requires more labor costs due to the Davis-Bacon wages being tied to it.
- The governor's state of the state address only allocated \$100 million for Shovel Ready projects. I believe the legislature will push this number up a bit and that our project fits the criteria better than many of the applicants. If we don't get this money, it will actually save us \$500K in federal wages, but it will mean we have to take out a loan (which was always the plan).
- The City ought to look into establishing Occupancy taxes and its own lodging tax to take advantage of the hotel project being within the City limits.
- We are curious about what progress has been made with potentially TIF'ing the hotel project.

Leadership Certification & Downtown Revitalization

We received Leadership Certification from the State and there will be a photo op on Feb. 8th at the City Council meeting and a press release from the Nebraska Department of Economic Development to follow!

Lori Ferguson from SCEDD previously informed us that the state approved our CDBG funding for a Planning Grant which will lay the groundwork for a Downtown Revitalization CDBG application, hopefully in 2022 or 2023. Should we one day receive a DTR CDBG it could be used on improving building exteriors and sidewalks and other infrastructure. I envision it enabling RC to extend upon the work the Department of Transportation will do when they fix the roads downtown. We will want to incorporate NDOT in conversations about the Planning Grant so that we don't replicate work that state will already be obliged to pay for, etc.

Creative Districts

We sent a Letter of Intent for Red Cloud's downtown to become a Creative District and have been invited to apply for certification. If we are successful in getting the certification it would result in a \$10,000 grant and qualify us for a \$250,000 grant opportunity and additional funding down the line. The project dovetails nicely with our own tourism objectives. The City would have to sign a letter of support, but the funds would be administered by the Chamber of Commerce. Watch this video from the Nebraska Arts Council to learn more about this program: [So, you want to be a Creative District?](#) We will do Cultural Asset mapping along with the community asset mapping discussed below in the section about E3 to complete one of the conditions of the application. It will be held at 6pm on Thursday, Jan. 20th in the RC Opera House

Energizing Entrepreneurial Ecosystems Committee

eResources mapping meetings (resources for entrepreneurs) will take place Jan. 25th in the Cather Center Conference Room with the core group of E3 committee members, a Nebraska business development representative, and hopefully 1-2 additional entrepreneurs.

McFarland

After extensive conversations with Mark VanBeber and Don Theobald, I believe that we will have successfully engineered the sale of this property soon. Las Canteras has expressed significant interest in operating out of the building. McFarland is actually 2 buildings and the cafe side is in decent shape. The other side is not in great shape. The tentative plan is to get the restaurant going and then fix the rest of the building, which will hopefully create some more apartment rental options in the community.

Besse & Studebaker

We thought we had a potential deal lined up for acquisition of the Besse Auditorium and the Studebaker dealership next to the Elementary School. Hastings Ford Lincoln wanted to have a dealership in the Studebaker building and we had a private donor willing to give a large sum for the Besse Auditorium. Both buildings are worth \$50-\$60K max. But the inventory in them is

very important to the owner so we had looked into what it would cost to build him an adequate metal building for storage of his inventory. His initial estimate came in at around \$400K while our was closer to \$180K. We probably would have been prepared to give in to the \$180K possibility even though it was a gross overpayment. The owner came back with a claim that he now needs plumbing and electrical in the new building and would need \$840K to get this done (\$640K for Besse, \$200K for the Studebaker dealership. Needless to say we walked away from this offer and ended the conversation for the time being. The owner thinks we will be willing to pay whatever we need to to save an historic building. Perhaps there will be an individual willing to do that, but we have no interest. I have communicated via an agent that we would allow the building to fall in before being extorted (and we don't have the funds to be extorted in the first place). I also communicated that we feel that the ~\$180K deal is the best offer the owner will ever receive for the properties and that it is in his best interest to take the deal. He can let the buildings fall in and take on the expenses related to new building construction himself. We have other projects we can work on and if that means new build for a theatre then so be it. Hastings Ford Lincoln is already looking for alternative locations.

This does bring back into light an old idea our Economic Development Board introduced to the City Attorney several years ago: ordinances prohibiting the use of buildings in a commercial or historic district for storage/hoarding, etc. We need to review City ordinances to see if there's already anything on the books and, if so, start enforcing them. We also need to bolster and strengthen those ordinances and levy hefty fines for misuse of downtown buildings. There are multiple examples of effective Vacant building ordinances in several cities in the United States that the City council could adapt and adopt. These sorts of things should be on the books to discourage the misuse of downtown buildings now and in the future and most ordinances do make a distinction between storage/inventory for an active commercial purpose and hoarding. No one should be grandfathered in, including the Red Cloud Hotel, LLC and others should they not make progress on plans within a reasonable amount of time. The City should at least get some value out of those buildings and the owner should have to face some sort of consequence for complete disregard for their neighbors and the community.

Other business news

Wade Maudlin will start a car dealership on land between Dollar General and Kenny's Lumber! He should have already contact City leadership about the steps he needs to take to build and get started.

USDA Redlg Loan

The City should definitely pursue this opportunity if they can find a willing partner. Essentially, the City can start a revolving loan fund to support community development and small businesses. The initial loan can be up to \$300,000 with a 20% match needed from the City. That loan can be paid back at 0% interest over 10 years. The loan payments are then used to establish a revolving loan fund that can be lent out to virtually any business at low or zero percent interest rates. Ideally the City's initial loan would go to a partner willing to pay back the loan quickly so that the revolving loan fund can get revenue right away. The Hotel Garber would definitely be interested in partnering with the City to make this happen and has the means to pay back the loan very quickly and probably immediately if the Shovel Ready Grant materializes. Appendix F is an

overview of the program. Regardless of what you think of the Hotel Garber or any other project, I implore you to look at it from the perspective of how you could use Redlg and the Hotel to support other businesses in the community. Wes Olson already got the initial paperwork completed to get USDA Redlg in Red Cloud several years ago.

Events, etc

- The next Farmers & Merchants Banquet will be January 28th.
- Check out the [Red Cloud Newsletter](#) for more information about additional events and news. The December issue will feature a bit of a year in review via a Google Slideshow. Here are the major non-school related events for 2022 as of this writing:
 - Jan. 20th: Community & Creative Asset Mapping
 - Jan. 23rd: Soup & Rolls for the Soul Hospital Fundraiser
 - Jan. 28th: 72nd Farmers & Merchants Banquet
 - Jan. 29th: Lemon Fresh Day at the Red Cloud Opera House
 - Feb. 18th: Crossroads: Change in Rural America Smithsonian Exhibit (RC Opera House and Webster County Historical Museum and more)
 - Mar. 12th: Great Plains Mini-Film Festival at RCOH
 - May 27-29: Alumni Weekend
 - May 27: RCCF Community Celebration
 - May 28: Alumni Banquet
 - June 2-4: 67th Spring Willa Cather Conference
 - Aug. 5-7: Street Car Days
 - Nov. 22nd: 14th Annual Shopping Extravaganza