

## **ECONOMIC DEVELOPMENT COMMITTEE**

**November 4, 2008**

**3:30 P.M.**

Councilman Page, Chairman, called the meeting of the Economic Development Committee to order, with Councilmen Benson, Rico, Berz, Shockley, and Robinson present. City Attorney Randall Nelson and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dennis Malone, Daisy Madison, Dan Johnson, Lee Norris, Steve Leach, Jerry Stewart, Richard Beeland, Jim Templeton, and Richard Hutsell. Frank Wrinn joined the meeting later.

### **SCENIC INDUSTRIES PROJECT**

Chairman Page stated that we were here tonight to discuss the Scenic Industries Pilot Project, and he called on Steve Hiatt.

Mr. Hiatt thanked the Council for having them on their agenda. He acknowledged the presence of Dennis Roach with Scenic Industries, who would be able to tell the Council more about his operation. He added that 100 jobs would be created in three years and that this was a \$6.5 million dollar investment. It will be a brand new building in Councilwoman Bennett's district and will contain 35,000 sq. ft. The business is moving here from Ft. Oglethorpe. Mr. Hiatt also acknowledged the presence of Attorney David Hatcher with Miller and Martin Law Firm. He noted that this industry would be paying the school tax portion for six years. He reiterated that this was great news with 100 jobs in the community.

Chairman Page asked Mr. Roach to tell the committee more about his business.

**Mr. Roach** explained that they were a pattern and tool shop and made toolings for foundries; that these were very skilled and high paid jobs; that they worked for foundries and that Mueller was one of their biggest customers—also Siemens. He stated that business was going good, and they were not affected by the economy so far.

Chairman Page asked if they were involved with the automobile industry and if Volkswagen was good for them? Mr. Roach responded that he could guarantee that this was so—that Volkswagen was good for them and would make a world of difference in Chattanooga and was really a homerun for us. He stated that it was a huge opportunity.

Councilwoman Robinson stated that this sounded good.

Chairman Page asked about this project being a re-do?

Attorney Hatcher explained that this was a six-year Pilot Program, paying 29% school taxes and would create 100 jobs and was a \$6.5 million dollar investment.

Mr. Hiatt added that it was not so much a re-do; that they had to restructure this, but it had never been before the Council.

Councilman Benson asked about the six years and the index?

Mr. Hiatt re-emphasized that they would be paying the school tax only, with Councilman Benson confirming that this was only 29%, stating that this was better for the City.

Mr. Hiatt noted that overall paying in lieu of taxes is higher.

Councilwoman Robinson stated that this was great; that she really liked that this was a local company; that we were lucky to have this company, and it should go to the top of the list.

Councilman Benson rethought his position, stating that this **not** better for the City but better for the County, questioning if we were getting taxes or index. Mr. Hiatt responded—not the first year. Councilman Benson stated that the County takes no “licks”, with Attorney Nelson stating that they did.

Chairman Page stated that it was his consensus that this will be good and will be on next week’s agenda. He wished the company a lot of luck, stating that he wanted to extend the committee’s discussion on Pilots but that this company was free to go because the discussion would not concern them. He continued, stating that what he wanted to bring up was Pilot agreements—that they are very important for our City, but the thing that struck him was that this might not be quite what we should be doing. He stated that we needed to look at the next years’ sales tax, which will be reduced. He went on to say that the City spends a lot of money on educating youth in the city in after school programs and in computers at Recreation Centers; that there are pre-school needs, and we have high risk kids in the City that need help.

He went on to say that he believed it was time for the Council to send a strong resolution to the community—“that we believe it takes a village to raise a child”. He asked Ms. Madison to find out what we spend on education so that we can capture some of the County taxes—that we need to come up with an amount based on numbers that Ms. Madison can come up with; that it could be in added programs such as more summer programs and after school programs. He stated that he wanted to ask the Council to look at this specifically.

Councilwoman Berz stated that as she understood these pilot programs, we abate all but the school taxes for consideration of a business coming to our city and providing jobs.

Attorney Nelson stated that the more jobs they offer, the bigger the tax break.

Councilwoman Berz wanted to know if anyone had done a Cost Benefit Analysis to see how we profit from all of this?

Mr. Hiatt responded that Daisy Madison and Dan Johnson meet with the Chamber every quarter, and there is an economic analysis.

Ms. Madison stated that Ms. Hamilton monitors to see if the companies are living up to their promises in regards to how much taxes are abated.

Councilwoman Berz stated that was not what she was talking about; that the project is based on bringing this business in and generating (x) amount of dollars, and there needs to be a comparison if this is better than the taxes they would have been paying; that we need to see if abating taxes is a better deal. She stated that she was not trying to be a naysayer, but this is a tight economy, and she thought it would be wise for the City to be able to say this is a good investment. She wanted to know if we were doing this?

Mr. Hiatt responded that he was pretty sure we do this in the Chamber's office; that there is an economic analysis, and the company fills out a form annually.

Councilwoman Berz stated that she thought this was a good idea—that if the City authorizes a tax abatement, it should really be a good decision.

Councilman Benson stated that Mr. Hiatt thought this was a great investment; however he felt the City was getting the short end of the stick because we were so easy to get along with. He mentioned the amount of money we were putting into education and yet still are abating all of the city taxes and giving the County the education tax. He stated that we needed to get our portion and equity.

Councilman Rico pointed out that other cities are competing for these companies—that we are getting something that everyone wants too.

Councilwoman Robinson stated that the bottom line was 100 jobs in a failing economy; that we might need to “tweak” the formula and should take a look at this; that this program has served us well, noting that we do make contributions to education but are not the main support. She stated that she thought the County was taking some “hit” exclusive of the money going to the schools.

Councilman Shockley noted that the City is receiving no school tax dollars, and the City has no control of the money going to the items mentioned; that he would have to “side” with Councilman Benson that we need to take a look at how this plays out because we are going to be asked for more and more abatements.

Councilman Benson stated that if we were paying 2% for education, then we should abate our 2%.

Mr. Hiatt noted that the Chamber was an agent of both Mayors and the County Commission and City Council.

Chairman Page stated that this was something that he had had difficulty dealing with—that he did believe the City spends a good amount of dollars educating our youth—that there are acute needs in the City, which includes after school programs in recreation centers and having kids all summer long, which is an important part of education, and we also give scholarships; that he did not think this was equitable, and we were not getting our part of the education tax. He went on to say that with Volkswagen coming, we will see a number of companies moving in and Pilots will be more important; that the City will be having to pay more for educating youth with decreasing revenue. He stated that he was asking the Council to ask Daisy Madison to quantify these funds and let this Council come up with a reasonable amount for an education tax for the City. He stated that he was asking for concurrence to do this.

Councilwoman Robinson stated that it made a lot of sense.

Councilman Rico stated that the City was not in the education business.

Councilman Shockley stated that we could only be involved in education when we control the money.

Chairman Page stated that the only way we could control it was when we have some tax money. He stated that he did not want to usurp the Chamber—that our Chamber and Administration have a lot of pilots; that he was just asking the Council to deal with this growth so that we can better serve our youth.

Councilman Benson questioned why we don’t get some of this tax money—at least some percent for the City.

Mr. Hiatt responded that if he were so directed to do so, he would do it.

Councilman Benson still questioned why we were not getting it? Mr. Hiatt responded that there had been discussions about collecting the school tax money, and they had to go back to Mr. Roach with this.

Councilman Benson asked Mr. Hiatt if they County had asked them to reconsider this pilot and the school tax money?

Chairman Page stated that he thought the Council had this responsibility.

Councilman Shockley stated that the “rub” is that we will be faced with a number of requests.

Councilwoman Berz stated that she thought this was a good program; however the Council has to explain to citizens why they don’t get any tax breaks and industry does. She reiterated that this was a good program; however we do have to explain to folks, and she thought a Cost Benefit Analysis would help them—that this involved more than just people having jobs; that we are giving industry a break, yet the people who get the jobs still have to bear the tax burden, re-emphasizing that a Cost Benefit Analysis would show that this is to our benefit.

Chairman Page stated that the charge to Ms. Madison was to have this information at another meeting, and we would include Councilwoman Berz’ input.

Mr. Hiatt stated that there were two forms we could use.

Chairman Page asked Ms. Madison to let him know how much time she thought this would take.

### **EPA BROWNFIELD GRANTS**

**Mr. Hal Booth** with the Southeastern Development Corporation was present to go over two Resolutions on tonight’s agenda. He stated that he had been collaborating with Frank Wrinn. He went over the two Resolutions on tonight’s agenda.

**Resolution (a)** authorizes a 2009 EPA Agency Brownfields Cleanup Grant for cleanup of property located at 400 West 45<sup>th</sup> Street, in an amount up to \$200,000.00, with matching funds of 20%, or an amount up to \$40,000.00.

**Resolution (b)** authorizes a 2009 EPA Brownfields Revolving Loan Fund Grant in an amount up to \$1,000,000.00 to establish a revolving loan fund for brownfields cleanup and redevelopment, with matching funds of 20%, or a amount up to \$200,000.00.

Mr. Booth stated that Chattanooga had been successful in securing funds for clean-up and more sites had been identified; that the Anchor Glass location is one of the sites—that there is contamination underneath and an analysis was being done.

Mr. Booth went on to say that another site was in Alton Park and was the Charles A. Bell School; that this was an initial target for Grant application, and the County was using their eligibility for brownfields, and we were working with them.

He then went on to talk about the Revolving Loan Fund, which was applied for last year. He stated there were only 11 such grants in the nation and that Frank Wrinn was working on this; that EPA was impressed, and we were on their radar since we were doing a lot with economic development, such as Volkswagen. This would give us \$1,000,000.00 to use for loans for sites identified that are feasible.

Chairman Page wanted to know where these sites were?

Mr. Booth responded that two sites were in Alton Park, mentioning the Charles Bell School site and the other was the Anchor Glass property; that there were 13 or 14 parcels—that as the assessment is completed, we may not need the full amount of this money.

Chairman Page complimented him for great work.

The meeting adjourned at 4:05 P.M.