

**HIGH POINT CITY COUNCIL
SPECIAL MEETING
DECEMBER 16, 2019 – 4:30 P.M.
3RD FLOOR LOBBY CONFERENCE ROOM
HIGH POINT MUNICIPAL BUILDING**

MINUTES

Present:

Mayor Jay W. Wagner; Mayor Pro Tem Christopher Williams; Council Member Britt W. Moore; Council Member Tyrone E. Johnson; Council Member Cyril Jefferson; Council Member Monica L. Peters; Council Member S. Wesley Hudson; Council Member Victor Jones; and Council Member Michael A. Holmes

Staff Present:

Randy McCaslin, Deputy City Manager; Greg Ferguson, Assistant City Manager; Eric Olmedo, Assistant City Manager; Loren Hill, President- High Point Economic Development Corporation; Sandy Dunbeck, Executive Vice President- High Point Economic Development Corporation; Marshall Yandle, Vice President- High Point Economic Development Corporation; Mike McNair, Director of Community Development & Housing; Angela Kirkwood, Director of Human Resources; Jeron Hollis, Director of Communication & Public Engagement; Meghan Maguire, Assistant City Attorney; Mary S. Brooks, Deputy City Clerk, and Lisa B. Vierling, City Clerk

Others Present:

Fred Baggett, High Point Lobbyist- North Carolina Legislature

News Media:

Pat Kimbrough, High Point Enterprise

2019-550 Presentation- Economic Development Incentives Policy

Staff will make a presentation on the High Point Economic Development Incentives Policy.

Loren Hill, President- High Point Economic Development Corporation, introduced the High Point Economic Development Corporation's staff consisting of Loren Hill, President; Sandy Dunbeck, Executive Vice President; and Marshall Yandle, Vice President. Following the staff introductions, he reviewed the city of High Point's current Economic Development Incentives Policy. The Policy makes provisions for incentives for job creation and capital investment and has been in effect since March 21, 2011. Both policies are geographically based and contain lower thresholds in South High Point to try to encourage companies to locate in South High Point. The Capital Investment portion of the policy also shows preferential treatment for existing High Point companies by lowering the thresholds so the existing companies may qualify before other companies.

Mr. Hill shared a map identifying the boundaries of what North High Point and South High Point mean per the definitions in the policy; the dividing line between North High Point and South High Point is Lexington Avenue and Greensboro Road. There are also six targeted neighborhoods (i.e. Macedonia, West End, Washington Street, East Green Drive, Five Points, GTCC/S. Main Street) where additional assistance can be given and lower thresholds met, etc..... While there are no specific boundaries for these neighborhoods, the policy does allow for more flexibility as staff works on projects.

Mr. Hill advised that the Capital Investment portion of the Incentives Policy takes into consideration new money/revenues added to the city's tax base and differentiates between North High Point and South High Point, and the Targeted neighborhoods as follows:

A \$1,000,000 capital investment would be needed for an existing High Point Company in North High Point; a \$500,000 investment would be needed for an existing High Point company in South High Point; and a \$100,000 capital investment would be needed for an existing High Point company in one of the six targeted neighborhoods (or capital investment in underutilized, obsolete industrial buildings in South High Point where redevelopment of the site is expected to stabilize declining property values or stimulate additional reinvestment in the surrounding area.

For a company new to High Point, a \$10,000,000 capital investment would be needed in North High Point; a \$2,000,000 capital investment would be needed in South High Point; and \$250,000 in one of the six targeted neighborhoods identified in the policy.

The minimum average wage of newly-created jobs in North High Point would be 100% of the annual county wage; in South High Point and it would be based on 75% of the annual county wage; and 60% of the annual county wage for the six targeted neighborhoods identified in the policy.

Another requirement per the Incentives Policy for any company seeking and getting incentives from the city of High Point that does not have a High Point address is required to call itself a High Point company; if they rent a Post Office box and if they put on their website that they are a High Point company and their business cards refer to the High Point address, this would meet the requirement. He explained that there are many properties that are located in the High Point city limits but have different zip codes and addresses such as Jamestown, Greensboro, Colfax, Kernersville, etc.... He advised that although the address is not a High Point address, the city of High Point does get the tax base because it is located in the city limits.

Mr. Hill also pointed out companies that hire more than 30 employees in a 12-month period are required to have a job fair in High Point, but the city cannot mandate that the company only hire High Pointers that reside in the city limits.

He advised that the City Council does have discretion and flexibility and can grant incentives that vary from the policy if Council chooses to move forward with a project.

For the **Job Creation** portion of the Incentives Policy, a company in North High Point that creates at least 50 jobs can be considered for incentives depending on the average salary. It can be as much as \$1,000 a job in North High Point or as little as \$800 per job in North High Point. In South High Point, the policy considers lower wages and fewer jobs being created and 25 jobs in South High Point

triggers eligibility, it can even go down to \$700 and \$600 for jobs just to allow more opportunity in South High Point locations.

Mr. Hill entertained questions following the conclusion of the overview of the Incentives Policy.

Council Member Moore asked if there are written guidelines for the new Guilford County Economic Development Alliance (GCEDA). Mr. Hill explained that while they do not currently have any written guidelines, per the prior Council's instruction, staff has been reviewing the policy that will be brought back to Council for consideration. He hopes to bring a draft policy to Council in February or March 2020.

2019-551 Presentation- In State Lobbying Efforts

Staff will hear a presentation from the city's In State lobbyist, Fred Baggett.

Fred Baggett provided information on his lobbying efforts in Raleigh. Mr. Baggett advised he has many, many years of experience and is very familiar with city issues. He stated he started out as General Counsel with the North Carolina League of Municipalities; served as High Point's city attorney from 1990-2010; and since that time he has served as High Point's legislative lobbyist in Raleigh.

He advised that High Point has a strong presence in the Legislature in Raleigh and pointed out that cities are creatures of State government and the Legislature tells cities what they can do, when to do it and how it has to be done with a lot of laws they generate affecting cities. These laws fall within basically two categories:

1. General issues affecting all cities; and
2. Local issues that only affect High Point.

For the larger statewide issues, Mr. Baggett reported that he works with the League's lobbyist teams and they have been very effective in getting cities' points of view across to the State legislators. He provided the following examples:

- ✓ Increasing Powell Bill funds; resulted in a 5% increase for cities under 200,000 in population
- ✓ Successful in restoring \$32.5 million for transit maintenance, public transit maintenance support from the Department of Transportation in Raleigh;
- ✓ Successful in preserving the Historic Property Tax

He also reported on the following important defensive actions that affected most or all cities in North Carolina:

- ✓ Proposal for **new benefit for firefighters' retirement** similar to the benefits the police officers already get (special separation allowance on top of regular retirement pay upon retirement). He advised that the League is not necessarily opposed to enhancing retirement benefits for firefighters, but the question becomes how it will be funded because overtime this special separation allowance for firefighters would be in the hundreds of million dollars that would be borne by the cities. Mr. Baggett reported that discussions with the legislators regarding this special separation allowance were effective and the idea resulted in a study.

- ✓ Successful in the **Privatization of the State ABC system**. Mr. Baggett explained that there has always been a segment of the Legislature who wants to privatize liquor sales which would allow it to be purchased at almost any retail establishment and this would completely eliminate State ABC stores. It would eliminate the High Point ABC Board and all other local ABC Boards as well. He advised there was another proposal that would have retained ABC Boards, but require that there be no more than one ABC Board in each county; this would eliminate the High Point ABC Board. He reported that our local ABC Board and system is a significant contributor to the city's budget and it also gives some local economy to High Point as to how the stores are operated, who they employ, and other practices. This is a recurring issue that continues to come up from time to time, but many believe the State ABC system currently in place is the safest and most efficient way to generate revenue to the state and local government and to have a reasonable degree of consumption of liquor.
- ✓ **Decriminalization of activities that are now against the law and considered a criminal offense as pursued by the John Locke Foundation in every state**. They want to eliminate all criminal offenses for all ordinances. Mr. Baggett stated he personally explained to the John Locke Foundation that there were some criminal offenses in ordinances that needed to remain criminal and as a result of the discussions, they are pursuing a study and the State is asking cities to send in a list of all their ordinances so a bigger statewide picture can be presented to the Legislature for further discussion; however, cities will not face the immediate decriminalization of all city ordinances.
- ✓ Mr. Baggett advised there was an unsuccessful effort to severely weaken **developers' financial guarantees that they must provide to ensure that infrastructure in new development is provided by the developer as promised**. If this law had passed, it would have had a time limit so they would have been relieved from their obligation after a certain period of time.
- ✓ **Billboard (outdoor advertising) legislation**. Mr. Baggett reported that the Outdoor Advertising Association is very strong and very persuasive and give a lot of money to the legislative candidates. They wanted to allow a billboard that has to be removed because a city condemns the land it's located on for a road or other project (happens rarely, but occasionally). The legislation that was proposed would allow removal of the billboard and allow it to be placed elsewhere in the city, which means essentially a loss of the city's ability to control the location for the billboard. Mr. Baggett explained that this bill was watered down significantly to require them to relocate the billboard in a more regulated way so cities could retain some control over the relocation. The bill passed, but it was vetoed by the governor, it is now dead.
- ✓ **Tree regulation**. Mr. Baggett advised there was a serious attempt to reduce the cities' ability to regulate trees; however, this bill also died.

Mr. Baggett stated he would be remiss if he did not mention Police Chief Kenneth Shultz. As a result of the horrific problem with opioid use and opioid overdose deaths, two bills were passed in recent sessions to attempt to deal with this crisis. He spoke to how Chief Shultz was instrumental in getting both bills passed and thanked him for providing practical information and how the Chief actually

went to Raleigh to testify before the committees in the Legislature. He advised that Chief Shultz's work was recognized by Attorney General Josh Stein and he received a special award from the attorney general for his work on these opioid bills.

Local bills affecting High Point.....

- ✓ **Furniture Market funding.** Mr. Baggett advised that the State budget contains significant appropriations for marketing and transportation for the High Point Furniture Market and spoke to how the elimination for this money was seriously threatened two sessions ago, but concerned efforts by the Market Authority and others allowed the funding to be preserved in the State budget.
- ✓ **Special showroom tax** approved for High Point. Mr. Baggett explained special legislation allows for the city to impose showroom tax based on the square footage of wholesale showrooms for showroom operators that is paid to the city and passed through to the Market Authority to help fund Furniture Market operations. He spoke to how this is a great argument for the State to continue appropriating money because it shows that High Pointers are helping to pay for the Market. Additionally, he added that the city of High Point also appropriates a significant amount of money directly to support the Market.
- ✓ **Funding for the public space project at the Library.** The money received in the past for the public space project at the Library was due to the efforts of local legislators, Senator Trudy Wade, Representative John Faircloth and others who saw the need and were able to persuade inclusion in the budget.
- ✓ **City Council terms/Election system.** Mr. Baggett advised that he helped write a local bill for High Point that was introduced and approved in the Legislature to implement 4-year staggered terms for the Mayor and City Council which resulted in some council members at that time getting a special one-time, three-year term so it would work.

Mr. Baggett advised that he would be filling in for City Attorney JoAnne Carlyle during the Council meeting tonight and that he consults with Ms. Carlyle on a regular basis as questions arise pertaining to the city. In closing, he encouraged each council member to do the following:

- ✓ To remain aware of the legislation in Raleigh that affects High Point both indirectly and directly.
- ✓ To foster relationships with the Guilford County Legislative Delegation to discuss the various issues to ensure they will be there when needed.
- ✓ To stay involved with League affairs and encouraged attendance at the Legislative Goals conference held annually.
- ✓ To attend Town Hall Day in Raleigh during the Legislative Session

At this time, Mr. Baggett entertained questions from council members.

Council Member Jefferson inquired about the allocations that came about as recommended by Representative Brockman and Representative Faircloth and asked Mr. Baggett about his role in conversations that occurred in securing those allocations in the State budget. Mr. Baggett advised that he was certainly supportive and talked to legislators who were in support. He explained that the State budget is massive and a lot of small appropriations such as these are a matter of negotiation. He further explained that it is really up to those legislators' attempts at the time to get things included in the budget.

Council Member Holmes asked for clarification about how the \$7 million increase in the Powell Bill money would be distributed and what High Point's appropriation would be. Mr. Baggett stated out of the overall 5% increase, he was unsure as to the exact amount of increase that High Point would get out of the \$7 million that would be distributed throughout the State to the various municipalities that are eligible for the funding. Deputy City Manager Randy McCaslin explained that the Powell Bill money is allocated based on a specific formula and there would probably be adjustments to the formula which is based on road mileage.

Regarding the separation allowance proposed for the firefighters, Council Member Moore asked if any hard figures were available as to the cost since the police have something in place already. Mr. Baggett explained the numbers are huge but pointed out there are too many variables to come up with a hard number depending on how many firefighters and at what age they choose to retire. Mr. McCaslin added that the city budgets the required separation allowance appropriation annually in the budget and the amount continues to get larger. Council Member Holmes asked if this would also encompass early retirement, disability, or sickness. Mr. Baggett explained that the separation allowance for firemen would not affect disability retirement and reiterated that the special separation allowance would be an additional benefit on top of their basic retirement.

There being no further discussion, Mayor Wagner announced the need to go into Closed Session pursuant to N.C. General Statute § 143-318.11(a)(4) for economic development and N.C. General Statute § 143-318.11(a)(3) to preserve the attorney-client privilege.

At 5:12 p.m., Council Member Holmes moved to go into Closed Session for economic development and to preserve the attorney-client privilege. Council Member Hudson made a second to the motion which carried by an 8-0 unanimous vote.

Upon reconvening into Open Session at 5:29 p.m., Mayor Wagner advised that the Closed Session for attorney-client privilege would be held immediately following adjournment of the Regular Meeting scheduled for 5:30 p.m.

Council reconvened to the Special Meeting after adjournment of the Regular Meeting at 6:05 p.m.

At this time, motion was made by Council Member Holmes, seconded by Council Member Hudson, to reenter Closed Session pursuant to N.C. General Statute § 143-318.11(a)(3) to preserve the attorney-client privilege. The motion carried by a 9-0 unanimous vote.

Council then reconvened into Open Session at 6:23 p.m. with an announcement by Mayor Wagner that no action would be necessary as a result of the Closed Session.

There being no further business to discuss, the Special Meeting adjourned at 6:23 p.m. upon motion duly made by Council Member Hudson and second by Council Member Jones. Motion to adjourn carried unanimously.

Respectfully submitted,

Jay W. Wagner, Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk