

MINUTES
CENTRAL CITY REVITALIZATION AND
HOUSING COMMITTEE
FEBRUARY 16, 2009 AT 4:00 PM
COUNCIL CONFERENCE ROOM – 2ND FLOOR CITY HALL

The Central City Revitalization & Housing Committee met on Monday, February 16, 2009. The following members were present:

Chairman Walker Reid
Councilman Dale Burkett
Councilman John Howren

Chairman Reid called the meeting to order, called the first item for discussion and recognized Jim Palenick, City Manager, for the presentation:

ITEM 1: IDEAL INCENTIVE PROGRAM

Mr. Palenick stated our highest priority is trying to develop an economic incentive program that could potentially have the most impact on targeting businesses for downtown. Primarily within that target would be retail and restaurants. Basically, it involves a reimbursement to new start-up businesses of certain portions of what they pay for rent and up-fit improvements in their first year. The program will be called IDEAL, an acronym for Investment in Downtown Economic Assistance and Livability and is modeled after a similar program in Rock Hill, South Carolina. The complete package is included in the handouts provided.

Some of the highlights are: It is designed to be short-term. It is for start-up financial assistance at the beginning of the business when they most need help. Only those businesses locating within the Municipal Service District would be eligible. It provides a partial reimbursement of rent payments made within the first twelve months of start-up of the business, and also a partial reimbursement of the amount of money spent on actual up-fit expenditures. The process would be done by competitive applications on a first-come, first-served basis. One of the more important features of this program is what we consider a “but-for” incentive, that is, “but-for” receiving the money through incentive; the project would not otherwise go forward. An actual lease would be signed for a business, and the lease would be contingent on the fact that you would get approval for one of these incentives.

There are four categories of business that would be eligible for this program:

- I. Retail Businesses
- II. Restaurant
- III. Theater
- IV. Pubs, Bars, Lounges

There is a greater premium on restaurants and theaters primarily because it is more expensive to start those types of businesses. The Rock Hill model provides greater incentive to the restaurant and theater categories and slightly lesser to the retail/pub categories. A one-time incentive grant is provided up to \$3 per square foot for retail/pubs, and \$5 per square foot for restaurant/approved entertainment venues for rent within the first 12 months cumulative. The incentive would be paid after the business submits proof of payment for their rent. The program would not pay more than 50% of the total rent that is being paid and not more than 50% of the total up-fit. There is a second maximum regarding the overall total grant. The rent subsidy and the up-fit subsidy can be combined, however, it cannot exceed \$30,000 total for restaurants/approved entertainment venues. The total amount combined cannot exceed \$16,800 total for retail/pubs.

The application process is detailed and includes a marketing plan, business plan, financial background, history and capacity. An internal City committee made up of a series of different departments to review the applications will be appointed, and a final review would be done by Legal and the City Manager. The City Manager would make a final recommendation to the City Council. The recommendations cannot be approved without the City Council's final approval.

Funding of the program would be provided by the MSD taxes collected from the Center City area businesses. Mr. Palenick stated in order to get ahead of this project; it would be beneficial to get it approved subject to 2009-2010 budget approval. The first total estimated revenues for fiscal year 2009-2010 are \$118,210. We would like to focus on the economic incentive portion and hope that somewhere around \$70,000 could be allocated. If this program is presented at the Committee level and tomorrow at the City Council, the City could begin taking applications and recommending applications for approval. Actual budget approval is needed within this fiscal year being 2008-2009 so at the time we get actual approval; we would have a budget amendment just for that. Beginning with July 1, the full budget approval will be available for next fiscal year.

The GDDC has developed a similar program; which has already assisted downtown developers. Two new businesses have signed leases contingent on funding assistance. Mr. Palenick stated there is nothing that would preclude a business from receiving both incentives through the City and GDDC's programs. A business would still be limited to the maximums, so the City would never pay more than 50% of rent and never more than 50% of up-fit.

Councilman John Howren asked about the incentives for the up-fit grant (the second bullet point under up-fit grant) "who shall be the business owners," does this incorporate absentee ownership or are we trying to have the owner on-site operating the business?

Mr. Palenick stated that what we are seeing is primarily the City would reimburse that person who put the up-fit into the business. The grant would go to the person who spent the money, whether they are on-site or absentee.

Councilman Howren asked if the grants for retail/pubs were not all used, would the remainder be transferable or applicable to restaurants/approved entertainment venues?

Mr. Palenick advised that would be so without question. This is only a benchmark that has been created, but all the grants could possibly be restaurants or all as retail—our goal is to put all the money out there. If there are good, competitive businesses qualified and approved, the categories may be skewed one way or another. If we could grant a dining destination, retail could come later, and that would be fine, as it would create physical mass. While we have a certain goal, it is fine if the balance is skewed one way or another.

Councilman Howren stated he likes the overall feel that this is a stimulus for new business rather than fortifying existing ones.

Mr. Palenick stated the existing businesses might ask what has the City done to assist them. The goal is to fill up vacant spaces and get new businesses jump-started.

Councilman Howren stated there are other grants through GDDC for existing businesses.

Councilman Dale Burkett asked if there was any opposition to this program from existing businesses?

Mr. Palenick stated he has not heard anything specifically, however, the program has not been formally brought out for final approval yet. What we do know is that all the requests we have been hearing have come from building owners, landlords, and others downtown that just want to see us jump-start some new businesses. They are all very excited at the prospect. There will possibly be three or four, maybe five, very quick applications for new businesses if this comes to be. Mr. Palenick has not specifically heard of anyone complaining that this would not be good use of funds.

Councilman Burkett asked if we know of anyone waiting for this incentive?

Mr. Palenick stated that specifically Chuck McClure and two, maybe three, potential tenants for this spaces available in the Standard and the annex to the Standard. The former Furia Tropical is proposed potentially as an Irish pub. Nathan Kirby and Charles Hutchens are looking at one or two potential tenants if they can take advantage of this incentive.

Councilman Burkett asked if the property owner spends \$30,000 for up-fit, and the business goes under in a year or so, so the up-fit material stays with the property owner?

Mr. Palenick stated up-fit is going to be improvements to the structure itself, but obviously some of it could be used for furnishings, fixtures, equipment, etc. As far as do we guarantee something succeeding if we do this? Absolutely not. The standard for new businesses, particularly new restaurants and retail, is that within the first five years, about 85% of them go out of business. What we are doing is by getting the first business in

here and better up-fitting the space and getting people acknowledging that business works downtown, a critical mass can be built and start getting people downtown. If the first business doesn't work, then hopefully the second or third business will. It is an investment overall. The nature of downtowns is that businesses turn over. But to the extent of getting them started and keeping them filled once they are started, then we can succeed.

Councilman Burkett asked if a business had an up-fit for a piece of property for the maximum, then in a year or so the business fails, and someone else wants to come to the same building, would they be qualified for another up-fit?

Mr. Palenick said the business would qualify only if they are doing something that can be used for the up-fit, and then they could technically qualify.

Councilman Burkett asked if the Board could take that into consideration at the time.

Mr. Palenick stated that is the good part about competitive applications and reviewing all the details of anyone's application. With a space that received up-fit incentives in the past, a lot more conditions can be placed on the grants in the future. No applicant is guaranteed any grant simply by applying. They have to be deemed viable. We are not going to recommend granting incentives to someone who does not look to be a viable business.

Councilman Burkett asked if a business was on the fringe of MSD, how would that work?

Mr. Palenick advised this program states the business must be within the MSD. MSD could be expanded in the future, which is a more difficult process.

Ash Smith, City Attorney, stated a new map would have to be developed and a public hearing held in order to expand the MSD.

Councilman Howren asked if an existing business in Gaston County wanted to open a branch in the MSD, would that business be eligible to apply?

Mr. Palenick stated that, yes, as long as they are not closing down one place and opening another in the MSD.

Councilman Howren stated this would attract quality businesses and successful ones.

Councilman Howren made a motion to recommend approval of the Ideal Incentive Program to full Council. Councilman Burkett seconded the motion and it was unanimous.

ITEM 2: DOWNTOWN STREET FURNITURE AND FACILITY STANDARDS

Chairman Reid recognized Michelle Nance, Development Services Manager. Ms. Nance stated with the projects in the downtown area; Marietta Street Pedestrian Project, South on Main, the sidewalk at Cantlupes, and now the temporary Park on Main, the City does not have standards for benches, light posts, bike racks, pavers, tree grates and planters, etc., for the streetscape downtown. Ms. Nance proposed a set of guidelines within the MSD to provide a standardized streetscape. This would also minimize the different types of fixtures that would need to be purchased and kept in stock for replacement/repair. These guidelines would apply to purchases made by the City of Gastonia only and would provide continuity for downtown.

Councilman Howren asked why the streetlight poles were not shown as being powder coated. Is this due to the fact that automobiles frequently hit these poles and the fact that they are more expensive?

Ms. Nance stated the pole that was shown does not show powder coating, but she will investigate the streetlight pole again to see if it is powder coated.

Mr. Palenick stated that once we establish consistent design standards, a benefactor catalog would be available to the public if they would like to sponsor a fixture. Compliance to design standards would also be encouraged to the private sector when building on private property within the MSD. Public art could possibly be included as part of the benefactor catalog.

Chairman Reid expressed his thanks to Staff for planning needs of MSD beforehand and not waiting until after revitalization is underway to think of the design standards.

Councilman Burkett stated that whatever we do now would last a long time. Councilman Burkett recommended the City should purchase the fixtures that will endure the test of time.

Councilman Burkett made a motion to approve and take to full Council. Councilman Howren seconded the motion and it was approved unanimously.

ITEM 3: TEMPORARY “PARK ON MAIN”

Ms. Nance stated the “Park on Main” would be located where the buildings have recently been demolished on Main Avenue. This is a conceptual plan for a short-term park; however, the elements of the park could be transferred to another location, except for the paving. The plan includes a wide stairway leading into a paved plaza, which includes seating, a fountain, planting beds, trees and a lighting scheme. Large rocks from the demolition site and the construction site at Highland would be incorporated as decorative seating areas.

Mr. Rusty Bost, Assistant City Engineer, pointed out three cost estimates for the park as listed on the handout. Consideration was given to price and the fact that the items can be transferred to another location. Option 1 includes a stamped paved path with all the construction contracted out. Option 2 includes the same features; however, City crews would do the work. Option 3 provides a crushed stone pathway.

Mr. Palenick advocated the stamped concrete due to appearance, and by allowing our forces to do this work for the first time, it would provide training to do this in-house.

Ms. Nance stated after approval by the Committee and the full Council, a meeting could be called with downtown representatives and ensure they are aware of what is happening and the timing of the construction.

Chairman Reid stated one of the biggest concerns from the downtown business owners is the situation for the homeless population. By opening this park, would this enhance the problem, or are we going to do patrol this area to make sure this is not a problem?

Mr. Palenick stated this was one of the first discussions held in light of this design. This situation was taken into consideration by the design of the lighting, placement of the benches, and enforcement. The Police Department has been a part of this from the earliest discussions, and they are clear on what standard is expected on law enforcement.

Mr. Bombardier stated that in talking with some of the downtown business owners and now that the backs of the buildings are out of the way, the level of feeling secure in that area has increased.

Mr. Palenick asked Mr. Bombardier to explain how the City will pay for the park. Mr. Bombardier stated this would be done with existing funds. Some funding pieces are remaining from several projects: (1) Main Avenue properties, (2) renovations done in City Hall (3) purchase of Christmas decorations. Those pieces combined will provide the City with the funding to buy the materials for the park and do the labor in-house. No additional allocations of funds from the fund balance will be used.

Mr. Palenick stated the electric lights may come from the electric fund, and some storm drainage work may come from the stormwater fund.

Councilman Burkett stated he is totally in favor of approving this and utilizing City crews to put the cost into the \$38,000 estimate. By a rough estimate, about \$20,000 would be transferable. By doing this, it will indicate to the City that the Council is moving forward.

Councilman Howren asked if the \$2,500 stamper for the sidewalk was included in the cost estimate of \$38,000.

Mr. Bost stated it was not included. This amount was separated due to the fact that it was considered long-term actual equipment cost.

Councilman Howren asked if it would be budgeted in this project since it was specific to this project.

Mr. Bombardier stated the \$2,500 would be accommodated in the existing Street Department budget.

Councilman Howren suggested that two trashcans would be needed instead of one trashcan as shown on the drawing. Councilman Howren recommended the fence be included for appearance purposes, and it would serve as a barrier to protect the slope. Would it be possible for the park to be rented for weddings, receptions or things of this nature?

Mr. Palenick stated absolutely yes.

Councilman Howren stated interest in the park has been expressed for events, and it would bring more people downtown and bring revenue to the City.

Mr. Smith asked if the stamping of the brick would cut down on skateboarding.

Mr. Bost stated yes. Also, the center rail on the steps has a texture and contour that would deter skateboarders. In trying to accommodate those issues, we are trying to find materials that would provide public safety and provide aesthetics.

Councilman Howren moved to approve the conceptual park and funding program and take to full City Council for approval. Councilman Burkett seconded the motion and it was approved unanimously.

Chairman Reid thanked Kim Wallis for her outstanding rendering on the Park on Main.

ITEM 4: OTHER BUSINESS (#1)

Mr. Palenick provided an update on the recent Health Fair Initiatives. Gift certificates were provided for participating employees who received wellness checkups. The gift certificates were in the amount of \$25 (\$5 increments) to be used in downtown merchants. Two hundred and seventy-seven employees received their Health Assessment and were issued \$25 in gift certificates. Of that, \$5,109 was actually redeemed at the 14 participating downtown businesses. This program not only provided our employees with the benefit of a health assessment, but it provided our downtown businesses with additional revenue.

Chairman Reid stated this is a good indication that the City is offering support to the businesses downtown.

ITEM 4: OTHER BUSINESS (#2)

Mr. Palenick stated in the potential draft budget for the MSD that money would be allocated to public relations and advertising, specifically making certain the City has a concert program this summer. Mr. Palenick recognized Rachel Bagley, Director of Communications and Marketing, for the presentation on the concert series.

Ms. Bagley provided a handout with two proposals: one from GDDC and one from Markovent. Karamarie Gerbracht from Markovent, and Jerry Clemmons and Barry Wright from GDDC were present to answer any questions. The proposals are for four concerts. Construction for the Pedestrian project will be completed by August 15th. The first concert will be held to debut the park and a couple of concerts later in the new park. The concerts held now would have to be held on Main Avenue, toward Marietta.

Ms. Bagley requested that a recommendation be made to Council and that Council would possibly vote on this at the Council meeting on February 17th, primarily because either organization needs to cement some contracts with bands now.

Markovent is proposing Friday concerts, and GDDC is proposing Thursday concerts. Markovent has four bands they are in negotiations with or awaiting contract signatures. Costs of bands vary depending on the route the band is playing and the day they are playing on. GDDC has budgeted \$2,800 for each band for each concert, but no contract has been signed. Total cost suggested for each proposal, Markovent at \$7,175 per concert or a total of \$28,700 for the series; GDDC at \$11,000 per concert or \$44,000 for the series. Markovent proposed additional activities for each concert – a children’s carnival, craft vendor or music market at another concert, and possibly “A Taste of Gastonia.” Both groups are asking essentially the same in-kind services. GDDC is asking that permit fees be waived. Markovent is recommending that pre-selected designated MSD merchants handle alcohol sales.

Chairman Reid asked if there is a different charge for groups on the weekends? Ms. Gerbracht stated the groups are slightly higher on Fridays, but not that much. Saturdays are much more expensive.

Chairman Reid asked a question regarding traffic flow on South Street leading to York and Marietta, if we cut off South Street. Has this situation been looked at?

Mr. Flip Bombardier, Assistant City Manager, stated as part of this project, a traffic study would be done on this and our improvements to the Marietta Street Bridge. When a large event is held downtown and an access point is removed, it will make traffic flow more difficult. The day-to-day traffic, once the businesses get used to the new traffic patterns, will probably have a minimal effect.

Chairman Reid asked if there would be a major difference in traffic other than during the day from 8:00 a.m. to 5:00 p.m. when South Street is blocked off?

Mr. Bombardier stated it would be a minor inconvenience day-to-day; however, during an event it would take more time to get out when an access is closed.

Councilman Howren suggested the new lots that have been cleared could be used for parking. Hopefully these venues would be large enough we could afford transportation with the City bus to transport attendees from County Courthouse to the venue.

Chairman Reid asked if there were any questions to be asked of the GDDC or Markovent.

There was a question and answer discussion regarding the proposals. The main topics of discussion were the type of music, names of the bands, soliciting sponsorships, and alcohol and beer sales.

Councilman Howren recommended to take to full Council. Mr. Palenick stated that due to the urgency of booking bands, it would be conducive to make a decision to take to full Council on February 17th. Chairman Reid asked if the proposals could be provided to the full Council before the meeting on February 17th. Ms. Bagley stated she would ensure each Councilman receives a copy for review prior to the meeting.

ITEM 4: OTHER BUSINESS (#3)

Mr. Palenick provided an update on BIG SPLASH regarding preliminary design and cost estimates. Things are moving slower than what was anticipated, however, it is for a very good reason, that is, trying to ensure the preliminary design is very much in keeping with the YMCA's plans. Representatives from Gaston Acquatics, YMCA and the City will converse with the Chamber to see to what extent they would like to participate. We may end up with more retail and office space on the Main Avenue side than we were expecting, which will provide more of a revenue stream to put back into the project. Maybe within the next week or so we should have some good quality preliminary designs where everything is shown within the footprint of what is available. A big issue will be to raise additional funds not covered in the budget. With the economic stimulus package and some of the foundation grants, we will work really hard to get it out there as soon as the designs are done.

ITEM 4: OTHER BUSINESS (#4)

Mr. Bombardier submitted one item for informational purposes regarding the demolition of the Main Avenue property. The demolition is almost complete. John Jenkins, contractor, did an excellent job. We do expect some claims from the businesses in the Merritt Building. The businesses were temporarily closed from a safety standpoint and recommendations from our structural engineer and contractor. There were no major incidents. We want to be fair and reasonable to our downtown businesses.

Chairman Reid asked if we altered anyone else's business in taking down those properties?

Mr. Bombardier stated that the two façades for the Merritt Building and Nathan Kirby's Cantlupes would have to be cleaned and tied in with the new BIG SPLASH façade when the final product is built. It was first thought that the inside wall of the theater and the inside wall of the Merritt Building were one and the same. That was not the case. The wall had been roofed over and tied into ours, so the roof had to be cut on the Merritt Building. We are in the process of getting the roof repaired. Actually, this was to the betterment of all because intermediate bracing was not necessary for that wall. The Merritt Building is a stand-alone building.

Councilman Howren suggested a letter be sent to merchants in the area thanking them for their patience during our demolition and stating that hopefully we didn't disrupt their business excessively.

Mr. Bombardier stated we will send letters, and we will continue to meet and work with our downtown businesses and try to address any outstanding issues.

Councilman Howren thanked the Staff for the great job that was done during this demolition.

Mr. Bombardier stated the City had the right contractor, as the theater was extremely difficult.

ITEM 4: OTHER BUSINESS (#5)

Mr. Palenick provided an update on the Neighborhood Stabilization Program. The deadline for the grant application was February 3rd, and that deadline was met. Supposedly the awards are scheduled for February 16th; however, the awards have not been made by today's date. Perhaps something will be heard by the end of the week.

ITEM 4: OTHER BUSINESS (#6)

Councilman Burkett mentioned the ETJ with Code Enforcement, that there are some issues on Highway 321. When the complainants go to the County, they state they have a Code Enforcement issue, but because it is in our district, no one is handling. Councilman Burkett stated he would get back with Mr. Palenick later as far as some complaints received.

ITEM 4: OTHER BUSINESS (#7)

Councilman Burkett asked if an individual turns their water off at their house, could that be considered meter tampering?

Ms. Melissa Magee, Assistant City Attorney, stated that it could if they turn it off at the meter.

Councilman Burkett asked if meter tampering could be looked at in more detail. In the wintertime when it is 12 degrees, there are probably 5,000 houses in the City that do not have a water turnoff in their house. The water turnoff is located in the street. The City does not want to turn off 5,000 meters when it is 10 or 12 degrees outside. A homeowner that has the water meter in their name, if they turn the water on and off for their basic needs, is that considered water tampering? Councilman Burkett stated his issue could be addressed later.

Ms. Magee stated the City owns the meter, however, more information will be obtained.

With no other concerns, Chairman Reid adjourned the meeting at 5:30 p.m.