

GASTONIA CITY COUNCIL STRATEGIC PLANNING WORKSHOP
DECEMBER 18, 2017 – 6:00 P.M.
COUNCIL CONFERENCE ROOM – CITY HALL – GASTONIA, NC

Mayor Walker E. Reid, III called the special session to order at 6:00 p.m. on Monday, December 18, 2017, in the Council Conference Room at City Hall. Councilman Robert Kellogg opened the meeting with prayer. Mayor Reid led the audience in the pledge of allegiance. Ms. Sherry H. Dunaway, City Clerk, recorded the minutes.

PRESENT: Mayor Walker E. Reid, III
 Mayor Pro David R. Kirlin
 Council Members: Robert Kellogg
 David R. Kirlin
 James Gallagher
 Jennifer M. Stepp
 David Humphries

City Manager Michael E. Peoples
 City Attorney L. Ashley Smith

Also in attendance were: Mr. Todd Carpenter, Deputy City Manager; Mr. J. Phillip Bombardier, Assistant City Manager; Ms. Melody Braddy, Assistant City Manager; Ms. Kristy Crisp, Director, Economic Development; Mr. Matt Bernhardt, Director of Public Works and Utilities; Mr. Jason Thompson, Planning Director; Mr. Rusty Bost, Director of Engineering; and Mr. Chuck Dellinger, Director of Parks and Recreation.

UPDATE ON FUSE DISTRICT PROJECT

Ms. Crisp presented the FUSE District Project Update which has been incorporated into the exhibits. Ms. Crisp discussed the development of the FUSE Concept and when it began to where are currently in the project.

Reference as contained in Exhibit Book 3 to Minute Book 107 at Page 34.

QUESTIONS/DISCUSSION/DIRECTION

Councilman Kellogg stated that the Council should consider the option of hiring an outside professional fundraiser due to the amount of money that the City would like to raise for the project.

Mayor Pro Tem Kirlin stated he agreed with Councilman Kellogg that the Council could look at setting a timeline for soliciting in the community and then check out a professional organization to continue with the fundraising due to their experience level.

Councilman Humphries also suggested reaching out to our local sports heroes to assist in fundraising.

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Mayor Pro Tem Kirlin asked if there needed to be a timetable because he would like for Council to have all the information before we begin funding. Mayor Pro Tem Kirlin also stated that a goal could be set on the fundraising, and the Council could also obtain more advice for a financing strategy.

Councilman Humphries asked how the City would get its \$5.1M investment back. Mr. Peoples replied that staff is working on development agreements for public and private partnerships and it will depend on what those partnerships look like. Mr. Peoples also noted that it is very early to predict that and to put an actual number on it.

Mr. Bombardier stated the payback may not be instantaneous but one of our goals is to build on this first phase where that payback will be a long term benefit to the city.

Councilman Kellogg stated it is hard to put a monetary value on what is being proposed but when thinking about return on investments it is hard to say exactly how the general fund will be paid back and track that, but he thinks what the City is doing is investing in the future of our community and a lot of those dividends that will come our way will be in quality of life, jobs, and maybe more people moving to the area so it is hard to put a monetary value on it. Councilman Kellogg stated we have to see the big picture that it is an economic development project for the long term future of the City and if we proceed in terms of that, he sees it as a long term investment.

Councilman Humphries stated that as we go along we need to have answers because we don't want to lose the support of the citizens if we go to do something else later. Councilman Humphries noted that we just need to keep pushing out information to keep people informed so they can ask questions and get answers.

Councilman Kirlin noted the quicker staff can provide the information about the private partnerships the better we can coordinate a financial strategy.

Mr. Peoples stated that staff is currently working on that information and are in discussions about that now. Mr. Peoples stated that it has been stated in past discussions about how the City can finance and how it can reach out for partnerships.

Ms. Crisp discussed the proposed FUSE Timeline/Major Tasks and noted that right now everything is on schedule and the City is on track to meet the spring 2020 completion.

Councilman Humphries stated he would like for Council to receive an updated chart every couple of months to know the status of the project.

Mayor Pro Tem Kirlin stated he has a question that has been asked by many and that is what the Grizzlies are putting into this so that we all can respond accordingly and he wants us to have a conversation about that.

Ms. Crisp stated that is part of the important steps that are coming up, the Task Force/ Private Sector fundraising, Financial Proposal, DFI to issue RFP for Trenton Development, the development of RFQ for Management of the Multi-Use Facility, Lease Agreement(s) with the

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Gastonia Grizzlies and others, finalization of on-site layout and amenities of the Multi-Use Facility, and to develop a marketing plan.

Ms. Crisp stated that the Grizzlies and Fan First Entertainment are two different business operations with the same owner, Jesse Cole. Ms. Crisp noted that the lease we would sign with the Grizzlies to lease the baseball stadium to play ball there may perhaps be different than dealing with Fans First Entertainment as a Manager of the entire facility. Ms. Crisp noted that they have met with Mr. Cole and have begun to talk about options and he certainly has an interest, but the answer to the question of whether or not there is money that he would be putting into the capital construction part of the project is most likely no. Ms. Crisp stated any investment by the Grizzlies would come from a long term lease agreement and lease payments from them.

Mr. Peoples stated that there are several other lease agreements that you can have with the facility. Mr. Peoples further noted there are several options for use because the Grizzlies would only be utilizing the stadium for thirty days for baseball purposes and their portion of that would be what in a lease agreement. Mr. Peoples noted that if you secured a minor league soccer team, it remains to be seen what their lease agreement would look like, and who is going to get any of the proceeds from other activities whether they are collegiate baseball, high school use, or something else, but it would all go into a fund to pay for the stadium facilities. Mr. Peoples noted there would be a substantial operational cost to this in addition to the current expenses of Sims Park. We are forecasting operational costs to be near \$150,000 per year for this facility. Hopefully, the lease agreements will pay for the operational costs.

Ms. Crisp stated that the lease would be separate from the Management Company agreement.

Councilman Gallagher said the majority of the other teams are paying about \$20,000 for their lease, and they are paying \$20,000 in Savannah as well in the Wood Bat League itself.

Mr. Dellinger stated the current lease agreement with the Grizzlies at Sims Park is \$20,000 per year. Ms. Crisp stated a difference also would be if it is all inclusive and they have the ability if they were the Management Company and the ability to program and make money throughout the entire year versus a lease agreement with Gastonia Grizzlies which is thirty days. Those are two very different potential relationships there.

Councilman Pierceall stated the \$20,000 that they are paying is just to play games there; the City still has to maintain Sims Park. Mr. Dellinger stated whether they are there or not, the City maintains it for anything else we do, such as any other ballgames or activities. Mr. Dellinger noted that the Grizzlies have office space there year round, and utilities and everything is rolled into that \$20,000 payment from them. Mr. Dellinger also noted that Mr. Cole has five additional dates that he can do other events; for example, the Beer Fest.

Mayor Pro Tem Kirlin stated his opinion is that when people ask what are the Grizzlies going to put into it, he does not think that they should put anything into it from the standpoint of capital construction costs because they could be leave, and therefore Mr. Cole has no strong reason to put money into the bricks and mortars of this building. Mayor Pro Tem Kirlin noted that if anyone would ask him what the Grizzlies are putting into it, then he would say as a good businessman Mr.

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Cole is not going to put anything in to it, and that is what Mayor Pro Tem Kirlin thinks should be the Council's response to that question and he thinks we should be comfortable saying that. Mayor Pro Tem Kirlin stated he would say that Mr. Cole will be a tenant and hopefully for a very long time and that is where the lease agreement comes in.

Ms. Crisp stated that hopefully the Gastonia Grizzlies are one of a list of tenants that the City will have that utilize this facility.

Councilman Humphries asked if the City has been approached by any other companies that may be interested in managing the complex. Ms. Crisp stated yes. Mr. Peoples stated that it has been more in general terms because we have not known what kind of features this facility would even have until tonight because it hasn't been shown. Councilman Humphries stated it is good to know that there has been an interest without having all of that detail.

Mr. Peoples stated to respond to Mayor Pro Tem Kirlin's comment, he thinks the Grizzlies have an investment here because they had to purchase that franchise, that team, and they have an investment in that team and Mr. Cole wants to continue to pay off that investment. Mr. Peoples stated as long as Mr. Cole has a lease agreement with us to play here then he would stay here.

Mr. Dellinger stated if Mr. Cole were to leave Gastonia, his options in terms of available stadiums would be very limited. Mayor Pro Tem Kirlin stated Mr. Cole has a fan base here and we have a potential for win-win on the lease agreement, and he doesn't think Mr. Cole will go anywhere if he doesn't get the management contract. Mayor Pro Tem Kirlin stated that the City needs to make a public statement, or put it in a FAQ, "Are the Grizzlies going to invest in bricks and mortar?", and the response can be that the position of the City is that the Grizzlies are not going to invest in the bricks and mortar but they will be a potential tenant once the lease is signed.

Mr. Peoples stated it will take some time to get that point and a lot of conversations and if you asked Mr. Cole that question he would tell you that his investment is a long-term lease.

Mayor Reid stated so everyone is of one accord with that answer because it has been asked several times.

Councilman Kellogg stated the building doesn't cease to exist if Jesse Cole isn't there because it is not like we are going to roll up the sidewalks and shut the door if his involvement in the project ends. The building will still be there for someone else to run as a business; so to ask him to pump money into something that is not his, well he shouldn't pay anything. Mr. Kellogg noted that they are going to lease from us and they are business people and so are we.

Councilman Humphries stated if the Grizzlies left we would lose a lot of support for the facility. Mayor Reid stated he agreed.

Mr. Peoples stated that he thought you would find Mr. Cole ready to negotiate a long-term lease agreement right now.

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Mayor Pro Tem Kirlin stated that he sees portions of this design he thinks are coming from the Grizzlies so why wouldn't you want to lease something that you help create because you would already have a feel like that is part of what is going to work. Mayor Pro Tem Kirlin stated he also felt this design was very flexible.

Councilman Pierceall stated he thought the reason we have come around to the general public asking what is Jesse Cole putting into it is because whether it is his enthusiasm or the City wanting his face on this project, we have promoted him as one of the faces of the project and now people want to know where his money is and they don't understand why not and that is one thing Councilman Pierceall said he was very cautionary about from the very beginning that we not do that and now we find ourselves in that position and we need to correct it and make sure everyone understands what the individual pieces of this are whether it be from the funding or what. Councilman Pierceall noted that people say, well I saw Jesse talk about it, and we need to say that is because he is an expert on this and we are seeking his advice, not that the Grizzlies are part of it. Councilman Pierceall stated that he thinks we have tangled it up and it is our fault we are being asked these questions now.

Mr. Peoples stated the original concept of building a baseball park back in 2013 may have contributed to that misconception, but the project has evolved into a multi-use facility that is not just baseball and it can support other activities and it is flexible.

Ms. Crisp stated that one of the last things we do need to finalize on this is the programming, finalizing the layout, finalize the uses that are going to be a part of it, and then we also need to develop a marketing plan and have a website that has all of this information. FUSE is going to have to have its on marketing plan as we start to move toward construction and opening, and there will need to be a plan, and that is something that we need to start having conversations about also. Ms. Crisp stated this is an economic development project to spur growth in West Gastonia and hopefully this will spur a lot of other development.

Councilman Humphries asked at what point in the timeline of everything listed, at what point is there a time set aside to pull the plug and stop it. Mr. Peoples stated that decision can be made at any time. Councilman Humphries stated there has got to be some point at where we realize this isn't going to work.

Councilman Gallagher stated it will probably be like Flip Bombardier said: when we go out to get developers and if we get no one to respond, then we know we are done. Councilman Pierceall stated if you look at the chart of the proposed time line, the Council can pull the plug all the way up to December, 2018, and after that you are done, it is official. Councilman Humphries stated because at that time we begin the financing and he noted that he just wanted to know what that date was.

Mayor Pro Tem Kirlin stated with regard to the conversations with Jonathan Cole and Pendulum with regard to the Management of the facility, has there been a conversation about having a manager in place for construction and programming or are we so comfortable with Jonathan Cole's experience of designing multi-use facilities that we feel like this is going to flow. Mr. Peoples stated he thinks that is why you are allowing that Construction Manager at Risk, that component

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of it with their background in construction, would work as well and you probably could have a Management company on board by then. Mr. Peoples stated if you are constructing it, they could tweak it then. Mr. Peoples noted there is not anything to be managed yet, just a contract, but they would be more of a consultant on the construction.

Mayor Pro Tem Kirlin stated if you had that you would at least have the opportunity to have a conversation. Mr. Peoples stated it may change the scope and cost or they could save money because the thought is that the Construction Manager at Risk would be able to partner with the City and also the architect and try to save money or to identify things like you are describing. Mayor Pro Tem Kirlin stated he was not so sure he understands the relationship between the actual use of the facility and what we have built as far as the management like for example are the areas properly sized and do those things flow. Mayor Pro Tem Kirlin stated that is why he is asking if we had these conversations with Mr. Jonathan Cole to the level that we are really comfortable with moving forward without really have a Management company there to give input at least to the consultant. Mr. Peoples stated that after touring the BB&T facility with LaBella and Mr. Cole and listening to the people that are running that facility, he thought they had a general understanding about how big kitchens should be to facilitate this many people and what you would do differently. Mr. Peoples stated we would absolutely make loading and unloading easier, we need to facilitate loading docks, and just taking that tour alone he believes that Jonathan Cole and Rogers have that background and they can do that and design something very manageable.

Mr. Bombardier stated in his opinion you do not want to bring a Management Company in too early during this stage of design and then wind up building a facility they want as this needs to be Gastonia's facility and we can tweak some things later when we do hire one. As Dr. Kirlin said, at least going in with what we know today, a lot of these areas will be very flexible and will change over the years, and he believes you will want to change them over the years like you have seen places like Carowinds do. Mr. Bombardier also stated that he wanted to add one additional comment to Councilman Gallagher's comment earlier that he wouldn't say that if we don't get a development contract we would pull the plug at that point in time, but he does think that we should sit down and assess where we are and where we are going if we don't get any private sector interest.

Councilman Pierceall stated he had the same concerns that Mayor Pro Tem Kirlin brought up and he has even brought it up in a prior meeting that the City should hire a temporary consultant, and he noted he was also a little hesitant about Jonathan Cole and Pendulum too, but after meeting and talking with them and hearing Jonathan Cole talk about the facilities that they have already built and what should have been done differently and what we should look to do, Councilman Pierceall noted he was blown away by their knowledge and he now felt that they are very qualified and would do a good job.

Mr. Bombardier stated that the goal tonight was to let Council know where we have been, where we are, and where we think we are going, and he thinks that what staff is hearing is that Council is still on board with this and the direction we are heading especially over 2018. If we are not heading in the right direction, then we need that feedback.

Councilman Pierceall stated he thought that staff was very much on base.

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After further discussion, Mayor Reid stated that he needed this tonight noting that he has attended the FUSE updates at the Conference Center but this answered his questions as far as FUSE and the surroundings tonight. Mayor Reid stated he could tell a lot of work has gone into this, and he stated he thinks we know where we are as far as where we are trying to get to and now we have to start focusing on that and we are going to make it happen. Mayor Reid noted that it was very detailed and that a lot of questions were answered and he thanked staff.

Councilwoman Stepp stated that this presentation was very helpful and especially the Finance portion.

Mayor Reid called the meeting adjourned at 8:13 p.m.

Mayor Walker E. Reid, III

L. Ashley Smith, City Attorney

Sherry H. Dunaway, City Clerk

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