

## Burns Randy

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**From:** CROWNOVER@a1.cps.k12.tn.us  
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### ECONOMIC DEVELOPMENT COMMITTEE

February 9, 1999

4:30 P.M.

A meeting of the Economic Development Committee was called to order by Councilman Hakeem, Chairman, with Councilpersons Rutherford, Pierce, Hurley, Eaves and Franklin being present. City Attorneys Randall Nelson and Mike McMahan; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Rob Taylor, Adm. Boney, Mayor Kinsey, Scott Wilson, Adm. Marcellis, and Ken Hays. Daisy Madison and Adm. Traughber joined the meeting later.

### CONFERENCE CENTER PRESENTATION

Chairman Hakeem turned the meeting over to Mayor Kinsey.

Mayor Kinsey thanked the Council for calling this meeting and moving to the Council Assembly Room. He stated that it would be great when our new home is available. Mayor Kinsey stated that today we were moving the Southside Plan to action; that we had been talking about expanding the Convention Center for seven years and talking about the Conference Center for five years and had spent one year working on a way to pay for it. He talked about the Convention Center Financing Act and asked that we not forget the role the State has played, mentioning Senator Ward Crutchfield. He stated that we appreciated their efforts, as well as County Executive Claude Ramsey.

Mayor Kinsey stated that unless you know how you will pay for a project that plans don't mean a whole lot. He mentioned a threshold at which we would be eligible to take advantage of the Convention Center Financing Act--that there had to be \$75 million in public money. He stated that this meant we would be able to capture the local and State part of the sales tax, and we would use this same

mechanism to keep dollars in this community. He explained this was not money we could spend on something else, and it was wise that we were utilizing this law to move Chattanooga forward.

Mayor Kinsey explained that the Southside Plan includes the expansion of the Trade Center; the Conference Center; and a Resource Center. He stated that he had asked everyone to be brief, and he would now turn this over to Rob Taylor. He ended by expressing his excitement about the progress being made.

Rob Taylor thanked the Council for agreeing to move to these quarters for this presentation as it is much more conducive. He stated that he would pledge to the Council to make this successful and introduced the key members--Jeff Farina of Benchmark Hospitality; Michael Fletcher of Hines; and Bob Franklin of Franklin Architects. Mr. Taylor stated that their intent was to recap briefly the process that has brought us here today. He explained that we had retained a Hospitality Consultant to test the idea and a Feasibility Report had been submitted. He stated that Hines and Benchmark had been selected to lead this project; that we had looked at different costs to be negotiated and were able to make a budget and present it to the Council; that they would recommit their pledge as the City's development team; that we would be using local professionals as well as making minorities a part of this.

At this time a slide presentation was presented showing the Project Team Organization. Mr. Taylor noted that the City would own this and finance it. Mr. Taylor stated that he was the City's representative, and he would make a commitment with this team; that Hines would be the developer, and they would be working closely with Franklin Architects; that Benchmark Hospitality would be more engaged towards the end.

At this point Mr. Taylor turned the presentation over to Jeff Farina with Benchmark Hospitality. Mr. Farina stated that they were first involved with this initially through a Task Force in January of 1996; that they had spent a lot of time and were pleased to be part of this project. At this point he showed the committee examples of projects that they operate including projects on the west coast in Santa Cruz, California and one in Minneapolis, Minn. that is quite similar to what the one here will be. He also showed pictures of facilities in Olympic Valley California and one in Leesburg, VA. He stated that they had two in Asia. Pictures were shown of facilities in Houston and Virginia Beach; one in Charlotte, N.C. and Southpoint, N.C. He continued with Racine Wisconsin and Redwood Shores, Calif.

The presentation was then turned over to Mr. Michael Fletcher with Hines. Mr. Fletcher stated that they were involved with the development of world class buildings; that in the 1990's their developments were much different. He stated that they had 3,000 employees and 48 offices in the United States and some abroad; that they approached each on a project-by-project basis; that 6-8 employees

would be devoted only to this project; that Chattanooga would receive the attention and focus of a small and motivated team. He showed a picture of a Country Club in Texas that was one of their developments. Other developments included Jacksonville, Florida; San Antonio, Texas; and Berlin, Germany. He stated they had also been in partnership with Vanderbilt University in Nashville and mentioned a development in Raleigh, North Carolina.

Mr. Hines explained that they set out in September to define the project and listed the tasks involved. He stated that they collaborated with City Officials, and they would pause after each task is done to make sure that all who have an interest know what is going on. He stated that all of the pre-development objectives had been met.

The presentation was then turned over to Bob Franklin who showed maps of the location of the Conference Center, noting that it would be located on a large graveled TVA parking lot; that the Resource Center would be on Market Street. He explained that this would set the stage for the rest of the Southside development; that the buildings would come right up to Broad Street and would be a major feature on Broad Street. He talked about the hotel lobby in the center and a restaurant. He showed a site map with Broad Street being the major pedestrian entrance and the major vehicular entrance on 13th Street. He stated that along 13th St. there would be a covered walkway and on Broad Street another arcade to create activity. He explained that the Conference Center would encompass 200,000 sq. ft. and would be five stories tall--that there would be four levels of hotel. He showed a prospectus of how the Project will look, stating the the building would be pre-cast brick and would be contemporary in style with some vocabulary being addressed to the railroad theme. He stated that it would be a handsome design--a beautiful building and courtyard.

At this point Mr. Fletcher went over the Project Schedule. He stated that they would complete the design next Fall and put the plans and specs. out for bid and should have a contract back in October of this year. He stated that the project would be completed in January of 2001, and the grand opening would be in early March of 2001.

Mr. Fletcher briefly went over the budget (reports are included in the minute material), stating we already knew what the land would cost--\$1.76 million; that the construction would be slightly more than \$25 million with the proposed total being \$43.88 million. He explained that they had handouts which went into this in greater detail. (These are included in the minute material).

At this point Mr. Taylor stated they were at the Council's disposal for questions.

Chairman Hakeem clarified that we were not dealing with the fund balance nor the 1/2 cents sales tax or normal revenue streams.

Mayor Kinsey explained that a year ago we could not have financed this in this manner; that this legislation (Convention Center Financing Act) was the new source of money. He stated that the city would be taking a risk for growth in downtown sales; that this would include everything from the River to the Interstate; that our sales are increasing greatly and these three projects should generate sufficient new sales tax to pay for their buildings. He emphasized that we were the entity taking the risk--that nothing is guaranteed.

Councilman Pierce stated that we were hoping this would be self-supporting and asked if we would do this without any input from the county. He noted that the State money would be only for the new structures and not for the operating costs and asked in the event of a shortfall if we would have support of the county.

Mayor Kinsey responded that we were not asking the county to participate in this project; however they were helpful in getting the legislation that made this possible, passed. He stated in no way did he think there would be deficit from this facility; that there would be well in excess of \$1 million dollars a year to offset any potential deficit. He stated that the county did share in the Trade Center deficits. Councilman Pierce stated he was speaking of the Trade Center. Mayor Kinsey stated that their support would continue.

Councilwoman Hurley stated that these kind of projects are frequently done for profit; that it is done both ways to create revenue. Mayor Kinsey added also for governments.

Councilman Franklin asked if any consideration had been given to the amount of revenue that leaves Hamilton County because we don't have adequate facilities which is money that we could recoup.

Mr. Farina responded that it had been indicated in surveys done by Benchmark and the consistent message had been that meetings were going to Atlanta and Charlotte, outside our area as there is no adequate facility here; that some have indicated that they would like to have these meetings here; that he would see the answer as being "yes"--that revenue was leaving Hamilton County because of this.

Councilman Franklin asked if there was any estimated figure in money. Mr. Farina stated he did not have information in that manner; that he

knew of one conference that would have involved 200 people for five nights which would have resulted in about \$225,000. Councilman Franklin asked the capacity of the hotel. Mr. Farina responded that there would be 200 room with double occupancy; that there could be one day only meetings in the actual Conference Center, and we would help to spread the wealth by using other hotels.



Councilwoman Hurley asked that someone give a description of the infrastructure and what the rooms will look like and explain the difference between the Conference Center and the Trade Center.

Mr. Farina explained that this facility (Conference Center) would adhere to the guidelines of the International Organization of Conference Centers; that it is designed for smaller meetings than the Trade Center; that it will have 24,000 sq. ft. and be of a more specialized nature for professional conferences and corporate conferences. He stated there would be different types of lighting and a built-in audio-visual setup; that there would be provisions for conference breaks and meals; that by definition this is a Conference Center.

Councilman Pierce asked if this would be a full-service hotel to accommodate the center. Mr. Farina stated that it would contain the same amenities as a full-service hotel; that it would be on a first-class scale; that the restaurant would be designed for conference guests.

Councilman Eaves asked the timing on this--when it will be completed?

Mr. Fletcher responded in March of 2001.

Councilman Hakeem stated that this was a major undertaking, questioning if a trip was needed to the west coast before the Council decides to take a vote on this?? He asked the pleasure of the committee on voting.

Mayor Kinsey stated that a vote would allow the conference to move forward; that it would take five months to work the financing through the State; that we would have a lot of this done in meeting the \$75 million dollar threshold; that we have to make sure the projects meet the requirements of the legislation; that it will take 3-5 months to work on the application and to issue bonds.

Councilwoman Hurley noted that the Trade Center expansion is one project. Mayor Kinsey mentioned the Resolution on tonight's agenda showing support for Carter Street Corporation to resume activities towards completion of the Trade Center Expansion Project without a hotel component. He stated we needed to let them know that we are

confident of them moving forward; that we have to meet the \$75 million dollar threshold.

Chairman Hakeem confirmed that if we move forward on this recommendation that it will show support for the Trade Center.

Councilman Franklin added the Resource Center, also.

Mayor Kinsey explained that if this financing is not approved by the State that we have the ability to stop what we are doing and re-assess where we are.

Councilwoman Hurley moved that the committee recommend this to the full Council. This was seconded by Councilman Franklin.

#### FRANK BURKE AND BASEBALL STADIUM

Mayor Kinsey paid tribute to Frank Burke and the part he had played in keeping minor league baseball in this community; that in other places, local governments had paid for it. He explained that when local governments build stadiums there are no property taxes; that they had put up the money themselves to build this. Mayor Kinsey stated that he thought in the manner of fairness since in every other community the government would be doing this that we let this be exempt from property taxes as long as minor league baseball is there. He stated that it was a public facility, and this is a small price for us to pay in lieu of what other cities have been asked to do. Mayor Kinsey mentioned that Frank Burke was still here and Stroud Watson likes the Stadium.

Mr. Burke stated that he was here to answer any questions the Council might have.

Councilwoman Hurley asked how people would get up the hill. Mr. Burke responded that there would be elevators. Chairman Hakeem asked about "sky boxes" for the Council!! Councilman Franklin asked the seating capacity--the answer was 6000. He asked the prices for tickets--the answer was \$4.00 for adults, \$5.00 for reserved seats, and \$8.00 for box seats. Chairman Hakeem asked about the parking arrangement. Mr. Burke responded that the lots around the stadium would allow people to park for \$2.00, and they would also run shuttles. Mayor Kinsey added that people would be everywhere and shuttles would be effective. Councilman Franklin asked the square footage of the concession area. Mr. Burke stated he did not have the exact measurements, but it would be four times as large as Engel Stadium.

Chairman Hakeem stated that the Attorney had prepared a Resolution to deal with this on the agenda this evening if the committee so desired.

Councilwoman Rutherford moved that this be put on tonight's agenda and that it come with a recommendation to the full Council. This was seconded by Councilwoman Hurley.

Councilman Pierce asked if they had talked to the County about their support, and the answer was yes.

Councilwoman Hurley asked about ticket sales--1,954 box seats had been sold. It was noted that the Stadium should be ready the last week in March of 2000.

JIM KENNEDY

Mr. Kennedy stated that he would be brief; that he intended this to be in the informal setting of the committee room. He stated that he wished to talk about economic development at the Chamber. The first item was the hiring of an executive, Walter Sprouse, from North Carolina. Mr. Kennedy stated that Mr. Sprouse had been in charge of a county in North Carolina for 14 years, and they had planned \$800 million dollars of new development. He stated that he had a good track record and would start work on March 1st and that he would try to arrange a time for the Council to meet Mr. Sprouse. He stated that his wife was a Language Arts teacher, and they were both excited about coming here; that they had two grown sons.

The second person to be hired would be Tim Andrews as full-time Director of BBC. He explained that as RiverValley real estate had grown that the person in charge was not able to keep up with everything. He explained that Mr. Andrews had been around here for 15-20 years and had great industrial management experience; that he had been involved in the Tennessee Railroad Museum and brings good accounting savvy. He stated he would be committed to that center. He explained that Mr. Andrews' first job would be to get his "arms around" what it costs to run that Development Center. He explained that it had cost us about \$20,000 that the Chamber has been responsible for.

The next issue discussed was the Strategic Planning Process. Mr. Kennedy stated this would be put on hold until Walter Sprouse is in place; that this reaches across county lines, and we need to get the process going; that there has been far more expansion than last year; that our intent is to leverage money out of the private sector for economic development. He stated it would be an interesting challenge to get up and going as quickly as we can and be able to be in front of the Council with a thoughtful budget request. He stated he would keep the Council advised about this.

Chairman Hakeem expressed appreciation for the job Mr. Kennedy was doing.

Adm. Boney was present and stated that a Budget Committee meeting had been set for this time, but Chairman Lively was not present. He stated that what he wished to present included the Personnel Section of the Budget Ordinance and other shifts and changes. He stated this would be on next week's agenda, and we could wait until next week to discuss this. He indicated that he thought he could be through in about three minutes.

Before he even began, Councilman Pierce, seconded by Councilwoman Rutherford, recommended his requests for approval.

Adm. Boney very quickly went over five items: (1) \$12,475 property tax increase--appropriation to the Development Corporation of Orchard Knob. Funds are requested to pay taxes and interest on a parcel that has been exempt by the State but the exemption is not retroactive. (2) \$3,038,400 reduction of Debt Service Appropriation--Capital Improvements appropriation increase of \$2,838,000; appropriation to Contingency Fund of \$200,000--911 Revenue to reduce Debt Service. This was appropriated directly to Debt Service. General Fund appropriation to Debt Service was then reduced by same and appropriated to Contingency Fund. (3) \$1,674,514 Reduction of Contingency Fund Appropriation--to fund Departmental increases due to new pay plan in the amount of \$1,641,568; appropriation to Chamber of Commerce for \$200,000; Appropriation to Planning Commission of \$30,462 for the City portion of funding for the 2020 Plan. Adm. Boney explained that this was not from the "Rainy Day" Fund. (4) Section 4--Realigns revenues and appropriations for Special Revenue funds and Enterprise Funds where necessary to fund salary increases due to the new pay plan. (5) Section 5--Deletes the original personnel section of the Operating Budget and replaces it with the new personnel section authorizing changes due to the new pay plan.

The meeting adjourned at 5:30 P.M.