

LEGAL, LEGISLATIVE AND SAFETY COMMITTEE

June 26, 2012

3:21 p.m.

Councilman Murphy, Chairman, called the meeting of the Legal, Legislative and Safety Committee to order with Councilmen Benson, Berz, Gilbert, McGary, Ladd, Rico, Robinson and Scott present. City Attorney Michael McMahan and Council Clerk Carol O'Neal were also present.

Others present included Dan Johnson, Daisy Madison, Richard Beeland, Larry Zehnder and Chief Parker.

On motion of Councilwoman Ladd, seconded by Councilman Rico, the minutes of the previous meeting were approved as published.

Councilman Murphy stated the agenda called for a discussion about CARTA's parking proposal at this meeting however it is not ready for discussion and we find ourselves with a darth of things to talk about. He stated for housekeeping purposes and a decision by the Council and most likely Councilman Benson's committee, we have had PILOT reports returned to us from the Chamber that show failure to perform in some material conditions by some of our PILOT participants. He stated at present there is not much of a guideline that the Council has provided to the administration about what to do; that certainly they should have discretion about what to do but there probably needs to be some kind of parameter and there needs to be some kind of discussion about what to do or what the policy is of the city when PILOTs go bad or bad in-part.

Councilman Murphy stated he has been contacted by many developers who indicated with the results of the vote last week with the TIF there intends to be many more to come, but we currently have absolutely no parameters other than state law as far as how to judge those. He suggested that it is better to develop those parameters before the next person's "knocking" who is local, is a nice person and hard to say "no" to but does not meet our long term goals as a community noting our finance and planning departments should be involved in the discussion. He stated it would be great if the city and county had a similar if not identical approach to both issues and since this is the committee that involves relations with other governments that is why he brought this up; that it is his thought the actual exercise should be within the jurisdiction of Councilman Benson's committee. He asked Council members for their response.

Councilwoman Ladd stated her concern initially was we did not have good criterion to use and we would receive several requests as soon as we heard this first TIF; that we need a way to define those that meet strategic plans and those that do not, those that are viable and those that may not be. She stated she is all for this and it is an excellent discussion and something she wished the Council had done prior to the other TIF coming in front of us; that we need to shore it up right now, immediately, and is all for it.

Councilwoman Scott expressed agreement indicated there is the need to look into both issues and define them and actually put a moratorium in place from doing any more until we find out exactly what we decide the parameters are and what we consider to be the goal of the city versus doing piecemeal.

Councilman Benson announced that he has already talked to the Chamber who will appear before the Economic Development Committee next week; that the Chamber has already put the TIF in their “bag of tools”. He stated he talked with them last Wednesday and they plan setting up guidelines around the state law which spells it out pretty well; that he has not been apprised of any situation with the PILOTs but can ask if they can discuss both issues. He deferred to the City Attorney regarding the TIF as it is spelled out pretty well but we need to make certain which ones we want to go by.

City Attorney McMahan stated one of the things he noticed Knoxville has in their procedures was like what was done with the PILOTs -- how many jobs it will bring, how much money will be invested, what will be the ultimate benefit to the community from whatever projects proposed.

Councilman Benson stated we wanted to work it in with the PILOTs also as they can better “sell” one or the other depending upon the desirability.

Councilman Murphy stated one of the other things involved is if we are going to continue to do residential TIFs, whether they are moving forward, the broader planning objectives of the city -- in other words is the growth it is subsidizing growth we actually want to prioritize.

Councilwoman Berz stated she does not think unbridled growth is good as we could end up like Atlanta with too much concrete and no water; that if we give TIFs we give them for a purpose and the purpose goes along with the larger plan and we would be looking to RPA for that. She stated unbridled growth is not good and we should not look at any time arbitrary in giving the TIFs as they need to go along with an articulated plan of growth.

Councilman McGary expressed that he wondered if the “cat is already out of the bag”; that his concern is it would have been his preference to have had this conversation prior to, and unfortunately the Council voted otherwise and that is the way we have proceeded and so be it. He stated his question is if we have already awarded one and now here we are post of that trying to determine rubric and rationale for going forward. He asked what that means for the one already passed.

Councilman Murphy stated he does not know if it will mean anything for the one already passed.

Councilman McGary stated whatever rubric or standards we pass for the one already passed the builders and developers can always say they did not have the same level of conversation with the first one and we are now setting standards that were not set on the first one and he is not quite so sure what the answer is to that. He stated we cannot say there was a disaster or anything that precipitated that apart from our not having the conversation prior to and that is really it.

Councilman Murphy stated it is his thought someone will make an expression akin to “don’t let the perfect be the enemy of the good”.

Councilwoman Scott stated if we had looked at doing what Knoxville has been doing we would have been considering seriously the possibility of TIFs for redevelopment and urban renewal because looking at Knoxville’s projects they were just that – they were taking something that was blighted and they improved a condition of a neighborhood or downtown area. She stated she hears the argument of the “door being open to the barn” and now the standards have been set; that the other side is that we change ordinances, rezonings, modify criteria and change the fire code because we are not static and have to be somewhat dynamic. She stated with few of the concerns that have cropped up she asked if everyone is still happy in retrospect to the way the decision was made and if it could be done over again or would do it over again. She asked if there is any consideration to that.

Councilwoman Ladd stated she is very firm in the decision that was made and very good with the vote; that it is her thought it was a great situation to come to us; that her answer is the same as we are going to get asked that question and there will always be someone looking for an inequity or disparity they can bring us to us when it is something they want to achieve, but we constantly should be monitoring and adjusting what we do. She stated we have done it with the regulations regarding bars on many occasions and it is her thought Councilwoman Scott said it very well, we are not static and we never should be; we should be constantly monitoring and adjusting and that is part of what we are doing. She stated that question will come up and an accusation will be there, but she is firm in what we have done and thinks a moratorium is a good idea as it puts everyone on an equal playing field until we can develop what we want as a procedure.

Councilman Benson stated all this will be good for the discussion next week as he does not want to leave the wrong impression. He stated Knoxville has 17 TIFs approved and three in progress and most of those approvals were before the TIF was changed to be used as a stimulus for industrial and residential development. He stated that was before the amendments were just made; that the new TIF approaches were just changed last year in the Legislature. He stated most of Knoxville’s was when it was designed for depressed areas and now it is designed for stimulating growth in the economy, job employment and other things. He stated we will find out a lot on next week.

Councilman McGary stated it is worth noting there are three different TIFs and that conversation was not fully entertained by this body which is part of the concern he has. He stated when we talk about “not being for urban sprawl” or “not for this or that”, it is important we have a long, full conversation on what the three various TIFs are so we are all operating with the same amount of information. He stated that gets to the heart of his concern about inequity not so much from what someone may say as anyone can say anything; that his concern is would they be right as one of us may be talking about housing authority TIFs , the other could be talking about another type TIF and the third about another one! He stated it is important to move very methodically and have a full conversation on this subject, lest we again will come back and say “we did not know this or consider that” and it is important we take all this into account.

Councilman Rico stated we were just talking about just building a road; that this was just a road being built that will have to be built anyway. He stated as Councilman Benson aptly said last week if they did not do it we will have to do it eventually because we annexed areas into the city so we will have to have a road. He stated if we can get a free road out of it he is all for it!

Councilman Murphy clarified that Councilman Benson's committee will meet next week. He stated the finance department should have someone present to brief the Council about the impact of PILOTs and TIFs potentially on the tax base and Mr. Bridger should have someone present to talk from a planning perspective. He stated the three different types of TIFs allow us to do things but it is a question of what the broader goals are.

The meeting was adjourned at 3:36 p.m.