

Amy Harvey

From: John Christian <wego4@me.com>
Sent: Wednesday, March 20, 2019 12:27 PM
To: Ben Hitchings; Allen Buansi; Amy Harvey; Flo Miller; Donna Bell; Jeanne Brown; Ralph Karpinos; Mary Jane Nirdlinger; Karen Stegman; Jess Anderson; Hongbin Gu; Lindsey Bineau; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Carolyn Worsley; Laura Selmer; Rae Buckley; Sabrina Oliver; Ross Tompkins; Maurice Jones; Catherine Lazorko
Cc: Jeanette Coffin; Susana L Dancy
Subject: Re: Glen Lennox Performance Incentive Discussion
Attachments: DraftEDGuidelinesChapelHil.pdf; ATT00001.htm

In doing some research on this this morning I did find a City DRAFT document dated November 2017 entitled Economic Incentive Guidelines. My first question is whether this Draft policy/guideline was ever finalized and approved by Council.

In reading the document it does offer some guidelines and criteria for the granting of an incentive. The Glen Lennox Office development does not fit within the primary target list of R&D, Applied Science or Technology. It may come under the “retail facilities” exception but I don’t see that it would provide “unusual employment opportunities or contribute to the community in a unique way....” Of course the increase in tax base may be driver but the intent of this “retail” exception in the DRAFT policy is that the development is something special that will really contribute to the community over the routine standard retail development or business. Why is the Glen Lennox office park special in terms of public benefit?

As I mentioned in my initial email I believe any incentive should require a transparent documented showing that it will serve the public interest and that the public benefits will offset the incentive costs or that there is compensation for the use of public funds for private purposes. At this point, I don’t see that happening. I see that a reference to an incentive package for the new Wegman’s grocery store. While its nice that Wegman’s is coming I would question whether another grocery store in CH is something special that contributes to the community. Will you offer incentives for the next Harris Teeter proposal? How about a Circle K? How will you not if you have established this precedent?

Is this a slippery slope where every retail developer is going to expect Council to pay them an incentive to build? How will you say no to the next developer? I think the DRAFT policy was on the right track to set sideboards based on the public interest, but it would appear the focus now is granting financial incentives for retail facilities instead of a “unique” project that will add to the Community services that are in short supply that clearly benefit the public.

I do not believe that an increase in property taxes or a handful of new jobs should be a sole justification for a public incentive. I don’t believe the DRAFT policy was written with that in mind either. I would suggest reviewing, revising and finalizing the DRAFT policy guidelines and removing the exception for retail facilities, offices, etc and keep the incentive program focused on projects that are special and unique in terms of public benefits. Of course you may not agree with me on this and I respect that you will make the final decision. But I do think that this issue deserves some serious thought and the DRAFT policy needs to be debated and finalized before any more “incentives” for businesses are negotiated or granted.

The DRAFT policy statement also indicates there is a requirement for a detailed proposal from the applicant. I would appreciate receiving a copy.

Excerpt from the draft economic incentive guidelines:

1. *"Targets:*

Chapel Hill’s target business types are:

- • Research and Development

- • Applied Sciences, and
- • Technology.

Under certain circumstances, retail facilities may be considered for incentives. If a retailer provides strong sales or tax base potential, provides unusual employment opportunities or contribute to our community in a unique way and/or pay a majority of employees a Living Wage¹, it may be considered.

These target areas may be updated or amended as needed. "

Again, thank you for listening. Attached are the DRAFT policy guidelines from the City website.

John Christian
121 Tharrington Dr

Chapel Hill, North Carolina
Economic Incentive Guidelines

Guiding Principles:

A strong, vibrant community attracts economic investment.

Quality of life and economic development are interdependent community priorities. Achieving one cannot be at the expense of the other.

Outcome-driven economic investment results in long-range financial returns, as well as community benefits that improve quality of life.

Economic development investments must achieve measurable outcomes to improve the quality of life for all residents and secure Chapel Hill's future as a vital, livable and sustainable place.

Economic Incentive Goals:

- Create quality jobs
- Strengthen the economy and build community wealth
- Sustain a high quality of life
- Promote stewardship of the Community's resources
- Maintain and develop affordable, quality housing opportunities
- Promote comprehensive opportunities for education, skills development and lifelong learning

Examples of Desired Outcomes of Economic Incentives:

- An increase in human capital development such as education, job skills, and childcare access;
- An increase in financial capital development, such as job growth, small business development and access to credit;
- The protection of natural capital, including natural and physical resources;
- The betterment of the community, such as blight reduction, poverty reduction, crime reduction and increased recreational opportunities.

Achieving these outcomes consistently requires a clear vision; specific tools for evaluation, decision-making and monitoring individual projects, supported by strong partnerships; creative leadership; and political will.

Targets:

Chapel Hill's target business types are:

- Research and Development
- Applied Sciences, and
- Technology.

Chapel Hill, North Carolina
Economic Incentive Guidelines

Under certain circumstances, retail facilities may be considered for incentives. If a retailer provides strong sales or tax base potential, provides unusual employment opportunities or contribute to our community in a unique way and/or pay a majority of employees a Living Wage¹, it may be considered.

These target areas may be updated or amended as needed.

Qualifying for an Incentive:

The Town will consider incentives for job creation, tax base growth and helping companies grow and stay in the Town. Incentives are targeted toward job creation and investment in business sectors that add to our tax base. Qualifying jobs may be incented on a scale of \$1,000-\$3,000 per job, up to a total incentive amount equal to 50% of the net new taxes that are on the tax rolls after the improvement.

Applications for Development Incentives may be considered in circumstances that do not meet minimum criteria if an exception is disclosed and proof of reasonable benefit to the Town can be provided.

Projects that receive incentives from Orange County or the State of North Carolina will be given priority consideration by the Town of Chapel Hill.

The Town of Chapel Hill reserves the right to modify or amend this policy as necessitated by changing economic conditions.

Examples of Desirable Proposals:

These examples illustrate the type of proposals that are most desirable to the Town of Chapel Hill. Since market conditions can change quickly, we encourage early conversation with the Town's Economic Development Officer to determine whether a proposal may be considered for an incentive.

Building New Space: Development Incentives may be awarded for creating spaces to host businesses in the future. They also may be calculated based on tax base impact while preserving a revenue stream for local governments.

New Capital Investment Scenario: (A minimum of \$2.5 million in investment for 35% Grant. Investments exceeding \$10 million may qualify for 50% Grant.)

1. New business
2. Existing business expansion
3. Businesses locating or expanding

¹ There is an inherent difficulty in measuring wages so whether it is "prioritize or guarantee" the measurement may be difficult.

Chapel Hill, North Carolina
Economic Incentive Guidelines

Job Creation Scenarios: Full-time equivalency may be considered if the sector or wages meet local target/interest goals. Job creation is typically accomplished in 5 years or less. Jobs are retained at least two years beyond the Incentive Period.

1. New Business — A minimum of 20 net new jobs within 36 months
2. Existing Business Expansion — Minimum of 20 net new jobs created or retained within 36 months, plus retention of currently existing jobs.
3. At least 70% of employees work at the Chapel Hill facility for at least 60% of the time.
4. Preference is given to companies that pay a higher wage to the greatest number of new hires. (Perhaps \$50,000 and over)

Assistance Level -	Potential award	Minimum Jobs
	\$3,000 per job	100
	\$2,000 per job	75
	\$1,000 per job	50
	\$ 750 per job	20

Normal Return on Investment from net-new property taxes is generally within five (5) years; however the Elected Boards, as deemed appropriate, may extend the payback period up to a maximum of 10 years as permitted by N.C.G.S. 158-7.1. (Generally grant request should not be greater than 50% of the net-new property taxes generated.)

Location, retention or expansion of targeted businesses: Location, retention, or expansion of targeted office users including but not limited to technology-based businesses, advanced manufacturing or start-up business. (Type of business, number of employees, square feet occupancy may all be used to determine eligibility of this category.)

Incentive Request Approval Process:

The process for considering requests may vary depending on a project's specific needs. These steps are for general information.

1. Site visit with the Town Economic Officer.
2. Fact sheet/application and supporting documentation submittal by the applicant company. The Town reserves the right to request additional relevant supporting documentation to ensure minimum eligibility criteria are met as detailed in this policy.
3. The Economic Development Officer reviews application and determine level of eligibility and report to Town Manager.
4. All requests will require approval by the Town Council.

Amy Harvey

From: Jeanette Coffin
Sent: Wednesday, March 20, 2019 10:32 AM
To: John Christian
Cc: Ben Hitchings; Allen Buansi; Donna Bell; Hongbin Gu; Jeanne Brown; Jess Anderson; Karen Stegman; Lindsey Bineau; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Town Council; Amy Harvey; Carolyn Worsley; Catherine Lazorko; Flo Miller; Laura Selmer; Mary Jane Nirdlinger; Maurice Jones; Rae Buckley; Ralph Karpinos; Ross Tompkins; Sabrina Oliver
Subject: RE: Glen Lennox Performance Incentive Discussion

Thank you for your correspondence with the Town of Chapel Hill. The Mayor and Town Council are interested in what you have to say. By way of this email, I am forwarding your message to the Mayor and each of the Council Members, as well as to the appropriate staff person who may be able to assist in providing additional information or otherwise addressing your concerns.

If your email is related to a development application or a particular issue being addressed by the Council, your comments will be made part of the record. If applicable, we encourage you to attend any public meetings related to the items addressed in your email.

Again, thank you for your message.

Sincerely,

Jeanette Coffin



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[Town of Chapel Hill Manager's Office](#)
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From: John Christian [mailto:wego4@me.com]
Sent: Tuesday, March 19, 2019 9:32 PM
To: Town Council <mayorandcouncil@townofchapelhill.org>
Cc: Mary Jane Nirdlinger <mnirdlinger@townofchapelhill.org>; Susana L Dancy <president@southernvillage.org>; Maurice Jones <mjones@townofchapelhill.org>
Subject: Glen Lennox Performance Incentive Discussion

I was very concerned to see the proposal for the Council to "Consider a Glen Lennox Performance Incentive". The staff recommendation is for the Council to authorize the City Manager to negotiate a 2.5 Million incentive package for the Glen Lennox Project. It is scheduled for the March 20 Council meeting. What is the public benefit that would warrant the use of 2.5 Million dollars of public money for a private for-profit business development? I am also concerned about the apparent lack of transparency on this proposal. It is listed as an agenda item but to see the

true scope of it I had to click on “Draft Staff Presentation”. Is this how open government should run? Maybe I missed a public notice through another venue explaining this proposal.

I would urge the Council to not approve moving forward with the authorization to negotiate an agreement at this time until there are clear policy guidelines in place that will ensure there are demonstrable public benefits that will offset any incentive that is offered.

I am seeing a trend of the City of Chapel Hill to give away public resources to private developers without requiring a showing of public benefit or compensation. On a smaller scale, recent decisions by Council to extinguish some street and sidewalk ROW's (easements?) in Southern Village come to mind. The expansion of the Weaver Street Market and the future Lumina Theater expansion are examples. I understand that the City attorney has offered an opinion that the law does not require compensation for such actions to give away public resources. However the Council clearly has the authority to deny the request based on the public interest...and also to approve it with or without conditions. Those conditions could require actions to be taken that would compensate the public for the transfer of those resources that were paid for with tax dollars. In the above examples, public parking was lost to Market Square where there is already a parking problem during the day. The developer could have been required to offset the loss of those parking spaces by creating new public parking opportunities. That would have been fair compensation in my opinion.

This disturbing trend continues with the Councils recent approval to develop an agreement with Kidzu for building a facility on the 3 acres of the City property adjacent to the Southern Community Recreation area that I understand is worth 2 Million dollars. I understand that a lease arrangement is being considered. But is a hard building structure in a Community park setting the best public use of those 3 acres? Will the parking situation in the Park be worsened by this project? And while I understand Kidzu is a non- profit organization, what is the public benefit that will be served by allowing a private non-profit developer to use this public land? Also I would ask Council how this proposal fits into the Chapel Hill 2020 Focus Area Planning process. I would think that other recreational uses more compatible with the Community Park would be more appropriate.

I do have some suggestions for Council consideration:

1. The Council should develop policy guidelines and criteria for development incentives to ensure that there is adequate compensation and a long-term public interest benefit for the “financial incentive” or transfer or lease of public resources to private interests.
2. There should be adequate public notice to the public and time allowed for public comment. However, the Councils decision should not solely rely on public comment or lack thereof but should include the Councils own public interest determination based on established policy guidance and criteria.
3. A transparent decision document should be prepared that clearly outline the basis for approval of a development “incentive” or transfer of public property interest consistent with the Councils policy guidelines and criteria.

Thank you for listening

John Christian

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