

September 12, 2017

6:30 p.m.

Public Hearing CDBG Grant

The Town of Pink Hill held a public hearing on Tuesday, September 12, 2017 at 6:30 p.m. in the Town Hall Board Room. Present for the meeting were Mayor Carol Sykes, Commissioners Mike Hill, James Quinn and Penny Murphy, Town Attorney George Jenkins, and Town Clerk Kimberly Mitchell.

Visitors present for the public hearing were Rodney Scott, Susan Myers, Yvonne Deatherage, Jayne Zesiger, Al Rachide, Daniel White, Amber Heath, Bill Turner, Ben Knight, and Jennifer Scott.

Guest Speaker David Harris with RSM Harris Associates, Inc.

Mayor Sykes welcomed everyone and opened the public hearing and said it is relative to available funding from the 2017 NC Community Development Block Grant Program. She said I would like to open the public hearing and ask David Harris who is here and who is going to help us administer the grant and I would like for him to, if you don't mind come up here so Kim can get it on tape. Mayor Sykes said this is David Harris with David Harris & Associates and he has worked with us several times and everything has always come out good, so we are expecting the same David. He is a good fella and he does good work and thank you. David Harris said thank you Carol.

Mr. Harris said as Mayor Sykes has indicated the public hearing is to discuss the state's Community Development Block Grant Program (CDBG) which they receive money every year from housing and urban development. He said the process is two-fold: (1) there is a public hearing and it is held at the very beginning of the discussion and it outlines all the different categories of community development funding that is available in 2017; (2) second phase is if the town at any point during, where actually it is less than nine months or so, wants to apply under any one of the categories you will have a second public hearing. That public hearing is going to be specific to the project itself. It is going to be the activities, the budget, all of the guidelines and everything else that is associated with it. So the purpose of the hearing tonight is to just look at all the categories that are available and then at some point if the town wants to select one of those, and of course it will have a hearing with a lot more detail. A real quick overview, the state gets about \$40 million dollars a year. The majority of that money now, and it has been since 2013, goes into water and sewer infrastructure in small towns and the rural counties. It's about \$21 million dollars. For this year the state is going to make available, they have got it set aside for neighborhood revitalization program of \$10 million dollars which initially started out as neighborhood revitalization. In fact a category that the town has participated in many years ago and what they did was that has now been reprogrammed for Hurricane Matthew assistance and they are still working on the guidelines for that. So in fact as a result of this public hearing, if something comes available through that category of funding that could help the town; the town could consider it and have a public hearing specifically for that one project and consider it. Other funding that is available is about, well it's been reduced \$6 million dollars for economic development which was a program that towns participated in the past which is basically extending either water or sewer infrastructure to industries or renovations of existing facilities for businesses to locate and create jobs. Small category they still have is the small building reuse category for community development funds. This category is jobs based. In other words there does have to be jobs created in result of the building reuse. It is a matter of taking a vacant building in town and making improvements in it. The businesses that would locate there would commit to hiring x-number of people. Typically in the last several years most of the ones that were considered building reuse actually went to the Department of Commerce, who also has a state funding building reuse program where there is not as many restrictions and it is a little bit easier to work with than the HUD money. So as a result there has been some building reuse money. In fact they provide a list every year of the units of governments that

have paid back building reuse money because of the businesses that didn't create the jobs. That is why it is a small category of funding.

The last category, which the state is actually a pilot program for this year, is the state's broadband program where they will provide up to \$500,000 to a town or county to make improvements in a facility that would include having broadband available in that facility and then using that kind of as an opportunity for businesses to locate or services. It could be health services, it could be education services, or it could be businesses that would locate and take advantage of that broadband. Typically businesses that would need that high speed sort of broadband. So this particular grant of \$500,000 would do two things: (1) it would make that whole facility wired as well as wireless suitable for high speed internet broadband and it would make improvements to the building itself so that there would be an incentive for businesses, services, and etc. to dock out the building. There is not a jobs commitment where somebody has to employ x-number of jobs, you know at \$10,000 a job and if the job is not created, then the town has to pay the money back. It is really a in the rural areas it creates a location which is an incentive, hopefully a magnet, for services, businesses, or etc. The project goes in and it goes in with some specifics. In other words it is not a matter of okay build it and they will come and we never make these improvements so then we wait and see what happens. There would need to be some identified potential uses that fit within the community that could take advantage of such a facility. Again that grant funding is up to \$500,000 and because it is a pilot program they only make it available for communities this year. At this point through work that the mayor has done and so forth, they have sort of set aside the money and preselected four communities. One of those is Pink Hill and it is matter of all the communities are now putting together their proposals and their questions and that sort of thing. If it works out to where it is a program that would have potential statewide, then of course they will consider it. If not, then there will be at least four communities that will have a facility that is renovated and has got broadband service. So that is kind of how that works. Of course the reason I was called in that is a category that the town is looking at and it would be something that you now at this point to kind of move in that direction to see if it is feasible look at cost, look at possible occupancy, look at all the guidelines. Then if those details could be worked out, certainly since the town is sort of in the unique position of the state favoring a request from Pink Hill certainly we would want to probably submit... Mayor Sykes stated thank George Sherrill too. David Harris said do what? Mayor Sykes said thank George Sherrill too. David replied yes, sorry. He said the same state employee with economic development program that helped the town with both grants back decades ago and he has always remembered Pink Hill. He knows Pink Hill and helped kind of put Pink Hill at the forefront as far as the state. He is now the Chief of Staff for the Secretary of Commerce so he can help out a lot. David said that's the state's program and a little bit more detail about the broadband since that may be the kind of direction we are heading. But if these other categories hold potential, then the town may be looking at, and it is not limited to only apply in one category. I think the cap is like \$1.25 million and you are a long ways from that. This wouldn't take away in other words from another potential project if the town wanted to consider it. It would kind of supplement it. David said he would be glad to answer any questions or if anyone has any comments because that is what the purpose of this public hearing is for. Mayor Sykes stated please ask questions, why you here and why he is here. If you have got any, please it doesn't matter. They won't be dumb questions, just ask them.

Al Rachide said all these funds that are forty something million dollars would all go to municipalities directly and not directly to any private businesses. Is that right? David Harris said correct. They would go to units of local government either small towns under 50,000 or counties, what they consider the non-urban counties. Wake County and Mecklenburg County are considered urban counties under this particular program. There is no funding in it for either private or nonprofit, community action agencies, or any of those and this is directly from HUD and not from state. This is where HUD simply says it is a small cities program and goes through units of local government and it is their decision as to whether they partner with anyone else in any particular programs. He said like in the past we have had housing development categories where you could partner with a private or nonprofit and a developer to build an

affordable housing subdivision and those funds you could extend water and sewer. Well that private/nonprofit organization that does affordable housing isn't eligible for funding so it goes in partnership with the interlocal government. They are going to be the only conduit for HUD funding. Mayor Sykes asked if there was anybody else. Mayor Sykes said David we certainly do appreciate you coming and we will be in touch.

David Harris said one of the things and this is for the board and also people in the community is to have input into what are some of the services, uses, etc. that they would like to have and of course we could talk about the media center. So it is kind of like at this point, looking at all the different possibilities and then refining it down to okay what works in Pink Hill. I mean what do we really need, what would be opportunities that a renovated facility could provide, again whether that is business or service or both. It is not a huge building by any means but it certainly could support some possible multiple uses.

Susan Myers said we had over the past year a private group called the Technology Think Tank. We have had the Lieutenant Governor come. We have had the Department of Commerce come. A number of majority leader's came. The new president of LCC was there. The mayor came to some. Daniel was at one. George Collier was at some of them. We worked on three things. One of the things we worked on was trying to envision what the media center could be and some of the things we came up with was a co-working space available to businesses. You know what a co-working space is, so that people can come in and businesses can come in and get what they need high speed internet or individuals who are nurses who may not have it. The other one was having LCC have input in part of it and possibly managing the co-working space. And then there were other possibilities and there were other thoughts but those would have to be thought out. The two that were thought out very deeply were, oh three, the co-working space, the maker space, and LCC.

David Harris said the building could serve kind of as an incubator for startups or small businesses or something until they could get large enough to where they could get done with the facilities, or it is possible that there could be long term leases for particular businesses that the site works for them. It is either or and the typical incubator model which they have done a number of those that is really the startup to bring them in and then there is expectation after a number of years they will grow and move on and then the facility does. There is not that kind of requirement in the broadband program, so again that is where the community decides. If you wanted to make it almost kind of like a startup incubator thing you could structure it, or what you just described is just as feasible. It is what is needed in Pink Hill and what would be the most benefit that the Pink Hill citizens could get from it. From either the services, whether it is medical, education, or certainly some small businesses. I did want to point out that the purpose for a public hearing is not any action that is required of the board. This is just to get information out. Get everybody thinking and talking about it and then over the next course of weeks, months, or maybe longer depending on how or what the state's schedule is. If the project develops there would be additional meetings and of course there would be a public hearing. At that second public hearing there would be a formal resolution adopted, you know authorizing the mayor to sign documents to apply for x-amount of dollars for this project but tonight we will discuss it.

Daniel White asked Mr. Harris if there were any rules within the grant itself as far as how or management of that building or setup would that be, is that solely on the town? Is it part of that grant that it has to be a committee? How does that work as far as the management? Is it solely up to the town board? Mr. Harris said it is up to the town to establish what brainwork they prefer whether, and obviously the town is not the owner so the town would lease it from the Preservation Committee. And then in terms of the operation and how that is going to work, it is going to be up to the town. If it's such that the town wants to have a committee or commission or something to kind of oversee it or provide recommendations up to the town or the board takes and manages it like they do other towns or departments and so forth. They just do it

directly from here in a public meeting so there would be some input. The program doesn't dictate it. It's kind of what works out locally.

I want to make one final thing because this needs to be in the minutes. I forgot it but Pink Hill turned out to be a moot point. All of this funding I just mentioned whether it is water and sewer, whether it is economic development, etc. It is from housing and urban development. So the primary focus is going to be low moderate income people. If the town is extending a water line or sewer line down a street and people are tapped into that, then obviously those beneficiaries are going to be the ones that would be counted to meet that requirement. Their income would be checked to see if at least 51 percent of those, actually the state has a higher standard but HUD's is 51 percent. In the case of a facility or the case of a water tank, a treatment plant, or something that serves a community center or in the case of the media center it serves the whole community. I mean it is not limited to just the houses that surrounds it, it is the Town of Pink Hill. So what HUD and the state allows is to look at what's Pink Hill's low to moderate income percentage for 2017. It has to be at least 51 percent in order to be eligible otherwise we wouldn't be having this meeting at all because it is not like you just hand out income verification things for people coming in the door. It has to be established upfront and it is the town limits of Pink Hill. He said and we all know if it is a successful facility it is going to pull in other people. Mayor Sykes said yes but this is for the Town of Pink Hill. Mr. Harris said but for purposes of that requirement because the town is the applicant and it is going to be a town's sponsored facility. What's the town limits of Pink Hill? What's the low moderate income? He said every year HUD does this for every township, county, and town in the United States. For 2017 you are at 63 percent for low moderate income. Mayor Sykes asked for Pink Hill? Mr. Harris stated 63 percent and the income limits that are now established I try to think Lenoir County probably a family of four which is in low to moderate income is 80 percent of median household income for the county. He said 80 percent of median household income for a family of four I think is between 55 and 60 thousand. Now as far as the use of the facilities it is going to become a moot point but if the application, you know if the state simply looks at it and says okay. They look at the HUD tables you know more than 51 percent below the moderate income, check and then that is as far as it goes. Once that is approved you have met it and you don't have to go back and recertify it and if the project takes another fiscal year to complete, it doesn't matter what it would become it is on the application. So you satisfy that. That is a deal killer requirement so I just wanted to mention that. It is critical but the town satisfies it already and that is why you have crossed that hurdle, so now it is time to come up with a facility that will work for you. Mr. Harris asked if there were any questions.

Rodney Scott said and again I don't know how deeply you dug into the broadband grant and what we would be doing with technology center. There is the potential up to \$500,000. Does that all have to be used in the retrofit and outfit of the building or could any of it be used for ongoing expenses. Mr. Harris said no ongoing expenses, in fact that is not eligible under HUD. What would happen, though, is everyone always tries to cross the line when it comes to like equipment purchases. This is basically a bricks and mortar building. You can put in wiring, you can put in fixed plumbing, electrical, roof and windows, and make it more energy efficient. You can remove every bit of the asbestos that is in the facility and things like that. But there is some provisions for equipment that winds up being permanent, preferably any broadband kind of equipment would qualify under that, even though we all know it is only a few years when it becomes obsolete anyway and you have to get it changed out. That is considered equipment that is eligible, nothing that would be a rolling stock type of a thing and nothing that would be more of a supply nature that would be kind of be expendable and they aren't going to allow that at all. We always push the envelope for equipment because if it becomes a judgement call on behalf of the state but there can be some.... Now any kind of HVAC and things like it is just automatic. In terms of your uses they are going to require equipment, you know that kind of thing, and we will just have to see for example if you wanted to have it where you have got 3D copying capability, I couldn't tell you right now whether they would buy one of those things. It is certainly worth considering.

Susan Myers said she wanted to introduce Ben Knight. Ben Knight is co-owner of Chef & The Farmer and he was a key member of our Technology Think Tank. Mr. Harris introduced himself to Ben Knight. Susan said she also wanted to ask Mr. Harris if a 3D printer is for the maker space and for the co-working space. Would that fall under the eligible equipment? Mr. Harris said that is what I was saying. That is one of those that you make out a list and send it to them and you say hey this is what we would like to have. It is probably a gray area, I mean obviously it is a large purchase. It is not something you approve, like, and you move on but at the same time it is still portable but mobile. The town could decide to move it over here to town hall to use for their purposes and that wouldn't be allowed. Ben Knight asked so it is a fixed asset grant? Mr. Harris said anything that is fixed is ok but they allow some provisions for some equipment due to the nature of what you try to do with it. It is where you identify all the things that you want to have, you run it by the state, and they will just put a check or X beside it and that is it. There is no negotiation. Either there is or isn't and then you maximize the dollars.

Daniel said so to run itself the infrastructure would basically run the building but anything connected off of that because like a 3D printer for me, I assume would be a no based on what I know through our companies that we purchased. It goes into a different bucket capital wise. Mr. Harris replied yes and that would be up to the state. I might say since you brought up operational cost or equipment, it is worth discussing but there is well more than a half a million dollars' worth of renovations needed on that building, so any discussion of equipment may wind up being a moot point anyway. It would be in excess of \$500,000 so in this case you would decide what is going to be your priorities and you go from there. In other words you identify the priorities then you can make it operational and then some things you would just, you know plan B or plan C.

George Jenkins asked would something like solar panels, you think that would fit under. David said yes, if you wanted to get solar panels and renewable energy, I mean there is not an HVAC system there now and so if you wanted to consider that certainly it would be one of the alternatives you could get. You would have to buy one if you were going to put one in anyway, so if the town wanted to consider solar panels, then you could have an evaluation. You would have to have that now. You can say on the grant application we have got to replace the system for x-amount of dollars and we hope to be able to utilize solar panels for it. And then when you get the grant you actually get into the nuts and the bolts of evaluating the cost effectiveness of it and if it works fine and if it doesn't work there is not any down side. You know any money you don't put on solar panels, you are going to put on the HVAC system.

Mayor Sykes said thank you David for coming, appreciate it, and thank you for your help. David said I hope to see you again soon. Mayor Sykes replied you will. David said and nice to meet everybody.

Mayor Sykes asked to have a motion to close the public hearing. Commissioner Hill made a motion to close the public hearing. Mayor Sykes asked do we have a second. Commissioner Murphy seconded the motion. Mayor Sykes said all in favor say "Aye" and the motion carried unanimously.