

BUDGET AND FINANCE COMMITTEE

May 4, 1999

5:00 P.M.

The meeting of the Budget and Finance Committee was called to order by Councilman Hakeem, Chairman. Councilmen Taylor, Pierce, Eaves, Rutherford, Lively, and Franklin were also present. Councilwoman Hurley joined the meeting later. City Attorney Randall Nelson; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Beverly Johnson, Mayor Kinsey, Adm. Boney. and Janice Miller. Adm. Traugher joined the meeting later.

TAX INCENTIVE—SEABOARD FARMS OF CHATTANOOGA, INC.

Chairman Hakeem called on Steve Hiatt to introduce Tim Lawson with Seaboard. Mr. Hiatt stated that we were offering Seaboard an incentive package.

Mr. Lawson stated that he was glad to do this in Chattanooga; that Chattanooga had been good to their company. He stated that they employed 850 people. He explained that they were going to relocate their deboning process to the Norfolk Southern property and were trying to finish the acquisition. Mr. Lawson indicated that this would be a \$40 million project. He talked about their growers that grow live birds and also invest in their company at the rate of \$7.5 million. He mentioned 712 new jobs and went over other pertinent figures. He quoted a \$60 million increase in total sales. Mr. Lawson stated that their biggest resource is the availability of people, and they are very fortunate that the people in Chattanooga live close to where they work. He stated they would appreciate any consideration that could be given on a tax abatement, stating that they would be a good neighbor.

Chairman Hakeem expressed his appreciation for what Seaboard is doing by staying here.

Councilman Taylor asked what type of jobs we were looking at and also the pay scale. Mr. Lawson responded that they were not highly-skilled jobs; that they were looking internally first and trying to stay local. He stated there were 630 hourly jobs and up to 712 salaried and clerical jobs.

Councilman Eaves asked with these additional jobs, would they be bringing people in from a long way off? Mr. Lawson responded that he hoped that would not be the case; that they had located this expansion where there were already people; that they hoped to hire straight out of Chattanooga. Councilman Eaves stated that if anyone had spent any time in Dalton, this could be a problem. Mr. Lawson reiterated that they hired as many as they could out of Chattanooga.

Councilwoman Rutherford asked the percentage of Hispanics. Mr. Lawson responded 45%.

Councilman Taylor asked the timeframe. Mr. Lawson responded that it would be stair-stepped; that they hoped to finish one project in October and would need something else as late as September of 2000.

On motion of Councilwoman Rutherford, seconded by Councilman Lively, this will be recommended to the full Council.

Chairman Hakeem recognized the presence of Denise Wilson, a new employee of the Chamber of Commerce, who will call on companies. It was pointed out that she will be working with Seaboard.

CHATTANOOGA AFRICAN -AMERICAN CHAMBER OF COMMERCE

Councilman Hakeem stated that we would now have a presentation to be made to the committee by representatives of a group of citizens who were concerned about enhancing job opportunities and putting a focus on African-American business development. He stated that this was not an effort to be divisive; that when African-American business people come to the table, they want to feel part of the process.

Ms. Gilchrist-Ward went over the Task Force members, who included Bertha Seals, Sherrie Gilchrist-Ward, Elijah Cameron, Carolyn Jones, Dan Anderson, John Taylor, Duke Franklin, Gerald Mason, Warren Logan, and Lamar Partridge. Ms. Gilchrist-Ward then called on Bertha Seals for comments.

Ms. Seals stated that this issue surfaced in November of 1997, out of a trip to Washington, D.C. by the African Advisory Committee for the Federalism Conference for Congressman Wamp. She stated they talked about the high-speed railway, Chickamauga Dam Lock Replacement, etc. She noted that money would be coming into Chattanooga for economic development, and they wanted to be sure Black people would be included in this. She mentioned what this could mean to Chattanooga and to the African-American Business community. Ms. Seals stated that their first meeting was in January of 1998; that they needed some kind of entity to do what they thought needed to be done and the African-American Chamber surfaced. She mentioned what she thought they could contribute here in Chattanooga. She noted that everyone had rallied behind this idea, and it was not a small undertaking; that they had spent 18 months on this; that they had visited other Chambers in cities such as Cincinnati, Miami, Charleston, Philadelphia, and Baltimore. She stated they wanted to know how these chambers started and what the economic impact was. Ms. Seals stated that the Task Force members had raised \$20,000.00; that they had a highly respected consultant from Atlanta and time and resources were invested; that they had put a lot of thought into this. She reiterated that they did not want to be divisive; that they felt that an

African-American Chamber would bring us to the point where we need to be. She stated that she hoped the Council would award funding to their effort; that they had put 18 months and \$20,000.00 into this project up to this point; that it was not a fly-by-night idea, and they wanted to see this come to fruition.

Sherrie Gilchrist-Ward gave a power point presentation at this point. She went over current concerns about minority participation. She stated there was a need in this community for this organization to build partnerships between majorities and minorities. She stated their mission would be a commitment to economic empowerment of the African American Community. She stated this would be accomplished through advocacy, education, public and private partnerships and facilitating access to resources. Ms. Gilchrist-Ward stated that in identifying problems, trust is a major concern.; that awareness of services is the most repeated complaint; that there is an unclear service flow problem for many. She mentioned frustration over who to see and how to get information to the proper sources. She stated there was never a smooth transition and everyone knows that “time is money”. Ms. Gilchrist-Ward noted that economic development affects the entire community and that 35% of African-Americans earn less than \$10,000 a year. She noted that the aquarium was an inclusive project, but this trend has not continued; that they hoped for a One-Stop Shopping System to serve as a Central Information source. She explained that the system is fragmented today and communication lines are broken; that an African-American Chamber would assist growing businesses and direct them to the proper agencies. She explained that they wanted to promote new and existing minority businesses through education and prepare them for new ventures through growth opportunity.

Ms. Gilchrist-Ward touched on the Bylaws, mentioning that the Board of Directors would ask for a nomination from the following: Representative from the City and County; Majority Chamber; and a State Representative. She explained that there would be company representatives from Blue Cross-Blue Shield, Provident, T.U. Parks, Mueller Co., and CARTA. She noted that there would be three-year terms for Board Members.

Ms. Gilchrist-Ward mentioned the sense of urgency in identifying African-American businesses who meet qualification in regards to a \$100 million construction program that will begin in September. She stated that they were asking the local governments to come up with \$150,000.00 to fund this project; that the county could not commit their \$75,000 until they see whether there is going to be a tax increase. She stated they were asking the City for \$75,000.00 and also for the City to place \$75,000.00 in reserve for a good faith effort.

Ms. Gilchrist-Ward used an analogy of a giraffe’s house to illustrate a point about “widening our vision” and “increasing wealth for everyone”. This concluded her presentation.

Chairman Hakeem stated that Ms. Gilchrist-Ward was the Interim Executive Director. He reiterated that this was not being done out of hostility—that it was more of a partnership.

Councilwoman Rutherford asked when this would be on the agenda. Chairman Hakeem stated it could be within two weeks.

Councilman Lively stated that a Chamber of Commerce is self-financed through dues from members; that it is through numbers that it is even able to operate.

Mr. Kennedy, Director of the Chamber of Commerce, stated that was getting ready to change; that they need public funds to drive economic development; that it is a membership-driven organization.

Councilman Lively stated you have to do business with people who have money; that he felt African-Americans should be part of the Chamber of Commerce and not fragmented out. He stated that strength lies in numbers.

Chairman Hakeem explained that this was an effort to afford African-Americans a chance to be in the position of leadership; that this produces a focus and not a separation; that the Chambers could be in the same building; that it was not a separatist effort.

Councilman Lively stated that dues from the membership is how it will exist.

Chairman Hakeem pointed out that CIC no longer exists.

Councilman Pierce stated he was not for sure that the African-American Chamber has the 501 Charter; that this could cause a problem in that we might not have the authority to provide funds.

Attorney Nelson stated he understood they were in the process of getting this Charter. He explained that it has to be non-profit.

Chairman Hakeem asked Attorney Nelson if he would put down on paper what is needed, and he responded that he would.

Mayor Kinsey stated that the 501 C-3 might already be in existence. He proceeded to share with the committee his perspective. He stated that we need to expand our efforts; that CIC is not working; that construction is a hard field to break into. He stated he applauded the African-Americans for stepping up to a point where he thought they could make a difference; that he applauded the efforts of the Chamber to embrace this; that African-American businesses need to grow, and he had high hopes for this.

Gerald Mason stated that this was not a splinter organization; that they had to work with their constituents and show that they are willing to pay the price and put their own money up; that they hoped to gain \$50,000 to \$75,000 through their membership. He reiterated that this was not a separatist effort; that it would help Chattanooga and Hamilton County. He stated that this was not a disgruntled effort; that they started out with the Chamber and declared their position up front, and they understood. He reiterated that this would be good for Chattanooga and was not a splinter group and not divisive in this community. He stated this was the “real thing”; that they wanted to be self-sufficient and had worked very hard with Mr. Kennedy and his organization; that they would make the same presentation to the County on May 12th. He stated they were not asking for a hand-out but a hand-up.

Chairman Hakeem asked Jim Kennedy for his thoughts on this.

Mr. Kennedy stated he heard of this in Leadership Chattanooga where the plan was unveiled by Councilman Taylor. He stated he was not involved in early discussions but understood what had been said about lack of trust. He stated the lack of trust had been borne out of history. He stated that Harold Chandler had been involved in this. He stated he would try to articulate his position—that if he had his “druthers”, this was not the way it would be established; that it would be a branch of the majority Chamber and would work that way; however, he stated, Gerald Mason and others had articulated a case for him that this was not feasible to achieve and this was envisioned to achieve their goals. He stated that he had come to understand this and accept it; that it was going to take a lot of work on his part, Sherrie’s part, and the community to make sure this is a mutually beneficial process and one day he hoped to put these two chambers together. He stated the two organizations would need to continue to work diligently to come together, and it would take a lot of commitment. He stated the Chamber was supportive of whatever initiatives it takes to engage the minority community.

Councilman Franklin stated that he had attended the last two meetings; that Mr. Kennedy had mentioned the possibility of shared services in the Civic Forum. He stated he thought this would be conducive from a relationship viewpoint; that he thought this initiative had a lot of merit. He stated there were still some things to be worked out, but he felt it was a good idea; that they had a step-by-step process of where they wanted to go; that he thought it was a good idea that would ultimately be a tool to make all inclusive where everyone could gain. He stated he would shoot down the conception of this being divisive.

Councilwoman Hurley stated that Dan Anderson talked to her, and he made his case exceptionally well; that the future of this community is contingent upon a strong African-American middle class and a strong White middle class; that we need more entrepreneurs like Dan Anderson and Carolyn Jones. She stated if the group felt this could be accomplished, then we should support this. She stated she wished we were color-blind and could question why we need two concentrations but thought it was worth an effort, and she would support it.

Councilman Eaves stated that a separate entity was okay but questioned if any thought had been given as to how many people will actively support this.

Ms. Gilchrist-Ward stated they had not been able to meet with Councilmen Eaves, Lively, and Crockett; that they had discussed with the others how they planned to get this entity to work within its budget.

Chairman Hakeem mentioned the membership structure and availability, stating that we could get a Book of Black Businesses from Veronica Young.

Councilman Pierce stated he guessed he was the oddball in this process; that he did not agree with the name; that we are talking about separation and it sets African-Americans apart; that he instinctively would not support anything that the Council did not bring to the table themselves and ask taxpayers to pay for it. He stated the County was not included at first but now this had been accomplished. He stated he would vote for this reluctantly, but noted this would be monitored. He stated they were to be self-supporting in three years; that we would hold Mr. Mason to his commitment. He stated he was not trying to hide and was caught completely offguard, but he would hope for the best.

Chairman Hakeem stated they could not be upset if people were looking over their shoulder; that there would have to be some monitoring.

Mr. Mason stated they did not have their hands out and bringing nothing to the table; that they had something at stake with their own money; that they had already put up \$20,000; that there would be a lot of internal and external accountability.

Attorney Nelson asked if they would be getting the application in the name of the Urban League or the new Chamber; that all organizations are treated equally and funds are monitored. He stated the application should be filled out before it is publicly acted on.

Chairman Hakeem stated that they wished for this to come up in two weeks and questioned Ms. Gilchrist-Ward if this would be enough time for her to get the paperwork done. She indicated that she thought she could do this.

Councilwoman Rutherford stated that in the years she had been on the Council she had voted always to help minorities, but she would not vote for this; that she felt it was a giant leap backwards; that she did not believe in "separate and equal"; that she would work for this to be a branch of the Chamber of Commerce and would support economic development money being designated. She stated she felt strongly that this is divisive and will be viewed this way. She stated she thought the real issue was much deeper; that the trust factor was what she was hearing. She stated she thought this should be talked about. She stated she would not want this if it were totally funded from private funds and certainly not public funds.

Councilman Eaves questioned if this was a fragmentation of Urban League goals; that it was his understanding that this was what the Urban League was for.

WATER COMPANY UPDATE

Mr. Hays asked that the Mayor be allowed to update the Council at this time.

Mayor Kinsey stated he wanted to let everyone know what was happening with the Water Co.; that he had just held a press conference and the Council would have packets when they arrived at the Council meeting. He stated he had conversations with the Water Co. in March and now they were trying to characterize that he had “crafted” this. He reiterated that he was interested in providing savings for the community. He stated he wanted to mention this to the Council before they saw the packets.

The meeting adjourned at 5:45 P.M.