City of High Point

Municipal Office Building
211 South Hamilton Street
High Point, NC 27261

Meeting Minutes

Monday, February 2, 2009

4:45:00 PM

Council Chambers

Rebecca R. Smothers, Mayor
William S. Bencini, Mayor Pro Tem
Latimer B. Alexander, IV, Mary Lou Blakeney,
Foster Douglas, John Faircloth, Michael D. Pugh,
Bernita Sims, M. Christopher Whitley

ROLL CALL, PRAYER, PLEDGE OF ALLEGIANCE

Upon call of the roll, Mayor Rebecca R. Smothers; Mayor Pro Tem M. Christopher Whitley, and Council Members Latimer B. Alexander, IV, William S. "Bill" Bencini, Jr., Mary Lou Andrews Blakeney, Foster Douglas, John Faircloth; Michael D. Pugh; Bernita Sims; were present.

Mayor Smothers offered the invocation; the Pledge of Allegiance followed.

Present: Mayor Smothers, Council Member Bencini, Council Member Alexander, Council Member Sims, Council Member Blakeney, Council Member Douglas, Council Member Faircloth, Council Member Pugh and Council Member Whitley

At the conclusion of the Committee of the Whole Session, and after all matters were heard by Council, motion was made by Council Member Alexander, seconded by Council Member Sims to suspend the rules in order to take final action on these matters at tonight's meeting. The motion carried unanimously. [9-0 vote]

Motion was then made by Council Member Whitley, seconded by Council Member Alexander that all Committee recommendations stand as final action regarding these matters. The motion carried unanimously. [9-0 vote]

Note: As a result of this action, there is no need for the Thursday morning meeting.

The minutes of the following meetings were unanimously approved as submitted upon motion by Mayor Pro Tem Bencini and second by Council Member Sims.

Combined Meeting held Tuesday, January 20th @ 4:45/5:30 p.m.

PRESENTATION OF ITEMS

FINANCE COMMITTEE - Council Member Whitley, Chair
Committee Members: Bencini, Douglas and Alexander

(all were present)

090020 Council is requested to adopt an authorizing resolution designating the City Manager as the official authorized to enter into a contract with the North Carolina Department of Transportation (NCDOT) and execute all agreements and contracts relating to the Grant Agreement for the Transit Operations Center Expansion Project.

The Committee recommended this matter be placed on Thursday's Agenda with a favorable recommendation for adoption.

Adopted resolution designating the City Manager as the official authorized to enter into a contract with the North Carolina Department of Transportation and execute all agreements and contracts relating to the Grant Agreement for the Transit Operations Center Expansion Project.

Resolution No. 1479/09-07 Introduced 02/02/09
Adopted 02/02/09
Resolution Book Volume XVI, Page 121

A motion was made by Council Member Whitley, seconded by Council Member Alexander, that this matter be adopted. The motion carried unanimously.

PUBLIC SAFETY COMMITTEE - Council Member Faircloth, Chair
Committee Members: Douglas, Pugh and Alexander

(all were present)

080300 Council is requested to adopt an amendment to the High Point Code of Ordinances to create a new Section 12-1-15, Article 12, Chapter 1 entitled Presence of Registered Sex Offenders in City parks and City recreation centers prohibited.

Chairman Faircloth moved to suspend the rules so this matter could be brought out of committee and acted on. Council Member Alexander made a second which carried unanimously.

Chairman Faircloth explained that the Public Safety Committee met around the first of January and after hearing a presentation from legal counsel as well as police department, questions were raised as to how the Parks & Recreation Commission wanted to proceed since State statutes were now in place that would basically do what the city's proposed ordinance would have done. The matter was taken before the Parks & Recreation Commission and they decided that the state's legislation should be sufficient and recommended the city's ordinance be removed from the agenda for further consideration, but that the parks be properly signed. Chairman Faircloth asked JoAnne Carlyle, Assistant City Attorney to update Council at this time.

Ms. Carlyle reported that the signage would contain a general, generic reference to the state ordinance while being enforced by the City of High Point. She noted that staff would like to take down some of the signs already existing since they need to be replaced and possibly add some additional language to them. She explained that since this was a relatively new statute, it would more than likely need to be tweaked and changes so it would be better if reference is not made to a specific statute. In addition to the existing language that references alcoholic beverages, firearms, weapons, etc..... some language would be added that the City of High Point enforces the laws as they apply to the refistered sex offenders and their entrance into the parks.

Council Member Pugh asked if any of the ordinances have been removed by the municipalities who have already adopted local ordinances. Ms. Carlyle replied not to her knowledge, but most of those were ones that were adopted prior to Jessica's law becoming law in North Carolina. Additionally, Ms. Carlyle reported that many of those ordinance contain existing language within them that reference a certain date or left it vague as to no date and included a statement that once it became state law, that thos eportions of their ordinance would no longer be enacted.

Council Member Sims asked for clarification if sex offenders would not be allowed at all in the parks, or only in the case where children are present. Ms. Carlyle explained the law was very specific as to the areas and the way it definites it and is geared towards minors and their protection. Ms. Sims pointed out there are occasions where the city might use the public parks for meetings or have activities at the community centers. Ms. Carlyle clarified that the law is very specific and does provide for exceptions for certain scenarios such as whenever they have voting rights or attendance at public meetings.

A brief discussion followed regarding the verbiage for the signage. Council asked staff to make them aware of the sign language once it's developed.

The Committee recommended this matter be removed from the Agenda from further consideration at this time.

Matter removed from the Agenda.

A motion was made by Member Faircloth, seconded by Council Member Alexander, that this matter be removed. The motion carried unanimously.

PUBLIC SERVICES COMMITTEE - Council Member Sims, Chair
Commmittee Members: Blakeney, Faircloth, Whitley and Alexander

(all were present)

There were no matters on tonight's Agenda for consideration by the Public Services Committee.

PLANNING & DEVELOPMENT COMMITTEE - Council Member Bencini, Chair
Committee Members: Blakeney, Pugh, Sims and Faircloth

(all were present)

090021 Approval of a resolution of intent that establishes a public hearing date of Monday, April 6, 2009 at 5:30 p.m. to consider a request by the Technical Review Committee to abandon the unimproved portion of right of way known as southview Street and Prinston Street, lying east of Bennett Place, between Starr Drive and Amhurst Avenue.

The Committee recommended this matter be placed on Thursday's Agenda with a favorable recommendation for adoption.

Adopted Resolution of Intent establishing the date of Monday, April 6, 2009 at 5:30 p.m. as the date and time to consider a request by the TRC to abandon the unimproved portion of right-of-way known as Southview Street and Prinston Street, lying east of Bennett Place, between Starr Drive and Amhurst Avenue.

Resolution No. 1480/09-08 Introduced 02/02/09
Adopted 02/02/09
Resolution Book Volume XVI, Page 122

A motion was made by Mayor Pro Tem Bencini, seconded by Council Member Sims, that this matter be adopted. The motion carried unanimously.

090022 Approval of a resolution of intent that establishes a public hearing date of Monday, April 6, 2009 at 5:30 p.m. to consider a request by the Technical Review Committee to abandon the unimproved portion of right of way known as Moffitt Drive, lying north of Welch Drive, between Druid Street and Snider Street.

The Committee recommended this matter be placed on Thursday's Agenda with a favorable recommendation for adoption.

Adopted Resolution of Intent establishing the date of Monday, April 6, 2009 at 5:30 p.m. as the date and time to consider a request by the TRC to abandon an unimproved portion of right-of-way known as Moffitt Drive, lying north of Welch Drive, between Druid Street and Snider Street.

Resolution No. 1481/09-09 Introduced 02/02/09
Adopted 02/02/09
Resolution Book Volume XVI, Page 123

A motion was made by Mayor Pro Tem Bencini, seconded by Council Member Sims, that this matter be adopted. The motion carried unanimously.

090023 Approval of a resolution of intent that establishes a public hearing date of Monday, April 6, 2009 at 5:30 p.m. to consider a request by the Technical Review Committee to abandon an improved portion of right of way known as Beddington Street, lying west of Woodbine Street, between Blake Avenue and West Market Center Drive.

The Committee recommended this matter be placed on Thursday's Agenda with a favorable recommendation for adoption.

Adopted Resolution of Intent establishing the date of Monday, April 6, 2009 at 5:30 p.m. as the date and time to consider a request by the TRC to abandon an improved portion of right-of-way known as Beddington Street, lying west of Woodbine Street, between Blake Avenue and West Market Center Drive.

Resolution No. 1482/09-10 Introduced 02/02/09
Adopted 02/02/09
Resolution Book Volume XVI, Page 124

A motion was made by Mayor Pro Tem Bencini, seconded by Council Member Sims, that this matter be adopted. The motion carried unanimously.

090024 Council is requested to confirm the following appointments:

Board of Adjustment (Alternate) - Appointment of Harry Rowsey. Appointment to be effective immediately and will expire 7/1/2012.

Housing Authority Board - Reappointment of Mary Brown. Appointment to be effective immediately and will expire 12/22/13.

Upon motion by Council Member Sims, second by Council Member Faircloth to appoint Harry Rowsey as an alternate to the Board of Adjustment. The motion carried unanimously. Appointment to be effective immediately and will expire July 1, 2012.

Upon motion by Council Member Pugh, second by Council Member Blakeney, Mary Brown was unanimously reappointed to the Housing Authority. Appointment effective immediately and will expire 12/22/2013.

A motion was made by Council Member Sims, seconded by Member Faircloth, that this matter be approved. The motion carried unanimously.

At 5:05 p.m., Council recessed for ten minutes and reconvened at 5:15 p.m.

Martha Stewart, President Elect for the High Point Mental Health Association, distributed a brochure about the Mental Health Association in High Point. She also introduced Linda Myers, Past President (both are volunteers). Ms. Stewart proceeded to share a brief history of the non-profit organization: their purpose, who they serve, how they're funded as well as the types of services they provide in this area. She pointed out that although they are affiliated with the state and national Mental Health Association, they receive no funding from them.

The High Point Mental Health Association's goal is to provide the best therapeutic and rehabilitative services to adults over 21 in High Point who suffer from mental illnesses. Ms. Stewart stressed that they are not a medical arm for the mentally ill; the doctors and medications are administered through the Guilford Center and are private. The High Point MHA served 192 clients in 2007-2008 and some of the programs they offer include: psycho-social rehabilitation, support groups, supported employment and community support services, etc... Ms. Steward advised Council that the psycho-social rehab and supportive employment they provide is the only portal for these services in High Point.

The High Point MHA is funded partly as a United Way Agency, private contributors and private foundation grants. Additionally, they operate a market sample store as a work rehab center, but it makes no profit and is subjected to the slow, economic picture in retail today. They also have one or more fundraisers a year and are funded by a fee for service through Medicaid. Ms. Steward identified the following things that they need: maintaining and improving their facility, a new computer system, growing their programs offered, community awareness, funding to meet their monthly budget so the services they provide can be continued, salaries for ten full-time staff members, etc....

Council Member Pugh asked if the services they offer are open to anyone that comes in. Ms. Stewart replied they are, but there's certain criteria and acceptance would be determined upon a clinical basis as to where they might qualify and fit into their group of programs. Council Member Sims asked if there were any other organizations in High Point that also offer the same services provided by the High Point MHA and what would happen if they're no longer able to provide these services. Ms. Stewart responded by stating that they are the only portal for supportive employment in High Point and should they not be able to provide services, the best case scenario would be for the clients to be placed in a rest or group home with the worst-case scenario being homelessness. Council Member Blakeney asked if all their patients are referred by medical people or if they can be self-referred. Ms. Stewart noted that anyone could call the MHA and ask for a referral.

Mayor Smothers noted that the High Point Mental Health Association has been a *very strong organization and has contributed so much in the High Point community for over 30 years. She also inquired about the process they use for tracking population. Ms. Stewart explained that they have recently finished their trend report for the 2007-2008 year and would be glad to make it available.*

Mayor Smothers thanked Ms. Stewart for her comments and asked if there was anyone else present who would like to address Council during the Public Comment period. There being none, the public comment period was closed.

PUBLIC HEARINGS ON ITEMS

090025 Monday, February 2, 2009 at 5:30 p.m. is the date established to receive public comments on adopting a resolution concerning expenditures by the City of High Point on proposed economic development incentives of up to $100,000, associated with the proposed expansion of Schnadig International Corporation at 4200 Tudor Lane.

The public hearing regarding this matter was held on Monday, February 2, 2009 at 5:30 p.m.

Loren Hill, President of High Point Economic Development Corporation, brought a $100,000 incentives request to Council for their consideration from Schnadig International Corporation. Schnadig is a US furniture company that was recently purchased on January 5th by Chinese-based Markor International. Industry veteran, Jeff Young, has been named the Chairman and CEO of Schnadig. The site they are interested in if they choose to expand in High Point is located at 4200 Tudor Lane in the Piedmont Center part of High Point (office, warehousing and manufacturing operations). They currently have a sales and product development office on Eastchester Drive in High Point, but their main office is located in Chicago, Illinois with warehousing operations in Mississippi. The 70 jobs that are proposed with the expansion would include senior management, sales, product development, manufacturing, customer service, accounting, credit operations, warehouse management and IT and will be phased in from the current first quarter of 2009 through 2012 (average wage for year one positions would be approximately $75,000 (management positions); years two through four would be about $30,000 (office, warehousing and manufacturing positions). Additionally, should Schnadig choose High Point, they would add approximately $1,000,000 to the city's tax base in IT, hardware, systems, machinery and equipment, furniture, fixtures and building and showroom upfit improvements. The incentives would be paid in four installments and the company is expected to announce its decision within the next several days.

Following the presentation, Mr. Hill introduced Mr. Brian Millison, Vice President of Operations for Schnadig.

Mr. Millison gave a quick history on the company. Schnadig has been around for some 50+ years as an upholstery company of which it has pretty much centered around manufacturing in the northern part of the United States and also in Mississippi. He noted that Schnadig has been a leader as far as design and different unique looks in upholstery. Mr. Millison shared that Schnadig was recently purchased on January 5th by Markor International in China in an effort to combine the strength of the Schnadig brand name with the manufacturing capabilities and resources that Markor currently has. Mr. Millison shared excitement of combining a manufacturer with the marketing arm in the United States and the future potential to reestablish the Schnadig branch since it has been several years since the company has seen sales growth.

He indicated that Schnadig is definitely interested in the City of High Point since it is the Furniture Capital of the World and asked for Council's positive consideration in granting the incentives they are seeking. He stated that Markor and Schnadig have made a commitment even in this economical downturn as far as incoming orders and a greater commitment to invest in the right areas so that they can enjoy future growth. He explained that in future operations, they plan to have *a larger warehouse operation and reiterated their plans to look at manufacturing down the road--especially in the upholstery area. by offering different options and getting back to more of a unique product offering.*

Council Member Alexander asked about the methods of distributing their products and Mr. Millison mentioned direct container shipments where the product is shipped directly from China to the west or east coast then the container is sent directly to the retailer bypassing a normal, United States warehouse stocking position. However, he stated with the current times, they have noticed an uptick of customers asking for more choices in the United States stocking warehouse because of the disadvantages to retailers going completely direct container which also has some hidden costs. Schnadig feels that the future of the United States warehousing is still very viable, but they plan to stock a higher percentage of their product in the US warehouse.

Council Member Faircloth asked Mr. Millison to identify the value of their company being in close proximity to the Furniture Market in High Point and what part the airport improvements and interstate highway connections played in their decision. Mr. Millison responded by stating it was absolutely a positive move due to the potential close connection to customers when they come to the Furniture Market in High Point. He added that the airport and highway connections definitely played an important role in their decision because they offer come advantages to get into High Point to the locations they are considering.

Mayor Pro Tem Bencini inquired about other locations Schnadig might be considering in North Carolina. Mr. Millison replied that they are also considering a warehouse in Forsyth County and are also looking at another option on the west coast. Mayor Pro Tem Bencini asked Mr. Millison if the facility under consideration in Forsyth County as ready for them to immediately start making upholstery furniture and Mr. Millison replied in the affirmative.

Council Member Pugh asked Mr. Millison to confirm that most of the manufacturing was in China and Mr. Millison noted he didn't have these statistics with him, but that a lot of the case good manufacturing was in the Asian Pacific realm. Council Member Pugh asked if the jobs from this area were basically moved to China. Mr. Millison explained he could not make such a carte' blanche statement as such.

Council Member Sims inquired about demographic information for Schnadig and Markor and Mr. Millison noted he didn't have this specific information with him, but he could get the information since Markor is a public company in China. Council Member Blakeney asked if High Point would be an off-site manufacturing site versus China and what percentage, if any, would be moving back to the United States. Mr. Millison indicated that it was hard to say, but it was still faster to make custom furniture in the United States than to import from overseas.

Council Member Sims asked how important the economic incentive was to Schnadig's decision-making process. Mr. Millison replied it was extremely important to them and explained they have a substantial amount of costs in 2009 (transition, restructuring, training, cost to move the furniture, tremendous amount of cash outlay, etc....). Council Member Sims also inquired about the initial cost estimates for the first year start-up. Mr. Millison explained he didn't have the exact figures, but that a substantial amount of money would be required. Council Member Douglas asked how long it would take for them to phase in the 70 jobs and if they would be transferring the employees from their existing company. Mr. Millison replied the jobs would be phased in over a four-year period and noted they have no plans to transfer employees, most would be new hires from this area. ?????????

Council Member Faircloth felt it was important for staff to share some of the economic impact facts on what this would bring to High Point should the incentives be approved. Mr. Hill explained he didn't have these figures with him, but they are anticipating adding approximately $1,000,000 to the city's tax base, plus the utilities that would also be factored in. Mr. Hill added that this information is traditionally gathered and recorded after a company has been authorized for incentives from Council.

Brian Casey, President of the High Point Market Authority, spoke in favor of the incentive request. He explained that anytime an organization looks at High Point to move its operations here, it puts High Point at a much more competitive advantage against other markets. He stated that the strength of the market is as strong as the industry support that the city gets coming into this area and hoped Council would provide strong consideration in supporting Schnadig's request because it would help the Furniture Market long-term to sustain its leadership in the world's home for home furnishings.

Council Member Whitley pointed out the site would have a Greensboro address and asked if they were aware of the city's policy about the address. Mr. Hill replied that he would definitely let them know if the incentives are authorized, then they would be required to get a post office box or otherwise have a High Point address.

Mayor Smothers asked if anyone else was present who would like to comment. There being none, the public hearing was declared closed.

Council Member Blakeney moved that economic incentives in an amount up to $100,000 be authorized for Schnadig International Corporation at 4200 Tudor Lane. Council Member Alexander made a second to the motion.

For further discussion, Council Member Sims announced that although she's happy Schnadig is considering High Point for their expansion, she would not be able to support their incentive request until the city's economic incentive policy is *revised. Council Member Pugh concurred with Council Member Sims and expressed concerns that this would not be helping the folks in the Core City and commented that if the money is coming out of the electric fund, then it would have the potential of increasing the electric rates which would put a burden on folks with fixed incomes that are struggling just to pay their utility bills. He stated he was also bothered by the China implication and could not in good faith support their request either. Council Member Faircloth disagreed and felt the $100,000 they are seeking would be magnified many times over if the company is successful. Mayor Smothers felt as we approach a 9% unemployment rate, there would be a lot of people who would certainly welcome an opportunity to compete for one of the jobs that would be created and that she would support their request.*

There being no further comments, Mayor Smothers called for a vote on the motion to authorize the $100,000 in economic incentives as requested by Schnadig. The motion carried by a 5-4 vote as follows:

Resolution No. 1483/09-11 *Introduced 02/02/09*
Adopted 02/02/09
Resolution Book Volume XVI, Page 125

A motion was made by Member Blakeney, seconded by Council Member Alexander, that this matter be adopted. The motion carried by the following vote:

Votes: Aye: Mayor Smothers, Council Member Alexander, Council Member Blakeney, Council Member Faircloth and Council Member Whitley
Nay: Council Member Bencini, Council Member Sims, Council Member Douglas and Council Member Pugh

Special Recognitions:

Mayor Smothers presented Dusty Leonard with a plaque recognizing him for his eight years of service on the Board of Adjusment and to George Holbrook for his seven years of service on the Planning & Zoning Commission.

ADJOURNMENT

There being no further business to come before Council, the meeting adjourned at 6:00 p.m. upon motion duly made and seconded.

Respectfully Submitted,

Rebecca R. Smothers, Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk