



**MINUTES OF THE CITY OF BURLINGTON
CITY COUNCIL WORK SESSION
Monday, January 14, 2019**

The City Council of the City of Burlington held a regularly scheduled work session in the Municipal Conference Room, 425 South Lexington Avenue, Burlington, N.C., on January 14, 2019, at 5:00 p.m.

Council Members Present:

Mayor Ian Baltutis
Mayor Pro Tem Kathy Hykes
Council Member Robert Ward
Council Member James Butler
Council Member Harold Owen

Council Members Absent: None

Staff Present:

City Manager, Hardin Watkins
City Attorney, David Huffman
City Clerk, Renee Ward

Rachel Kelly, Nolan Kirkman, Bob Patterson, Peggy Reece, Peter Bishop, Todd Lambert, Mike Nunn, Lisa Wolff

Media Present: Kate Croxton, Times-News, Tomas Murawksi, Alamance News

A. Auditors Report – FY 2017-2018

Presented by:

Peggy Reece, Finance and Risk Management Director
Patricia Rhodes, Partner, Stout Stuart McGowen & King, LLP

Director of Finance and Risk Management, Peggy Reece introduced Ms. Patricia Rhodes and Mr. Tom McGowen, of Stout, Stuart, McGowen & King, LLP.

Ms. Patricia Rhodes stated this is an opportunity to discuss the audit report for June 30, 2018 and stated the auditors work for Council. She stated the Comprehensive Annual Financial Report (CAFR) was prepared by the City of Burlington Finance Staff.

Ms. Rhodes pointed out that the Government Finance Officers Association awarded the Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2017; marking the nineteenth consecutive year the award has been received by the City of Burlington, which is a great accomplishment.

Ms. Rhodes stated as read in the opinion letter, the auditor’s opinion on the financial statements is an unmodified opinion, which is the best and cleanest opinion that can be received.

Ms. Rhodes reported there were no difficulties performing the audit, and that there were no material disagreements with management and thanked the City Council and City staff for their assistance to them during the audit.

B. Economic Development Quarterly Update

Presented by:

Peter Bishop, Economic Development Director

Economic Development Director, Peter Bishop reported on recent economic development, business- and growth-related activities, including updates to ongoing projects.

Mr. Bishop shared that unemployment in Burlington has dropped from 4.6% to 3.2% and the City of Burlington continues to grow with almost 55,000 people, better than 7% since the 2010 Census. He stated there are almost 70,000 people in Burlington in a given day with workers and visitors coming in the area and there’s 40,000 jobs in the City of Burlington. He reported that residential permits and values are up from 8% 2017-18, increasing every year since 2014.

Opportunity Zones:

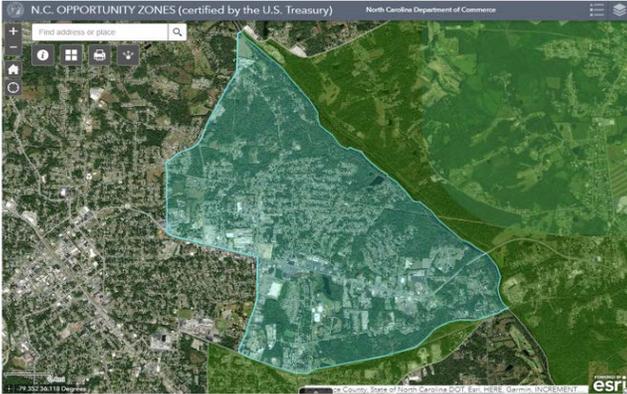
Mr. Bishop provided an overview of the Opportunity Zones. He stated this program aims to encourage private investment in low-income communities and that it intended to attract new equity in low-income areas by deferring or reducing tax liability for profits earned from the investment. He stated there are three basic benefits and outlined the identified opportunity zones.

Opportunity Zones Program

 Temporary Deferral A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.	 Step-Up In Basis A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.	 Permanent Exclusion A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.
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Mr. Bishop explained there are 8,700 Opportunity Zones nationwide, 252 in North Carolina, 4 in Alamance County and 2 in Burlington.

Opportunity Zones Program – Certified Tracts

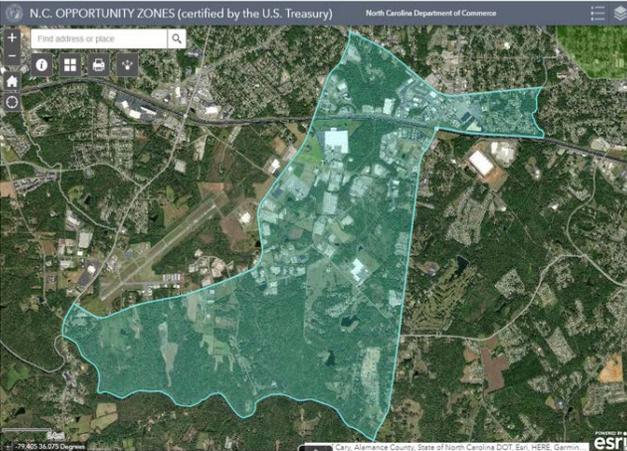


Opportunity Zones – Tract 203



Western Electric – AIA SDAT

Opportunity Zones Program – Certified Tracts



Opportunity Zones – Tract 208.1



Maple Avenue Corridor – Catalyst Sites

Opportunity Zones – Tract 208.1



BUY Airport / Industrial Growth Area

Mr. Bishop stated staff is working on completing a draft investment prospectus document to inform investors on sites, projects and statistics. They will be working directly with the local development community through multiple channels to structure projects and attract capital.

Site Preparation & Product Development:

Mr. Bishop reported on the status of Burlington Site Preparation activities. He provided an update on the assessment process of the City landfill. He stated the evaluation will provide site development options for this property and that the City is leveraging a cost share program through the North Carolina Department of Environmental Quality (NCDEQ) to assist with the process.

Mr. Bishop stated another site preparation activity is underway involving an airport sewer project. This is another cost share project with partners in the airport and the County to provide service and an expansion opportunity to a greater universe of folks through our provision of infrastructure.

NC Biotech Center EDA Update

Mr. Bishop provided an update on the NC Biotechnology Center grant with Alamance Community College and LabCorp. He stated a DNA sequencer has been purchased with the grant funds and that LabCorp was able to secure Corporate donations to cover ancillary machinery and equipment for the sequencer that provided even more dollars to support this effort.

Development Updates

Mr. Bishop reported that the outcome of the Alamance Foods Expansion has increased the value to \$16.4 million dollars. He shared they have retained and added jobs since their 2016 request was approved by the City of Burlington.

He reported that Meredith-Webb signed an incentive agreement in 2015 with City Council for a \$10 million-dollar investment. In 2019, they have invested just under \$9.5 million dollars in their new infrastructure. He stated the company has added new pressing machines, embossing machines, and printing machines and they are hoping to add 20,000 square feet of additional warehouse capacity.

Mr. Bishop reported that CS Carolina is building a 3-story steel structure to add capacity to their yard production facility. He stated this was a \$7.1 million-dollar project that Council approved in 2014.

Mr. Bishop reported that May Hosiery Loft Apartments will be leasing in August of 2019. He stated they hope to have a model apartment available in March or April of 2019 to tour and potentially sign up to lease a property.

Mr. Bishop reported the latest Downtown Burlington projects have successfully began their openings. The Burlington Beer Works hopes to officially open in March 2019 and the Main Street Bottle Shop opened a few months ago.

Mr. Bishop shared a video and reported on recent business to Burlington, Your Local Greens. He invited Mr. Doug Calloway, Principal of Your Local Greens to share what the business produces in their facility.

Mr. Calloway stated, Your Local Greens is a hydroponic facility that grows 500-600 pounds of greens per day in the building in a controlled environment with no pesticides. He stated they have about 20 employees and that forty percent of their employees have special needs. They participate in a program with the state to provide their special needs employees a \$3,000 scholarship towards their classes at Alamance. He stated they strive to work with local businesses and hire locally. He stated they chose Burlington because they need good water to produce their greens and their research of City of Burlington led them here because the water quality is so good.

Mr. Bishop reported on various businesses that have recently opened in Burlington and stated they are doing well.



Your Local Greens

Burlington

NEW REPUBLIC BANK



C. Mackintosh on the Lake Connection to Huffman Mill Road

Presented by:

Assistant City Manager, Development Services, Nolan Kirkman

Assistant City Manager, Development Services, Nolan Kirkman reported on the feasibility and costs of connecting the Mackintosh on the Lake neighborhood to Huffman Mill Road.

Mr. Kirkman reported the connection could be accomplished by extending the existing Loch Ridge Parkway approximately .6 miles eastward along the existing Greeson Lane alignment to Huffman Mill Road and terminating across from Harris Road.

Mr. Kirkman stated staff from Transportation, Engineering and Planning/GIS have looked at the feasibility and cost of such a connection and are prepared to report those findings.



Mr. Kirkman reported that Engineering has estimated costs for two different cross-section scenarios as described below.

- a. 20' ribbon pavement extension in 70' ROW
 - i. least expensive option to make the connection
 - ii. would initially only provide vehicular access
 - iii. would require improvements with future development
 1. sidewalks
 2. widening with curb and gutter to match existing Loch Ridge Parkway
 3. water line
 - iv. estimated cost is \$735,350

- b. 41' curb and gutter extension in 70' ROW
 - i. design/cross-section would match existing Loch Ridge Parkway
 - ii. includes curb and gutter
 - iii. includes water installation so the street would not have to be torn up in the future when development occurs; also provides water quality benefits now
 - iv. would require sidewalks with future development
 - v. estimated cost is \$1,507,350

Mr. Kirkman stated it would take a year and a half to two years to construct the extension with the major variable being the time it takes to acquire the needed rights-of-way from five or six property owners.

Mayor Pro Tem Kathy Hykes complimented staff on the research of this project.

City Manager, Hardin Watkins asked for guidance and direction with an understanding of where this project fits in with our other priorities.

After further discussion, Council consensus was to discuss the prioritization of the project possibly at an upcoming Council Retreat.

D. Burlington-Alamance Airport Outfall

Presented by:

City Engineer, Todd Lambert

Mr. Todd Lambert, City Engineer reported the bidding process opened for this project on November 6, 2018, for the Burlington-Alamance Airport Outfall.

He reported on the history of the request and that it is the Engineering Department's opinion that rejecting all bids for the project is in the City's best interest. This request to reject the bids is on the January 15, 2019, City Council meeting consent agenda for consideration.

Mr. Lambert stated that staff will present their findings for alternative routes that provide better regional sewer service to that area to Council sometime in the spring of 2019.

E. Boards and Commissions Reports

- Planning and Zoning Commission - **None**
- Traffic Commission – **None**
- Public Transit Advisory Commission (PTAC) - **None**

F. City Manager Comments

There were no comments.

G. Council Comments:

Mayor Baltutis shared his recent attendance at NCDOT Transportation Summit and shared a copy of its annual report with Council.

ADJOURN

Meeting adjourned at 6:22 p.m.

Beverly D. Smith

Beverly D. Smith
Interim City Clerk