

February 20, 2018

A Special Meeting of the City Council of the City of Hickory was held in the Council Chamber of the Municipal Building on Tuesday, February 20, 2018 at 5:00 p.m., with the following members present:

Brad Lail	Hank Guess	David L. Williams
Vacant	Aldermen	David P. Zagaroli
Danny Seaver		Jill Patton

A quorum was present.

Also present were: City Manager Warren Wood, Assistant City Manager Rodney Miller, Assistant City Manager Rick Beasley, City Attorney John Crone, Deputy City Attorney Arnita Dula, Assistant to the City Manager Yaidee Fox, Communications and Marketing Manager Dana Kaminske, Communications Specialist Sarah Killian, Governmental Affairs Analyst Sarah Prencipe, Human Resources Director Claudia Main, Business Services Manager Dave Leonetti, and City Clerk Debbie D. Miller

- I. Mayor Guess called the meeting to order. All Council members were present.
- II. Discussion of N.C. Main Street Program – Presenter Sherry Adams, Coordinator, Downtown Programming & Technical Assistance, NC Main Street & Rural Planning Center

City Manager Warren Wood advised as part of the development process for the FY 2018/2019 annual budget, Council considers a number of external appropriations. In fact, tonight on City Council's regular meeting agenda they would have requests coming forward. One of those requests relates to the Downtown Development Association (DDA) and our Main Street Program. The City had not looked at the Main Street program in terms of what the program is meant to accomplish, what the various options are on structure, funding options and those sorts of things in a while. He thought it would be a good idea to get the Coordinator from the State Main Street Program to come down and do a presentation and answer any questions that City Council might have on this subject. He introduced Ms. Sherry Adams, the Coordinator of Downtown Programming and Technical Assistance with the North Carolina Main Street & Rural Planning Center. He advised she was out of east Flat Rock. Ms. Adams would be giving a presentation on the program. He asked her to the podium.

Coordinator of Downtown Programming and Technical Assistance with the North Carolina Main Street & Rural Planning Center, Ms. Sherry Adams advised she lived in Flat Rock and works in Asheville. She had handouts at City Council's seats. She explained she would cover the basic background; the components of the Main Street Program; who administers the Main Street Program, nationally, statewide and locally; and trends of the program. She mentioned that she started out as a Main Street Director in Rutherfordton in 1990 and worked there for approximately four years before she went to Davidson for one year. She did a stint in Mississippi for a year. She didn't do Main Street in Mississippi but lived there before moving back to North Carolina where she worked with the non-profit organization, Burlington Downtown Cooperation for about five years. She was then asked to serve as the Vice President for Downtown Greensboro Inc. She went to the State in 2008. She gave Council that background information so they would know that she had been Director of a Main Street Program and she had worked for two city programs and two non-profit programs. She also would discuss pros and cons, the benefits and requirements of the Main Street Program.

Ms. Adams presented a PowerPoint presentation and discussed the background of the Main Street Program which is a national program. It was created under the umbrella of the National Trust for Historic Preservation, as a non-profit. In 1980, the National Main Street Center was created; six states were selected to be in the pilot program. It was an application process and North Carolina was one of the six. There were five communities at that time that were selected to be in the program and those five communities are still in the program. Now, Main Street America is a spinoff of the National Main Street Center and is a subsidiary of the program. Today, 46 States and over 2,000 communities participate in this program. She displayed a map and pointed out the designated areas of the North Carolina Main Street Program, the Small Town Main Street Program, and the Downtown Associate Community Programs. There are 94 communities that staff of about five go to visit, and take care of on a regular basis. Hickory came into the program in 2006 along with Wake Forest, and Mount Gilead was selected for a Small Town Main Street Program in 2006 as well. It is a competitive application process for a local program to come into the Main Street Program. They look at Main Street as economic development within the context of historic preservation. She mentioned she had just received a copy of the National Main Street Annual Report but had not had time to really read about it. It had only taken about 40 years but downtown is "hip and cool", we are coming back. Whereas 40 years ago it wasn't so hip and cool, but the one thing that those folks recognized about 40 years ago was the biggest asset that we had going in our downtown districts was the built environment. That infrastructure that was already in place, and to continue getting folks to look at ways to adaptably reuse some of those buildings that were vacant. What differentiated the product was the historic preservation aspect. That is what they build this program around. They had some communities that come to them and preservation was not that important to them. They are told this program isn't for you. Not that they won't help the community, it is just that Main Street is not the program for them because they fully embrace this. As she talked a little bit more about requirements Council would better understand that.

Ms. Adams discussed components of the Main Street Program. What are the components that make up this Main Street Program? In about 1980 folks were saying we have got to do something to save our town, so they go together and decided they needed an organization. They knew they had this built environment, downtown structures and beautiful architecture, design and

historic preservation should be important. They had these big buildings which were economic assets. Maybe they needed to have economic restructuring, which is what they called it at that time, because the Belk's and the Penney's and all those big box chains weren't going to come back. They would have to restructure and think differently about how we are going to reuse these buildings. The next component was promotion. To promote in two ways 1) the program that you are starting and then to 2) promote your downtown. Those were the basic building blocks.

Ms. Adams discussed the four-point approach. She advised the four-point approach was a registered trademark of the Main Street Program. She explained what they mean by organization. This program is about building those human and financial resources through public/private partnerships. They don't just do it in the silo of a city here and a non-profit here, it has got to be working together. We need those public/private partnerships in order to make this program work. There are three basic areas of focus. You have to 1) plan for downtown success, 2) you have to manage that downtown success and 3) then promote the program. For promotion it simply meant selling a positive image based on the authentic creative assets of the community. There were three components to that as well. 1) Image building campaigns, one of the things that she noticed coming into Hickory right off of the interstate was the nice wayfinding signs. That is part of image building. 2) Retail promotion, is another component of the program. 3) Special event development. Years ago when she first started they didn't have much retail downtown, so they started doing special events downtown and cleaning up the downtown. Now, the special event component, many of our community's organizations are handing those off and focusing more on that retail promotion of the program because special events take a lot of time, a lot of hard work and a lot of money. All three are very important to the program.

Ms. Adams discussed design, improving the physical aspects of the downtown. There are five things they focus on: buildings, displays, streetscapes, signage, and public spaces. All of that comes into play when it comes to design. Ms. Adams discussed economic restructuring. A few years back people wanted to call it economic vitality. They could seem to wrap their head around the word vitality a little more than restructuring, but the same definition, strengthening the existing economic assets and expanding upon and diversifying the economic base. We need to look at all of those areas of focus. Ms. Adams advised last year she had redone a market study for Hickory's Downtown Development Association and worked with them on where their retail leakages and gaps were. They needed to have a handle on that and they did. They knew where their available properties were. They were able to look at some of those from where they are drawing in their customers. They had to understand what their current market is. It changes and it is really interesting to look at five years out, or go five years between and look at the market. They monitor the economic performance of the downtown. City Council members understand that because it comes back in terms of taxes. The taxes coming back and the property values going up.

Ms. Adams discussed the eight principles. You can't do this program without really embracing these eight principles. It is very simple. 1) Comprehensive, you have to have a comprehensive program adopting these four building blocks. 2) Incremental, she is working with new communities all of the time that really want to focus on hitting something out of the ballpark immediately. She advised sometimes it starts as just a simple cleaning up of the downtown. Look at it through the eyes of a visitor. It is incremental steps. 3) Self-help, they are there to guide a program, but at the end of the day it is you who knows the community and it is your program that you really have to say, "We have got to do this". They can come in and help guide and facilitate, but at the end of the day it is your program. 4) Partnerships/public/private, must have those in order to have a well-rounded program. 5) Build on existing assets. You don't go and create something, you can, but you build on the assets that you already have and there in turn you may create additional assets. 6) Quality focus, in working with communities she tries to get them very "tunnel vision" in selecting a couple of things they want to do that year, but to be focused on quality not quantity so much, but quality. 7) Change, willing to adopt change. When she started out in 1990 folks were still dreaming of the Belk coming back, and only if we had this. It took a lot of years for them to say, we don't need Belk, it would be nice, but we can move on, we have got to change. She doesn't hear that quite as much anymore. 8) This program is about implementation. She would discuss how North Carolina Main Street helps move that along in a program.

Ms. Adams discussed the local program. She didn't know if Council was fully aware of this program. The local program, meaning Hickory Downtown Development Association, on an annual basis must sign an agreement with the North Carolina Main Street Community saying that they will strive to meet 18 basic requirements. These are basic best practices. Basic doesn't mean they are easy to do, some of them take a lot of work to do this. There are 11 National Main Street standards and those 11 are tucked in with the 18 that they have. You have to meet those 11 standards in order to be nationally accredited. Some of their communities feel like if they don't get nationally accredited then they are not Main Street. You are still a Main Street Program, but they encourage their program to strive to meet those 11 standards, which Hickory Downtown Development Association had met for the last 12 years. The Main Street Rural Planning Center in turn signs an agreement with the National Main Street Center saying that they will encourage and work with our communities to help them be accredited. They have 65 Main Street communities and this year they are recommending 46 of them for accreditation. They like to see about half of their programs at least meet that requirement. More than half had met that requirement for the work they did in 2017.

Ms. Adams discussed who administers the program. The North Carolina Main Street Center is administered by the North Carolina Department of Commerce they are the North Carolina Main Street & Rural Planning Center. They have folks that work with their Main Street Center, communities that aren't Main Street. They have prosperity zone planners who are working on

those communities on a broader level. They offer technical assistance in the Main Street Programs, funding assistance. Under technical assistance they have the rural planning program. If they have towns that would like to come into the Main Street Program, but they possibly are never going to meet that criteria, they still offer some assistance on the planning side. They have two pieces of funding, one is the Main Street Solutions. They currently had suspended the Community Development Block Grant Program. There is not a huge amount that will be given to a community. You can receive up to \$250,000 for a project in downtown. It is about job development, job growth, and business growth in the downtown. They had the Small Town Main Street Program, they no longer are taking communities into the Small Town Program. Those who are in that program are grandfathered in as long as they meet certain criteria. If they don't meet some of the criteria they send them a letter and say your town is not doing as they were asked to do. Do you need help? Do they want them to come in and help them get back up on their feet? Or is it time to be an inactive community? The only way to get into the Main Street Program now, is still an application process, but you apply as a downtown associate community. She mentioned that Liz Parham is the Director of the Main Street Center. She and Ms. Parham worked many years together as directors in different programs. Often when they select communities that would come in, they would have a coordinator, they did a resource team for a week, and then they would say see you later, check in next year. Sometimes some of the communities struggled with the organization piece. What they are doing now, for three years they go to a community on a quarterly basis and they are building those steps with them. They are helping them build that foundation first. It takes three years before a community can come into the Main Street Program. They have had a couple of communities that go inactive and they want to become active. They have to apply to the DAC program again. It is best not to become inactive.

Ms. Adams discussed their mission for the North Carolina Main Street & Rural Planning Center, which was simply to inspire place making that achieves measurable results such as investment, business growth, and jobs. That was the bottom line of the mission statement, it is place making, achieving those measurable results and that is what they ask of their downtown Main Street communities and their downtown development organizations; that they too strive for that. Hickory Downtown Development Association is the program right now that administers Hickory's Main Street Program. In 2006, Hickory was designated through an application process to be a North Carolina Main Street Program. In 2006, after the City was designated, a resource team came in and began. They said okay you have this non-profit, and the City said we do and we are going to have them administer the program on a local level. So the City in turn are designated and they in turn designated the organization to run the program. HDDA has administered the City's Main Street Program for the last 12 years. They are a non-profit. She referenced a handout that Council had and advised it was broken down into 1 of 20. It was further broken down into which ones were 501 c3, c4 and c6. HDDA is a c6 and still have a c3 as well. She advised that c4 and c3 has to operate a little bit differently. HDDA has a mission statement, to be the champion of stakeholders by gathering ideas, facilitating resources and implementing initiatives to improve downtown. HDDA had met those requirements for the last 12 years. She advised she had 11 pages of what those requirements were and she would email that out to Council along with the annual agreement, the plan of work, and the assessment which she had mentioned that was very detailed, along with the report that they send back to Hickory to let them know where they stand.

Ms. Adams discussed some trends of the program. Trends of the program, over the last almost 40 years, started with the four-points, organization, promotion, design and economic restricting. They approached it from a linear aspect. They realized as they progressed that it was really about being circular, connecting it all back together. You really couldn't do one without the other, or if you did you weren't doing a good job. It is all economic development when you work this program in that manner, connecting those dots. That is a trend instead of that being linear it is more circular. The other thing when they started out years ago they called it Main Street Project. In fact, when she began, the Mayor and City Council questioned, they said we thought in three years you would be done, this would be over, we would be revitalized. What is the problem here? She advised that is not quite how it works. National Main Street must have heard that as well because they said that is right. The word project indicates beginning and end. Program means ongoing. She knew that Council knows with cities change is going to be ongoing. It is how you manage that, the same as with the downtown program.

Ms. Adams discussed the approach in the 80's. They have a State coordinating program. She advised that not all States are equal. Some State coordinating programs are also non-profits and they are non-profits and receiving money from the State. She thought we were blessed in North Carolina to be under the umbrella of the State, most days. There are other ways which she felt like if they had a little bit more wiggle room to do a little more if we weren't under that State umbrella. It has given us sustainability over the last 30 years. When they first started with Main Street they were under the Department of Natural and Environmental Resources as well as at one point Cultural Resources before coming under Commerce. She thought that Commerce was a perfect place for this program. The State program, selects a city. As she explained previously the city can either have it in house with a city employee that runs it or they can designate the organization to run it. They will always follow the four-point approach with a Board or form a committee. That is the way it was early on and that approach still remains the same except today, they are approaching it just a little more refreshed. That is the new Main Street National mantra it is refreshed. What they are doing is really looking at it a lot more comprehensively than they did before. They still have the organization and the four-points and the building blocks and principles, but what is a little more differently is how they do a plan of work. She mentioned when she started years ago they wanted to do big documents and lay out 20 years of what they were going to do downtown. They still look ahead by five years, but what they really focus on is a one year plan that a volunteer board or an advisory group could do and implement in one year, still with the long term plans out there. You still have those, but that was to see progression

through that year. Rather than a silo approach of four committees they look at it across the board, again connecting all those four- points in a circular manner. That is a trend that has taken place in the last few years. No matter what direction you take they have these components, thoughtful direction, identifying those stakeholders. All these things that City Council has done in the past as well as communitywide. They focus on downtown in doing visioning, mission, and economic development strategies, implementation plans, identifying the City's partners, and communication. At the end of the day it is measuring economic impact of the program. She discussed some of the things through the years that have shifted just a little bit with that. Community assets, they come in and really work with the community in focusing on what their existing assets are and building on those. They do that very methodically with the community. She referenced a slide and advised that was what it looks like from the community. They had everybody come together and put sticky notes on a board. What that does for a community is they realize their place and it makes those partnerships so much stronger when you invite the community in to help you form a vision for downtown. They find their strongest communities are the ones that are very open process with that. They also identify those economic drivers not just for downtown but in the community and how those economic drivers within the community and the close proximity to other areas can impact your downtown. Understand where you have growth opportunities as well.

Ms. Adams advised vision is very important to them. She dubbed having a vision statement as your economic positioning statement. What is the economic position or role that your downtown is going to play in the greater city, the county or even the region? Within those statements they usually identify those strategies that are going to change your downtown. From the vision comes those transformative strategies. This is something that we in North Carolina had been doing for 20 years. At the National level they have figured out this is what we need to be doing. They feel like we are little bit ahead of the game when they go to the National Main Street Conferences and say yes, this is what we have been doing in our community. Last year she facilitated with HDDA's plan of work. They had just finished facilitating their plan for the 2018/2019 year. She showed a copy of what the plan looks like and pointed out it has your vision statement at the top, the mission of the organization, and the economic development strategies comes straight from that vision statement. Then we work the plan across with action. This is a new trend to do this across the Nation, this type of planning is taking place in our communities. Hickory Downtown Development Association, being Hickory's organization that manages the program, they have their vision. They encourage a vision be adopted for five years and then revisit that vision annually and do a planning session to take your plan. They need to have about 60 percent of the work on their plan that they create finished. That is part of the assessment. Hickory's two strategies this year were a gathering center for varied recreation and entertainment. The second strategy was a hub of owner operated local businesses, corporate headquarters and urban living. That organization this year is going to be focused on making downtown that gathering space and the hub of owner operated businesses. The other trends they are seeing are budgets increasing in a positive way for downtowns. They just finished their assessments and they looked at the budget this year for cities. They have 65 cities, 64 reporting this year. The budget increased from 2016 at \$195,000 plus for an average Main Street budget, it was up to over \$213,000 as the average Main Street budget. The city support range averaged \$111,000 for those 64 towns which were reporting. County support was a range of about \$1,500 to \$35,000 but the average was just shy of \$10,000. She advised 32 of their Main Street communities have Municipal Service Districts with the average of \$78,000 plus for the Municipal Service Districts what they receive for their downtown programs. There are four nationally accredited Main Street Directors in the State. One is here in Hickory. Hickory's Downtown Director is nationally accredited. One is in Monroe, and Liz Parham and Ms. Adams. They did have two others who have moved on to different States. It is a very structured program through the National Main Street Program that they all went through. Hickory has been accredited for the last 12 years. She referenced the budget and salary handouts, so Council could take a look at that. She thought the budget sheet had broken it down by cities with comparable population sizes, which should help Council when they are looking at budgets. The trend is staff now are being treated more professionally as the economic developers for the downtown district. In 1990, it was still a baby program and a linear approach. Okay we are going to plan a promotion, or we are going to help them do a façade incentive grant and get a little money for that. But now a days our downtowns are doing phenomenal things, again, in this partnership. She thought five years was a short time for a Main Street Director to be in place. In North Carolina it is 5 1/2 years, which is a long time. Most of our younger ones are staying only about two or three years and moving on. They have some folks who are staying in this position. The last ten years they have seen this trend as the Main Street Directors are really your downtown economic development professionals. They have also seen another trend in some of the programs, in particular some of the smaller communities have gone under the city umbrella. They also have the quasi, where the Downtown Director is paid for by the city, considered city staff, but yet they still have a non-profit attached to them and that non-profit Board still has a little more "power" than an advisory group. She advised those were the three structures. She asked for questions.

City Manager Warren Wood advised the Main Street Director for Hickory, Connie Kincaid and Ernie Sills the new President of the Hickory Downtown Development Association were both present. He thanked them for coming.

Ms. Adams mentioned that Ms. Kincaid had handed her their annual report. She thought they would be presenting it to Council later and they had copies of it. She discussed the benefits and requirements of the Main Street Program. This is a program that requires a lot of attention and a lot of focus. It requires cities with populations over 10,000. She and Mr. Wood were talking about Waxhaw and they came into the program as a Small Town Main Street Program which was prior to Mr. Wood being in Waxhaw. They were told that they would not be able to stay because their population was growing. They hired someone to manage that program full-time. It takes a

40 hour a week plus sometimes person to manage the program, dedicated to that. They require that with towns with more than 10,000 in population, that dedication to it. You must have a non-profit designation, or it can be a city person to facilitate this program or a quasi-program. It can be either way, you just have to have a program and a commitment to it. You must establish that broad based support. Again those public/private partnerships. Maintain an active board, whether it is an advisory board, or a non-profit board of directors and committees. They get assessments sometimes and they ask them if they have an active board or a work plan and they don't have any of that. That is troubling to them so they will go back and try and figure out what is going on with that. Establishing the annual work plan. They require the participants to submit their annual work plan. She just reviewed 70 of those 11 page assessments. She will look and then say where is this document? Most of their Main Street Directors have gotten a call from her due to missing items. It is simple to miss some of this, but it requires a lot of work to get that in and it is a hard deadline. They are not kidding when they say don't submit it late. Annual plan of work is something they look at. She discussed adopting and exhibiting historic preservation ethic and design management. They are extremely serious about that as well. On that assessment they have a checkmark saying did you tear down any city owned buildings. They would like to put county in that category too, but because it is a city designated, and because they don't say private because you can't control the private, but the city has a responsibility to do due diligence not to tear down the buildings. The downtown development organization, if it is not under the city's umbrella, also has to do due diligence to encourage that. If you check, yes we tore down buildings, which is a big no, no, in their book. She couldn't tell Council what really happens, but most of them say no they haven't tore them down. If they have torn them down there have been extreme extenuating circumstances and conversations with them before a building has been torn down. They won't meet accreditation for that year. The vision is extremely important. If you don't have a vision where are you going? Simple things like, if you are a new Main Street Director you have to come to orientation, and attendance at basic training. They have basic training which covers each of the four-points. A new director must attend the trainings which they have them quarterly right now. Fund the program at the level it should be funded appropriately. She advised that was why the budget sheets were so important for Council to take a look at. To make sure that they are funding and working with their group that is facilitating the program in the community to make sure they have what they need to work this program in the manner it should be.

Alderman Lail advised they would be presenting tonight for their annual appropriations, which was not intended to open the door for them to ask for more money. He was trying to get a holistic or a big view across the State. He commented in looking at the materials the City was way underfunded. Ms. Adams had mentioned it was one of the requirements. Of course everybody has a different formula obviously as to how they get their funding. He asked if the material was available in a spreadsheet form, like an excel spreadsheet, that Ms. Adams could send so it could be sorted.

Ms. Adams responded she didn't know, that was up to the director. She advised Council could email her.

Alderman Lail felt it was helpful to benchmark ourselves against other communities. We are spending three dollars per capita total budget wise on our downtown. Morganton \$32 and Salisbury around the same number. He was trying to get a sense of looking where they had been successes. He didn't necessarily believe that more money equals more success for downtown. He felt it was what those expenditures are. One of the principles of the four-point approach was change. The City is undergoing that now with the bond initiatives, so it is a good time for us to look at those items.

Ms. Adams advised she could see what they were able to send Council in excel. She felt sure that Ms. Parham could send it, but she didn't actually have it except in a PDF format.

City Manager Warren Wood mentioned that about half of the cities or a little less have Municipal Service Districts. That is a district where you draw the boundaries around the downtown area, set a tax rate, it generates tax revenue to put back into the downtown. Some of them are pretty aggressive tax rates, 20 cents plus in some cases.

Alderman Lail commented some of them are not inconsequential amounts of money that they are getting. They are getting \$200,000 plus on 10 cents.

Ms. Adams advised when she was in Burlington they actually lowered their rate, they called it revenue neutral at some point.

Alderman Lail replied that is very appropriate for us.

Ms. Adams thought they could do so much with that extra, but they promised and you have to have that give and take there.

City Manager Warren Wood commented a lot of times those are created because downtown generally does get special services that other parts of town don't get. He didn't mean that in a negative way, that was just the way it is.

Ms. Adams commented no, exactly, there is legislative language. She advised that was a whole different presentation that she could come back and speak on. Very specific language with that. Burlington's program was in effect at least 10 years before she was their director, but how she heard it came about was the property owners and retailers in the downtown realized that was a way to get some services provided to the downtown district that was above what the city could

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provide. It was a fair way to do that and it was a self-imposed tax and when it was broken down it really was more like a membership to a Chamber. Unless you were the Lab Corp of America who were downtown at that time and they were paying a huge amount, or Lincoln Financial when she was in Greensboro, because they have a Municipal Service District as well.

Alderwoman Patton asked about the Municipal Service District. She asked if Ms. Adams would discuss that and how it would be formed.

Ms. Adams responded not tonight. She was not prepared to. She could do that sometime.

Alderwoman Patton commented she looked at the amount that some of the cities are getting from that and balancing that with what the City is already doing. That is worth looking at.

Ms. Adams advised when she worked with cities and they talk about Municipal Service Districts she ask them what it is they want to achieve with it. What above what the city is going to do that you want to achieve with it? In 1989, when Rutherfordton created their Municipal Service District they wanted to do nothing but the promotional and marketing aspects of it. They branched that out to cover all of those four-points to a point but it didn't generate that much. That is why they focused at that time just on promotion and marketing. When she worked in Burlington every year at the annual plan they knew about what the Municipal Service District dollars would generate. Their board sat down and they wrote out what their plan was and how they wanted to plug those dollars in. They covered all of their operating expenses with the Municipal Service District dollars. The city gave a lot of in-kind and some sponsorship support and other things. Cities must, even if they have a Municipal Service District, they still are required to have cash in the game, "skin" in the game. If City Council is to create a Municipal Service District, HDDA would be the organization that ran that, the City would still be responsible for having "skin" in the game with the downtown, as you will see on the budget. They had two that did not report this year in the manner that they needed to. Or one of them she should say. It is a contract. The Municipal Service District should be a contract as well between the two entities and a clear understanding of how those dollars are going to be spent. They can be spent for all kinds of improvements and incentive packages for the downtown program. They see it broken up in different ways. The best way is across those four-points. Helping with the programing, the employee, part of it went toward her salary when she was director. She asked for other questions.

Alderman Lail asked Ms. Adams if she had any rules of thumb and what had her experience been. We are on the high end of population for the Main Street. There are a few communities that have more population.

Ms. Adams replied Concord.

Alderman Lail commented Rocky Mount and Burlington probably. He asked if there were any rules of thumb or best practices as to funding.

Ms. Adams advised the best practice would be to look at that plan and look at what you want to accomplish in the city in the downtown group. If it is a non-profit you should get together and work toward accomplishing those goals and setting the budget based on that plan of what you both want to do. Obviously, City Council had a stake in downtown and they have some plans that their budget absolutely could not do. It is a partnership with making those goals work. Most sustainable programs that she knew of do have an MSD, to be quite frank. She had ran total non-profits in two groups with Greensboro and Burlington. They are a little more challenging because political times change. It is good to have that partnership were you understand that the municipal service dollars is helping downtown, and the property owners understanding yes, this is an extra tax on them, so they want to have a say in what those go for. It is not apples to apples, but a program, is a program, is a program. Even though Greensboro was too large to be a Main Street Program they built it around these four-points. Just before she started with them they implemented their program and they decided at that time 20 cents per \$100 dollars. You have to run those formulas based on what it is you want downtown. What is it your desire? Hendersonville has the oldest Municipal Service District in the State. They started in 1975 with theirs. Theirs was setup strictly at that time, it was before Main Street, for infrastructure in their downtown district. If you have been to Hendersonville recently, they have put in the serpentine design, they had finished the water, the plants, the power. That was what theirs was intended for but they also had a non-profit arm they gave about \$110,000 to for marketing and promotion at that time. One of the last directors of the way it was setup then recommended they pull it under the cities umbrella. It was pulled under the city's umbrella and they are an advisory board to the city. Hendersonville's MSD dollars did not include all of the MSD dollars, that was what the downtown program gets from their MSD, \$254,000 almost \$255,000 from their MSD. They had two districts, the 7th Avenue District was 10 cents per \$100 and then the heart of their downtown was 28 cents per \$100 dollars.

City Manager Warren Wood commented so Hendersonville brought their Main Street program in-house. He commented that Ms. Adams had said that was the trend

Ms. Adams replied they are seeing it with communities. Spruce Pine just did that and some of the smaller ones.

City Manager Warren Wood asked what was driving that.

Ms. Adams responded because it is hard to raise the funds to pay the Director of the organizations what they need to be paid, insurance and all the benefit for the Director. It is harder for the non-profit to do the programing and also try to pay for that employee. Again, you need a

professional run program. In particular, if you are going to keep up with the times you need to make sure that Director is paid appropriately and it is harder for these communities to do that. With Hendersonville it was timing with the Director that retired and left. He had come from a smaller program and recommended that the city bring it in and also the change of the City Manager at that time.

City Manager Warren Wood clarified one of the requirements from the Main Street Program if you do bring it in-house you have to have a Main Street Advisory Board.

Ms. Adams responded you don't have to, you can do it quasi. In the quasi model you can still have a Board of Directors working with the city. That is a quasi-model where it says city paid staff person running the program and then they have a full board that does the programming and others. They can also keep a 501 c3 status which is good to have that or the c6. You cannot advertise business without a c3. You have to be fair and equitable. It is for charitable and educational purposes only. She advised she had attached to those models the challenges, the pros and cons of each of those models as well. Ms. Adams discussed attendance at the conferences. Your director must come and also a volunteer in the community must come to these trainings. They have to attend regional meetings. She reminded Council that we are under the umbrella of the National Main Street. The National Main Street says to North Carolina you will hold this many trainings, you will have this many regional meetings, you will do "x" "y" and "z" so that is where these guidelines come from. They are more of a directive from the National Main Street Center and they work. A couple of cities were mentioned that you know what they are working. They are working because these cities have been following this. The communities must submit annual statistics. That is where HDDA's report comes in to play is the statistics. What she loves about the statistics was she loves seeing where you have been and where you are now. It is amazing to look at those statistics and again seeing many of their programs moving from the promotion organization to the economic development. Promotion is economic development, it is just one component of it, but seeing how their programs have evolved through the years. You have to maintain a membership in the National Main Street Center. Have to. She advised a few of the small communities got notes about that. If you are not a member you are automatically out of designation unless you renew that membership. They have to be members of that. She discussed reimbursement if they come in for expenses. That was all in the agreement. She advised she had one copy which she would leave for Council which was the 11 pages that Hickory Downtown Development has to read through and sign off on saying they would do all of this. She would send electronic copies as well. She advised those were the 18 requirements for Main Street that they have to comply with.

Ms. Adams discussed the pros of the partnership with them at the State level. To get them to come down it is mileage, sometimes mileage and a meal, sometimes overnight if they have to be here over two days. Training and technical assistance. She commented North Carolina probably has the most programs in the U.S. Five staff members travel and they come out train and facilitate and then offer trainings for the Main Street Directors as well as volunteers to attend. She advised the benefits, they are among the nation's leading staff. Between Ms. Parham and herself they have over 60 years' experience in Main Street, they have been around that long and then the rest of the staff rounds it out as far as experience. They can help select managers and recruitment selections. They have helped many towns to get that setup. They conduct the annual assessment. Those annual assessments are a pain for their directors to submit that. She sometimes receives 88 pages sent to her that she has to read through because they are asked to send in their report plan, incentive packages, board of directors, and how often they met. They check it out, because if they are not doing what they are saying they have, they come back and find out what is going on here. They want to help. The benefit is staff is really here to help your program grow. They conduct the annual budget and salaries so that you know and can compare. They do the annual statistical data for all of the communities. She advised in networking you have access to 94 other people that are in this job that you can connect to. They have a listserv and questions. The level of expertise that they have among their directors is just amazing on how much knowledge that they have out there, so networking and being in this program is key, as well as being a member of the National Main Street Center with all of the communities. She advised they do have some funding, but more importantly is they can help you when you put in a plan of work and you want to figure out how to fund it. They have a funding guide that may or may not be applicable but they keep up with a funding guide on grants and opportunities that might be available. They also keep up with what locally their organizations have as far as incentives. They have many communities that want to do a project and she will advise how another town had done for example upper floor housing. They were given some grants for that. Or this is how they have gotten businesses to come in, they have given "x" "y" and "z" away. They have that at their fingertips to send to communities as well. She discussed recognition. They are getting ready to have their conference in about three weeks. They do an annual awards program. Our State Legislators do take notice on what is going on in our communities. They take notice of these statistics. They are very proud of the Main Street Program. They do this award recognition. Last year Hickory won for the best historic rehabilitation for Transportation Insight. To get this recognition for that they also recognize the champions of Main Street. Folks who have rolled up their sleeves and done that local work, so they are recognized at the State for the work in the communities. The greatest pro is the economic impact. She advised the statistics had not been updated since last year. Ms. Parham was working on that for their annual report which would be given out at the conference and would be emailed out. Between Main Street and Small Town Main Street \$2.54 billion in public/private investments in our downtowns. Over 5,800 buildings renovated in our downtowns, over 5,900 façade improvements, over 5,500 businesses net gain and the bottom line here is over 22,000 almost 23,000 in jobs since the inception of the program. That was cumulative from last year. Breaking it down into the Small Town and Main Street statistics it was pretty impressive what our communities are doing across the State.

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City Attorney John Crone asked if she knew of a couple of the most recent cities that had done MSD's.

Ms. Adams didn't know. She couldn't think of one that had been done since Greensboro's in 2005.

City Attorney John Crone thought the City had discussed doing an MSD years ago and sent out some letters to people downtown.

Alderwoman Patton commented it was not well received. She asked about the quasi that Ms. Adams had discussed, you could do the MSD plus bring it in-house so it would be the quasi. They could decide what they wanted to do as a downtown for greater improvements.

Ms. Adams responded if you are going to form an MSD it really needs to be organic from the public sector saying we recognize and understand and sitting down and saying what is it what we want to do with this funding. She knew that was how that happened in Burlington, and Greensboro, and she was fairly certain that was how that happened in Rutherfordton, although that was right before her time before she understood it. She knew the stories in both Burlington and Greensboro and that was how that came about. It was a Board of Directors of the non-profit board in Greensboro they recognized that they could not get as much done. In 1993, Greensboro was a boarded up mess. They were getting ready to tear down some of their most architecturally significant buildings. Thank goodness a group of folks came together and said they needed to take a step back. They had a non-profit program for about five years before the Board of Directors said we can't get enough done fast enough, so they implemented it, but it was organic it wasn't really the city at that time saying we want to do it as much as everybody coming together and understanding.

Alderman Lail commented that was how Charlotte City Center partners was funded or one of the ways it was funded, it was millions of dollars for Charlotte.

Ms. Adams advised she had a recent sheet of all of the communities with MSD's in North Carolina that she could send to Council if they would send her a note she could send them the information as well and the breakdowns of the amounts as well from all over North Carolina.

City Manager Warren Wood commented there are a lot of cities who are heavily involved in improving their downtown who are not a part of the Main Street Program. People are spending money and creating MSD's. You don't have to be part of that. He said it was interesting in looking at when some of the communities joined the Main Street Program. He commented a lot of the larger cities that are Main Street Programs joined when they were smaller. Do cities reach a point where they have outgrown the Main Street Program?

Ms. Adams responded no. She thought that it speaks to the program. She commented Tarboro and Little Washington were two of the originals. Shelby, Salisbury, and New Bern were original cities. They are still in it and going strong. Tarboro and Little Washington have struggled a little bit. They are still working with them. They have not become inactive. There is just a whole different tax base there, and the sheer size of the community and where they are located, but they are still in the program.

City Manager Warren Wood commented Rocky Mount was in 1982, Burlington was in 1988, Concord in 1990, those were early on cities. Hickory joined in 2006 and we are the largest city to have joined since 2006.

Ms. Adams responded you are, yes. The program does work. It takes work. It takes cities saying we are going to do it or the cities says we are going to have a non-profit do it with them. There are pros and cons. If you have a non-profit doing it, speaking personally, she had her office separate from the city, folks were more apt to come in. They would say the city is so hard they want let me do stuff. She could mediate that. At the end of the day the city wants you to open this business downtown and it was a mediation type thing. It was a win, win at the end of the day. Then being a city employee and an MSD gave her a little more funding stability in that role. Since she had been gone, since 2008, downtown Greensboro had gone through numerous changes, but is still a non-profit. The city not only does MSA but they donate to the organization on an annual basis as well as the county. That is a little different level of an environment.

Alderman Lail asked if a c6 and c3 were essentially the same.

Ms. Adams replied no. She advised c6 and c4 are essentially the same. They are an easier tax status and it is more for business organizations. A c3 non-profit is educational and charitable. It is good to have for grant purposes. There are some grants that a city can't get that a c3 can get. They usually advised if you have a c4/c6 keep that but in addition get a c3.

Alderman Lail commented we have a c6 and a c3.

Mrs. Adams commented the Board of Directors in Greensboro raised an extra \$100,000 because of that c3 and it was actually the Board of Directors that raised that money for them. It was not her or her boss. They wrote the letters and they helped raise that money in addition to. They look at that. They look at funding resources of a community. If they see on the assessment that their only stream of income is from the city they are not accredited. She had to tell a couple of them that this year. You do not have a diverse budget. Now they have come back and said we have sponsorships, and this, and we had that, so that was different. Same thing if it is a non-profit and she sees that they don't have city support they are not accredited. She couldn't emphasize this

enough, it is public/private partnerships of funding. Because that is the only way you are going to achieve that higher level of economic development at the end of the day.

City Manager Warren Wood congratulated Connie Kincaid for being one of four nationally certified Main Street Managers in the State of North Carolina. That is pretty impressive. He imagined that a lot of times the Main Street Managers are a one person show and this is a robust program and they get stretched thin, and then you throw festivals and all of that on top of that. A lot of times they probably feel like they are an inch wide and a mile long. He asked if that was common.

Ms. Adams replied fairly common. Again, the trend is seeing it become more professional and seeing those budgets increase. They are seeing in the salary report that so many of them have an assistant, so many of them have promotions coordinators. A lot of their programs are getting out. In Burlington she got to the point that she didn't do festivals. She did mainly very small scale concerts or small tailored retail promotions. She did not get into doing a festival. She admitted that was one of the nice things about the job.

City Manager Warren Wood asked if that was the exception.

Ms. Adams responded that pretty much was the exception. Again, it is trending toward, in Greensboro they didn't do festivals either.

City Manager Warren Wood commented the focus should be more strategic and higher level. The festivals are important, but those are so time consuming. He imagined those were a big money make for some of the non-profits.

Ms. Adams commented some, yes, but then you get into that hamster wheel, you are working so hard to do a festival that is raising money but you can't focus on the work that needs to be done because you are working so hard to do the festival. New Bern may be the exception to that rule. They have had MumFest for 30 years and their downtown organization does it. It has almost spun off into a group that does that and the Main Street Director doesn't have to focus as much, but that is almost the exception to the rule on that. It is a moneymaker to a point. One bad rain can take that out though.

Alderman Lail liked the comment that Ms. Adams had made that events were really important to downtowns. Previously there was not a lot going on. We have some great events in our downtown. He thought that events still have a real role, but what he heard Ms. Adams say was it is shifting more towards promotion.

Ms. Adams commented she would say that with the caveat that most communities and most downtowns have a signature event. She calls it the "Holy Grail".

City Manager Warren Wood commented Oktoberfest for us.

Ms. Adams replied yes, that is your signature event. Sometimes a director would say, oh we still have to do this no matter what. That is your "sacred cow". You don't want to mess with that because you are known for that. What happens in good successful events everybody comes in and goes to the director and says we have this great idea for a festival. But that great idea should go back to your plan of work. It should be tied back to that overall vision that you have. That is what they are really stressing.

Alderman Lail commented he tends to think of it like retailers, the ones that have the sales all of the time. They always have got to have a sale. Sales are a good way to generate foot traffic, but you run into this cycle that you are doing these sales all of the time and it is not really sustainable.

Ms. Adams agreed. She knew that Hickory had some signature retail events that had been really successful for the retailers and they had gotten recognition for their innovative retail promotions. At the end of the day it is about making those cash registers ring in the businesses. She had one town that had festivals about every other weekend blocking off the streets. That does not help the retailers. You can't get into that, but the smaller ones do help.

City Manager Warren Wood advised the reason this is so important we are making a huge investment in the downtown with the City Walk and the bond program. This is all about economic development. It is a tool for economic development in the downtown and it needs to be leveraged and utilized in a way that maximizes. Your downtown is the jewel and it is a reflection of the help for the rest of the community.

Ms. Adams replied absolutely, you are the heart everything that feeds into it are the arteries. The arteries must look nice too, and must be clean too. Their program directors focus on downtown but are very aware of the arteries that are flowing into downtown at the same time.

Alderman Zagaroli asked Ms. Adams if she could explain the numbers, for example Goldsboro which was only 35,000 people they had \$334,000. And we are down to \$50,000. He asked what the breakdown was for that \$334,000.

Ms. Adams replied that was a question that she couldn't answer. It was probably divided up into the four-points of the program, possibly the downtown program is in charge of doing something that is downtown but the city is going to let "Julie", who is their downtown director, be in charge of whatever that project is that year. So that money, for that specific downtown project, comes from the city's general funds probably goes into her budget for her to take care of.

Alderman Zagaroli asked if that was a budget number.

Ms. Adams confirmed it was.

Alderman Lail commented it is only part of their budget number. They are getting Municipal Service District money, and then sponsorship. They must have something going on.

Ms. Adams advised that they had a huge TIGER grant a few years ago too.

City Manager Warren Wood commented the jurisdiction that he came from was spending over \$200,000 just in town money. A lot of that went into the events that they had downtown. That was a huge part of the budget. That was the promotion side of it. They absorbed the expenses related to putting those events on.

Ms. Adams advised that piece that you see, \$300,000, she has incentive grants that she is responsible for downtown, which could be a part of that. This money that is reported is not for capital improvements it is for running the program. If running the program for that year happens to be we have this amount of incentives we are doing this program. That is how that would be parsed out.

Alderman Zagaroli understood.

Mayor Guess asked for any other questions. He thanked Ms. Adams for coming and sharing the information with Council. He noted that Council was not going to take any action, it was just an informational meeting. He thanked her for her time and he was sure they might have some more questions later and they knew how to get in touch with her.

Alderman Seaver commented this is the City's 12th year, do we have to reapply ever 12 years.

Ms. Adams replied no. Once you are designated what keeps you active is doing and meeting those requirements.

Alderman Seaver commented if you go inactive then you have to reapply.

Ms. Adams responded if you go inactive then you would have to reapply and you don't want to do that. She handed out business cards to Council members who wanted one.

City Manager Warren Wood advised staff would get Council all of the information they had requested.

III. There being no further business, the meeting adjourned at 6:14 p.m.

Mayor

City Clerk