



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room**

Chattanooga, Tennessee

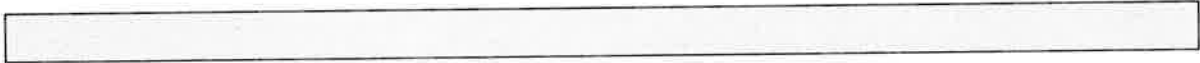
for

Monday, November 4, 2024

11:05 AM

Present were Althea Jones (Vice-Chair), Gordon Parker (Secretary), Jim Floyd (Assistant Secretary), Jimmy F. Rodgers, Jr., and Melody Shekari. Absent were Kerry Hayes (Chair), Ray Adkins, and Nadia Kain.

Also Present were: Attorney for the Board, Phillip A. Noblett; Adam Myers, Steve Hiatt, and Christina Henderson (Chattanooga Chamber); Cindy Glasgow and Shaun Kilmartin (Avail Enclosures); Walt Robinson (Apprenticeship Works); Andrew Hudson (Chattanooga 2.0); Helen Burns Sharp (ATM); Mike Pare (Times-Free Press); Bill Payne (Public Works); Eleanor Liu and Javaid Majid (Finance); Shane Sheperd (JEG); Becky Hachenburg (Stantec); Jason Ray (Archer Western); Charita Allen (Economic Development); Jermaine Freeman (Chief of Staff); and Justin Steinmann (Wastewater).



Vice-Chair Jones called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.



MONTHLY MEETING OF OCTOBER 7, 2024 – MINUTES APPROVAL

On motion of Mr. Rodgers, seconded by Mr. Parker, the minutes of the October 7, 2024, monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

Ms. Helen Burns Sharp is with Accountability for Taxpayer Money. The Workforce Development items reminded Ms. Sharp that transparency is an important issue, and the Board is being as transparent as possible. Ms. Sharp did not get much detail on-line in the way of specific information. There is a solution to this. Ms. Sharp was a department head in Oregon for 18 years in city government and any time they presented something to the Planning Commission or a board or City Council, they had to do a staff report. In the staff report, they had to summarize what is before you, why we are presenting this to you, and here are some of the questions that you might want to consider in making your decision to frame the discussion. Ms. Sharp believes the staff would be happy to do that and would go a long way in answering some of these issues.

These questions are not a reflection on staff or the Chamber or company that is asking for a grant. This is just wanting to know the answer to some kind of basic questions. In the case of the donation to the Chamber for the IDB to donate \$50,000 to the Chamber for a Workforce Development Tech Accelerator Program, questions were who decided we needed this new program, has it been discussed at a City Council meeting, what kind of entities qualify to receive donated lease payments, is there a written agreement between the City IDB and the Chamber that includes the description of the program and expectations, and is there an explanation for why the Chamber needs additional public funding to do this program? The City and County pay the Chamber \$1.2 million annually to assist with Economic Development activities, including administering the PILOT program. We have only had three PILOTs in the past five years. But there probably is a good reason. Maybe Mr. Myers or someone can explain that maybe today.

The second is the resolution on a grant with AIS Enclosure Systems but the terms are sort of a policy question. Normally, when the Board, like in the Small Business Incentive Program, City Council established that program and sometimes the Board makes grants to individual small businesses. In this case, was there a resolution, did the City Council establish any High Growth Jobs and Investment Program? Is it a new program and has the Board been asked to make grants to other private businesses in the past? The name of this program is High Growth Industry Sectors, is industrialized building manufacturing on that list? What criteria should the IDB use when deciding which businesses to reward? On PILOTs and TIFs, the IDB first reviews an application. Has the IDB seen an application for this company's request for taxpayer assistance? Who prepared the agreement? Was it the City Attorney, the Chamber, or a private attorney hired by the prospective grantee?

Good Jobs First is a national policy resource center that promotes government accountability in Economic Development. Regarding accountability for tax incentives, they have called Chattanooga the least transparent of the major cities in Tennessee. Let's change that, starting with staff reports and continuing by keeping transparency in mind when writing PILOT policies.

RESOLUTIONS

Volkswagen Project

On motion of Mr. Parker, seconded by Mr. Rodgers,

A RESOLUTION TO APPROVE THE PURCHASE OF AN E200NE-155 COMPRESSOR AND HBA15004 DESSICANT DRYER FROM INGERSOLL RAND INDUSTRIAL, U.S., INC., FOR A COST OF TWO HUNDRED EIGHTY-SIX THOUSAND THREE AND 30/100 DOLLARS (\$286,003.30), AND A FREIGHT ALLOWANCE OF THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500.00), FOR A TOTAL COST OF TWO HUNDRED EIGHTY-NINE THOUSAND FIVE HUNDRED THREE AND 30/100 DOLLARS (\$289,503.30), AND TO AMEND THE RESOLUTION APPROVED ON OCTOBER 7, 2024, TO REMOVE THE INSTALLATION ALLOWANCE OF ONE HUNDRED THOUSAND DOLLARS (\$100,000.00).

Mr. Bill Payne said that the purchaser previously came before the Board in October and included the installation allowance. However, after further consideration, the company is desiring to handle the installation portion themselves, and they do have the need for the addition of a dryer and air compressor. This is still the same compressor that the Board looked at and approved in October. We are adding the dryer component to this so it is an additional element being added on to the compressor, and we are putting a freight allowance so the \$289,503.30 includes a freight allowance for having to drop ship to VW. Once the installation is complete, they will do a follow-up inspection in order to confirm that the compressor and dryer are in service. This has come from some of the remaining funds from MOUs 1 and 2 which are local incentive dollars. There will be a small amount left over after completion. We are very near the end of those dollars.

We were trying to move quickly in order to get the order in place so it can be installed during a December shutdown period for the plant. However, once they made the determination that they were going to handle the installation, that holiday shutdown period is not critical for the replacement of this piece of equipment so it was determined in the best interest to turn back. Apologies for having to come twice.

The \$336,000 included the \$100,000 installation allowance. Ingersoll Rand was essentially given a discount if they provided the installation since they are no longer providing the installation. Of the base amount, the compressor could give up about \$20,000 and then we have since added this dryer onto the purchase as well. That change in base amount plus the dryer and freight allowance being added brings the revised total to \$289,503.30. This resolution replaces last month's resolution. The motion carried.

ADOPTED

Class A Power Project

On motion of Mr. Rodgers, seconded by Mr. Floyd,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROGRESSIVE DESIGN-BUILD CONTRACT, IN SUBSTANTIALLY THE FORM ATTACHED, WITH ADDITIONAL AMENDMENTS, FOR THE CLASS A POWER PROJECT – CONTRACT NO. W-20-027, WITH ARCHER WESTERN CONSTRUCTION, LLC, OF ATLANTA, GA, TO EXECUTE PHASE 1 OF THE PROJECT, IN THE AMOUNT OF THIRTEEN MILLION THREE HUNDRED NINETY THOUSAND DOLLARS (\$13,390,000.00), SUBJECT TO APPROVAL BY THE OFFICE OF THE CITY ATTORNEY.

Mr. Justin Steinmann clarified this is the second design build project coming with the Class A Power Project. We gave a presentation a few months ago. This award is for Phase 1 which with a design build contract is from initial design all the way up to 60%. Just like we came last month and the prior month with e2i2, you may recall we came with a Change Order where once we had the Guaranteed Maximum Price for that first project, we came with a Change Order for the full project cost. In the number of months when we do the 60% design, we will do the same thing with this project. We have consulted with Attorney Noblett acting as IDB Counsel as this contract format is a standard DBIA contract form. We are still talking with the consultant about possible amendments to it as well as final review of that by the City Attorney's office.

This is work being done at the treatment plant. There are a number of different processing improvements including biosolids reduction improvements, THP, things like that. There are a number of different processing improvements and working with the consultant is finalizing what those processes are but as far as outcomes they include producing or engineering from either use or reuse, reducing our biosolids volume, and increasing quality.

The motion carried.

ADOPTED

e2i2 Project

On motion of Mr. Parker, seconded by Mr. Rodgers,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO ENTER INTO SALES CONTRACTS WITH THE ELECTRIC POWER BOARD OF CHATTANOOGA, FOR ELECTRICAL SERVICES FOR THE WEST CHICKAMAUGA AND SOUTH LEE HIGHWAY PROJECT SITES, FOR THE E2I2 PROJECT, AT A COST NOT TO EXCEED FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00).

Mr. Steinmann said that the cost for the relocation of electrical service is not a part of the design build contract. Any expenses that are outside of that contract we have to come to the IDB to request approval. This represents an estimated cost with some cushion because we are still finalizing this sales agreement with EPB as to operating changes required for the electrical services for both project sites for e2i2.

The motion carried.

ADOPTED

e2i2 Project

On motion of Mr. Rodgers, seconded by Ms. Shekari,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR HIS DESIGNEE TO APPROVE EXPENDITURES OF FIFTY THOUSAND DOLLARS (\$50,000.00) OR LESS FOR THE E2I2 DESIGN BUILD PROJECT FOR EXPENSES INCURRED OUTSIDE THE APPROVED DESIGN-BUILD CONTRACT.

Mr. Steinmann said that this item is much like at Council where the staff had the ability to process expenditures for items less than \$50,000 without Council approval. We find with a design build project of \$150 million plus there are a lot of expenses that in services that may fall outside the design build project and do not feel it was good use of the Board's time to come for every \$3,000, \$5,000, \$7,000 expense that falls outside of it. This authorizes the Chair or designee, Bill Payne for example, who currently is authorized to sign invoices and other things on behalf of the Board for those expenses under that amount solely for the e2i2 Project. If we proceed with Class A Power, we will bring a separate authorization request. Attorney Noblett said if not, all of those would have to come before the Board for ratification or action taken after they occur and sometimes these are time sensitive issues. The motion carried.

ADOPTED

e2i2 Project Update (Report Only)

Mr. Steinmann said typically they have been providing that in PDF format and if there are any questions, he is glad to answer those, but otherwise there is no action.



HomeServe PILOT

On motion of Mr. Floyd, seconded by Mr. Parker,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT CHAIR OR VICE-CHAIR TO EXECUTE A QUITCLAIM DEED TRANSFERRING THE HOMESERVE PROPERTY LOCATED AT 7134 LEE HIGHWAY, PARCEL NO. 139P-C-007, GIVEN THE COMPLETION OF THE PILOT INCENTIVE WHICH ENDED DECEMBER 31, 2023.

Attorney Noblett said that whenever something goes back on the tax roll, it is the completion of the process for the PILOT, and they will be taxed at the rate of improvements on the property from that point on. There will no longer be payment in lieu of taxes, but there will be an actual tax rate based upon improvements on the property. That has been requested in this case. The motion carried and they are now back on the tax roll.



Workforce Development

On motion of Mr. Rodgers, seconded by Ms. Shekari,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM ITS FUNDS GENERATED BY ECONOMIC DEVELOPMENT LEASE PAYMENTS TO THE CHATTANOOGA CHAMBER FOUNDATION, A TENNESSEE NON-PROFIT CORPORATION, FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM IN FURTHERANCE OF ECONOMIC DEVELOPMENT IN THE TECHNOLOGY SECTOR.

Mr. Jermaine Freeman said that the Board has had the opportunity to hear that the Mayor has a new member of the team to get us a boost on the Economic Development and Workforce Development front. Mr. Freeman introduced the Mayor's new point person for Economic Development, Ms. Charita Allen. Ms. Allen previously served with the City of Chattanooga in the capacity as Deputy Administrator for Economic Development before joining the State of Tennessee's Department of Economic Development and Community Development which she

served as Director of Workforce Development. Ms. Allen will be the primary go between the Administrator and this Board representing greater initiatives for this Board. A lot of what you are hearing today is reflection when you think back to when you heard the Chattanooga Climbs presentation which has been several months. You will remember that one of the things the City and the County do with the Chamber of Commerce is to work towards the development of the Chattanooga Climbs Economic Development strategy. In that Chattanooga Climbs strategy, there is a focus on workforce development creating high wage jobs for Chattanooga residents and also pursuing targeted industry sectors to grow our economy, including pursuing the growth in the advancement of manufacturing space, as well as the software and IT development space. A lot of what you are going to hear today reflects that and reflects the pursuit of those sectors because of the work that we do with the Chattanooga Climbs plan and because the support that we give to the Chamber is reflective and includes that work in addition to the work to pursue and vet economic development projects for PILOTs.

Ms. Allen provided a framework for the Economic Development tools that we are currently using. What we are working on moving forward is going to be supported by these two recent studies. In March 2024, local Regional Planning Agency authorized this study that is related to capital funding and how we fund our capital projects for both infrastructure and facilities. Prior to that, there was a study that was completed in 2023 that was commissioned by both the City and County, and that was totally our existing Economic Development programs in looking at the tools we currently have and what tools we need to have. The high level recommendations we are looking at are that they can now utilize downtown sites. Obviously, there are going to be some retail incentives pointed towards that. Its transparency and clarity for developers seeking public benefits. We are going to be looking forward to standardized agreements, standardized applications, and looking at the approval process. Looking at how we evaluate and verify job creation capital investment. That is part of that study. Planning for 2025 again, we will be looking at some retail and restaurant incentives that are pointed in that direction. The last one, providing Workforce Development to improve job access.

That is going to take us to our current toolkit and have it set up. The way we look at our business toolkit here at the City of Chattanooga recognizing this is not all encompassing. You are not going to see new market tax credits, you are not going to see EPA assessment grants, you are not going to see some of those state and federal programs. These are the ones that typically task the Industrial Development Board here in the City. They also task the City and the County. These are our primary rules.

The start outs, small businesses, and neighborhood businesses are all of the programs. Some of those we have brought in the past before this Board. You will probably see Construction Mitigation Grants come up as we look at the Walnut Street Bridge Renovation Project. Those awards will come through this particular body. Growing Small Businesses are typically programs that are funded using the Economic Development fee that is paid for PILOTs into the Industrial Development Board. The Board has authority through the state statute to fund programs using those dollars. That is where historical rates for private businesses have been made in the form of Growing Small Business Grants (inaudible) and moving forward we will look at façade and signage grants. Those will come out of those Economic Development fee payments as well. The high growth jobs that are investment, that is where those dollars are coming from – those pool of

funds that are coming from those Economic Development fee payments that are made to this Board as part of the PILOT agreement. When you look at column five, we are looking for large capital projects. Those are projects that involve either bonding or TIF increment and property taxes. Those will require both City and County approvals. Some of those also require state approvals. We have those in a different category. Those are larger capital investment projects. Those will typically have a resolution that will come from the City and County that will come to this Board because you are dealing with a source of funding that is related to property taxes.

The last one is Workforce Development. We currently have a fund at the IDB that we used previously to fund COVID grants. Years ago, we sent funding to Urban League for an after-hours COVID program as well. Historically, we funded Workforce Development programs through this Board in the past that have come directly to us. Those funds are from a direct appropriation from the City of Chattanooga. Those funds are restricted and can only be used for (inaudible), but the IDB has the authority for that particular fund category. Moving forward, if you look at the items in yellow, those are the items on which we will be focusing on the remainder of this year and for 2025. It is looking at again construction mitigation grants, façade, and signage grants. Sarah Mattson will be working on that program now. High growth high jobs investment is coming from the Chamber.

The large capital is going to be focusing on policy changes, templates, monitoring, and updating guidelines for PILOTs and TIFs. As a community, we will start looking at redevelopment TIFs and those are TIFs where the increment can be used not just for infrastructure but in vertical construction. There are a lot of housing projects where you have mixed use developments and there is housing in the vertical part of the development, a redevelopment TIF will allow the increment to fund that. Recognizing we are not doing well right now, we still have to put together policies around it. We are currently looking at other communities that are using that tool and that tool would not come before this Board but would go through a different agency that has the authority through the state to do that.

That is the overview. Ms. Sharp was saying what is the framework, why are we doing these programs, do we have the authority to do these programs, and how are they set up. This is typically how a City has operated when it comes to those programs. Historically, we have come to the Board at the beginning of each fiscal year that we anticipate doing 25 small business grants and moving some monies over from one segment of the budget to fund that. We have not done that yet. We will do that in 2025. Ms. Allen just moved back to the City in July and anticipates when we get the end of April when we do the annual report to this Board that we will at that point put together our goals for each of those categories and what that might look like.

Mr. Rodgers asked for an update on the PILOT policies and procedures status. Where does that stand because we have not heard anything substantive in a while. Ms. Allen said that currently we have draft policies that were sent from the Chamber and have been evaluating those. The County has hired someone at the County to also oversee PILOTs, and the County auditor has someone also who is going to be a point person for auditing PILOTs. The City, County, and the County Auditor have all had conversations with the City Auditor. We understand what changes we need to implement based on the performance of previous PILOTs and some of the obstacles we run into so we recognize that. We anticipate the beginning of the year we will be ready with

our PILOT policies. Ms. Allen does not know the process of whether they go to the City first, or County, or IDB, but all three boards will receive a presentation on it.

Ms. Allen would like to say to the City Attorney that the way that resolution is worded the funding is coming from a (inaudible) privilege and not from an Economic Development fee lease payments on this particular item.

Ms. Jones asked about the wording. Attorney Noblett said that it has a reference for Economic Development lease payments. It is coming from Economic Development. It will be coming from an appropriation. It is already in a fund, but that fund has monies in it that were previous appropriations. Technically, this next item comes from the City appropriation and not from Economic Development fees. We were fortunate in that there is an appropriation that money is left over in it so we are using those monies. The monies were not generated by the Chattanooga Chamber. That may need to be explained.

Mr. Andrew Hudson is the Director of Vital Pathways to Prosperity, which is the career pathways initiative of Chattanooga 2.0. The collective impact authorization is housed with the Chamber. We will be talking about a request for funds for the Chattanooga Tech Accelerator. Mr. Hudson will be attending his presentation by Walt Robinson, the Executive Director of the Apprenticeship Hub and Christina Henderson the Director of Workforce Development at the Chattanooga Chamber of Commerce.

Why are we asking for money for a tech accelerator? We have worked for over a year now on outlining tech jobs that are in high demand for our local labor market research and moving backwards from jobs of training. In this instance, one of the jobs that we see in five years and a significant need for that labor and also the need to prepare someone for that method of training which is the registered apprenticeship. We work with the Department of Labor and will talk about the registered apprenticeship that we have and this is an accelerated training that goes with that.

We have worked really hard to not just to provide training to give someone a certificate but move backward from a job into training that provides someone in an accelerated way to learn and earn while they are also working and also be able to walk away with an interview before the training is over. We piloted this program in a welding program last year and also in our line worker program that we partnered with these are all collective and backed programs co-built with employers. We work with the employer to outline the skills and build the training from there. This training is accelerated training and I am happy to talk about it.

Christina Henderson will talk about the labor demand for why we build data analysts. Ms. Henderson wants to clarify that when we talk about the Chamber asking for this funding it is not the Chamber that is ultimately going to be receiving these funds. It is serving individuals in our community to help them enter into careers that provide substantive wages. As Mr. Freeman mentioned, the Chamber is committed to not only long-term economic development in our community and existing industries and recruiting new high growth industries but specifically in the creation of jobs that pay sustaining wages for citizens that historically have been underserved and overlooked. Information Technologies is one of the Chamber's target industries in terms of recruiting over the next five years and so while we have some of those jobs already here, we are

very intentionally recruiting companies that will hopefully lead to the growth of jobs in that sector. After further discussion, in the Chattanooga Region there are 17 jobs for computer support technicians and 9 current job openings for data analysts. We know that the jobs are here.

Mr. Hudson said they built these pathways as true career pathways of economic mobility. Part of that has to do with recruiting students to come to Hamilton County schools as well as eligible adults in our underserved populations providing them with reasonable ways to move from an entry level understanding of IT into a middle skills opportunity. We have had several instances in our community of training like IT certificates and there is a great entry level. Those are not specifically related to a job. We have built training that leads to those base level data jobs that pay \$20-\$25 an hour and at the same time provide that person being an eligible candidate for a registered apprenticeship for a job that pays closer to \$60,000 a year.

In our company, there have been two companies that are incentivized by the Department of Labor to hire apprentices. We are having trouble creating an applicant for that. Our goal is to create economic mobility. Part of that has to do with the fact that we are also building this directly off of skills training. When we recently built training, we built it backwards from two particular jobs in our community. They will go off of skills. We have taken that same skills approach from the trades and walked back into the tech spaces and said what are the skills that you need for this job. Not just a certification but what are the abilities that someone needs in order to walk into that \$20-\$25 an hour job. That is what we have outlined as well as the ability for someone to not only go through one certification but six, as well as the ability to have a weekly stipend to offset the costs and also the ability to have an instructor walk beside them during this base learning. This also allows us to use the reflective approach to the use of federal workforce dollars.

One of the best things we are able to pilot in our welding program was the ability to leverage those federal workforce dollars through individual training grants that people can qualify for based off of income and obstacles towards employment. This program is the same that we build in conversation with the Southeast Tennessee Workforce Development Board and with the American Job Center around those qualifications to get these great certifications while also working a job because the training will be offered from 5:30-8:00 PM, Monday through Friday, and also allowing them the ability to have that connection with the workforce dollars.

The base outline of this was an accelerator. For seven weeks, someone will go Monday-Friday, 5:30-8:00 PM, and meet in person using an online platform using video learnings as well as projects that teach them to move from a basic understanding of data. In order to apply for this program, you not only send your information on the website, but you take a basic Excel spreadsheet test that shows you are capable of those entry level data skills and able to move further along quickly. Quickly is really important because our goal is to use any funds from the community as efficiently as possible to get somebody to a job. Not just a certificate but to get them into a job. Otherwise, why are we doing this. The goal is to move really quickly and also, we know that all of these jobs being able to learn is a real thing. Being able to walk into a job and not just knowing how to do these different levels of coding or different levels of data analysis or data visualization but being able to be handed a new project and be able to learn these new skills. That is part of what happens with the accelerator as well. It is very similar to boot camps and different programs like Ed to Go or Ed X that are offered by universities and our state and those are used as online

accelerators. This is an example of where we have localized that and worked closely with Build Within to create custom tech accelerator base office skills that are outlined for the jobs that are listed in our community.

Mr. Walt Robinson said that we are just one of five apprenticeship hubs in the country and by far the smallest but also the mightiest. The others are Los Angeles County, Sacramento, Maryland, Virginia, and Chattanooga, Tennessee. We have been selected to be one of those five communities in the country to help connect people directly to actual jobs that exist. One of the benefits of being one of the five hubs is that we get to utilize and bring to Chattanooga programs, learning sequences, and experiences, that are proven in the other hubs and get to bring them here and adapt them to our community. We are not trying something that looks good on paper. We are doing something that has worked elsewhere and adapting it for our community as part of the benefit of having the hub as a nation.

One of many in National Apprenticeship Week, we have many local employers who are starting apprenticeship programs or have apprentices active right now and one of the things about this accelerate model is that it is a middle skills closer. A lot of employers are not finding the kind of applicants they need because there is a large emphasis on the front end tools. We have plenty of options in the post-secondary and higher ed space. You can get a four year degree, we have Tennessee Promise, but there is a gap in the middle that is unfulfilled. The employers are keenly aware. We helped create this program. There are multiple organizations involved. The idea is that we have a collective impact to leverage this as a direct line to a job for folks in our community.

The Department of Labor after talking to a lot of businesses over the country and study have determined that there were barriers to creating registered apprenticeships. Registered apprenticeship means something that is vetted by the Department of Labor for quality where an individual learns and earns at the same time. We want to get the job with a mentor and get paid to do it. There were some hurdles to creating those apprenticeships in the new economy and technology space. They created something called the Apprenticeships Building America Act. Under that act, one of the grantors Built Within, is a registered apprenticeship intermediary. The Department of Labor had as part of the grant allowed to employ resources into five communities. As part of the resources, we have another staff and access to what essentially is equivalent to millions of dollars' worth of economic development workforce development software, training programs, and all that is provided to our community by the hub designation. The communities are Sacramento, Los Angeles County, State of Maryland, northern Virginia, DC, Chattanooga, TN.

We were awarded the hub in November 2022 and he came on in March 2023. There has been a lot of education on the front end and a lot of confusion about what apprenticeship means. It means something very specific. Working with businesses to start programs, getting employers to understand the potential of it, also working with the school system, and working with other folks who are doing community facing work to articulate that this is a great option. You can get an apprenticeship, and get paid to learn. Some companies will pay for you to get a college degree after you graduate from your apprenticeship. It is a great option for people who are maybe straight from high school to college.

After further discussion, Mr. Parker asked how many employers there are between the welding and line workers, how many companies are you feeding to? Have you already lined up for the data analysis and how many? For the line worker pathway, they work extensively with EPB, TVA, and IBEW is a community partner. For the welding program, they work with Astec, Miller Industries, and (inaudible). Those were the three employers we work with. We work directly with the CWIs at Astec to delineate those fields and with CWIs at Miller. We use that same model where we not only outline the registered apprenticeship but move forward to what skills are ready.

With the middle skills, we know that by 2030, 70% of jobs in Tennessee will require more than high school. We are not talking about that over half of those jobs require something other than a two or four year degree. We are looking at creative solutions. We have seen this tested in other locations as a way to get some of those middle skills positions such as this contract.

There are two major employers that are remote work employers one is called Data (inaudible) and Big Tech X. They hire an online interview, based on a skills examination. One of the modules of this type of accelerator is practice exams like those that will be on that. After further discussion, Mr. Rodgers asked why these jobs? You say it targets high growth but there are a lot of other jobs that need training in our area. And who is benefiting? There are only certain companies needing this type of job. If we give this money to the foundation, who's to say that the people you train don't take that training and go to Silicone Valley or Riley, North Carolina, and leave us. Mr. Rodgers' concern is asking to be front \$50,000 for a very targeted group of jobs. That is bothersome. After further discussion, data jobs and housing were discussed.

They have already built the training and the largest part of this expense has already been done. The online platform people will use has been built. If this funding does not go through, then they are going to diversify, turn back around, and look for other funding. It will not stop this training, but it is crucial to get it up and running as soon as possible (by January).

All of the money will go directly to the participants and the people that are helping them with three instructors/trainers. All of the money around developing the platform, software, has already been purchased and passed through the hub. The community has that. It is under the umbrella of Chattanooga 2.0. Training like this could cost between \$10,000 to \$15,000 for a good affordable one and expensive one could cost upwards to \$25,000. That part of the training is already paid for. We are trying to create a holistic wraparound support so that we can take people that are underserved and unrepresented that already have obstacles towards employment and give them the opportunity. It is an incremental stipend. We discovered by giving stipends it helps offset the cost of transportation, food, and childcare for someone to be in the training, but we also understood it is really important for us to have an increasing stipend. It will start out lower and move up as the weeks go on to incentivize. It is intense and fast-paced. These are in person training with three instructors. After further discussion, soft skills and social capital development were discussed.

Mr. Rodgers is not comfortable in just giving \$50,000 to target a select few jobs, and he does not know anything more about this. Mr. Rodgers would like to get more information before we start as a public entity start doling out money for certain jobs and not others. They will paint a larger picture. Ms. Sharp has raised good questions. Ms. Allen said that this item has not been discussed with the City Council nor the County Commission and came directly to the IDB with the authority of the IDB to support workforce items.

Built Within has been supported by the City in the past and is not new to the City. This was an extension of that. Our partnership with the Chamber and the Chamber Foundation is borne out of all the requests they receive on a regular basis from organizations who are doing workforce development in figuring out how we vet them, which ones have employers behind them, etc. We pulled in the Chamber to say there is a need here and who are the existing partners, are they collaborating with other entities, what are the deliverables, and has this been proven or happened somewhere else so that we are not just funding an effort or initiative in the hopes it is going to be successful, that has proven results. That is why we brought this to the Board versus taking it to the City Council because the City is already invested in Build Within. We need small micro-workforce development initiatives funded to pilot them and prove successes and find additional funding after we get through the first couple of cohorts and figure out how that looks.

Attorney Noblett said there is authority under Tennessee law at Section 7-53-302 which is in the resolution that you have the authority to donate parts of the rents, revenues, or receipts that you find the action being in furtherance for the purpose in which the corporation was organized for workforce development here in the City of Chattanooga. Attorney Noblett was concerned where the \$50,000 is coming from. Do we have PILOT funds that will generate that money? Where does the money come from?

Ms. Allen said the funds come from the tech workforce fund that is already established in the IDB. Those are the appropriation dollars that were sent over by the City. We do have a fund that is just for tech workforce training that we have had for some years. We have funded in the past. The IDB only has the authority over funds that it generates.

Mr. Rodgers said that this discussion is good in the sense that you can see where we have questions. If we had a staff report that gave more information as far as background with the money and where it comes from, and addresses those questions on the front end. Ms. Allen said that it is easily done for a staff report.

Ms. Jones asked to defer this resolution to the next meeting. Mr. Parker asked if this was a seven week program. The \$50,000 is for eight students. We are training eight students with the in-kind and total about \$91,000. Mr. Parker is 100% for workforce development. We need it. He works in manufacturing. More information will be provided by demonstration, testimonials, and economic impact. The Board would also like to see someone local.

The resolution was tabled for the next meeting so the Board can get more information.

TABLED TO DECEMBER MEETING

Workforce Development

On motion of Ms. Shekari, seconded by Mr. Parker,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC.

This resolution was also tabled for the December meeting.


TABLED TO DECEMBER MEETING

There being no discussion items and no further business, the meeting adjourned at 12:13 PM.



GORDON PARKER, *Secretary*

APPROVED:



KERRY HAYES, *Chair*



Helen Burns Sharp <untiedlaces@gmail.com>

ATM/HBS Comments on Agenda Items at 11-04-2024 IDB Meeting

Helen Burns Sharp <untiedlaces@gmail.com>
To: Helen Burns Sharp <untiedlaces@gmail.com>

Mon, Nov 4, 2024 at 9:49 AM

Two items on today's IDB agenda suggest that the City needs to improve transparency when asking the IDB to allocate taxpayer dollars. Fortunately, there is an easy solution.

You could ask your good economic development staff (Mayor's Office, Chamber) to begin a practice common in other cities of preparing a brief staff report whenever they ask you to pass a resolution. It would give background on why the resolution is before you and try to anticipate and answer questions like those I raise below about today's resolutions. It would contain a staff recommendation from whoever wrote the report.

8. a. A Resolution authorizing the IDB to donate \$50,000 from funds generated by (PILOT) economic development lease payments to the Chattanooga Chamber Foundation for a Workforce Development Tech Accelerator Program

- Who decided we needed this new program? Has it been discussed at a City Council meeting?
- What kind of entities qualify to receive "donated" lease payments?
- Is there a written agreement between the City/IDB and the Chamber that includes a description of the program and its expectations?
- What is the explanation for why the Chamber needs additional public funding to do this program? (The City and County pay the Chamber \$1.2 million annually to assist with economic development activities, including administering the PILOT program. Only three PILOTs have been approved in the past five years.)

8. b. A Resolution authorizing the IDB to execute a Project Grant Agreement (High Growth Jobs and Investment Program) with AIS Enclosure Systems—Chattanooga LLC.

- Did the City Council pass a resolution establishing this program? That is how the Small Business Incentive Program got started.
- Is this a new program? Has the IDB been asked to make grants to other private businesses in the past?
- Is there a list of "high growth" industry sectors? If so, is industrialized building manufacturing on the list?
- What criteria should the IDB use when deciding which businesses to reward?
- On PILOTs and TIFs, the IDB first reviews an application. Has the IDB seen an application for this company's request for taxpayer assistance?
- Who prepared the agreement? Was it the City Attorney, the Chamber, or a private attorney hired by the prospective grantee?

Good Jobs First is a national policy resource center that promotes government accountability in economic development. Regarding accountability for tax incentives, they have called Chattanooga the least transparent of the major cities in Tennessee. Let's change that, starting with staff reports and continuing by keeping transparency in mind

when writing PILOT policies.

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