



Minutes from March 1, 2018 Joint Work Session
City Council & Palestine Economic Development Corporation

Attendance Record:

Alan Herrington, PEDC Board Vice President
Michael Page, PEDC Board
Stuart Whitaker, PEDC Board
John McDonald, PEDC Board
Will Brule, Council District 1
Mitchell Jordan, Council District 2
Vickey Chivers, Council District 3
Doug Smith, Council District 5
Mayor Steve Presley
Mike Hornes, City Manager
Steve Groom, Finance Director
Ami Ashworth, Public Works Administrator
Gayle Cooper
Greg Laudadio, Interim PEDC Director
Terry Johnson, Coordinator of PEDC
Mary Raum, Tourism & Marketing Manager

This meeting was open to the public and attended by three local citizens.

Work Session

- 1) Call to order – 12:04 pm
- 2) Discuss housing – Greg Laudadio summarized the recent efforts of PEDC to assist with the City 380 Agreement and the County 381 Agreement. Palestine will soon have new market rate apartment housing for the first time in 21 years. In the last two weeks, PEDC and the City Manager met with new developers coming from out of town to discuss building more housing in the area. Since the 380 and 381 Agreements have been done, Palestine is now considered a place to develop housing. Generally PEDC dollars are used for commerce and business, but nothing is off the table as long as our PEDC attorney Chris Nichols finds our economic development actions legal.

Mayor Presley asked whether PEDC could fund infrastructure assistance where vacant lots are located, specifically the infill lots available from City of Palestine. We know the City is providing water and sewer line fee relief, but we need street repairs and curb and gutter work completed on these properties. Alan Herrington, PEDC Board Vice President, stated the PEDC Board will entertain anything that is considered legal from a 4B Economic Development Corporation perspective.

City Manager Mike Hornes said that PEDC could legally develop loft apartments for mixed use that would assist with housing downtown, and also assist with our entertainment district plans. Mike also suggested the developer for the city owned infill lots, be a builder that buys materials from Palestine stores and lives in Palestine while they build. The Council was in favor a providing a way for veterans to reap the benefits of the infill lots. Will Brule suggested PEDC find a way to encourage incentives for our historic homes in Palestine. In summary, Mike Hornes stated housing is more of a city issue, not an EDC issue. Mayor Presley reiterated by fixing one street with curb and gutter, you improve the whole neighborhood.

- 3) Discuss business recruitment – Greg Laudadio discussed the process the PEDC Board and staff went through to vet Retail Strategies as a lead consultant for new retail businesses to Palestine. The Board voted not to hire the company at this point because they felt organic growth would happen anyway. Greg then discussed the financial incentives we gave Erickson Truck N Parts (tax abatement and forgivable loan agreement) to establish a business in Palestine and asked owner to move to Palestine. Although Sanderson Farms has been a good example of a large number of jobs, we know many of the people hired don't stay in those jobs, and some are bussed into Palestine to work. We know higher paying jobs are needed. One suggestion to assist the entrepreneurs in our city is to provide an incubator space at the Palestine Mall, where business owners could come to share technology and space while they are building their business. Many spaces inside the mall are available, or coming available soon per Mike Hornes.
- 4) Discuss business retention and expansion – Greg Laudadio stated the PEDC Board approved a formal program to cultivate the existing companies in Palestine. The last business retention visit was Eagle Rail Car in Elkhart, a business that repairs tanker cars for the railroad. Since the business employs technical welders and PEDC identified they needed skilled welders, all it took was a plan of action from TVCC to provide the courses and certifications needed for trained welder curriculum. Nucor Vulcraft also employees skilled welders which brings the local wage competition up. Mike Hornes talked about the higher paid technical job of the police force, and how high school graduates should tap into this opportunity possibly through their PISD Career & Technology Program.

Mayor Presley suggested PEDC look into owning more buildings in town and leasing them back to businesses, thus allowing the business to focus their financial capital on inventory and equipment, or anything to get the business up and running. He gave the former Terry Manufacturing building as an example of a possible purchase, where PEDC could lease the building to a company within the oilfield industry. Since PEDC has been successful with owning The Results Companies property and the property will be paid off in two more years, maybe it is time to own another commercial property.

PEDC also provides financial support to the Palestine Area Chamber of Commerce for their quarterly business presentations. Their latest presentation came from our SBDC group and it covered their Small Business Development Council market analysis tools that assist with business intelligence and financial analysis for our local businesses and bankers. PEDC also held a job fair in the Palestine Mall when Sanderson Farms needed CDL truck drivers. Mike Hornes summarized this topic by saying we need more technical jobs similar the jobs offered by Pentecom, a technical data consulting and conversion firm, because they offer higher wages.

- 5) Discuss quality of life – Greg Laudadio discussed PEDC's Community Development grant for \$50,000 in matching funds and our \$50,000 per year Parks Grant to Community Services Department. Greg mentioned our Community Forest, trails, lakes, natural resources and history. The City of Palestine owns our Museum for East Texas Culture.

PEDC Board Member, John McDonald requested the PEDC Board and Palestine City Council set aside from ¼ to ½ acre of land, across from the former home of Governor Campbell, who brought the Texas State Railroad to Palestine. The Old Memorial Hospital is located directly across from the Campbell house, now owned and visited, by Governor Campbell's great grandson, who is also an architect. John said PEDC could fund the landscaping of a black granite monument and memorial space on the land, leaving approximately 4.5 acres for other projects. This project should be done once the demolition of the old hospital takes place.


Mayor Presley mentioned fact that new TSRR ticket holders will get a free ticket to Heritage Railroad Museum and the Museum for East Texas Culture. This ticket should bring those riders into parts of Palestine not normally visit. Our Mayor and City Manager would like to see PEDC spend some of PEDC reserves on quality of life issues in Palestine. City Manager Mike Hornes said there will be funds available from a city portioned grant from Texas Parks & Wildlife that would provide funds needed for the entire Community Forest area including athletic fields, lakes, and camping. To keep crime down, Mayor Presley would like to create a single entrance and exit to for each lake. Once crime is down, bike trails and a zip-line can be built on these properties. Mike Hornes reiterated we need PEDC Board willingness to spend down some of their reserves. PEDC Board Vice President, Alan Herrington, said there must be a professional plan in place before funds can be approved, perhaps involving an engineering firm. Mike Hornes stated way-finding signs are an important part of the Community Forest project and City Staff could do a large portion of the planning and mapping of the new projects. PEDC Board member Mike Page said we need to consider camping grounds for this area and Mayor Presley agreed that we are losing city revenue from the twelve million people within a two hour drive from Palestine. Councilman Mitchell Jordan suggested the City hire an Activity Director to manage kid activities such as a Whoop It Up Tournament that emphasizes basketball.

- 6) Discuss infrastructure assistance – Mike Hornes led the discussion of our first Tax Increment Refinance Zone and a plan to create a new kind of Main Street with different thoroughfares. No matter where the TIRZ is located, the incremental dollars that are funded would go back into our Main Street infrastructure project. Mike then asked the PEDC Board to consider spending any leftover budget dollars on infrastructure projects because we will always have these kinds of projects with funding needs.

Steve Groom, Finance Director, asked the City Council and the PEDC Board to begin prioritizing their budget needs and Greg Laudadio reported the PEDC Board will discuss their priority projects at the next March 15th Board Meeting. This will help the EDC department prioritize their budget needs.

Gayle Cooper, the new Economic Development Director starting on March 19, 2018, was introduced by Mike Hornes. Gayle stated that she sees a very conscientious group of Board members and City Council members and she regards infrastructure as an investment in our community.

- 7) Adjourn – 2:12 pm


Terry Johnson, Economic Development Coordinator