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# The Contributor

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# PRIME BIDDING

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# PRIME BIDDING



NASHVILLE IS AMONG 20 NORTH AMERICAN MARKETS VYING FOR **AMAZON HQ2**. BUT IS MUSIC CITY'S BID HIGH ENOUGH FOR THE ONLINE RETAILER?

BY BAILEY BASHAM

**T**he billion-dollar question: Will Nashville win the bidding war for Amazon's HQ2?

Music City is one of 20 markets currently contending for Amazon's second corporate headquarters. In its proposal for HQ2, the online retail beast has offered a \$5 billion construction investment, 50,000 high-paying jobs and a possible \$38 billion surge to the host city's economy. It's a lot to take in. Amazon reviewed 238 proposals from across the United States, Canada and Mexico, and, with its It City status, strong assembly of young talent, business-friendly reputation and comparatively inexpensive cost of city living, Nashville made Amazon's Top 20 list. But what

makes Music City a contender? And what would the headquarters mean for this ever-growing town?

Rich Murdocco, professor of economic and real estate development at Stony Brook University, wrote about the potential of Amazon settling in New York for *Long Island Business News*. He believes that the effects can be both positive and negative for any city.

"Generally, large companies like Amazon offer local municipalities the opportunity to quickly grow their economies with a rapid influx of high-paying, quality jobs," Murdocco says. "But the downside is that this need gives Amazon strong leverage, which they could use freely to

set the terms of relocation. Cities often dampen the economic benefits they receive by offering overly generous tax breaks and infrastructure packages in order to lure the retail giant in the first place.”

## AMAZON'S CALL FOR HQ2 APPLICANTS

In September 2017, Amazon announced that growth within the company had created a need for a second corporate headquarters in North America. The Nashville Chamber of Commerce submitted a bid in October on behalf of the 10-county region. According to a release by Amazon, the company is “looking for a location with strong local and regional talent — particularly in software development and related fields — as well as a stable and business-friendly environment to continue hiring and innovating on behalf of our customers.”

Each proposal was reviewed per criteria outlined in the RFP. One such need was space — the company would need 500,000 square feet of space by 2019 for a facility and 8 million square feet in the long run, which would put it on equal grounds with its Seattle headquarters. Thousands of construction jobs would be created as part of the plan. But what Nashville must bring to the table has sparked conversation.

“We’re an underdog in the process, and there are hurdles that [we would] have to overcome to be on the list,” chamber president and CEO Ralph Schulz told *The Tennessean*. “They’ve put pretty strict requirements around things like the presence of a transit system and international flights. We’re gearing up on our tech workforce. It’s growing, and it’s growing quickly, but it’s got to grow a lot to be able to meet that need.”

The Nashville Chamber of Commerce hasn’t released a copy of the region’s bid, and per a non-disclosure agreement the city has with Amazon, Chamber spokeswoman Andrea Albers isn’t able to offer many details, but she said the many advantages of doing business in the city were featured in the application. “We look forward to presenting the strengths of the Nashville region and are ready to get to work and understand what information is needed next,” Albers says. “It is encouraging that Amazon recognizes what we already know to be true about the Nashville region — a vibrant culture, an abundant talent pool and a diverse economy.”

Currently, Amazon has more than 2,500 employees spread across Middle Tennessee in warehouses and sorting centers.

## HQ2 CONCERNS AND SUPPORTS

Nashville has plenty of benefits when stacked among others on the list — a relatively low-cost of city-living, the lowest property tax rate in the history of the city and a popularity among start-up companies looking to grow. But among the concerns for the bid are the inability for current infrastructure to support continued growth and a further increase in environmental strain.

“The Amazon competition highlights the biggest needs in Nashville today, and those need to be addressed whether we get the Amazon award or not,” says Councilman At-Large John Cooper. “I’m sure if Amazon wanted to come

to Nashville, we would try to find a way to say yes, but there is no real long-term plan for this.”

Although much of the opposition deals with the lack of infrastructure, another vocal Nashville naysayer is focusing on social compatibility. The San Francisco gay rights advocacy group behind the “No Gay? No Way!” campaign urges Amazon to avoid building in states that do not protect LGBT residents from discrimination. Tennessee is one of nine states on the list of 20 that does not have anti-discrimination laws. Albers declined to comment, citing confidentiality agreements with Amazon.

## LOCATION, LOCATION, LOCATION

As of October 2017, Mayor Megan Barry said in a video that was included in the pitch to Amazon that Nashville was sitting on the lowest property tax rate in the history of the city. Based on average property tax rates in 2017, Tennessee boasts the lowest of all states being considered for HQ2. Lower taxes mean more money for people to hold on to — to retail giants like Amazon, that would be attractive.

Barry also said in the video that Nashville would offer more than a dozen potential sites for the facility that “fit many if not all of the criteria that Amazon has identified as important attributes.”

Little is known, however, about potential locations — *The Tennessean* did speculate in October that the build-out of HQ2 could include a development in East Nashville, the Century Farms area in South Nashville where an Ikea store is planned or the airport-adjacent Buchanan Point site off Interstate 40.

## KEEPING THINGS GREEN

Regardless of where the facility could be built, Tennessee Department of Transportation and Sustainability Director Erin Hafkenschiel imagines Amazon would build sustainably and efficiently.

“We are a bit ham-stringed by state laws in terms of being able to require commercial builders like an Amazon to build [with Leed Silver certification, an environmental rating system] like our other metro facilities, but a lot of commercial developers are doing it on their own because it saves them money,” Hafkenschiel says. “The commercial sector is typically much more in compliance with the energy code, and Amazon is one of the companies that has said they want all of their operations to be 100 percent renewable.”

Hafkenschiel says her office is looking at how to support continued economic growth while finding solutions to steady the waste streams found in the city. With the Rutherford County Landfill at capacity and facing closure three years ahead of schedule, she says they’ll have to get creative.

“We know we’re growing. We’re going to grow by 1 million more people over the next 25 years, and 50,000 jobs will just be a part of that,” Hafkenschiel says. “We’re the third fastest growing region in the country and eighth fastest in job growth. By 2050, 80 percent of the population is going to be in cities, so we need to be asking these question across the board.

“We don’t know what timeframe is reasonable, but we’re mapping out a master plan.” The Tennessee Department of Transportation and Sustainability is working with local engineering consultant CDM Smith to determine waste solutions. “Amazon is thinking about this very strategically



## ARE CONSEQUENCES REAL?

“It should be noted that the same qualities that have led to people relocating here — manageable city scale, low taxes, friendly population, unique identity and culture — can also be eroded by these same relocations.”

— JOHN COOPER, COUNCILMAN AT-LARGE

## BIDDING WARS

### WHAT IS AMAZON HQ2?

The company’s second headquarters in North America. Through a semi-public process, Amazon will choose to build its HQ2 in the city that most benefits its employees, customers and community at large.

### PROPOSALS

238

Amazon said it received 238 bids from 43 states, the District of Columbia, Puerto Rico, seven Canadian provinces and three Mexican states.

### ON THE LIST

20 cities

In January, the online retailer narrowed its list down to 20 cities, including Toronto, Columbus, Indianapolis, Chicago, Denver, Nashville, Los Angeles, Dallas, Austin, Boston, New York City, Newark, Pittsburgh, Philadelphia, Montgomery County (Maryland), Washington D.C., Raleigh, Northern Virginia, Atlanta and Miami.

### INVESTMENT

\$5 billion

Amazon says that it expects to invest more than \$5 billion in construction growth, growing the second headquarter location to include as many as 50,000 high-paying jobs.

### NASHVILLE POPULATION

1,865,298

The talent pool continues to grow. The Metropolitan Nashville area grew by 100 people per day between 2015-16. Its unemployment rate is currently 3.6 percent.



and wants to be a good partner in the city and with the environment, and we would want to work with them on that.”

## TRANSIT AND HOUSING

It’s no secret that the Mayor’s Office is focusing on another potential hurdle: public transit. The transit plan proposed by Barry, which she told CNN would take precedence over an Amazon award, would take at least 15 years to build, if approved. The plan is in limbo given the current climate of the Mayor’s Office. But, should it move forward, voters will decide on the tax to fund the plan in May.

“The only way we’re going to be able to absorb our growth is if we have more transportation options for people besides driving, and [we can do that by] investing in transportation options that increase the capacity of our existing roadways,” says Hafkenschiel. “A light rail train can move 16,000 people per hour in each direction compared to a vehicle’s 1,600. I have not been involved with our proposal to Amazon, but they’re looking to locate along a proposed transit corridor.”

Coupled with environmental concerns and worries over the lack of public transit are questions about the availability of

affordable housing in the city. In terms of cost of living in major U.S. cities, Nashville is on the low end, but the numbers are surging. Cost of living has risen more than 60 percent in the past six years, according to a 2017 GoBankingRates analysis.

Between 2010 and 2016, the population increased by 11.6 percent with an average growth of 100 people per day between 2015-16. But with the city still in the midst of an affordable housing shortage, worries, of course, continue to mount that the lack of housing for current Nashvillians isn’t enticing enough for an additional 50,000 Amazon-created jobs.

In September 2017, Mayor Barry and local banking executives launched a \$4.2 million NeighborhoodLIFT program, which was to serve as a lending program for families in Davidson, Rutherford, Sumner and Wilson counties looking to buy homes. In November, a 240-family affordable housing unit was opened north of downtown. But those numbers barely chip away at the estimated 31,000 affordable rental units needed in the city by 2025, as mentioned in Barry’s 2017 housing report.

Fabian Bedne, council member for the 31st District and former chair of the Met-

ro Ad Hoc Affordable Housing Committee, says that affordability — or the lack thereof — should be a major consideration in the decision of support for this project.

“I’ll need more information to decide if I am in favor or against,” he says, “but I am concerned by the impact a project of this magnitude could have in Nashville if we don’t have the appropriate infrastructure to support its impact.”

## WILL AMAZON DELIVER?

A study released by the Economic Policy Institute on Feb. 1 found that the promised 50,000 jobs and \$5 billion construction investment might not deliver in terms of economic advancement.

“The host county gains roughly 30 percent more warehousing and storage jobs but no new net jobs overall, as the jobs created in warehousing and storage are likely offset by job losses in other industries,” the report stated.

And with the unemployment rate hovering around 2 percent, some question whether Nashville has a great need for 50,000 new jobs at all, but

it would certainly attract the talent.

“A headquarters on this scale would serve as a magnet for other top talent because it provides more options,” says Alexander Lowry, professor of finance at Gordon College in Massachusetts. “But with city and state unemployment rates already near record lows, how important is this?” Nashville can’t handle an Amazon headquarters without detriment to livability.”

Amazon is guided by four principles: customer obsession over competitor focus, passion for invention, commitment to operational excellence and long-term thinking. Councilman At-Large Cooper says that it’s the long-term thinking Nashville leaders need to take into consideration before making any decision.

“It should be noted that the same qualities that have led to people relocating here — manageable city scale, low taxes, friendly population, unique identity and culture — can also be eroded by these same relocations,” Cooper says. “We certainly should not pursue density for its own sake.”

*Final site selections for Amazon HQ2 will be announced this year, and building is slated to begin in 2019.*

# Non-Profit Spotlight

## DOORS OF HOPE OFFERS SECOND CHANCES TO FORMER RUTHERFORD COUNTY CORRECTIONAL FACILITY INMATES

BY BRINLEY HINEMAN

American correctional facilities are known for high recidivism rates. According to *Vox*, approximately 76 percent of inmates return to jail within five years. That number seems shockingly large and often looms over the heads of past offenders. But Doors of Hope, a Murfreesboro-based organization, hopes to break that statistic by offering help and aid to non-violent former offenders.

“From a civic/financial standpoint, it makes no sense to continue to spend taxpayer dollars to re-incarcerate the same people repeatedly, [especially] if indeed they are re-incarcerated because there are no resources available to make a successful re-entry possible,” says Maridel Williams, founder of Doors of Hope.

In 2011, Williams created the organization with the desire to aid in the transition of inmates back to life outside of a correctional facility. After spending years volunteering with the women’s prison, Williams noticed a lack of transitional options. It inspired her to fill the gap.

“From a personal standpoint, all it took was hearing and truly listening to the story of one incarcerated individual who was set for release without any resources,” Williams says. “As a Christian, I could not in good conscience walk away from that experience without responding.”

That year, Williams set up shop at

Rutherford County Correctional Work Center to mentor incarcerated women. After just one year, she found her mentorship program successful and expanded her course to include incarcerated men in 2012.

Doors of Hope helps those in their program access basic health care, job counseling, housing and clothing assistance. To aid in resume building, Red Door Catering, a vision of Williams, opened in 2016. Red Door Catering is a social initiative offshoot of Doors of Hope that’s intended to give formerly incarcerated women a place to work side-by-side with volunteers, build their resume and learn skills. More than 30 clients have worked at the catering company during their time in the program.

Williams says that 100 percent of their clients find employment within the first six weeks of the program.

According to the National Reentry Resource Center, approximately 10 percent of those exiting correctional facilities face issues relating to homelessness. Because of this, Doors of Hope is committed to offering housing to its female clients. They do not expect nor require payment for housing, which is unique to Doors of Hope, Williams says.

In order to help women during incarceration, Doors of Hope has implemented a “godmother program.” Approximately 100 volunteers have connected with



women behind bars over the past seven years to offer encouragement. “Sometimes the birthday card the godmother sends is the only greeting card the incarcerated woman receives,” Williams says.

Rutherford County and the city of Murfreesboro, Williams says, are two major supporters of her cause.

“Support for the mission of Doors of Hope has been overwhelmingly positive in Rutherford County, from county and city government to the general population. We continue to be the only non profit providing re-entry services [here].”

To join the Doors of Hope pro-

gram, ex-offenders must be nominated by a member of the correctional staff. After nomination, they are required to attend life skills classes up to 120 days prior to their release.

To date, not one of the Doors of Hope clients who has completed the year-long program has faced incarceration again. “Probably the biggest misconception is that our clients are scary (and) worthless people who cannot be trusted in our community,” Williams says. “Nothing could be further from the truth. In the right environment, our clients become extremely productive citizens.”