AGENDA

Meeting Type.	WORKSHOP
Date:	09/08/1998

City of Charlotte, City Clerk's Office

CHARLOTTE

Mayor Patrick McCrory *Mayor Pro Tem Lynn Wheeler*

Rod Autrey
Charles Baker
Patrick Cannon
Malachi Greene
Mike Jackson
Nasif Rashad Majeed
Don Reid
Al Rousso
Tim Sellers
Sara Spencer

Council Agenda

CITY COUNCIL WORKSHOP

Tuesday, September 8, 1998

Dinner	**Room 267**
5:00 - 5:15 p.m.	**City Within A City and Economic Development: Empowerment Zone Status Report**
5:15 - 5:45 p.m.	**Economic Development: Presentation by the Manufacturers' Council**
5:45 - 6:15 p.m.	**Economic Development and City Within A City: First Ward Land Disposition-Garden District**
6:15 - 7:15 p.m.	**Economic Development: Request to Amend Convention Center Hotel Proposal Criteria**
7:30 p.m.	**Council Chamber**

- **Citizens' Forum**
- **Public Hearing on Methods of Election**
- **Adjourn**

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: Empowerment Zone Status Report - No 2

COUNCIL FOCUS AREA: City Within A City and Economic Development

STAFF RESOURCE: Stanley Watkins

KEY POINTS (Issues, Cost, Change in Policy):

- Considerable progress has been made in preparing the Empowerment Zone application Almost 300 people have participated in various community meetings and benchmark workshops to establish goals and objectives, identify community opportunities and strengths, and formulate key action steps for a Community Strategic Plan

- Key themes resulting from the grant's preparation will be presented at the City Council's workshop.

- Next steps for grant application is to finalize action steps, develop budgets and obtain commitments from businesses, government and the community for the grant's implementation

- City Council is scheduled to take action on the application at its September 28, 1998 meeting The grant application must be submitted by October 9, 1998

OPTIONS: Not Applicable

COUNCIL DECISION OR DIRECTION REQUESTED: For information only, no action requested

ATTACHMENTS: None

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Presentation by Manufacturers' Council

COUNCIL FOCUS AREA Economic Development

STAFF RESOURCE Tom Flynn

KEY POINTS (Issues, Cost, Change in Policy):

- The Manufacturers' Council is a division of the Charlotte Chamber It represents over 100 major manufacturers in the Charlotte area Its purpose is to improve the business environment for manufacturers

- Presentation by Ed Back, Barnhardt Manufacturing
  Paige Burgess, Ferguson Supply and Box
  Dave Hopkins, Coca Cola Consolidated

- The presentation will include

  - The role of manufacturing in Charlote's economy
  - Charlotte's many positives for manufacturers Airport, CMUD, simplified permitting
  - Challenges to keeping manufacturers in Charlotte

OPTIONS:

n/a

COUNCIL DECISION OR DIRECTION REQUESTED:

This is for Council's information as we develop the City's Business Retention Strategy The Economic Development and Planning Committee has received one presentation on this strategy We will bring an update to the full Council this fall

ATTACHMENTS:

None

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: First Ward Land Disposition-Garden District

COUNCIL FOCUS AREA: Economic Development and City Within A City

STAFF RESOURCE: Kent Winslow

KEY POINTS (Issues, Cost, Change in Policy):

- The purpose of this agenda item is to provide Council with context and additional information about the proposed sale of City land in the Garden District of First Ward There are two proposed sales
  1) Trinity Episcopal School (including a ground lease) 2 acres, Ninth Street and McDowell Street
  2) NationsBank Community Development Corporation (NBCDC) 7 9 acres, area bounded by Davidson, Eleventh, McDowell and Ninth Streets

- At the workshop, staff will present a summary of the proposed developments by the two buyers Ted Rast, representing the school, and Nancy Crown, representing the NBCDC, will also make presentations

OPTIONS n/a

COUNCIL DECISION OR DIRECTION REQUESTED:

No action is necessary at the Workshop On September 14, Council will be asked to approve an advertisement of "Notice of Sale" and set a public hearing for September 28 for both proposals

ATTACHMENTS:
1 Schedule of Future Actions
2 Draft RCA's for September 14 and September 28

SCHEDULE OF FUTURE ACTIONS
FIRST WARD GARDEN DISTRICT

July 27 Council Meeting	Approve Designation of First Ward Master Plan a Community Development Plan and First Ward as a Community Development Project Area
September 8 Workshop	Present information on the sale of land to NBCDC and the sale of land to and ground lease with Trinity Episcopal School
September 14 Council Meeting	1) Request to publish "Notice of Sale" and set a public hearing for September 28, 1998 of Council's intent to sell land to and execute a ground lease with Trinity Episcopal School in the Garden District of First Ward 2) Request to publish "Notice of Sale" and set a public hearing for September 28, 1998 of Council's intent to sell land to NBCDC in the Garden District of First Ward
Prior to September 28 Council Meeting	"Notices of Sale" will be published in The Mecklenburg Times Tuesday, September 15 and Tuesday, September 22
September 28 Council Meeting	1) Public hearing for sale of land sale to NBCDC 2) Public hearing for sale of land and ground lease to Trinity Episcopal School 3) Request approval of contract for sale of land to NBCDC following public hearing 4) Request approval of contract for sale of land to and ground lease with the Episcopal School following public hearing 5) Request approval of Infrastructure Agreement between the City and NBCDC for improvements in the Garden District of First Ward

* * * DRAFT * * *

Request for Council Action

Sale of Property in First Ward to Trinity Episcopal School, a North Carolina Non-Profit Corporation

Action: **Approve publication of "Notice of Sale and Ground Lease" for property at the intersection of Ninth Street and McDowell Street to Trinity Episcopal School, a North Carolina Non-Profit Corporation and set a Public Hearing for September 28, 1998.**

Staff Resource: Kent G Winslow

Focus Area: Economic Development

Policy:

- Maximize the City's return from its current asset portfolio by pursuing alternative ownership/ management strategies which optimize the benefits of private ownership while meeting the City's public policy objectives (From *Guidelines for Service Contracting and Asset Management* adopted by City Council July 25, 1994)

- Create a vibrant, new mixed income residential neighborhood in Uptown Charlotte and increase property values in First Ward and the tax base of the City of Charlotte and Mecklenburg County (From *First Ward Master Plan* adopted by City Council July 28, 1997)

Explanation of Request:

- Trinity Episcopal School, Inc presented a contract to purchase approximately two acres of land and for a 49-year lease for approximately 1 8 acres of land at the intersection of Ninth Street and McDowell Street for development of an Episcopal School This contract is in accordance with NCGS 160A-457 allowing the transfer of real estate within a community development project area through a private sale

- Upon approval of this request, a "Notice of Sale" will be published in *The Mecklenburg Times*

Tuesday, September 15, 1998, and Tuesday, September 22, 1998 At the September 28, 1998, Council Meeting, a Public Hearing will be held and a Request for Council Action for the approval of the sale of land and ground lease to Trinity Episcopal School will be presented

Background:

- July 28, 1997, City Council approved the First Ward Master Plan which outlines development goals and objectives for First Ward
- July 27, 1998, City Council approved the designation of the First Ward Master Plan a Community Development Plan and the designation of First Ward a Community Development Project Area enabling the City to negotiate a private sale according to NCGS 160A-457

Committee Discussion: The CWAC Committee met Thursday, August 20, 1998

Attachment ___
Schedule of Future Actions

Responsible KBU Engineering & Property Management

Agenda Date 9/14/98

Contact person for questions from the City Manager's Office Kent G Winslow, 336-2252 or Robert W Drayton, 336-3212

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* * * **DRAFT** * * *

Request for Council Action

Sale of Property in First Ward to NationsBank Community Development Corporation

Action: **Approve publication of "Notice of Sale" for property in the Garden District of First Ward to NationsBank Community Development Corporation (NBCDC) and set a Public Hearing for September 28, 1998.**

Staff Resource: Kent G Winslow

Focus Area: Economic Development

Policy:

- Maximize the City's return from its current asset portfolio by pursuing alternative ownership/ management strategies which meet the City's public policy objective (From *Guidelines for Service Contracting and Asset Management* adopted by City Council July 25, 1994)

- Create a vibrant, new mixed income residential neighborhood in Uptown Charlotte and increase property values in First Ward and the tax base of the City of Charlotte and Mecklenburg County (From *First Ward Master Plan* adopted by City Council July 28, 1997)

Explanation of Request:

- NBCDC presented a contract to purchase approximately 7 9 acres, at fair market value in the Garden District of First Ward for development of mixed income housing NBCDC is proposing to purchase this property to implement the First Ward Master Plan

- Upon approval of this request, a "Notice of Sale" will be published in *The Mecklenburg Times* Tuesday, September 15, 1998, and Tuesday, September 22, 1998 At the September 28, 1998, Council Meeting, a Public Hearing will be held and a Request for Council Action for the approval of the sale of land to NBCDC will be presented

Background:

- July 28, 1997, City Council approved the First Ward Master Plan which outlines development goals and objectives for First Ward

- July 27, 1998, City Council approved the designation of the First Ward Master Plan as a Community Development Plan and the designation of First Ward as a Community Development Project Area enabling the City to negotiate a private sale according to NCGS 160A-457

Committee Discussion: The CWAC Committee met Thursday, August 20, 1998

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Schedule of Future Actions

Responsible KBU Engineering & Property Management

Agenda Date 9/14/98

Contact person for questions from the City Manager's Office Kent G Winslow, 336-2252 or Robert W Drayton, 336-3212

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COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: Request to Amend Convention Center Hotel Proposal Criteria

COUNCIL FOCUS AREA: Economic Development

STAFF RESOURCE: Tom Flynn

KEY POINTS (Issues, Cost, Change in Policy):

On August 24 City Council passed a motion to accept proposals for a Convention Center hotel with 700 to 800 rooms On August 28, the City's consultant, Jeff Sachs, received letters from two of the development teams, Trammel Crow/Faison/Marriott and Regent/Harris/Hyatt, asking that the City consider proposals that would phase development of the hotel They propose a first phase of 600-625 rooms and a second phase of 200-250 rooms as future market conditions warrant (See attached letters)

The City's consultant, Jeff Sachs, recommends that City Council consider proposals that create 700 to 800 rooms in phases His reasons for this recommendation are.

1 Allowing the three development teams to submit a phased proposal will keep all of the teams competing for this project The competition between the development teams for this project has helped improve their proposals and lowered the City's proposed investment

2 The smaller initial phase of the hotel will still add a substantial number of rooms (500 rooms) committed to the Convention Center These rooms would be directly across the street from the Convention Center These rooms and their location will both add to the Center's ability to attract major conventions

3 Recent hotel announcements in the Charlotte market and changes in the hotel financing markets may have affected the developers' ability to finance a 700 to 800 room hotel in Charlotte

It is not a foregone conclusion that the development teams will submit a phased development proposal, but this would give them time to explore this option

Council is scheduled to receive a presentation from each of the three developers on October 1, 1998

OPTIONS:

1 Consider Convention Center Hotel and Parking proposals that create 700 to 800 hotel rooms in phases

2 Do nothing Revisit this issue, if necessary, after proposals are submitted on September 18

COUNCIL DECISION OR DIRECTION REQUESTED:

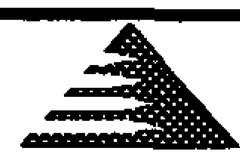
Recommend that City Council state a preference for a 700 to 800 room Convention Center Hotel in one phase, but consider Convention Center Hotel proposals that

1 Create 700 to 800 rooms in phases,
2 Minimum initial phase of 600 rooms,
3 Expansion phase tied to hotel performance (e g , room rate, occupancy rate, financial performance), and
4 Initial phase room block commitment to Convention Center of 500 rooms, 10-14 days per month, 24 months out

ATTACHMENTS:

1 September 1, 1998 letter from Jeff Sachs
2 Letters from C Grey Poole, Trammel Crow and David Allman, Regent Partners
3 Approved August 24, 1998 Council Agenda Item Convention Center Hotel and Parking

STRATEGIC ADVISORY GROUP LLC



Date September 1, 1998 cc

To Tom Flynn
City of Charlotte

From Jeff Sachs
Strategic Advisory Group

Subject Convention Center hotel and Parking Garage Proposals

I have received letters from two of the development teams, Trammell Crow/Faison/Marriott and Regent/Harris/Hyatt, asking that the City consider proposals that would phase development of the hotel They propose a first phase of 600 to 625 rooms and a second phase of 200-250 rooms, as future market conditions warrant The developers site that due to the changing local hotel market, specifically additions to supply, the financial markets are indicating to them that 600 rooms is a more financially feasible project

After reviewing their issues, and speaking with Convention Center and CVB management, I believe it is in the long-term interest of the City to maintain a focus on developing 700 to 800 rooms However, to ensure the three team remain in the competition, I recommend that the council accept proposals that develop the 700 to 800 rooms in two phases, with at least 600 rooms in the first phase While not ideal, the 600-room hotel should commit approximately 500 rooms to the convention center room block, adding to the center's marketability In any case, if a developer proposes a two phase approach, we should request that they disclose under what conditions the expansion would be completed

The developers have not yet concluded that they are going to propose a two-phase project, only that they would like to be afforded the option Moreover, Portman, is still planning to propose 800 rooms

Trammell Crow Company

VIA FACSIMILE

August 28, 1998

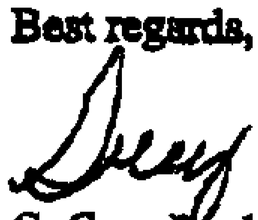
Mr. Jeff Sachs
Senior Managing Director
Strategic Advisory Group LLC
4010 Berkeley Park Drive
Duluth, GA 30096

Dear Jeff:

As you pointed out in the convention hotel developer briefing earlier this week, Charlotte's hotel market will soon experience a significant increase in room supply as the result of several recent announcements of pending new hotel developments and expansions, namely Hilton's uptown expansion and the Opryland project at Regent Park The addition of this supply will have a significant impact on the proposed Convention Center Hotel according to our capital sources and our operator. As a result, we recommend a 600 to 630 room convention center hotel designed for a 200 to 250 room expansion. We strongly believe that we can deliver a higher quality convention hotel to the City and improve the City's return on investment with this design.

We submit this recommendation based on your comments in the Tuesday, August 25th briefing, where you asked the developer candidates to stipulate 600 rooms if they felt the Charlotte hotel market could not immediately support 700 – 800 rooms. Please call me after you and the selection committee have discussed this issue.

Best regards,



C. Grey Poole, IV
Managing Director
Office Leasing & Development/Charlotte

CGP.jlw

121 W Trade Street, Suite 1900 Charlotte North Carolina 28202-5399 704-331-2500 Fax 704-377-5827

August 28, 1998

Mr. Jeff Sachs
Strategic Advisory Group LLC
4010 Berkeley Park Drive
Duluth, Georgia 30096

Dear Jeff:

Since the City of Charlotte's initial Request for Letters of Intent and our response to that Request, there have been some significant changes in the local hospitality environment. As we have continued to explore the feasibility issues relating to our development of a Hyatt Regency Hotel, we have seen numerous announcements of new hotel facilities being planned for the Charlotte Region: the uptown Hilton 200–400 room expansion, the Marriott Courtyard and Residence Inn in downtown, a Hilton Gardens and Hampton Inn being developed at the back entrance of the Convention Center, a Hilton Gardens in Pineville and one at Reames Road, two more LaQuintas, three hotels going up on I-85 at Kings Grant, two limited service hotels at I-77 and Harris Boulevard, and, of course Opryland's 600 room project at Heritage USA.

This influx of new hotels will bring with it a more cautious lender appetite for a large convention hotel Also, we all want the Charlotte Convention Center Hotel to be successful in both the near and long term, and do not want to negatively impact the existing hotel supply any more than necessary.

Accordingly, we propose reducing the initial number of rooms to 600. Our team feels that the City will have a more successful project at this size Because of the additional hotel rooms coming on line, we do not think the reduced size will negatively affect the marketability of the Convention Center, rather it will allow us to present the City with a higher quality facility with greater financial stability. In case future market conditions warrant more rooms, we are reevaluating our site plan to allow for a 200-250 room expansion.

Please advise us if the City Council will consider our proposal of the 600-room option.

Sincerely,

David B. Allman
President

cc: Richard M. Stormont, CHA, Stormont Trice Corporation
John W. Harris, The Harris Group

3340 Peachtree Road, N.E. ◆ Suite 1500 ◆ Atlanta, GA 30326-1078 ◆ (404) 364-1400 ◆ Fax (404) 364-1420

10. Convention Center Hotel and Parking Deck

Action:

Approve the Economic Development and Planning Committee recommendation:

A. **To commit to the minimum public investment necessary to cause a quality Convention Center Hotel and Parking Deck to be developed. The City Council will weigh heavily the level of public investment required.**

B. **To authorize staff to solicit written proposals from Gateway Partners, Regent Partners and Trammell Crow (Faison) with:**

- **700 to 800 rooms**
- **Located on any of the three sites**
- **Convention Center parking space block of 500 spaces**
- **Convention Center room block of 600 rooms 10 to 14 days per month, 24 months out.**

C. **To adopt a process that includes public televised presentation by each of the three development teams to City Council followed by Council selection, in October, of the preferred developer.**

D. **To set a Council Meeting for 6:00 p.m. either September 30 or October 1 to receive public presentations from the development teams.**

APPROVED BY CITY COUNCIL

AUG 24 1998

Brenda R. Freeze, CMC
City Clerk

Meeting for public presentations set on 10/1/98 at 6:00 p.m.

Committee Chair: Council member Lynn Wheeler

Staff Resource: Tom Flynn
Jeff Sachs, Strategic Advisory Group

Focus Area: Economic Development

Policy: Develop strategies to support Convention Center parking, hotel development and facility expansion plans

Explanation:

- In February 1998 City Council authorized staff to send a Request for Qualifications to developers for a Convention Center Hotel and Parking Deck The RFQ contemplated a public/private partnership to develop the hotel and parking deck, but did not commit the City to invest in the project.

- This action commits the City to invest in a public/private partnership to develop a Convention Center Hotel and Parking Deck with one of three development teams if their proposals are acceptable to City Council.

  - Gateway (Portman, Westin, Schottenstein)

  - Regent (Regent, Hyatt, Harris)

  - Trammel Crow (Faison, Marriott)

- City Council is asked to commit to public investment in the Convention Center Hotel and Parking for three reasons

  1. The Convention Center needs the hotel and parking deck to maximize the Center's economic impact on Charlotte's hospitality and tourism industry.

  2. The City will receive a return on its investment ranging from 9% to 14%. This equates to a payback period of between 7 5 to 11 5 years

  3. The developers need this pledge for public investment in order to justify their expenses for the next stage of this process.

Committee Discussion:

- The Economic Development and Planning Committee discussed this project at their meetings on July 20 and August 17 The Committee unanimously approved this recommendation (5-0)

- The Committee discussed

  1. The availability of money from the Convention Center Fund for the hotel and parking deck, given the other demands being placed on that Fund

  2 Understanding the costs and cash flow of the project and the issues faced by each development team in lowering the required public investment

  3 The need to ensure a quality hotel project

  4 The possible expansion by the Hilton

- The Economic Development Committee modified the recommendation of the Selection Team by removing the specific amount of public investment the City would commit The Committee removed the minimum of $16 million and added language to encourage the developers to minimize the public investment required, possibly below that amount. The Committee removed the maximum after agreeing that $27 million was too much City investment.

- The Committee discussed capping the City investment at $16 million, but decided that this might reduce competition because it would eliminate two development teams Also, the Committee thought Council should have the flexibility to consider qualitative differences in the proposals that might justify the City investing more than $16 million.

Community Input:

- In June 1997 City Council created the Convention Center Maximization Committee which included representatives of all stakeholders in Charlotte's hospitality and tourism industry (i.e Convention Center Authority, HTA, CCVB, Center City Partners, Charlotte Chamber, Uptown Hotels, and Restaurant Association) This Committee made several presentations at community meetings, Hospitality and Tourism Association meetings and area Chamber meetings.

- The issues raised at these meetings included the impact on the existing Uptown hotels and the use of general tax dollars for the project The impact on the existing Uptown hotels will be mitigated by increased marketing efforts by the new hotel, the CCVB and the Convention Center The corporate demand for Uptown hotel rooms will also lessen the impact on existing Uptown hotels

- The Maximization Committee's recommendation to invest public funds in Convention Center Hotel and Parking deck was endorsed by the following organizations: Coliseum/Convention Center Authority, Convention and Visitors Bureau, Hospitality and Tourism Alliance, Center City Partners and Charlotte Chamber.

- The August 18 Economic Development and Planning Committee agenda and meeting notes will be sent with the August 21 Council-Manager Memo.

Funding:

The funds used for the City's investment in the Convention Center Hotel and Parking Deck will come from the Convention Center Fund, supported by the 1% Prepared Food Tax and the second 3% Hotel/Motel Tax These funds can only be used for Convention Center related purposes. Additional funds for City investment in this project may also come from revenues generated by the project such as parking revenues

Attachment 7
Convention Center Hotel and Parking Key Points
Charlotte Convention Center Hotel
Request for Qualifications Evaluation (presentation to Economic Development and Planning Committee on August 17 by Jeff Sachs, Strategic Advisory Group)

Request for Council Action

Second Public Hearing on Several Proposed Charter Amendments

Action:	**Receive Public Comment on Proposed Charter Amendments**
Staff Resource:	Carol Jennings
Focus Area:	Restructuring Government
Explanation of Request:	On July 27, 1998, the City Council adopted a second Resolution of Intent to consider an ordinance that would amend the Charter of the City of Charlotte and scheduled a Public Hearing on the proposal for September 8

Following the first public hearing held on June 22, 1998, Council asked for information regarding the form of government and election methods and results from national and North Carolina benchmark cities The results of a research project managed by Carol Jennings, former Assistant City Manager and primary consultant for the Charter Committee to study City-County consolidation, was presented to Council on August 24

Like the original Resolution, the second Resolution of Intent proposed consideration of an ordinance amending the City Charter to

(1) change the term of the Mayor to four years,

(2) change the terms of the City Council to four years (concurrent),

(3) change the mode of election of the Council to apportion five members of the Council to the city at large and six members of the Council to single-member electoral districts, with candidates residing in and representing the districts but nominated and elected by all of the qualified voters of the city, and/or

(4) change the election of Mayor and Council members to the nonpartisan primary and election method

An ordinance amending the Charter would have to be adopted within 60 days of the public hearing

Attachment _
Resolution of Intent

Agenda Date September 8, 1998