COMMITTEE AGENDA TOPICS

I. Subject: **Disparity Study Update Report**
Action: The Committee will continue its discussion of the findings and recommendations of the Disparity Study Report. No action requested.

II. Subject: **Oakhurst Redevelopment Infrastructure Project**
Action: This item was referred to Committee on October 10th and introduced at the November 15th meeting. Staff will seek a Committee recommendation to be included on the February 23rd Council business meeting that authorizes the City Manager to negotiate a development agreement with the property owner for specific infrastructure improvements.

III. Subject: **Joint Meeting with the County ED Committee**
Action: Discuss potential joint meeting dates with County ED Committee to discuss Amateur Sports & Business Investment Grant Program.

IV. Subject: **Approve 2012 Meeting Schedule**

V. Subject: **CRVA January Barometer Report**
Action: Information only.

VI. Subject: **Next Meeting Date: February 16, 2012 at 3:00pm, Room 280**

COMMITTEE INFORMATION

Present: James Mitchell, Patrick Cannon, Warren Cooksey, David Howard and LaWana Mayfield

Time: 3:00p.m. – 4:30p.m.

ATTACHMENTS

1. Disparity Study Findings & Recommendations Presentation
2. Oakhurst Redevelopment Infrastructure Project Presentation
3. ED Committee 2012 Meeting Schedule
4. CRVA January Barometer Report

DISCUSSION HIGHLIGHTS

I. Subject: Disparity Study Update Report

Chairman James Mitchell:

Welcome to the first Economic Development Committee meeting of 2012. We have six items on the agenda today, starting with the Disparity Study Update Report. Mr. Kimble, I will turn it over to you.

Kimble: Thank you Mr. Mitchell. You have two rather meaty items that will take most of your time today, items one and two. The Disparity Study Update Report and whether at the end of this discussion you are ready to make some decisions about how to move forward to Council or whether you still want more time. That will be up to you as Committee Members at the conclusion of the discussion. Secondly, we wanted to move a little bit further forward on the Oakhurst Redevelopment Project. We don't think that we are going to have the actual agreement at this time so we will do an update and give you the latest and greatest of what has happened with that particular project over the holidays up to today. So with that, I will turn it over to Brad Richardson with Neighborhood & Business Services on the Disparity Study Update Report.

Richardson: I will rely on some technical assistance today from Cindy White of the Attorney's Office and Nancy Rosado & Krystle Hampton. They are the brains behind the SBO Policy Study. We spent some time with the Committee Members last week giving them some background and an update on the Disparity Study. We would like to pick up from where we left off with the two Committee options related to MGT's recommendations and the work of the Disparity Study Advisory Committee. I will back up just a bit at that point and answer questions from the last meeting. I will remind you of what those were; one was taking a look at the Charlotte Housing Authority utilization for minority women-owned businesses, we have that information today. I wanted to clarify that SBEs can participate as prime contractors. It is not explicably stated in the subcontracting SBO Policy, but it is implied and I wanted to answer that question today. The third question is the idea that we discussed on retaining a legal expert Franklin Lee and what that might cost. Then we want, as Ron suggested, to be ready if you are ready to spend some time on a Council recommendation and then we want to talk about some ongoing initiates related to improving SBE utilization. With regard to where we left off with the Committee, we have two recommendations that were made by the Disparity Study Advisory Committee. One is explore revising the existing SBO Program raising gender-neutral policy by utilizing some of those recommendations that MGT made. The second option is to explore the feasibility to add minority goals component to the SBO Program. Both of these suggestions came out of the Advisory Committee as well. The first one is to revise the current race and gender-neutral program by employing some of these techniques. We have listed the six that the Advisory Committee endorsed in one way or another needing more information on one or the other, such as raising the informal threshold for construction vendor rotation. Other suggestions such as requiring joint venturing on projects of a certain threshold and adding goals in other categories. Adding a RFP provision requiring proposers to report prior to M/WBE utilization and future strategy and raising the personal net worth threshold which

would add more participants in the SBO Program. Those things require more work. We know a little about each of these, but not enough to recommend to you. The one action today, if you are ready, would be to direct us to explore these options. The second Committee option as we discussed in November was to explore the feasibility of adding a Minority Business Enterprise (MBE) component to the SBO Program. We left off with these as caveat, one of which is an answer to the question about Franklin Lee. Here are some notes the City will have to follow the State's MWBE program guidelines, unless we go to Raleigh and request changes to the SBO enabling legislation. That is important with regard to, for instance, Good Faith Efforts which under our current program are considered stronger than what the State's program has for their minority program. That is one consideration if we go this direction. The second one is and we have maintained all along that in order to counter any legal risk for adding minority goals, which would run counter to the MGT recommendation. We would advise retaining a legal expert to take a look at the work. This Committee discussed hiring a specific firm, Franklin Lee of Tydings & Rosenburg, LLC. You had asked how much that would cost; staff contacted the firm and estimates the cost to be approximately $15,000. It takes about three or four weeks for Mr. Lee to do this work which we understand.

Mitchell: Brad and staff so that we are all clear, what would be the funding for the $15,000?

Richardson: We considered that we have two sources that require both, one is that we have exactly $4,050 left in the contracted amount for MGT; we did not spend all of the money. About 1/3 of the cost, if you choose to go this way, could be covered by existing encumbrances to the MGT contract. The balance of it which would be $10,450 we think the appropriate source for this would be the Council's Discretionary Fund. We did some checking before the meeting; it has a balance of $200,000. That was the original amount that was budgeted; there has been no drawdown on that fund yet. That would be our recommendation if you asked for one, MGT ran out the rest of that contract, then about $10,500 from Council.

Cannon: Relative to the three to four weeks that it's going to take Franklin to give us his analysis, do we have a breakdown of what that analysis will entail?

Richardson: I will ask Cindy White. Do you have that level of detail?

White: We don't have a breakdown of what it would entail. He would read the Disparity Study and he would look at the Advisory Committee concerns that they raised. He would talk with me and staff, and look at some of the additional research and cases out there and then give his conclusion about whether to warrant having a minority and women based component.

Cannon: I asked that question because we will have to account for what the taxpayers are getting for their $15,000. So it's important from our prospective to understand exactly what we are talking about at the end of the day. Second question is the existing funds from the MGT study. It would seem to me that would be the more appropriate use in terms of exhausting those dollars rather than the Council's Discretionary Fund, which we try to stay away from. I am open to the best possible channel that we should travel to utilize the appropriate funds; however, help me to understand if it's inappropriate not to move forward with the remainder of the MGT contract.

Kimble: If you asked us to do just that use the remaining balance that we did not spend in the MGT contract, there is $4,550 left in that account.

Cannon: What is left in that account?

Kimble: We have $4,550 in that account so you would exhaust that as one funding source and then the balance to get to the $15,000 would be the $10,450 that we would source from the Discretionary Fund.

Cannon: O.K. I understand, thank you.

Mayfield: Is there any room to negotiate any further on the cost for the study when Franklin Lee will ultimately be revealing the information that is already been provided? Is there any room to negotiate that cost?

White: Let me just give you a little more detail about the cost. His cost to do the legal work itself is $10,000. Based on his review of the study, the study is several hundred pages long and it has a lot of material in it. We think that $10,000 is a reasonable estimate for him to do that. The additional $5,000 is based on two trips to Charlotte and that is to cover his travel expenses from Baltimore, Maryland, so we think what he has quoted is frankly less than what it could have been to look at a study of this size and to reach a well thought out and thoroughly looked into conclusion.

Mayfield: Thank you.

Mitchell: While you are here, I think it would be helpful to explain why that legal opinion is so important. Mayor Pro Tem and I have the scars from something similar that happened seven years ago.

White: Just a little bit in the way of background to have a program that is race and gender conscience you have to show disparity. That means that the percentage of available contractors that are minority and women owned firms is greater in relation to the percentage of City dollars that go to those firms whether primes or subs. It sounds like a pretty simple calculation, but there is a lot that goes into determining availability and there is a lot that goes into determining utilization. So all the nuances of looking at that; there are a lot of cases out there which can and can't do, then when you get the statistical piece in place, the you just can't just have that. Because that shows you disparity but then you have to prove legally unjustifiable grounds that the disparity is due to discrimination and not to differences in availability. So that requires looking at antidotal evidence which we have and also looking at private sector evidence which we have. But that is more of a gray area and MGT acknowledged that and gave us the result. They said looking at everything in total we don't believe race and gender conscience means are appropriate but we can acknowledge that another expert may reach different opinion.

Mitchell: Staff, any comments? Thank you Cindy.

Richardson: And why you think about that those two recommendations, if you are ready, sort of form the recommendations that you might want to make to Council. While you think about that, I did want to come back to the questions. You had asked about the Charlotte Housing Authority utilization compared with the City, County and Charlotte-Mecklenburg Schools. What we didn't have in November was FY/2011 data. I am showing you new numbers and they are FY/11 so they are current and you will see that the Charlotte Housing Authority, as we suspected, has higher utilization numbers. These are prime and sub-contacting numbers so what this did for us is kick off a lot conversations with the Housing Authority as to how and why and techniques we are using to get those options. We will be discussing those and have determined that there are a couple of different reasons why their numbers are higher than the other government agencies. One may be the major scope of their work at the Charlotte Housing Authority; there are broader activities and we don't understand the impact of that but we want to find out. We also

suspect that they may have a preferred contractor for the limited amount of money that they spend. For instance, Professional Services may cause that number to be higher. There is no disrespect here, but we are very interested in learning how they operate so that we can emulate their best practices.

Mitchell: Staff, let me say thank you. If we could have one take away to compare their vendor database, MWB database with our SBE database. I am hoping there are some similarities in companies but it would be interesting just to see what numbers they have in their system.

Cannon: Interesting data, would it be worth your time Mr. Chair if this Committee shared this particular slide with the County and School Board? They may have some of the same questions that the City has in terms of how and why of doing this or that. Again, based upon the scope or type of work that is being conducted, that may have a part to play in that. I think it's probably worth encouraging or taking a look at it.

Howard: Brad, we have compared our MBE numbers to theirs but did not compared our SBO numbers to theirs? They don't have an SBO Program, do they?

Richardson: Correct.

Howard: What numbers are we looking at?

Richardson: Minority Business Enterprise utilization.

Howard: So we took out our numbers from the SBE from MBE?

Rosado: No, those MBE numbers came off of the SBE. They may be SBEs, but they are minority owned businesses.

Howard: When I was briefed on this income capital SBO, how many of those are in the SBO Program? How many are considered prime and above the cap because of the threshold? We compared the two on how many are in our program. I would like to know how many would meet that threshold and see if the numbers are somewhat similar. I am not sure; I still think our numbers are low. I would like to make it more apples to apples.

Richardson: You are where we are. We wanted that and we really kicked off earnest conversations with the Housing Authority to understand the numbers. Part of that understanding is trying to reach an equal basis of comparison between the two. We can see how well we are doing compared to how well they are doing and that is what we are after. We can certainly compare vendor databases and take a look if we can at the net worth standard. I will point out again that this is not just sub-contracting; this is prime and sub of all the agencies.

Howard: Just to jump way ahead, for me it's still trying to figure out that third option. If you will just go back to a regular program, how would it look if there was no threshold, just MW's that we are looking at?

Richardson: The next question needs no introduction; I just need to clear it up with you that any of our Small Business Enterprises can participate as a prime contractor. There was some discussion here on policy language that explicitly says that the answer to that is no. But we have a sub-contracting policy and you wouldn't find it there, but by virtue of how businesses work in our training to our SBEs, we always alert them to the fact that you are eligible for sub-contracting certainly and goals are established. That does not preclude or prevent you from competing as a prime. We hope that answers the question that were asked and wanted you to convey that to your constituents if that confusion persists in the community. The final slide is the recommendation if you are ready and the following I will remind you of things that if you go this direction, are pertaining to and outside of the

focus of the time lag of what research is being done. The last slide in the meantime here is some things that we are going to do. Let's start here this the action if you are ready it would be a recommendation to the full City Council to consider at their meeting in February. It is just what we said earlier in the meeting to direct staff to explore revising the SBO Program to include all or a portion of the MGT recommendations to shrink that disparity gap. Then retain an outside consultant, Franklin Lee for an estimated cost of $15,000 to review MGT's findings and recommendations. The words here I think are important; to review MGT's findings and recommendations to determine if sufficient data exists to add Minority Business Enterprise (MBE) components to the SBO program. We would tack on to this one the funding sources discussed.

Mitchell: Yes, do that; I think when we go back to full Council we need to address these options to fund the $15,000. Let me make a statement to encourage us to take action on this. Mayor Pro Tem can tell you we have not met since November and I think this topic is so important to the community I don't want to give the perception that it is not a part of the Council. So I think if everyone is comfortable to go back to City Council on February 13th and let's give a motion on MBE so we can continue the good faith we have in the community by working on this important issue. I think if we don't, it could be that the people would start questioning the City on what are we going to do about this Disparity Study that we spent so much money on with MGT.

Cannon: I would like to make a motion on options A & B.

Mitchell: Motion is made is there a second?

Mayfield: Second.

VOTE: Recommend to City Council that they direct staff to explore revising the SBO program to include all or a portion of the MGT recommendations. Recommend to City Council to direct staff to retain Franklin Lee of Tydings & Rosenburg, LLC for an estimated amount of $15,000 to review MGT's findings and recommendations to determine if sufficient data exists to add Minority Business enterprise (MBE) components to the SBO program. Recommend to City Council to direct staff to source funding for the $15,000 from the MGT' balance account of $4,550 to exhaust that account and source the balance of $10,450 from the Discretionary Fund. Motion made by Cannon and seconded by Mayfield. The vote was unanimous with Cooksey being absent.

Mitchell: Motion made and seconded. Is there a question?

Howard: I am just wondering have you talked to the Advisory Committee about these; did they have an opinion at all?

Richardson: We did, they have had an introduction and orientation to legal issues surrounding. They have been made aware that should this happen, we would like to be hitched to them a little bit further down the path and let them advise us on the back end of Mr. Lee's work.

Cannon: I want to make sure that I am clear in the motion relative as we are moving that and utilize and exhaust $4,550 from the remaining funds from the MGT study and analysis. Look to the Charlotte City Council Discretionary Fund to close any remaining gap not to exceed a certain amount that would take us over $15,000 in total.

Mitchell: All of those in favor say aye. Thank you Committee and staff.

Richardson: Here are some things that we have been working really hard on that we think you will be pleased with. We plan to introduce beginning February 1st a new loan program for

qualified SBEs. We have a source of funding through the old EBTG. We have discussed this with individual small contractor focus groups held a few weeks ago. Eric Nelson is our small business lending officer. We have, I think, a pilot program ready to go; these that would qualify under low to moderate income standards. We don't really need Council approval for this program. We want to share with you that we are starting this program and that we will be reporting back to you on the success of it. You know that we will be back in front of you in mid-February with the Business Corridor Strategy update. We are exploring ideas on how to drive SBE utilization in our programs and that construction is required in the Façade Program, the Security Matching Grant Program and the others. We will bring that to you on February 16th. The final thing is long in coming, but it has been a hard technological problem to solve. We will be announcing sometime in the first quarter of this year that we have a searchable database. Now City vendors, contractors and employees can use for looking up key words and searching by commodity codes in finding SBEs. The contractors in the community have been limited to an Excel spreadsheet that is really hard to use, we have been working for a while to enhance and spearhead this effort. We will be announcing this to contractors in the community making it easier for them to utilize. Those are the three enhancements that we will make ahead of time while the ongoing work is being done.

Cannon: We were very successful in the Façade programs along the West Boulevard corridor back in the day. One of the things that is being discussed right now and I want to make sure that we all understand what is happening with this program. It appears that for some business owners, they may not be able to afford to put up the necessary dollars for the necessary improvements on their property. I think the way that the program is structured right now is that they have to put those dollars up. I would like to see if we can find a way to explore that. As I understand it, what is happening sometimes in the past if we would grant the Façade Program to someone, they may or may not spend the money the way it should be spent on the Façade Program. As a result now, they are being asked to put the money up first and pay for it and then they are reimbursed by the City. The shortfall is that some of them don't have the ability to put those dollars up first so the question becomes is there a way that the private sector financial entity, knowing that the City will reimburse the business for the Façade, if they would find some way to secure the program for the business owner? What could happen that way is now the owner of the property would not have to put the money up first because it is secured. Now the City is off the hook and everybody wins.

Richardson: We appreciate that because that was an initiative that we would like to investigate from now until February 16th when we come back with our strategy. But the idea is that we do prefer the reimbursement model so that we can achieve the performance outcome that you have established in policy. We don't want to move away from that and have a third party lender involved. But let us investigate and see if we can find out how frequently that problem exists.

Cannon: I don't want to cause a problem, I just want to try and find another mechanism or work out an opportunity that might afford itself for something like this to take place as we try to revitalize areas.

Mitchell: We welcome Committee Member Cooksey. In all fairness to my colleagues, can we go back to that action in fairness to Committee Member Cooksey?

Cooksey: I missed the vote I was not here so I am not counted as a vote.

Mitchell: Let's make it as an item in fairness to Mr. Cooksey I don't want to mislead.

Cooksey: I don't need you to rehash what you have already done on my account.

Mitchell: Alright, Brad if you can go back to the last slide on the SBE database. Is this part of the web portal?

Richardson: This is a searchable link to the web portal on the Small Business Opportunity page as well as on the City Procurement page and all the departments that spend money.

Mitchell: O.K. Staff, thank you. You've have been doing a lot of work and still a long way to go. Are there any questions before we move on?

Cannon: Just a comment Mr. Chair. I don't know if you know Krystle Hampton but Mr. Mumford you should be more than happy with staff. Commissioner Velma Leake has some kind of thing she does each month with some small business entrepreneurs and she invited me to come in to speak. Krystle happened to be present and when I tell you that they were trying to drill her like you wouldn't believe and other members of your staff and how well they handled themselves into very good care of the City' interest in a very professional way. So if we are to exceed $15,000 she is deserving of any remainder.

Mitchell: The next topic on our agenda please, Mr. Kimble.

II. Subject: Oakhurst Redevelopment Infrastructure Project

Kimble: Thank you Mr. Mitchell. This will be an update on the Oakhurst Redevelopment Infrastructure project prior to the holiday period. We are going to give you a strong update on where it stands currently.

Zeiler: Thank you Mr. Kimble. For the benefit of our new City Council members, this will be a brief presentation. We are going to go back and recapture what the project site is and what the history of the site is. Since we last came in front of the Committee and got a nod and a sort of please continue exploring this project, we had several meetings with staff in Engineering & Property Management. They have been a great partner with us. They will be the design team and be the team to construct this project. We are going to handle it internally in the City and not going to contract out the design work for this project. That will allow us to stay quickly moving ahead good internal conversation and keep us all moving at a good pace. We are here today to bring you up to speed on it. There is a hope that we will be able to have a development agreement early next month, potentially to bring back for your review and approval late next month. We are hoping to have a Council approval of the contract in March so that the developer can take the contract with him to the ITFC Southeast Retail Conference in March and be able to start talking to potential grocery stores at that conference. There is a timing issue we are going to shoot for that we don't know if we will be able to get that done but that is the timeframe that we are looking at. This is the project site (slide 3 & 4); it is a 23-acre site on Monroe Road at Chippendale. It is just off of Independence Boulevard just east of Eastway Drive. This is the new Walmart that is going in on Independence Boulevard and I think the key thing to understand is right along here on Chippendale, there is a break in the road. This is a pretty steep drop in the topography that doesn't allow for Pierson Drive or Shade Valley Road to connect through. So even though it is a good golf chip from the back yard, it will be a 1½ mile or two mile drive on the beginnings of Independence to get to Walmart. It is important to notice that the portion of the site that is on the former CMS

property has already been purchased by the developer and has been allowing CMS to occupy that property. This is the land that is necessary to realign Chippendale and would become the land on which the project would be built. It is an 18-acre site purchased by Krug Development in phases from 2004 to 2008. The Brownfield site work was completed in March of 2007 and rezoned from I-2 to NS (Neighborhood Services zone) in September 2010. The proposed project from the developer is 75,000 square feet of retail with 25,000 to 35,000 square feet of grocery. There will be 220 apartment units and approximately $50,000,000 in development costs creating an estimated $440,000 in new annual property taxes. Approximately 200 to 225 jobs created between the retail and service in the apartment complex. At full build out, this project is expected to create about $153,000 in City taxes and $285,000 in County taxes.

Mitchell: On the 220 apartment units, is that market rate mixed-use?

Zeiler: Yes, market rate for the area. This is a schematic (slide 7) of what the development will look like. You can see up here there is space for a grocery anchor even the retail fronts up against Monroe Road there is parking in the back, pond type water retention and tree save area meeting all of the tree saving requirements for the environment. There is a portion of this in our understanding that from Chippendale creates two staggered "T" intersections is highly undesirable for retailers. In order to make retail work, getting folks in on their way to work and coming back out of town on their way home from work. Having a signalized four-way intersection is critical for making the site attractive for retailing. We want to take a few moments and talk through what the infrastructure scope is and how it all works out. This is the site here (slide 8) showing the portion owned by Krug Development and that is being occupied by CMS which is Oakhurst Elementary. The first project is to relocate Chippendale and move it over so that it aligns with Richland Avenue, which gives us the ability to put in a four-way signal on that intersection. The CMS parking will be affected and will be demolished; we will need to find a way to provide a new curb cut to restore access to this parking.

Howard: I guess I missed that this one of the schools that closed?

Zeiler: This is one of the schools that closed. It is currently being used as an administrative office and in conversations with CMS; they did not have anything in the future that would indicate that this would ever come back as an elementary school.

Howard: Is this one of the ones that we wanted to make historic?

Zeiler: Oakhurst?

Howard: It looks a lot like the one over in Eastover.

Zeiler: I'm not aware of any designation; the building is relatively young, appears to be about a 1970's era building. Part of the purchase agreement between Krug and CMS is that this parking would have been located to another site and that would have been under the developer's obligation. We have been in discussions with this which is a point that we will get to later and we can give more detail then. We have been in discussions with CMS about how we can do a cash settlement and allow them to take those amounts and put the parking wherever they need it. They can bank it for future redevelopment or bank it for whatever they need to do here; that is better for us than constructing the parking for them that they do not need now. But to our original agreement, a cash settlement that allows them to put the parking in where they need it when they need it on the site as they need it.

Howard: The reason I brought up those points is that the building is not going anywhere anytime soon so it is probably going to be what it is now. So that means if it is going to be a school again one day and we don't know that, I would like to make sure that this is going to hold.

Zeiler: That is the goal of the cash settlement on the parking issue. So are the elements, we will widen Monroe down to Shade Valley Road; that will be an asymmetrical widening to the north. What that will do is allow us to start a taper and put in a left turn to allow access in from the north. It will include bike lanes in this stretch on the north side, there will also be curb and gutter sidewalk and planting strip. It will also include two intermittent medians that rationalize the left turn access issues, so it does two things it is a traffic calming device for too many dangerous left turns. It also leaves key gaps that allow access into businesses that have existing curb cuts. So we were able to negotiate with NCDOT atonement for design that allows safety combined with access.

Mayfield: So where would the left turn be if we are closing it off?

Zeiler: There will be a left turn lane that allows access for coming into the site or go past the site and turn off of Shade Valley Road and come in through the back. It will allow left turns through the median breaks from Monroe for traffic going north but will not allow left turns for traffic going south to turn into the site from Monroe at the median breaks.

Mayfield: We have opportunities for the community to share whatever concerns or questions that they have regarding this proposal?

Zeiler: We have not gone out to any community meetings on this particular design. This design has been working with NCDOT for the last year and a half.

Mayfield: Are there any plans to go actually have conversations with the community?

Zeiler: At this point, we have not planned any community meetings because the property owners own the entirety of the area that will be affected.

Mitchell: I think Committee Member Mayfield has asked a good question Peter. Let me make two suggestions, one is at the next meeting that we have here, can we schedule with Council Member Autry first? I really want him to come up to speed and if staff can spend some individual time with him as well. I think that would make all of us comfortable; this is his district and I want to make sure that he can weigh in on it.

Zeiler: Yes. David, how long do you think that would take?

Krug: They are aware, we have consistently met with them but getting the final approval from NCDOT took an enormous amount of time and I finally have something that I can take.

Mitchell: Could you send an e-mail to Representative Autry and let him know that you are planning a neighborhood meeting for January 27th. Just so he is up to speed because if you talk to them on the 27th then he would start getting phone calls and he would be blindsided.

Krug: The president of the association indicated that he would be invited.

Mitchell: O.k. Thank you David.

Zeiler: One of the challenges that David mentioned that we had run into was originally NCDOT wanted a continuous median starting beyond Shade Valley Road and would have taken it all the way past Chippendale. This would have eliminated the access to businesses; this has been 18 months of trying. Monroe Road is a State road and not a City road; they have final design control. The design that was proposed there would have not made the Oakhurst development feasible; it would have cut off access to the business owners on the other side of Monroe that has been a challenge for us all along. Moving forward, we will install sidewalks and planting strips on the north side of Monroe Road between

Commonwealth and Chippendale and along Chippendale from Monroe up to the edge of the project. The developer because they are developing this side of the project will be responsible for installing those sidewalks and planting strips. So what you see in yellow (slides 8, 9 & 10) is what the City contract would be and what the proposed infrastructure scope from a graphic point of view so that you can see what we are actually are putting on the ground. What you see in red is the developer's financial responsibility.

Howard: Some of this with the straightening up of Chippendale to tie in with the project, was that already a CIP or project in the future?

Zeiler: This is both a transportation priority and the land use priority in the Independence Boulevard Plan. These are projects that CDOT and Planning have called out as this is something that should happen; it has not made it on to the CIP process yet.

Howard: I am sure that there was a conflict with those two streets being that close together.

Zeiler: That was one of the fifth highest priorities with Transportation.

Mitchell: Peter while you are there just to make easier for me, I am jumping two slides ahead. Just so the Committee is clear, everything is yellow you are going to be making reference to the $1,500,000 to $1,900,000 that would be the City's share? Is that correct?

Zeiler: That is correct.

Mitchell: Committee is everybody clear on that? O.k.

Zeiler: There are some other miscellaneous things such as adjust/relocate affected underground and above ground utilities. Abandon and remove utilities, adjust and install streetlights as necessary and acquire ROW and easements from CMS between Chippendale and Commonwealth adjacent to the school. Negotiate and execute cash settlement for the CMS parking. The City will acquire ROW and easements from the owner/developer on the Chippendale realignment. The owner/developer will credit abandoned ROW and easements on existing Chippendale. At the end of the day, there may be 2,000 square feet of ROW that the City may have to purchase as part of this project. The responsibilities of the infrastructure scope of work for the owner/developer are to grant all Right-of-Way and easements for the Monroe Road widening. Construct or reimburse the City for sidewalk and planting strips adjacent to the development with option to install or reimburse the City for pedestrian lighting. The same thing for the Pedestrian lighting; it is the developer's responsibility but the City has the option to install and be reimbursed by the developer. The project is estimated to cost between $1,500,000 and $1,900,000. The project engineering has begun and is moving forward. We have already had a couple design and scope meetings with the team. We are expecting a refined estimate at 50% of the design by March which will give us refined cost estimates that will help us narrow that $1,500,000 and $1,900,000 range. Our proposed source of funding is the Business Corridor Fund which has a current balance of $15,000,000. Our leverage on the fund goal is 10:1; you put in one dollar and get ten out of the market. This would put a dollar in and get 25 on the market. This will help us with our overall goal and it is clearly within the balance of where we want to be with that fund leverage.

Howard: Is there anything dependent on anything else? The site plan for this development could the multi-family happen without the retail or could the retail happen without changes? If there is no grocery store, will the multi-family still happen?

Zeiler: I think that is a reasonable expectation, I don't think one is dependent on the other.

Howard: What about the part the developer has to pay for what we are doing? Would we do this before he has to place ground on anything?

Zeiler: Yes, our goal is to move this as quickly as possible.

Howard: So along Monroe Road, you may have a gap in sidewalk or does the sidewalk continue down? If he is putting that in on his side of Chippendale, there is nothing. So until he puts something in there, there is nothing to network back into that neighborhood.

Zeiler: There are inclosing sidewalks, Chippendale and Monroe. They are not in good condition and they are immediately backed up to curb; there is no planting strip, but there is sidewalk.

Howard: Go back to that slide where we divided it up; that is part of a network and if we are waiting for him to put that in and he is not developing, yet we are going to have gaps in our sidewalk.

Zeiler: We will be working with Engineering & Property Management to understand the timing of when these sidewalks are going in. It is our presumption that they will probably, by Code, have to go in at the time of construction. So at that point, the developer finds his own contractor and does that work himself. It may be that he has to take that work on and reimburse everybody.

Howard: We need to put it in and make it a reimbursement period and not worry about the gap in the sidewalk.

Mumford: There is a catch 22; he can't get tenants to sign a release for the development unless they are sure they are backed up with the required realignment of the road. The road can't go any further; we are not going to build the road unless we know that the development is going to come. The road really needs to go first then the speed strip the lean position that you would take to make sure that our investment does indeed leverage in results in future development of that property. If that development doesn't occur, there is a way that we can recover our investment that we will discuss today. That is why the development takes so long; it's the chicken and egg issue.

Howard: It's going to be more than a catch 22 because we need that intersection to develop. That is why I am asking that we just go on and do it. I am sure there are problems there anyway with the streets being offset. I understand the catch 22; I was just trying to figure out how to do it even if the development never materializes.

Zeiler: This is sort of the complex that we have here.

Kimble: As relates to the questions that Councilmember Howard is asking, are good ones. Any commitments one to the other will be done in the Development Agreement and the Development Agreement is what we wanted you to be able to see and act on, that's why we are just giving you an update now. We want to present this to you to present all the questions and answers now.

Zeiler: The Development Agreement contemplates that if we construct the improvements and if the developer finished the $50,000,000 mixed-use project, that the City would solely bear the cost of the infrastructure. That would be our contribution to the project; however, if the developer is unable to perform these are the sort of conditions we were talking about. The proposal as it is now is for the developer to place a lien on the property equal to the actual construction costs. The property is owned free and clear of debt and solely by the developer so we would have a first position unsubordinated lien on the property equal to the cost of the construction. The property as it sets is about 2 ½ times what the cost of construction would be so when you look at, even if something happened and the property is sold at half price, there is still value in there that the City would collect. So there are two clauses or two main ideas here. The first would be that we do the work and the

developer never completes the work; it sits for three or four years from now. The Development Agreement would have a clause that would allow us to force the sale of the property to a developer, put it out on the open market, whatever proceeds we will take our $1,900,000 or whatever the actual costs are. The new developer takes the property; we are reimbursed for our investment. The second is if the developer tries to sell solely for monetary gain, I have a $3,000,000 parcel you put in a $2,500,000 in and it is now worth $6,000,000 and he sells it to some developer or transfers it for uses other than facilitating his partnership development, we would collect our $1,900,000 or whatever the final costs were. At the end of the day as the developer builds out the project and spaces in that project come online, we diminish the lien by a monetary amount. So we get the $25,000,000 into the project, we would cut the lien amount by half. As we work through and the $50,000,000 project gets to the completion stage, that means we would have completely expired. At the end of the day, we would have spent our money, created the infrastructure project, encouraged leveraged development but we do have sufficient claw-backs on the back end that if the developer is unable to perform or the developer sells the parcel for speculative reason. We can recover our money, the goal is to realign the infrastructure, create the better street environment and get the development.

Howard: If the $50,000,000 development is never achieved and he sells the whole or pieces of the property, we get a portion of ours back in case it never meets the $50,000,000. You would get back half of it with half of the property?

Zeiler: Right, but what we don't want to do is have him transfer the property to a second LLC that he is a part of in order to make the project work. The developer may need at some point to transfer the property to a different entity that is still owned by him. We don't want that to trigger a collection action. What we do want to do is if the developer turns to the open market because I have a parcel worth $8,000,000 and I am going to sell it and walk away from doing this project, we can collect our money back at that moment. The goal is not to collect the money; the goal is to develop the property. Again, if there is failure to construct within three years, selling the parcel or transferring the parcel for other uses other than actually facilitating the completion or beginning the development. This gets back to your question earlier about whether these are City priorities; the Independence Boulevard Area Plan shows that the alignment of streets in that intersection is Transportation's priority number five. Vertically integrated residential, office and/or retail development is preferred in this location to create a neighborhood node per land use recommendation number eight. We are looking at this site for capturing businesses that are being displaced on Independence Boulevard and having a soft landing spot for that solution and transitioning that retail environment from Independence Boulevard to Monroe Road. It fits within the City's Business Corridor Revitalization Strategy; it is adjacent to a "food desert" as identified by UNC-Charlotte. It provides opportunities for businesses displaced from NCDOT Independence Boulevard project and removes blight and provides employment opportunities. The next steps over the next few weeks are for the staff to continue to negotiate the Infrastructure Agreement with Krug Development and the Committee will review that agreement and consider a recommendation to City Council. Our goal is to get back to you next month with the Development Agreement, with hopefully, a referral to City Council for the March 5th meeting. That would allow Krug Development to head to the Atlanta ITFC meeting; he may not get to that, but that is our goal.

Mitchell: Mr. Krug, if you don't mind would you return to the microphone? First of all, I would like to say thank you to you and your company. For a while, we have been trying to buy our way to redevelop that area so we really appreciate you stepping up to partner with the City on this project. From the timeline does the March 5th fit into your schedule.

Krug: Yes. It is so easy for some people to say no. When the recession came, several of them went through a disapproval process takes months and then they have a project to approve the developer can't perform because he can't get financing. I want to be in a position where I say this is what you assigned to me. I want to be able to say we have been approved and construction should begin by this time and completed by this time. I think the other goal is that all of this is done before the Independence work begins because all of it is connected. One thing I want to make clear is I have no intention of developing all of this myself; I am not a multiple developer. The idea is to get this to the point where either it's marketable to sell or joint venture. My goal is to get this development completed and we will do whatever it takes. If something is transferred to another entity, even in a sale, money would not become due as long as that transfer completes that obligation.

Howard: Were there Brownfield issues at one point?

Kimble: That was taken care of.

Mayfield: Clarify Brownfield for me.

Howard: There was a plant on there that contaminated the dirt; that was mediated off.

Zeiler: Brownfields are sites that have some sort of contamination from pervious use that needs to be updated or mediated. This site did have some contamination from a fabric and textile processing but that has been remediated by the developer.

Mitchell: Peter are you comfortable with the range of $1,500,000 to $1,900,000?

Zeiler: Yes, I am. There may be some minor scope tweaks to be made, but I am comfortable with that range.

Mitchell: Mr. Kimble we have four more items?

III. Subject: Joint Meeting with County ED Committee

Kimble: In the fall of last year, you had requested that we hold open the possibility of having joint meetings of the Economic Development Committee with the County Economic Development Committee, so we asked the Council and they concurred. We don't want to lose track in the fact that we wanted to do that; it may be something like April before we get to that. You have a lot of items on your backlog for the next couple of months. We would suggest sometime in April for that you have two meetings scheduled for April 5thand the 19th so we might suggest those to the County. Put it on your radar screen that there will be a joint meeting with the County Economic Development Committee sometime in the spring.

Mitchell: Thank you.

Cooksey: What would be the agenda items for that meeting?

Kimble: Business Investment Grant. There needs to be some common meeting to discuss the Business Investment Grant; our ideas are similar, but they are not quite the same and I think we need to work through that. The Chamber of Commerce wants to be part of that discussion at the joint meeting as well. You have in your Focus Area Plan developing

public private models for how to bring amateur sport facilities online. The County has a very similar desire or have had conversations, which we could talk jointly about that with them about that.

IV. Subject: Approve the 2012 Meeting Schedule

Mitchell: Committee Members, can we look at the schedule? One recommendation that I agree with Mr. Kimble is February 2nd is during our Council Retreat so I think we should just have one meeting in February. If you will put the rest of the dates on your iPads. The only other one is September
6th, I agree with Pat to look at the scope of work before we make a decision if we are going to have that one in September. Are there any conflicts with the schedule? O.K.

VOTE: To approve the 2012 Economic Development Committee meeting schedule. Motion made by Howard and seconded by Mayfield. The vote was unanimous.

V. Subject: CRVA January Barometer Report

Kimble: That report is for your information; I will also note that a couple of you have asked about when is the next visit by the CRVA to the Council. We have sent a note to them to suggest either February 13th or February 27th at your Dinner Briefing. They are looking at their calendars now to determine which date is best.

VI. Subject: Next Meeting Date: February 16th, 2012 at 3:00pm

Kimble: Yes that is at 3:00pm.
Mayfield: I appreciate it; I was appointed to a board that happens to meet at the same time that we meet so for that it gives me two meetings.
Mitchell: Future topics on the schedule; let me apologize to the Committee because I was trying meet with everyone individually just to give staff things that we had on our minds. LaWana, you and I talked about the Business Corridor Strategy update. Mr. Howard, you and I talked about the Disparity Study. So those are the topics that we have so far. I need to refresh my memory about Elizabeth STIF?
Kimble: You will need to get the full Council vote to do that but we wanted you to be aware that those will be coming to you in the near future.
Mitchell: Is the First Ward project still dangling?
Kimble: Yes, with Daniel Levine. There will be some tweaks with that coming on the costs of underground parking.
Mitchell: O.k., is there anything else to discuss?
Kimble: And Oakhurst will be coming back on with the agreement put together.
Mitchell: Thanks everyone for coming.

Adjourned: 4:30p.m.

Economic Development Council Committee
January 19, 2012 at 3:00pm
Room 280

Committee Members: James Mitchell, Chair
Patrick Cannon, Vice Chair
Warren Cooksey
David Howard
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

I. DISPARITY STUDY UPDATE REPORT – 60 minutes
Staff: Brad Richardson & Nancy Rosado, Neighborhood & Business Services, Cindy White, City Attorney's Office
Action: The Committee will continue its discussion of the findings and recommendations of the Disparity Study Report. No action requested.

II. OAKHURST REDEVELOPMENT INFRASTRUCTURE PROJECT – 20 minutes
Staff: Peter Zeiler, Neighborhood & Business Services
Action: This item was referred to Committee on October 10th and introduced at the November 15th meeting. Staff will seek a Committee recommendation to be included on the February 23rd Council business meeting that authorizes the City Manager to negotiate a development agreement with the property owner for specific infrastructure improvements.

III. JOINT MEETING with COUNTY ED COMMITTEE – 10 minutes
Staff: Ron Kimble, City Manager's Office
Action: Discuss potential joint meeting dates with County ED Committee to discuss Amateur Sports & Business Investment Grant Program.

IV. APPROVE 2012 MEETING SCHEDULE – 5 minutes

V. CRVA JANUARY BAROMETER REPORT (Information Only – Attachment)

VI. NEXT MEETING DATE: February 16, 2012 at Noon, Room 280

Future Topics & Tentative Schedule:
- Business Corridor Strategy Update (February 16)
- Disparity Study (February 16)
- Entrepreneur Strategy/Policy (March 1)
- Business Investment Program Revisions (March 1)

Need Referrals:
- Elizabeth STIF
- First Ward Project

Distribution: Mayor/City Council Curt Walton, City Manager Leadership Team Executive Team

CHARLOTTE
NEIGHBORHOOD & BUSINESS SERVICES

Disparity Study
Findings & Recommendations

Economic Development Committee
January 19, 2012

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Agenda

- Review of Options from November 15 Committee Meeting
- Answers to Committee Questions
- Potential Recommendation to Council
- Current initiatives in support of SBE's

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Committee Options

- Explore revising the SBO program to include all or a portion of MGT recommendations
- Explore feasibility of adding a Minority Business Enterprise (MBE) component to the SBO program

Both options were recommended by Disparity Study Advisory Committee

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Committee Options

- Revise SBO program to include all or a portion of MGT recommendations
  - Requires further staff analysis of the following:
    - Raising informal threshold for construction
    - Vendor rotation
    - Mandatory joint ventures on large construction projects
    - Adding goals in other categories
    - RFP provision requiring proposers to report prior M/WBE utilization and future strategy
    - Raising the personal net worth threshold

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Committee Options

- Explore the feasibility of adding a Minority Business Enterprise (MBE) component to the SBO program.
  - City will have to follow the State's MWBE program guidelines, unless changes to the SBO enabling legislation are made.
  - Staff recommends hiring a legal expert to review MGT's conclusions and points raised by Advisory Committee.
  - Committee discussed retaining Franklin Lee of Tydings & Rosenburg, LLC. Staff estimates the cost to be approximately $15,000.

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Answers to Committee Questions

City of Charlotte Minority Business Enterprise Utilization compared to other local agencies[1]

FY11 spending with MBEs as both primes and subcontractors

	City of Charlotte	Charlotte Housing Authority	Charlotte Mecklenburg Schools	Mecklenburg County
Construction	7.11%	26.46%	4.07%	7.50%
A&E	5.14%	11.75%	12.83%	0.00%
Goods & Supplies	1.16%	4.08%	2.49%	1.08%
Other Services	2.49%	14.14%	4.46%	0.67%
Professional Services	6.29%	51.51%	N/A[2]	2.73%

[1] As reported by each organization
[2] N/A – denotes that the organization does not track this category of spending

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Answers to Committee Questions

Q: Can SBEs participate as prime contractors for Services contracts ?

A: Yes. Any bidder that meets the City's solicitation and qualification requirements can bid on services contracts. Services contracts are reviewed and awarded based on various factors, such as qualifications.

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Potential Committee Recommendation

- For consideration & discussion:

A. Direct staff to explore revising the SBO program to include all or a portion of the MGT recommendations.

B. Direct staff to retain Franklin Lee of Tydings & Rosenburg, LLC (for an estimated amount of $15,000) to review MGT's findings and recommendations to determine if sufficient data exists to add Minority Business Enterprise (MBE) components to the SBO program.

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Current initiatives in support of SBE's

- New SBE Loan Program:
  - Short term, low rate financing for working capital and/or equipment or machinery financing needs.
  - Pilot program beginning February 1.
- Linkage to Business Corridor Strategy Update:
  - Provisions to encourage SBE utilization in Façade and Security Matching Grant programs.
  - Scheduled for Committee review on February 16.
- Searchable database for SBE's
  - Allow prime contractors to search for SBE's using keywords.
  - Expected to be launched at end of first quarter.

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Oakhurst Redevelopment Infrastructure Project

Economic Development Committee
January 19, 2012

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Overview

- Project Site and History
- Redevelopment Proposal
- Infrastructure Scope & Estimated Costs
- Policy Objectives
- Next Steps

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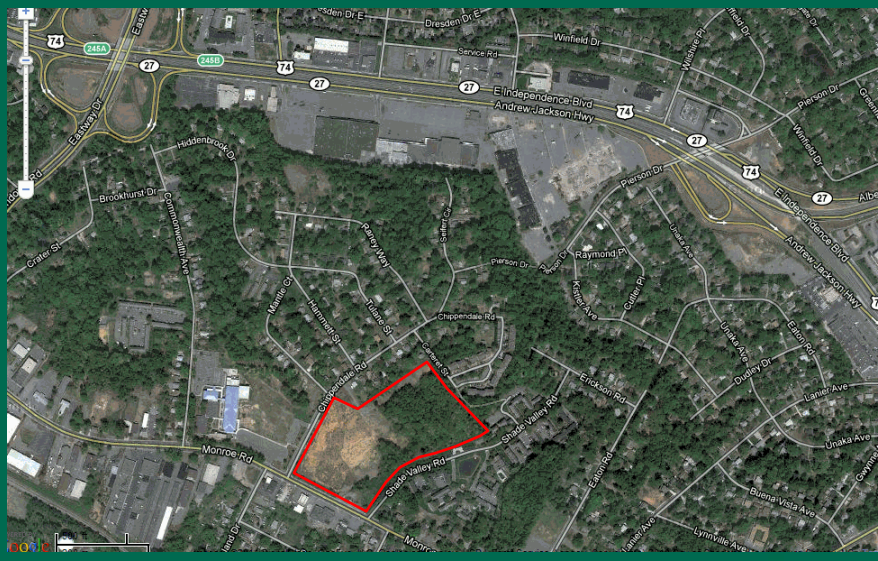
Project Site and History



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Project Site and History

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Project Site and History

- 18-acres, former site of Woonsocket Mills.
- Purchased by Krug Development (2004-2008)
- Brownfield site work complete in March 2007
- Rezoned from I-2 to NS in September 2010

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Redevelopment Proposal

- 75,000 square feet of retail
  - 25,000 to 35,000 square feet grocery
- 220 apartment units
- $50 million in development costs
- 200 – 225 jobs created
- Estimated $440,000 in new annual property taxes
  - $153,000 City
  - $285,000 County

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Redevelopment Proposal

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Infrastructure Scope

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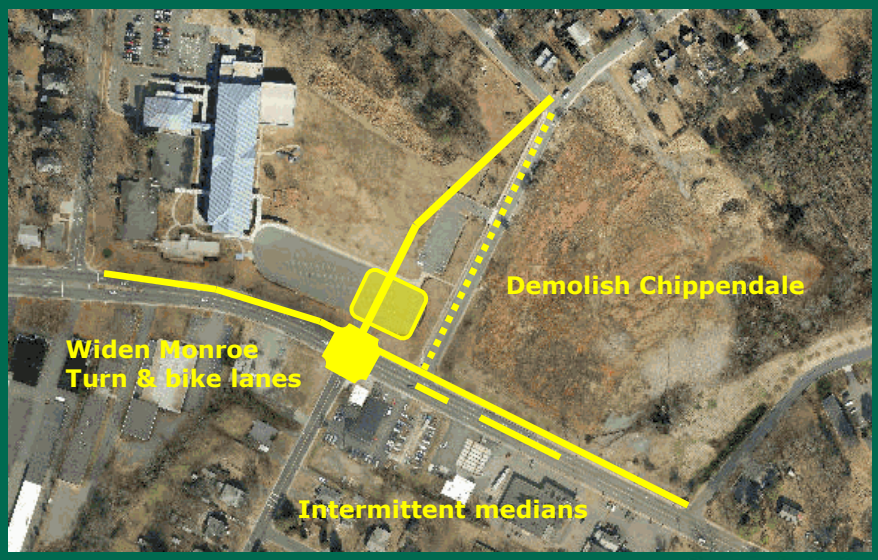
Infrastructure Scope



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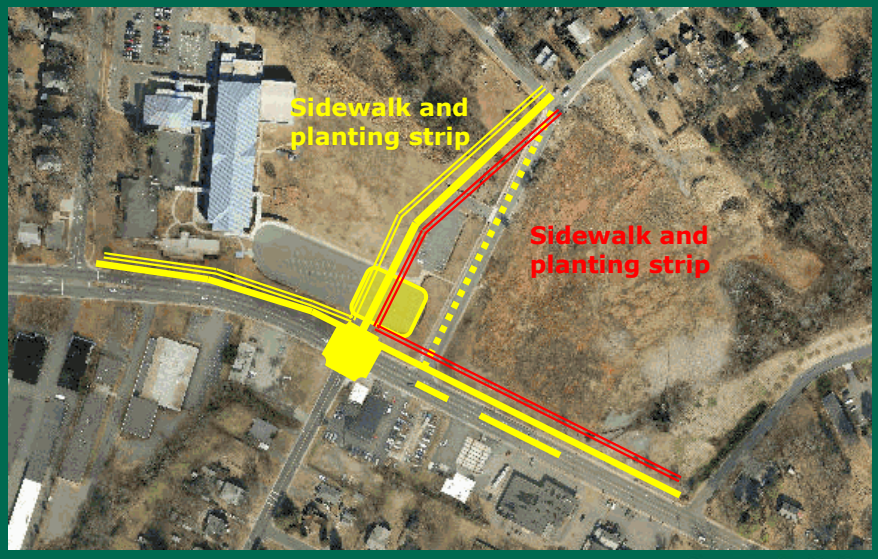
Infrastructure Scope



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Infrastructure Scope

- Adjust / relocate affected under ground and above ground utilities.
- Abandon and remove utilities.
- Adjust / install streetlights as necessary.
- Acquire ROW and easements from CMS
- Negotiate and execute cash settlement for CMS parking.
- City to acquire ROW and easements from Owner/Developer on Chippendale realignment
- Owner / Developer to credit abandoned ROW and easements on existing Chippendale

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Infrastructure Scope

Owner/Developer responsibilities:

- Grant all rights of way and easements for Monroe Road widening.
- Construct or reimburse City for sidewalk and planting strips adjacent to the development.
- Option to install or reimburse City for pedestrian lighting.

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Estimated Project Cost

- Estimated $1.5 million to $1.9 million
  - Project engineering begun
  - Will have refined estimate at 50% design.
- Source of funding: Business Corridor Fund
  - Current Balance of $15 million
  - Leverages Fund at 25:1; goal is 10:1

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Agreement Terms

- City receives first position lien on property in an amount equal to actual construction costs.
- City can collect on lien if owner:
  - Fails to pull construction permits within 3 years.
  - Sells property for purpose other than transfer to complete or begin development.
- Lien diminishes over time by a negotiated amount commensurate with completion of project phases.
- Lien extinguishes upon project completion.

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Policy Objectives

Independence Boulevard Area Plan

- Chippendale Road and Richland Drive should be aligned into single intersection at Monroe Road *(ref. Transportation Priority 5).*
- Vertically integrated residential, office, and/ or retail development is preferred in this location to create a neighborhood node *(ref. Land Use Recommendation 8).*

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Policy Objectives

Business Corridor Revitalization Strategy

- Within Council's adopted Business Corridor Revitalization Area.
- Adjacent to a "food desert" as identified by UNC–Charlotte.
- Provides opportunities for businesses displaced from NCDOT Independence Boulevard project.
- Removes blight and provide employment opportunities.

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Next Steps

- Staff will continue to negotiate infrastructure agreement with Krug Development
- Committee will review agreement and consider a recommendation to City Council

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Economic Development Council Committee
2012 Schedule

1st Thursdays at Noon
3rd Thursdays at 3:00pm
****Additional meetings will be scheduled as needed****
Meetings will be held at the Charlotte-Mecklenburg Government Center

Meeting Dates

January 19 at 3:00pm

February 2 at Noon *(cancelled due to conflict with City Council Retreat)*
February 16 at 3:00pm

March 1 at Noon
March 15 at 3:00pm

April 5 at Noon
April 19 at 3:00pm

May 3 at Noon
May 17 at 3:00pm

June 7 at Noon
June 21 at 3:00pm

July 19 at 3:00pm
(one meeting, Council summer schedule)

August 16 at 3:00pm
(one meeting, Council summer schedule)

September 6 at Noon *(Democratic National Convention-September 3-7)*
September 20 at 3:00pm

October 4 at Noon
October 18 at 3:00pm

November 1 at Noon
November 15 at 3:00pm

December 6 at Noon
December 20 at 3:00pm

The Charlotte BAROMETER Report

An Official Publication of the Charlotte Regional Visitors Authority

JANUARY 2012

National & International Business & Convention

TRAVELCLICK NORTH AMERICAN HOSPITALITY REVIEW

According to **TravelClick**'s December 2011 North American Hospitality Review, Charlotte ranks at the top enjoying a 22.8% increase in year-over-year committed occupancy growth, based on actual hotel bookings from Q4 2011 through Q3 2012. Detroit (10.1%), Indianapolis (9.4%), Houston (9.4%) and Miami (7.2%) round out the top five markets.

% Change	Committed Occupancy	Reserved ADR	Reserved RevPAR
Charlotte	22.8%	2.8%	13.6%
Detroit	10.1%	4.4%	13.5%
Indianapolis	9.4%	4.5%	3.6%
Houston	9.4%	2.7%	9.5%
Miami	7.2%	5.4%	12.1%

Local Perspective

CHARLOTTE AREA LODGING – NOVEMBER SMITH TRAVEL RESEARCH

Charlotte's November **occupancy** was 59%, up 7.4% from November last year, and the best November level since 2007 (60.5%). Year to date occupancy is 62.4% in the market, up 7.1% from the same period last year. By comparison, year to date occupancy is up 4.4% in the US, up 4% in NC and up 4.6% in the Top 25 markets.

Charlotte's November **demand** totaled 563,054 rooms sold, up 6.7% from November last year, and the best November since 2006 (566,238). Year to date demand has grown 7.3% in the market. By comparison, year to date demand has grown 5.1% in the US, 4.9% in NC and 5.5% in the Top 25 markets.

Charlotte's November **average daily rate (ADR)** was $82.39, up 3.3% from November last year, and the best November rate since 2007 ($82.42). Year to date ADR is $82.23, up 3.2% from the same period last year. By comparison, year to date ADR is up 3.7% in the US, 2.5% in NC and 4.6% in the Top 25 markets.

Charlotte's November **revenue per available room (RevPAR)** was $48.62, up 10.9% from November last year, and the best November since 2007 ($49.82). Year to date, RevPAR is $51.31, up 10.6% from the same period last year. By comparison, year to date RevPAR is up 8.2% in the US, 6.6% in NC and 9.4% in the Top 25 markets.

Local Market Trends

- 23 straight months of occupancy growth
- 25 straight months of demand increases
- 17 straight months of average daily rate improvements
- 22 straight months of RevPAR improvements

MECKLENBURG COUNTY HOSPITALITY TAX COLLECTIONS-- FY12 THROUGH NOVEMBER

Mecklenburg County **6% occupancy tax collections** total $11.2 million fiscal year to date, up 12% from the same period last fiscal year.

Mecklenburg County **2% NASCAR occupancy tax collections** total $3.7 million fiscal year to date, also up 12% from the same period last fiscal year.

Mecklenburg County **1% prepared food & beverage tax collections** total $9.3 million fiscal year to date, up 10% from the same period last year.

National Leisure & Tourism

EXPERIENTIAL TRAVEL WILL CONTINUE TO TREND

Baby Boomers (46 to 65 years of age) comprise the largest age group of travelers seeking experiential vacations, travels which offer in-destination experiences to visitors. This thirst for learning experiences is driving tour operators to increase experiential itineraries in 2012 according to the **U.S. Tour Operators Association (USTOA)**, whose survey reveals 53% of its member tour operators plan to offer new experiential programs next year, with culinary tours topping the list at 26%; culture tours at 22%, and nature, adventure, photography and golf also cited. *Source: DMAI*

Economy

PRICEWATERHOUSECOOPERS & MACROECONOMIC ADVISORS OUTLOOK

The latest issue of PwC's Hospitality Directions US provides an economic outlook for 2012. GDP growth of just 2.5% is expected in 2012, what is described as "stall speed". Macroeconomic advisors anticipates a 2.4% pace of GDP growth for the second half of 2011 compared to 0.8% in the first half. They also look for a pick-up in consumer spending growth, particularly in the second half of 2012 and continuing into 2013. As for jobs, unemployment rate is expected to decrease to 9% at the end of 2011, then 8.9% in 2012 and 8.4% in 2013.

Media

DECEMBER 2011 VOCUS

During December, **Vocus** identified 1,478 media mentions related to key search words. 'Democratic National Convention' led the way with 67.6% and 'NASCAR Hall of Fame' with 22.8%

Sources for this Publication

- **Conference Board**
- **Destination Marketing Association Int'l.**
- **Macroeconomic Advisors**
- **Mecklenburg County Tax Office**
- **PricewaterhouseCoopers**
- **Smith Travel Research**
- **The TAP Report**
- **TravelClick**
- **US Department of Labor**
- **US Tour Operators Association**
- **Visit Charlotte/CRVA**
- **Vocus**

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HOSPITALITY INDUSTRY STATISTICAL REPORT
December 2011

Charlotte Market Lodging Production					
	Charlotte Market	**North Carolina**	**Competitive Set**	**United States**	**Top 25**
November 2011 Occupancy %	59	52.7	56.8	55.7	63.5
% Change	7.4	2.6	4.5	4.7	4.8
November 2011 ADR $	82.39	80.76	90.91	100.85	127.73
% Change	3.3	3.5	4.3	4.3	4.9
November 2011 RevPAR $	48.62	42.55	52.17	56.17	81.08
% Change	10.9	6.2	9.1	9.2	10
2011 YTD Occupancy %	62.4	57.3	61.7	61.2	67.7
% Change	7.1	4	5.1	4.4	4.6
2011 YTD ADR $	82.23	82.21	91.39	101.76	123.68
% Change	3.2	2.5	3.5	3.7	4.6
2011 YTD RevPAR $	51.31	47.08	56.84	62.32	83.68
% Change	10.6	6.6	8.7	8.2	9.4

Source: Smith Travel Research-Stats lag by one month

Comp Set includes: Tampa, Atlanta, Indianapolis, Baltimore, Minneapolis, St. Louis, Greensboro, Raleigh, Cincinnati, Columbus, Philadelphia, Pittsburgh and Nashville

Charlotte Douglas International Airport Aviation Production				
	Month of November	**% Chg from Nov '10**	**2011 YTD**	**YTD % Chg from '10**
Passenger Enplanements	1,614,140	0%	17,891,657	2%
Passenger Deplanements	1,617,148	-1%	17,905,574	2%

Source: Charlotte Douglas International Airport-Stats lag by one month

Visit Charlotte Definite Room Night Production				
	Month of December	**Change from December 2010**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	32,452	22,076	168,808	-64,426 (-28%)
Visitor Economic Development ($)	14,127,358	6,180,608	96,041,056	-62,780,514 (-40%)
Number of Definite Bookings	24	7	155	31 (25%)
Average Size of Definite Bookings	1,352	742	1,089	-792 (-42%)
Total Attendance	38,855	29,365	223,169	-101-244 (-31%)
Convention Center GSF Booked	4,420,000	3,500,000	18,520,000	6,700,000 (57%)

Visit Charlotte Lead Room Night Production				
	Month of December	**Change from December 2010**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	16,021	-16,574	447,030	-7,448 (-2%)
Number of Lead Bookings	37	4	323	8 (3%)
Average Size of Lead Bookings	433	-554	1,384	-59 (-4%)

Visit Charlotte Housing Bureau Production			
	Month of December	**FY 2012 YTD**	**YTD% Chg from FY11**
Total Reservations Produced	350	3,939	-19%
Total Room Nights Produced	1,767	11,973	-26%

Visit Charlotte Leisure Tourism Promotion & Production			
	Month of December	**FY 2012 YTD**	**YTD % Chg from FY11**
Advertising Impressions	14,238,174	67,874,706	N/A
www.charlottesgotalot.com Visitors (Google)	114,126	752,842	45%
Motor Coach Group Bookings (Passengers)	104	3,306	11%

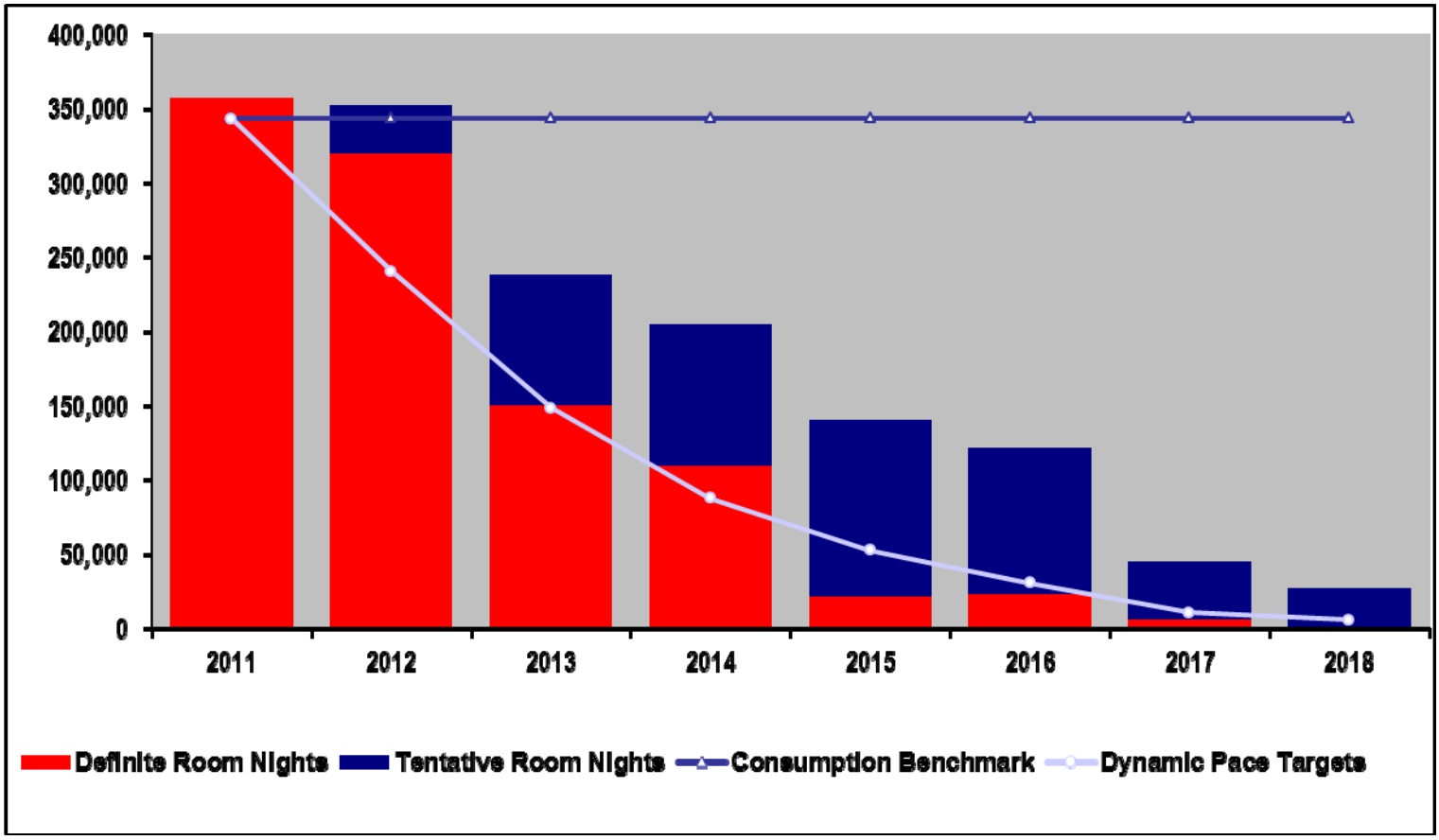
DEFINITE BOOKINGS
December 2011

Charlotte Convention Center							
Group Name	**Meeting Type**	**Event Date**	**Days**	**Exhibit Gross Sq Ft**	**Total Room Nights**	**Attend**	**Dir. Visitor Econ. Dev. ($)**
Mary Kay Inc. (meeting space) ®	Assembly	Mar '13	1	0	285	2,000	185,100
Palmetto Volleyball Assoc. ®	Assembly	Mar '13	2	720,000	2,503	5,000	1,340,000
Nat'l Emergency Number Assoc. ®	Convention	Jun '13	4	840,000	5,130	2,200	1,696,681
Mary Kay Inc. (meetings space) ®	Assembly	Mar '14	1	0	285	2,000	185,000
Palmetto Volleyball Assoc. ®	Assembly	Mar' 14	2	840,000	2,503	5,000	1,340,000
Southern Reg. Educ. Board ®	Convention	Jul '14	4	1,180,000	11,387	8,000	5,023,946
Palmetto Volleyball Assoc. ®	Assembly	Mar '15	2	840,000	2,503	5,000	1,340,000
Total				**4,420,000**	**24,596**	**29,200**	**11,110,827**

Conference Sales					
Group Name	**Event Date**	**Days**	**Total Room Nights**	**Attendance**	**Dir. Visitor Econ. Dev. ($)**
Nexstar ®	Jan '12	3	45	40	22,117
State Employee Association of NC ®	Jan '12	2	365	250	64,394
Saint-Gobain North America	Feb '12	1	14	100	15,322
North Carolina RV Dealers Association	Feb '12	4	240	100	37,322
National Indust. for the Severely Handicapped	Mar '12	3	180	100	50,675
North Carolina Youth Rugby Union ®	Mar '12	2	308	1,100	294,800
North Carolina Youth Rugby Union ®	Mar '12	2	30	250	67,000
Nuclear Energy Insider ®	Apr '12	2	60	150	27,145
Southeast/LinuxFest Foundation	Jun '12	2	235	1,000	138,756
NC Youth Rugby Union ®	Jun '12	2	30	250	67,000
Aloha Tournaments ®	Jun '12	2	1,512	3,500	938,000
Urban Financial Services Coalition	Jun '12	4	376	200	106,514
Charlotte Host Committee	Aug '12	7	1,331	440	478,292
Nat'l Correctional Industries Association	Mar '13	4	936	400	241,378
North Carolina Chiropractic Association ®	Apr '13	2	140	125	41,776
Southeast/LinuxFest Foundation	Jun '13	2	235	1,000	138,576
Authors After Dark	Aug '14	5	1,725	400	287,464
Total			**7,856**	**9,655**	**3,016,531**
GRAND TOTAL			**32,452**	**38,855**	**14,127,358**

Sports & Leisure Spending -DKS&A 2007 Charlotte Update (attendance x $134 x # days)
Convention & Conference Spending -2011 Tourism Economics, DMAI, Charlotte Event Impact Model
® Repeat Business

Eight Year Dynamic Room Night Pace Report
(As of 12/1/11) Trends Analysis Projections, LLC

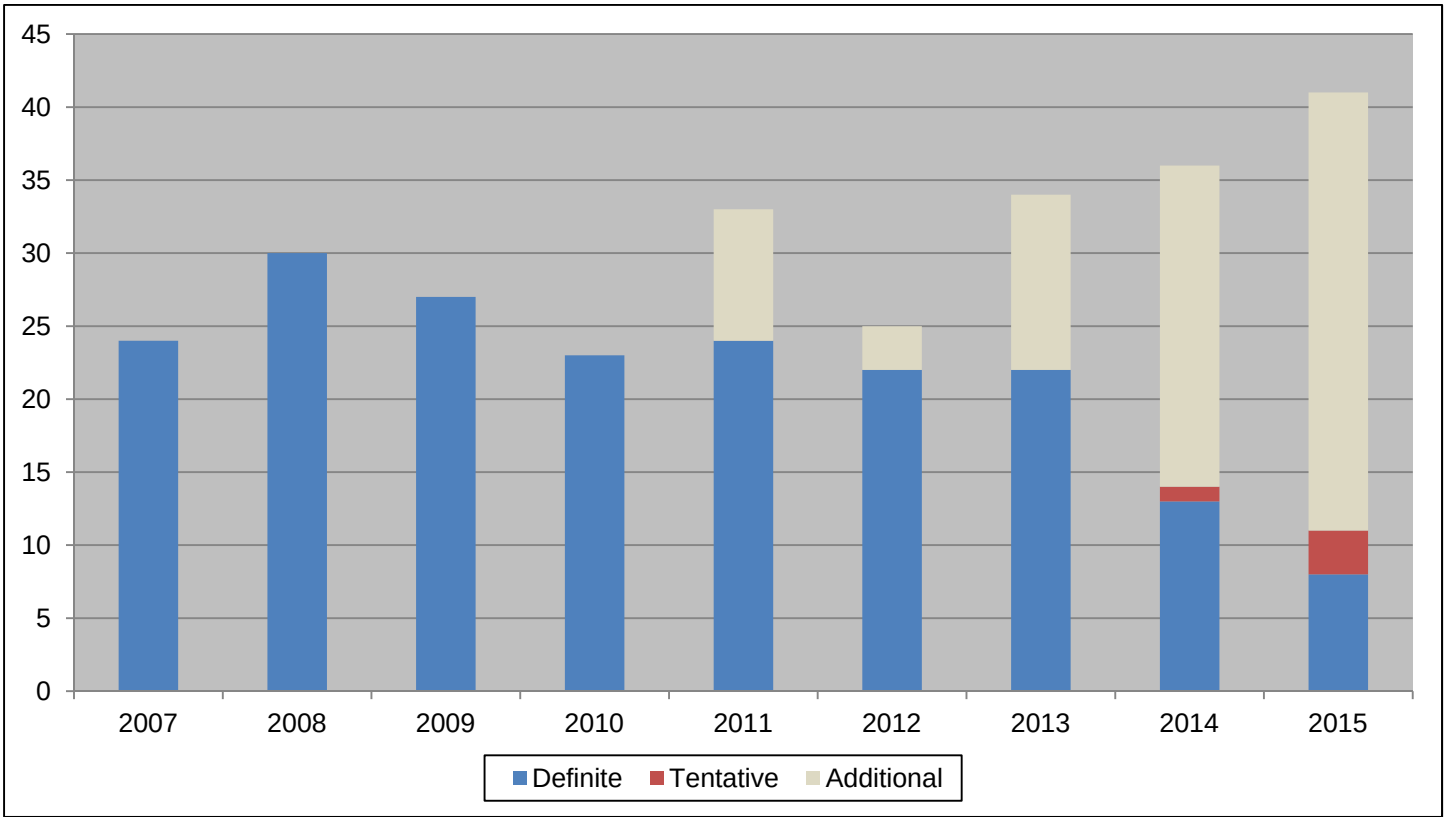


Eight Year Dynamic Room Night Pace Report
(As of 12/1/11) Trends Analysis Projections, LLC

	2011	2012	2013	2014	2015	2016	2017	2018	Total
Charlotte Definite Room Nights	357,551	319,261	150,047	109,632	21,125	22,709	5,937	0	986,262
Pace Target	342,957	240,524	148,329	87,3745	52,323	30,550	10,259	5,499	917,816
Pace Percentage	104%	133%	101%	125%	40%	74%	58%	0%	107%
Tentative Room Nights	0	33,332	88,275	94,976	119,311	98,791	39,247	26,970	500,902
Consumption Benchmark	343,378	343,378	343,378	343,378	343,378	343,378	343,378	343,378	2,747,024
Peer Set Pace Percentage	97%	103%	89%	86%	113%	102%	96%	134%	98%

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa

Charlotte Convention Center
Tradeshow & Convention Booking Outlook
(As of 1/3/12)



Charlotte Convention Center
Tradeshow & Convention Booking Outlook
(As of 1/3/12)

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Definite Bookings	24	30	27	23	24	22	22	13	8
Tentative Bookings	0	0	0	0	0	0	0	1	3
Subtotal	24	30	27	23	24	22	22	14	11
Definite Target	20	21	26	30	33	25*	34*	36*	41
Variance	4	9	1	-7	-9	-3	-12	-22	-30

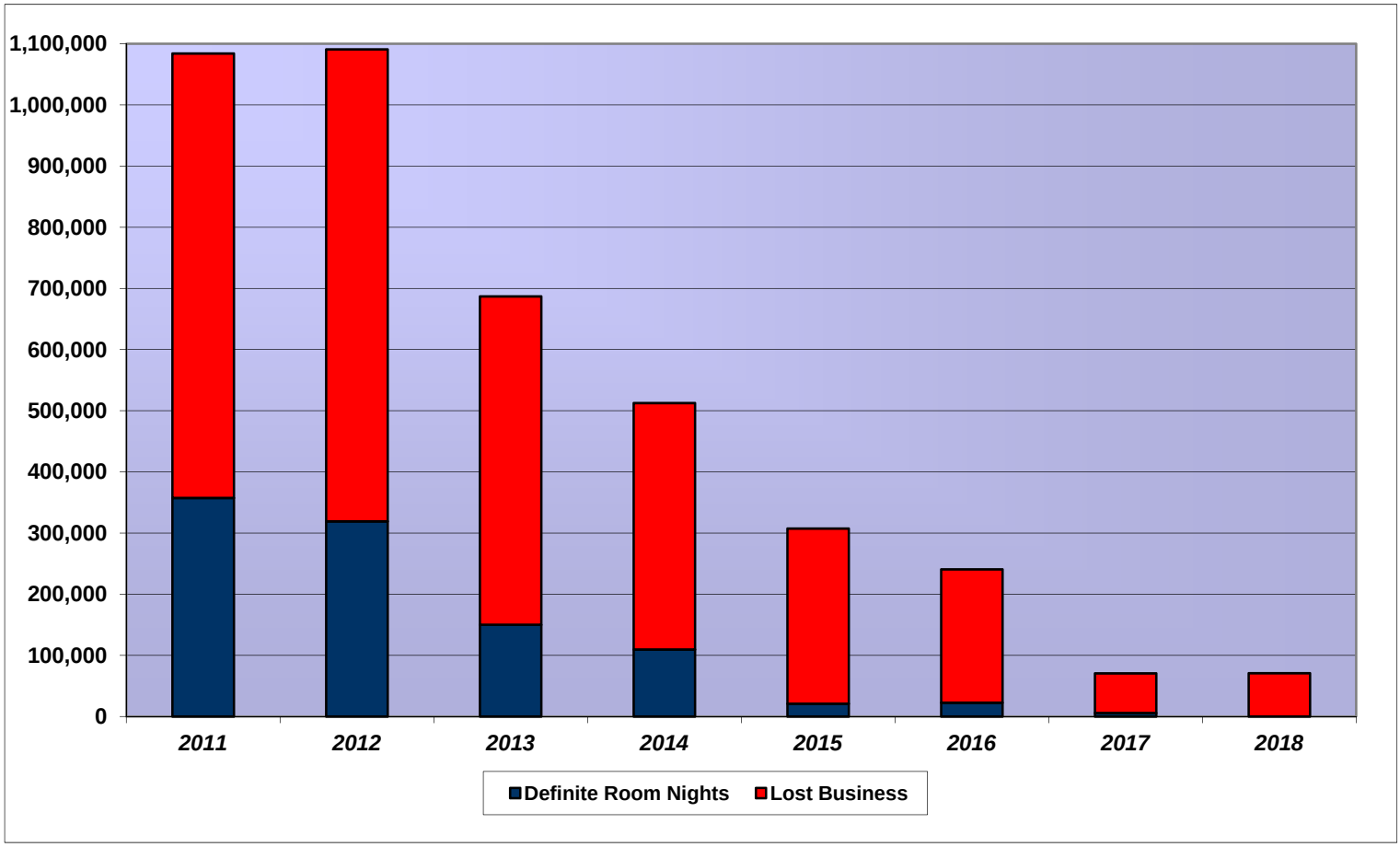
*new goal beginning FY11

HOSPITALITY INDUSTRY SALES ACTIVITIES
December 2011

Site Visits			
Group Name	**Venue**	**Total Room Nights**	**Total Attendance**
DEFINITES			
National Association for Campus Activities (Feb ’12)	CCC	5,060	2,200
National Correctional Industries Association (Mar ’13)	Hotel	936	400
Church of the Brethren	CCC	5,075	4,000
TENTATIVES			
N/A	N/A	N/A	N/A

Trade Shows & Events (attended by staff)	
Event Name	**Location**
Association Executives of North Carolina	Raleigh, NC
Connect	Las Vegas, NV
North Carolina Amateur Sports	Greensboro, NC
National Tour Association	Las Vegas, NV
Successful Meetings Hosted Buyers	Charlotte, NC
USA Track & Field Annual Convention	St. Louis, MO
US Travel Association Board Meeting	Dallas, TX

Visit Charlotte Pace vs. Demand Comparison – Lost Business
(As of 12/1/11)Trends Analysis Projections, LLC



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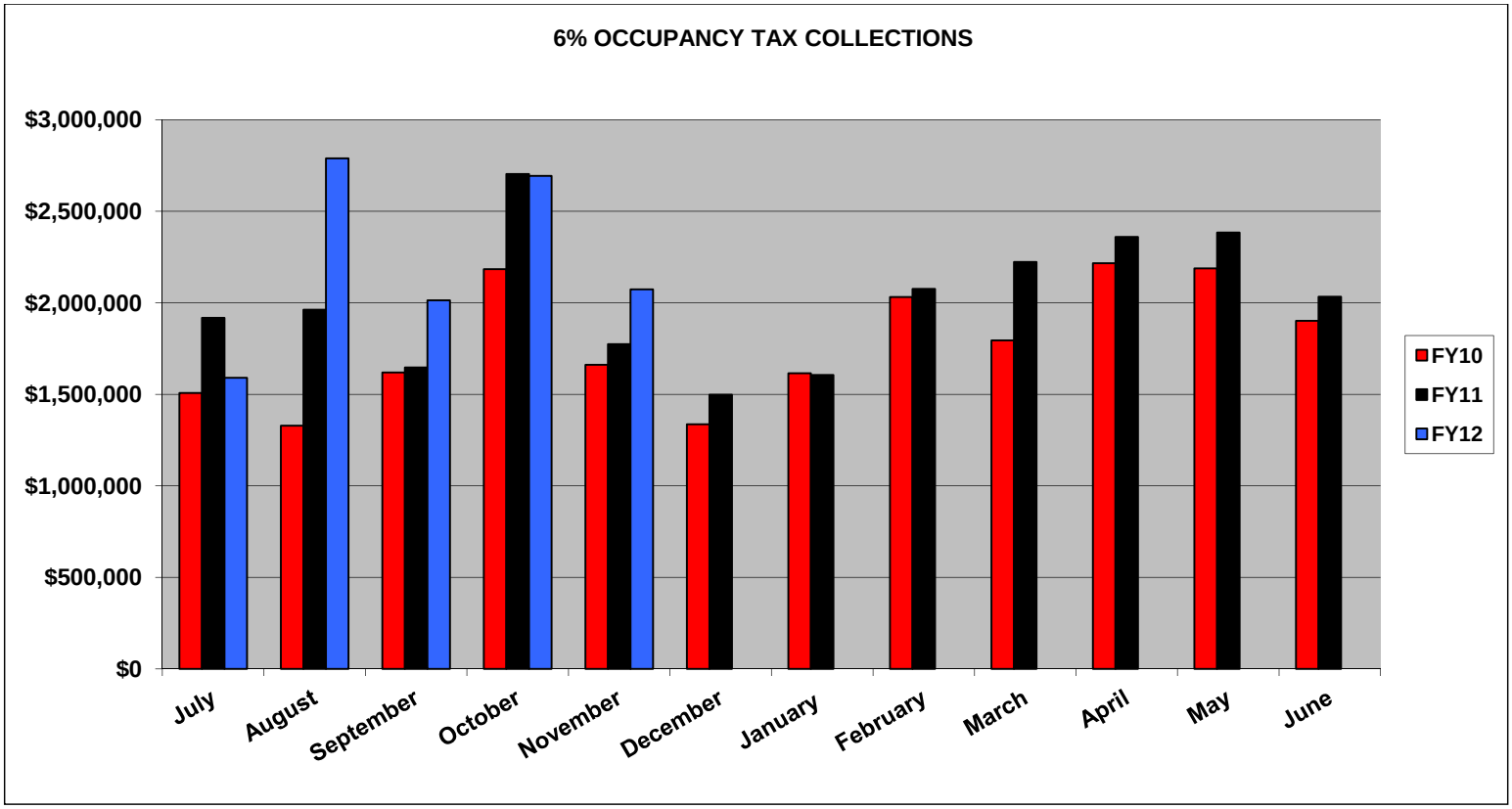
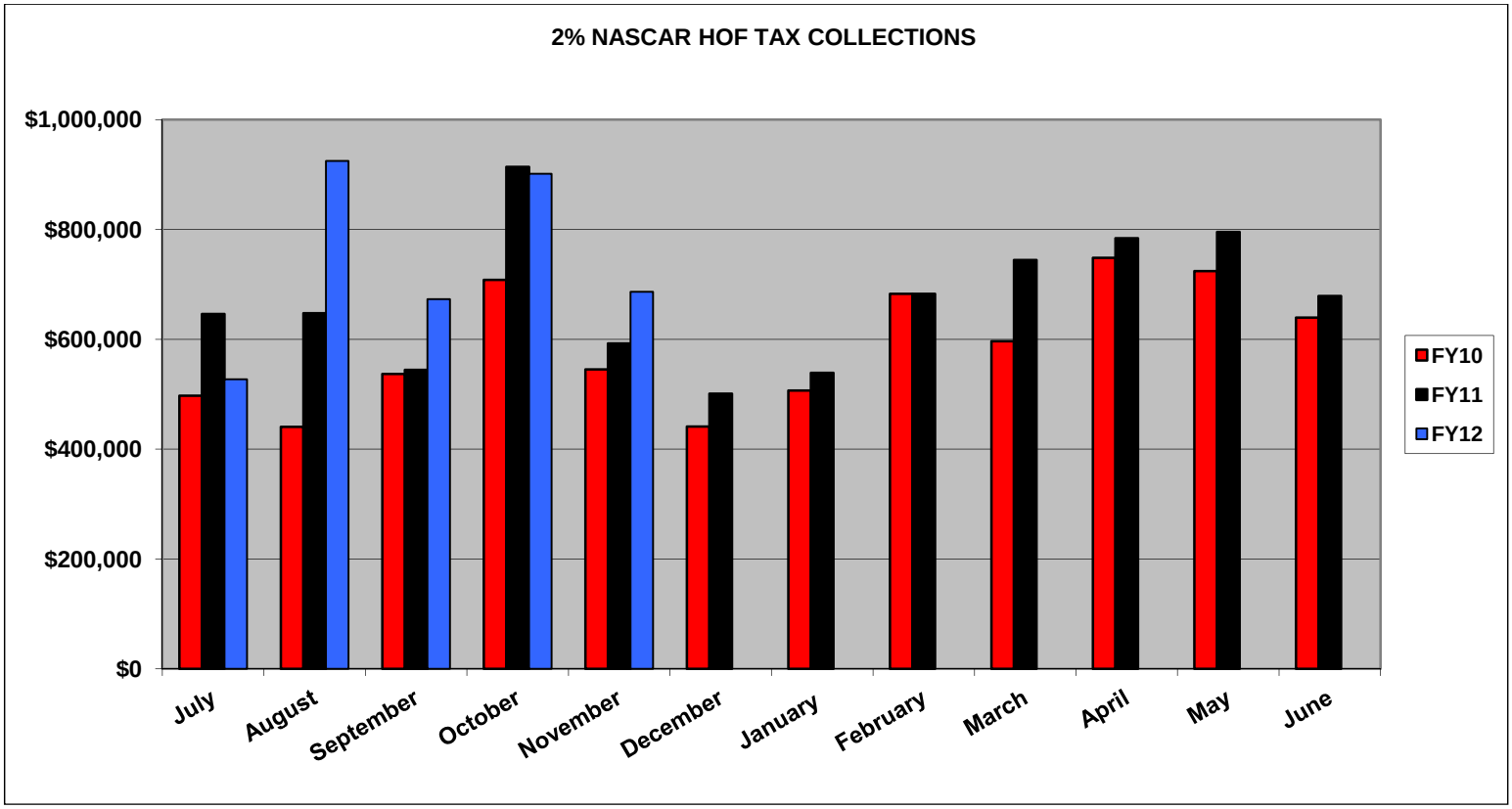
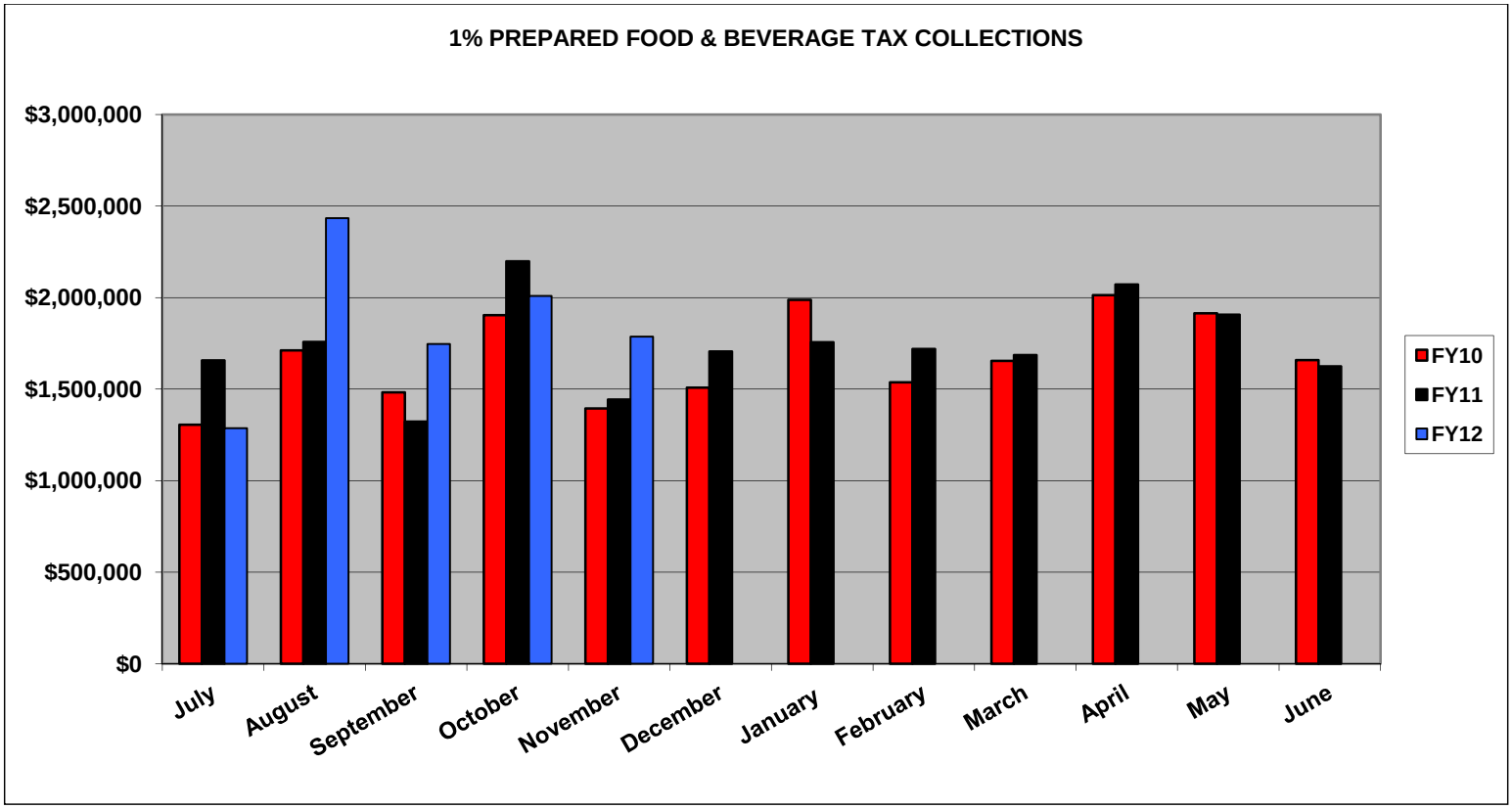
Pace Percentage	104%	133%	101%	125%	40%	74%	58%	0%	107%
Total Demand Room Nights	1,083,975	1,090,794	686,838	512,681	307,358	240,616	70,582	70,835	4,063,679
Lost Room Nights	726,424	771,533	536,791	403,049	286,233	217,907	64,645	70,835	3,077,417
Conversion Percentage	33%	29%	22%	21%	7%	9%	8%	0%	24%
Peer Set Conversion Percentage	27%	24%	21%	20%	23%	23%	21%	19%	24%

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa


6% OCCUPANCY TAX COLLECTIONS
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY10
FY11
FY12


2% NASCAR HOF TAX COLLECTIONS
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY10
FY11
FY12



THE ECONOMY
November 2011

	2010	2011	% Change
Consumer Confidence Index	54.1	55.2	2.0%
Consumer Price Index (CPI)	218.803	226.230	3.4%
Unemployment Rate			
- National	9.8%	8.6%	-12.2%
- State	9.8%	10.0%	2.0%
- Local	11.0%	10.0%	-9.1%