COMMITTEE AGENDA TOPICS

I. Subject: **Economic Impact of Sports**
Action: Discuss the findings of the Economic Impact of Sports Report with UNC-Charlotte's John Connaughton, the report's author. The general finding of the report are scheduled to be released to the community on February 28. No action is required.

II. Subject: **SBE Mobilization Loan Program**
Action: Review the revised guidelines of a proposed loan program for certified Small Businesses Enterprises (SBEs) that incorporates Committee feedback from February 16, and if ready, recommend the approval of a pilot program at City Council's March 26 business meeting.

III. Subject: **Review of Draft FY2013 ED Strategic Focus Area Plan**
Action: Review the draft ED Focus Area Plan, and if ready, recommend its adoption at City Council's March 26 business meeting

IV. Subject: **Small Business Week Update**
Action: Receive an update on local activities planned for Small Business Week in May. No action is required.

COMMITTEE INFORMATION

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

Time: 12:00p.m. – 2:00p.m.

ATTACHMENTS

1. The Economic Impact of Sports and Sports Events on the Charlotte MSA Economy Presentation
2. SBE Mobilization Loan – Proposed Pilot Program for FY12-14
3. Draft FY2013 Strategic Focus Area Plan
4. Small Business Month Calendar

DISCUSSION HIGHLIGHTS

I. Subject: Economic Impact of Sports

Chairman James Mitchell:
Welcome to the Economic Development Committee meeting. We have four items on the agenda today, starting with the Economic Impact of Sports. Mr. Kimble, I will turn it over to you.

Kimble: Thank you Mr. Mitchell. Economic Impact of Sports probably will be the longest one in presentation and discussion today. That is followed up by the presentation of the SBE Mobilization Loan Program. You had some great questions last time and we answered those. We will discuss it again and if you are ready to take action, we can. If you are not, we will postpone it and do it again. We also have to start through the Focus Area Plan for Economic Development. On the other Committees that you are serving as well, you are going through that same thing. The goal is to have these back for the Council Meeting on March 26th so you do not have to take action on the Focus Area Plan today. Then we want to finish with Small Business Week or Small Business Month because we are really trying to take more of the month of May to do this. You may want to take some action on that if you are comfortable. If you still have questions, we can bring it back. You have done a great job in reading and the staff in Neighborhood & Business Services has done a lot more in small business week and month than we have ever done before. We think we have a fair amount of programs for May 2012 on small business. Your first item, Economic Impact of Sports, was referred on January 23rd from the Council Meeting where you heard about the process. John Connaughton, professor at UNC- Charlotte was in town two days ago at the Charlotte Chamber and they had the press release and the press conference on the result of this report. It was referred here along with all four from your January 23rd meeting for you to hear about this particular report. Dr. Connaughton is here today to deliver that information and we want to make this an interchange. If you have questions, feel free to interrupt.

Connaughton: Today, we are going to talk about the Economic Impact of Sports and Sports Events on the Charlotte MSA Economy. The report was presented as Ron mentioned earlier this week and the findings may surprise you. We will go through some of the findings in more detail and also discuss how we arrived at those numbers. Let's bring everybody up to date with what we are looking at is six counties including Mecklenburg that make up the MSA. Our study focused on these six counties and what type of economic impact was occurring. Most of the activity is within Mecklenburg County, not all of it, but the larger percentage of it is within Mecklenburg County at this time. The reason that I want to provide this information is that I think it provides more fact and less opinion. The result of that will make your job easier in terms of making decisions. You are armed with information that you would otherwise not have about the economic impact of different events whether they be sporting events or a company that just relocates here or a company that is interested in may be locating somewhere else. We should be armed with o.k.: What if this company comes? What happens if this company leaves? How many people lose their jobs? In today's climate, everyone's question is about jobs. When we do

a study like this on an entire industry as opposed to a single event, it helps us understand how our economy is structured and built. What are the key building blocks that make this economy go? What is it that certain parts of the country have that essentially build a foundation for their economy? When we do these industry studies, we determine whether or not they are important to the economy or just general to the economy. It is all industry related to the supply chain so when something happens at Time Warner Arena when there is an event there, that is not just the whole focus of economic activity. There is a lot of economic activity that goes on that makes that event possible. The general studies that we have done recently that look at industry wide impact, Lowes Sports Study that we did in 2003 and again in 2006. That is a pretty big industry statewide, not just in this area. Not the MSA because a lot of this activity takes place in other counties; a lot of it in Lincoln County. A lot of the shops are located in Iredell County, which are no longer part of the MSA. More recently, there was a video industry study in 2009. What we found there was another surprising outcome in terms of how big that industry really is. How many people work in that industry and how much activity takes place in that industry on a regular basis? What was a surprise was not just the size of the industry, but the fact that it is not replicated in a lot of other cities. A few other cities have much bigger video and film like Los Angeles, New York and Chicago for instance. Nashville is probably only the leading media site close to the Charlotte area. When we decided to do this study, one of the things that we wanted to make sure was that individual teams of proprietary information was not going to be part of this study. There was a desire to compile all of the different published impact of sports; we were not going to release individual economic numbers. What that meant was that we had to figure a way to organize this so that there would be no disclosure, but yet the numbers would be there. To do that, we came up an essentially looking at four different organizational types and that was protected on disclosure of proprietary information, not necessarily put together the way folks would like them but they were primarily designed to protect information. The way we did it this was the first organization with regularly scheduled sports teams. We included the sports teams that we were familiar with such as the Bobcats and the Panthers; it includes the Knights and the Checkers. There were other teams that you probably are not aware of such as the roller derby. There are a lot of things going on here on a regular basis that a lot of folks are not familiar with. Then there is the Johnson C. Smith type of sports with regular scheduled basketball and football games that would be included in that. This again is their revenue sports, not their entire athletic budget; only revenue sports were included where they charge for admission. So that is only one category. The next category is the irregularly scheduled sports events of which they are having one today; I saw some signs. Then we have the Charlotte Motor Speedway and college football championship games and bowl games like the NC State games. We have basketball games like the CIAA tournament every year; we have golf tournaments, a wide range of things are included. The next group is youth events. This one knocked me away until I realized what was going on. These are events that are taking place in multiple locations every weekend and running every weekend through November and October. Youth sports events and tournaments include TEAM Charlotte Swimming, Charlotte Soccer Academy, Top Gun Sports, North Carolina National Softball Association and Carolina Scholastic Association. On any given weekend, you will see lots of these amateur events that are taking place where youth groups come in for tournaments. These folks stay in hotel rooms and eat in

restaurants and they buy gasoline and other memorabilia at retail stores and spend a lot of money here. So for that reason, we included those as well. Finally, the last on is one that we discovered as part of the video study. We did not recognize before how much cable and network production takes place in this community. It will shock you; it is here because of the rest of the sporting events. There is no question that NASCAR was moved here because Charlotte Motor Speedway is here and the teams are here; that is an incredibly large organization running under the radar. A large video production takes place here. ESPN is here with their university force. They have their college video operation in Charlotte. They are a much bigger group but that is part of their group that is based here in Charlotte. They are part of Fox Network and extremely large operation.

Mitchell: What happened to the Bass Masters Tournament?

Connaughton: Yes, that's in the amateur sports. I will tell you that there are some that we have missed. There are also detailed supplier chains for regular employment, what I mean by that is that we look at all of those industries that are positively impacted but are not involved with sports but make a component and provide input so that these sporting events can take place. These are the people that make the hot dogs, etc. The methodology that we used is an input/output based model. The software that we used is IMPLAN software; it is a private company out of Minnesota. They are one of the two recognized software impact studies. The key thing in this is that we used a direct survey data on sports organizations. What we basically did is contacted every sports organization. They were sent a survey trying to get them to respond with how much revenue they generate in tickets, concessions, and parking. How many people they employ; not everyone responded, but there are other ways to get to that information. When we do get responses, sometimes we don't always believe them so we have to check to make sure, using other sports sources to see in fact if they understood what we were asking. So there is a lot of double checking but there is no secondary government data source that we can go to and try to find out how big sports is in this community. It is scattered in a lot of different activities so we find out the companies and find out their individual information and create our own definition.

Howard: This is based on surveys of existing teams so there is no way to factor UNC football into this?

Connaughton: No, it's not within 2011. In fact, I don't think we started building a stadium until 2011. What is not up here is that we got from their fans, when they went to a Panthers game. Yes they bought some tickets and concessions while they were in the stadium and maybe a souvenir, but they are also spending a lot of money tailgating and other things associated with the game. We surveyed about 2,500 fans in various areas and organizational events and found out what they were spending where they come from and what they spent on hotels and restaurants.

Howard: Do you try to capture all the party-related money going on?

Connaughton: Yes we do. We get that information by survey on the event and what they spent. They spend a lot of money; it is a major event whether it is CIAA or the ACC championship game, it doesn't really matter what we are talking about. When the alumni come to these events, it's crazy.

Kinsey: Do you also check with caterers and event planners?

Connaughton: No, we don't. We survey the fans so I will admit there are probably items that are missing here that we just either didn't know or couldn't contact or get reliable information.

Our policy is that if I don't have what I feel is reliable information, it just doesn't get included. There are two components here. One is don't have information and the other is didn't know that event was taking place. I ensure that it is reliable information.

Kinsey: If you check the event location, some of them will know.

Connaughton: Some of them we have when we do Bobcats, when we do Panthers, we know what is going on there. Those other events that are a little bit under the radar, we don't pick up everybody. Results, that is what you came for. Alright, this is what we call the dramatic results; this on-site spending and the off-site spending in restaurants and hotels and gasoline. One thing I want to point out is a couple of interesting numbers here; we have had 4,700,000 people who have attended sporting events in one way or another. I know that I am double counting people so when someone goes to ten Panthers games, its ten people. But in terms of net games attendance, there were 4,704,000 people. The onsite revenue that they spend is $763,808,347 the off-site spending directly associated with games is $331,006,260. The overall is almost $1,094,814,607 and there are 13,834 folks directly employed in these industries. That is the direct numbers.

Howard: Is hospitality in that number?

Connaughton: Hospitality, yes it is. The direct hospitality number is in there. So that the direct spending, what we call the first round spending. This has nothing to do with the trickle down sales, the vendors and suppliers are not in there. When we move to that and look at the supplier chain, we still get 4,700,000 attending but now we have instead of $763,808,347 and $331,000,000 number and the $1,094,814,000, we now have $1,610,783,090 associated with on-site direct; add that to the $577,424,549 for $2,188,207,639 we have been using $2,100,000,000 to be conservative. We have reached that level and 23,000 jobs that are supported annually in this community by sports. That is a pretty good number it qualifies. I would argue as sports being one economics blocks in the clusters and that this community relies on it to provide economic wellbeing. If you think about it, there are about 810,000 folks employed in the MSA; we know where 23,000 of them work. We know 13,834 are employed directly and we know about 10,000 are employed indirectly; they may not even know that their job is supported by sports.

Howard: That would be the guy that works for a beer vendor and spends 20% of his time dealing with sports. Did you take that into consideration?

Connaughton: As it relates to the supplier chain, we have not distinguished between full-time and part- time jobs; it's not possible to do that. As an example, if we have 50 security guards, those 50 security people represent 50 jobs. But we do not distinguish between part-time and full-time employment, neither are the 800,000 jobs in the MSA that is the all-time definition of jobs full-time and part-time. As a collection process, we do not distinguish between part and full-time jobs, which relates to the discussion about how big is the real unemployment rate. We know it as 8.5%, but people say it's more like 14%. I would not classify these as full-time equivalency; they are simply the number of jobs. You can compare them directly to the total number of jobs the government supports in the MSA which is 800,000 something.

Howard: In the indirect you said security it made me think of off duty policemen.

Connaughton: They are in there but don't actually show up as one of the top suppliers, so that is essentially where the activity comes from. This is broken down by where it happened; shows it is still $2,188,000,000 but instead it shows where that money comes from the

on-site revenue, the off-site revenue such as food and beverage gasoline and general merchandise are $145,343,519 with food services and drinking places $167,780,157 total of direct and in-direct revenue with grand total $2,188,207,630. We have $1,600,000,000 of this $52,100,000,000 impact on-site and the other $50,000,000,000 off-site. The jobs break down as about 16,000 on-site with another 7,000 off-site and 23,000 total jobs. Don't try to add the columns to make sure that they add up because they don't. There is a lot of media involved hype. The number one sports supplier industry is real estate establishments other in the top ten industries include management companies, telecommunications, motion picture and video industries. There are over 382 industries that are directly and indirectly impacted by the sports industry in Charlotte. Just in these ten top industries supporting the sports industries, there are also the jobs and personnel that support the industries directly and indirectly. For instance, we found real estate establishments account for approximately 654 jobs, management companies add another 219, in telecommunications we found 202; with motion picture and video companies using 236 employees and that list goes on. There is a report on the Charlotte Sports website that is available to you.

Kimble: You have a copy of the full report in front of you as well.

Connaughton: Back in 1980, Charlotte had 448,000 fans supporting the sports. At that time, there were only two events: the Sunday race in the spring and the Sunday race in the fall. There was no Saturday race, there was no dirt race, there was no All Star race, there was no ZMax Drag way or Auto Fair show; none of that was in place. We had the Charlotte Motor Speedway with 190,000 attending the Charlotte O's games; baseball brought in 190,000 also and there were others such as UNC Charlotte, the North/South Doubleheader and the Sun Belt Conference Tournament for a grand total of 448,000 attending. That created about a $25,000,000 to $30,000,000 industry and that was about all it was. So you can see how much it has changed especially in attendance. By the way in the report that you have, you will see we had a team called the Carolina Cougars that played about 16 games in Charlotte for the three seasons. We also had a half season of world football in Memorial Stadium; there were a lot of things going on. In 1996, I was asked to do a study for the Charlotte NC Sports Development Office; we broke that down to seven regional partnerships at the time so it was a larger area than the MSA. When we adjusted for inflation and took the racing teams out of it so they are not in the $2,100,000,000. We made that adjustment to show the data we had and the organizational definitions that we have today; it showed $500,000,000 annual impact in 1996. It doesn't take rocket science to see that we have quadrupled that impact since 1996. That is where we were 15 years ago. This industry has grown in terms of economic impact 23,000 jobs and $2,100,000, but it has also grown in interest dramatically in the last 15 years. I think we would be hard pressed to find any other industry in Charlotte that has grown by that magnitude.

Mayfield: Does this study also include the impact of the sports that we lost during this time? I am thinking about when we had the Hornets. Does that take into account that loss?

Connaughton: No, this is actual numbers and dollars that people spent on sports events in 2011; this is what happened in 2011 in sports events in the MSA.

Mitchell: What other industry has had the growth that compares with sports? Has banking done that?

Connaughton: I don't know that has quadrupled in 15 years; I know it has been a growth industry, but whether or not the activity has quadrupled during that period of time, I don't know. While the companies like Wachovia got bigger and bigger and bigger, I am not sure that the operation in Charlotte did. We all know that Bank of America is a geographically diverse organization; they have major operations in a number of cities: New York, Boston as well as in Charlotte so they are pretty diverse. Wachovia was more centralized but still in all I am not sure. Certainly from an employee standpoint, they did not grow at an equal rate from 1996 to 2001.

Howard: Did you try to figure out what the real estate development impact has been to facilities? If you look at the Old Coliseum on Tyvola Road and what it is still doing. If you think about what is happening around the Arena even out at the Speedway; Concord Mills would not exist without the Speedway being in the area.

Connaughton: That is a great question and none of that is in this report. That is a critical component because that did not happen in 2011; none of that was in the focus of the report. In addition to the ongoing activities, there are from time to time construction activities that take place in conjunction with sporting events where they improve the facilities, but that is not in the dollar amount in the report.

Howard: I would love to know what the tax revenue was from that as well.

Kimble: There are debates about what spurred exactly what and when so you get into discussion about is that directly or indirectly attributable or is it not.

Connaughton: The construction of Tyvola Road is part of the ingredient; the road may not have been built but for the Coliseum and that made its proximity to the Airport and the road connecting to the interstate system.

Kimble: Dr. Connaughton is going to move into something else that he was asked to do by one of the entities with the Economic Development study. He is going to talk to you about the Charlotte Knights, which separately contracted with you to do a deeper dive into Charlotte baseball.

Connaughton: I would not say deeper dive, but what I would say is an uptown stadium is not a part of what happened in 2011 so this is an attempt to get a projection of what would likely take place if the stadium was truly uptown. This is a way to understand AAA baseball if you remember back in 1985 at old Crocket Park so you try to find out what is happening at facilities that were similar to this. What we have here is attendance numbers for AAA stadiums that are relatively new in downtown areas in cities that are very similar to Charlotte. With the exception of Leigh High Valley, these are what would be considered to be your peer cities: Sacramento, Louisville and Indianapolis. Those are all considered to be peer cities to Charlotte so you would expect this to be very similar in terms of what is taking place, with the exception of Louisville. They all have professional sports teams at the highest level in addition to minor league teams.

Howard: How many of these six have stadiums downtown?

Connaughton: They all do and what we are looking at basically is new stadiums and AAA baseball with 600,000 for annual attendance.

Howard: What is the average size of the stadiums?

Connaughton: About 10,000.

Kinsey: Do they all play the same number of games?

Connaughton: They all have 72 home games; everybody in the league plays the same. There may be a game cancelled here or there because of the weather.

Mitchell: One thing that I noticed is that the model has changed with the NBA stadiums when you look at the ones that they had before; it is the same model. Do you see the same or more corporate boxes?

Connaughton: There are more boxes by local; there is no one size that fits all in the amount of boxes.

Cannon: Since we are talking about attendance you see these other cities and we know what Charlotte had back in the day with the Oriole's. What would you suggest our market is like today for minor league baseball?

Connaughton: You are asking me to answer questions in an area that I am not an expert in.

Cannon: Do your best.

Connaughton: What we were looking at was essentially being able to replicate what they played here in 2014; the target number is 600,000.

Cannon: That is not a Charlotte number that would be a regional based number?

Connaughton: People would be coming from all over the region, yes that is right.

Howard: Like cities where there are two professional teams; it's about spendable money.

Connaughton: For example, Columbus, Ohio has two pro sports teams.

Howard: I would be more interested as a city as to how we match up to those peer cities income wise and median income. And I guess you would have to adjust for the cost of living too. Columbus and Indianapolis may be the closest to us.

Connaughton: Yes, I think you are right; they are about the same size.

Cannon: I am a little intrigued about the numbers in 07,08,09,10, & 11; these are economic times and that would lead me to ask a question. The 600,000 that you would average out that could be here in these slow growth economic times? Your number is secured around right now in today's economy?

Connaughton: Yes, I think so.

Cannon: If that is the case then what would you project when the pastures are a little greener like five years ago?

Connaughton: I actually am seeing a greener pasture currently; I am pretty optimistic about these times. That is not to suggest that we could not get derailed. We all know there are problems, but right now, the economy couldn't be coming along better. I think the future holds some pretty good darn years.

Cannon: You are giving us what would be considered conservative numbers?

Connaughton: I would think so; I have no guarantees. You have to understand that there are no guarantees. What we are seeing is consistently a pattern of attendance of 600,000 range and you should be able to bank on that. Now will it be 550,000; yes that is possible that we could be 10% off. More than 10% off, I doubt that would be the case.

Cannon: I just wanted to be certain. We have been down this road before and it's best to try and get it out in the open now.

Connaughton: To be absolutely clear, these are estimates; there are no guarantees that these numbers will in fact take place. This is different than what we experienced a few minutes ago with the sports studies where those are facts; these are forecasts, these are projections, there is no doubt about it and they have a confidence level of plus or minus.

Cooksey: Something that jumped out at me is Indianapolis and Lehigh Valley, other than them, what I am seeing there fits a pattern that fits with projected attendance number on a variety of attractions. I remember years ago back when there was a push for an aquarium it was the same thing. Your attendance numbers do decline over time. By way of

reference, the first year that Sacramento started their attendance was 861,808 so you see from 200 was their first season so over 11 years their attendance dropped from 861,808 to 600,000. That is something that I keep in mind and seeing the data reminded me of that, particularly where we come to the reality that we are a growing region. Every time I see forecast numbers, they do decline over time. It's a novelty factor and people go at the beginning and then there is a sense of o.k. it's there and they stop going, particularly when it's a growing region and the forecast numbers go down. I am not to the point where I'm not interested in a forecast average or a forecast of first year, except from the first year forecast, I can estimate what year five and ten might be.

Connaughton: Another issue on novelty is essentially there that you will get a bump the first two years then it will decline and settle down. But in this, we also have to understand those numbers in there last time I checked the economy was not doing real good during those years.

Cooksey: I appreciate that and it will be interesting to know that in Sacramento 861,808, so let's put it this way. I sorted Sacramento unfairly, they started 2000. There was a recession a year later. They had growth in year 07 to 11 and they declined 150,000 people; that is something that your data reminded me of. Again, back to the aquarium and other things that I have seen that over time the novelty part wears off and you settle into what is likely your annual number, not so much what your early number is.

Mitchell: As we look at those peer cities, how many of them are located in the heart of downtown?

Connaughton: All of them are urban.

Mitchell: How many employees do we have working downtown?

Connaughton: 80,000.

Mitchell: My point is how many examples of our peers would mirror the potential we have in Charlotte? We have 80,000 working and 10,000 people living downtown.

Connaughton: I could not say but typically Indianapolis and Columbus are the closest ones and probably Sacramento.

Mayfield: My biggest concern in these numbers is when we move certain things. We talked about the Coliseum and all the growth is created but we are not talking about what happened in the area off of West Tyvola when we moved and created the Arena. What we did was go to a smaller venue that left a hole in a neighborhood. So I have a concern along with these numbers and looking at the fact that we are on an incline making sure that something that is going to be viable. If not six years, what has been the impact in these local communities?

Kimble: There was a real strong redevelopment plan for the Coliseum area Pope and Land purchase; they had every intention of going forward. The economic collapse in 2008 in both the lending industry and the real estate industry is what caused the fact that nothing has transpired there. There still is a plan for that area that is going to materialize and revitalize that whole area where the Old Coliseum was; a victim of the last three to four economic years.

Connaughton: I am not advocating one way or the other whether you do a stadium uptown or not, but if you do build that stadium, it is there and it will stay for quite some time. My professional opinion is that Charlotte is years away from major league baseball and I do mean years away. So that the idea is that in five years, that will be home for a major league team in Charlotte. I really don't think that holds water. The economics of major league baseball just don't work in small number; they just don't work. During all three

years of the construction, there will be an impact associated with the construction of the stadium. At the end of the day, the one time only impact will be $88,000,000. Over a course of the two year period, it will generate an additional $88,000,000 impact in the community in Mecklenburg County. Average jobs per year what we are looking at is 233 jobs per year for three years.

Kinsey: If the stadium is built there, consultants and major construction companies not necessarily based here in Charlotte. Is that figured into that, a company based out of New York?

Connaughton: That's a good question. What we have here is part of what IMPLAN software provides, IMPLAN is very clear in allowing regions to take place based on current economic structure of the community. For example, the spin off impact that would happen in Mecklenburg County with a facility of this type would be much large than if it took place in Iredell County or Rowan County. Because the firms that you talked, the architectural and engineering firms that handle major construction activities are not here because construction firms are not there.

Kinsey: No, we don't have sports facility consultants here in Charlotte.

Cannon: You are factoring in design and engineering around a baseball stadium that could not be converted to major league, would that be correct?

Connaughton: I can't answer that question.

Cannon: Well what do those numbers represent?

Connaughton: Those numbers represent the numbers that are available right now. You design the stadium so that it will work when it is done and the estimate of what it will cost. As far as specifics of the stadium other than 10,000 PSI other than the future flexibility, is not part of this study and I am not aware of whether it could be a major league stadium or not. What I said earlier about major league baseball is that is something that I wouldn't worry about because that is decades away.

Cannon: I have a question that is relative to what would be the extra added cost and how much would that be if we were to convert from minor league to major league if the market would support it?

Connaughton: Here is what I can tell you; this is a $50,000,000 stadium basically. If you were to build a major league stadium in today's market, you would be looking at a billion dollars.

Cannon: I said for future conversion to, but here is the point. What I am trying to avoid is a potential buildup and a tear down and another buildup when the number in ten years would have changed in the event that this market will support major league baseball. There will be no argument; I don't think on any City Council future or current about the idea that those numbers would be much higher than they are now or in the near future if we went in that direction.

Kimble: Here is what I would offer as an opinion. The rates of return for owners in AAA baseball would be very difficult to support. It would take a much larger investment to make this current kind of stadium expandable to major league without a very large infusion of public dollars and public/private partnership. Because the rates of return for today's AAA teams would not allow that level of private investment, private equity and financing to be invested in those kinds of facilities.

Cannon: I can understand that.

Kimble: So it makes it unaffordable unless there is a very very large infusion of public dollars.

Cannon: Even the proposed footprint that we have looked at may not work. Do we know Ron if the level of public participation in the cities that are listed today?

Kimble: No I don't, but we could do that kind of analysis.

Cannon: Yes, I would like to see that.

Mitchell: The next meeting, if we could have the City and County level of participation in those other stadiums; I think that would be helpful.

Connaughton: Some of the aspects of the construction are here and so we are looking here and you can see the spin off value from the construction. That would be just a onetime activity. When we look at the other impacts over the three year period, there would be 233 jobs created per year over that three year period. The 2014 output impact of the activity would breakdown to onsite and off-site. Onsite direct revenues from baseball would be $10,997,199; that is not a gross number and indirect the impact would be $4,217,911 that with the induced would total $20,874,484 annually. Calculate the totals with onsite total of $26,283,932; off-site total $12,011,072. There is a total output impact of $38,295,004. I want to talk to you about how some of these numbers are arrived at and what takes place. You notice the baseball revenue is almost $11,000,000 then there is that other number of almost $3,000,000 in subsidies. Major league baseball pays a lot of these expenses for their clubs paying manager's salaries, coaches and players, a couple of bats, things like that. The revenue that we are looking at is from concessions and ticket revenue; things that the Knights have control over. They have no control over the major league subsidies. The second thing is that number is not the gross number. The gross number of revenue that will cross Knights is bigger than that but it has to be adjusted down to take into account the fact that a number of people who reside in Mecklenburg County are going to be people who spent the money here. While we know that if they didn't spend it on going to a baseball game, they would do something else here. There is not a 100% certainty of what would take place so this is what we would call the substitution effect. The substitution effect is there is no baseball and I go to five games a year so I am going to take that $100.00 that I would spend on the five games and go out to a movie or something. We know that substitution takes place. The question is how big it is. We know we can't count on Mecklenburg residents to spend that $100.00 100% of the time. At the same time, we can't count it as 0%. What happens, as we found out in the survey, what we have done over the years is the symphony and other things. Bottom line is if it isn't here, people will go find it. I have had this conversation before, I actually have never been to a Knights game, but I have been to several Durham Bulls games during that period of time. I go to the game and spend my money for the game, but I also stay there overnight and so you get that kind of leverage. That is why we discounted it but did not discount it 100% and that is why that number is not as big; 2014 employment impacts based on baseball revenue of 246 jobs and total off-site jobs of 181 with a total output impact of 490 jobs. There are non-baseball impacts such as hotel restaurants and other Knights events that are to be considered in the direct and indirect and induced totals. The total estimate of on-going impacts of baseball are on-site economic impact is $26,283,932. The off-site economic impact is $12,011,073. The estimated 2014 impact of the proposed uptown baseball stadium is $38,295,004 with 490 jobs created and the total estimated 2014 employment impact from baseball and non-baseball activities is 749 jobs.

Mitchell: I don't see an accounting for property taxes.

Connaughton: That's right property taxes are different and not part of what you asked me to do; this is just jobs.

Howard: Gas stations, we will have to move them downtown?

Connaughton: That is actually a good question. What spin off activity that is taking place is taking place outside of Mecklenburg County. So what gas would be purchased would affect people outside of Mecklenburg County. The on-going impacts of baseball would include the baseball numbers and the hotels and restaurant numbers and other non-baseball activities is $66,377,778. The total estimated 2014 employment impact from baseball and non-baseball activities is 749 jobs.

Cooksey: In conjunction with this and the earlier slide about MSA Sports Activity in the slide, this $66,377,778 number for 2014 economic output from baseball and non-baseball activities, is that equivalent of the total revenue number?

Connaughton: Yes.

Cooksey: If I were to speculate as to what the impact of what the baseball stadium for the Knights would be in your factual material. I would take the $2,188,000,000 number for total sports activity and add ….

Connaughton: The Knights are in that number.

Cooksey: Oh I see. Still on the sports activity slide, if I take the total revenue and divide by attendance numbers to get a per attendance calculations and to what extent do you think that number could be scalable or consistent as the attendance numbers increase?

Connaughton: I would think on the geographic representation did not change; I can't off the top of my head remember the percentage that came from Mecklenburg. I am not going to give you a number, it's a high number but I can't remember exactly what it is.

Kimble: Thank you Dr. Connaughton. I think we need to talk about fast forward. I think it's well known that on baseball that there are some deadlines looming out there not imposed by you or not imposed on you directly. Because you have read where the Knights and the County have an agreement and that agreement has deadlines and those deadlines are looming. There are deadlines in March; there are deadlines in May and in June where they have got to put together their entire financing for an uptown stadium.

Connaughton: Ron, I would like to thank everyone for their questions. If you can think of anything else that you would like to ask in the future, e-mail me and I will be happy to respond to that question. Thank you Ron.

Kimble: And so these deadlines are not imposed by you but they are deadlines that are looming out there. The report that was referred to Committee was referred on January 23rd and with that conversation about all sports was also referred as part of the Council action. It would be our recommendation, staff's recommendation, my recommendation, my strong suggestion that you allow the Knights to come back at your next meeting to give you an update on where the Knights currently stand with that agreement. With those deadlines that are looming, have the Knights make a presentation to you about that current status. There are all kinds of rumors swirling about what they might be asking for; I think it's time for the Knights to come forward and give you that update. If they have a request for you to hear that request because that is the only way the proper amount of analysis can be done to determine if that is something that this Committee wants to recommend to Council or not; whether or not you want to study it within the deadlines and timeframes that are out there.

Mitchell: Committee Members, are there any objections to staff's recommendations? That would be March 15th at 3:00pm.

Howard: Is this just a Knights request or a staff recommendation?

Kimble: I think the proper process and protocol is for the Knights to say where they are and what their request might be. Then and only then can you and the staff go to work and analyze what that means.

Howard: So staff feels like they can work within that timetable if this Committee says to go for it?

Kimble: We have to because there are deadlines and we have we have to meet the deadline if we are on go to give this proper consideration.

Howard: O.K.

Mitchell: Committee, if we can to help Dan with this presentation. I think Patsy and Pro Tem brought up before looking at the public funding. Secondly, if there are any other events that would generate opportunities. Committee, is there any other information that we need from Dan or Dr. Connaughton?

Mayfield: What happens if there is an interference with the sports timelines? I am not a sports fan so I don't know how their schedules line up so that might be helpful information when we are looking at what other uses this space could have.

Howard: How do we prevent the football stadium, parking garage and now this stadium from being this big concrete barrier between developments? How do we deal with that and what kind of development we are projecting that could happen because of it? Where is the open land and what are the plans?

Kimble: Would you like that in the form of a presentation or in written form from Mr. Smith? Do you want him to be part of the Knights on that piece alone or not?

Howard: I approach this as being a catalyst for development in the area. I think a presentation would be great, but I think that the public needs to hear it as well.

Kimble: So we will make that a small part of the larger presentation next time.

Mitchell: You were talking about moving South Carolina jobs to North Carolina so what impact and State income can be generated as we do the movement from South Carolina to North Carolina?

Cannon: I want to know what the new jobs potential can be from this area. It's nice to bring the neighboring folk over, but I am more interested in home grown folk that I represent here in Charlotte. The last piece that I would like to ask for is make sure that the "but for" whatever it is that you are asking for, make sure that "but for" is public participation. Whatever your request happens to be, let us know that all the "I's" and "T's" are crossed and any monetary asks include the City Council and Mayor.

Mitchell: Olympic baseball, is that a sport now?

Connaughton: Yes.

Mitchell: What would it take to have Olympic baseball? Is it 10,000 or 20,000 seat capacity?

Howard: We are talking about the DNC and the next big thing that could happen would be the Olympics, so we are asking what size stadium that would require.

Connaughton: I don't know, but I will find that out.

Mitchell: Thanks to the Knights and to Dr. Connaughton for coming today. Next topic is item number two, the Eric Nelson show.

II. Subject: SBE Mobilization Loan Program

Mitchell: There has been a motion made to move the SBE Mobilization Loan Program. Is there a second?

Cannon: Seconded.
Mitchell: Motion made and seconded all those in favor say aye.
Mayfield: Wait a minute, what?
Mitchell: Let me state this again, I am sorry LaWana. Is there a recommendation to move this up new SBE loan program to City Council?
Cooksey: I have a question. On the source of funds, it's looking to me like the total funds available is $3.5 million from two different sources. How much of that money are we completely flexible with and how much of it is restricted?
Richardson: There's a total of $4.5 million.
Cooksey: I'm sorry, I didn't carry the one.
Richardson: The Community Development Block Grant (CDBG) dollars, the first line item is our primary source of funding for this. This is what we want to use and it has restrictions though and I note that on the back. We used your microenterprises. Over half of our SBEs, we think, and we polled our micro five or less employees full-time. We want to use that fund for those companies if they precede more than $35,000 in a loan request. They are encumbered by a job and age requirement, which may or may not make sense. If it doesn't make sense, we will then have regular ED loan program, local dollars.
Cooksey: O.k., is it correct to say that for that $1.9 million ED matching grants and loan fund, that's actually not even totally within the control of Council on how it's spent?
Richardson: Yes.
Cooksey: Mr. Chairman, what's the motion again?
Mitchell: The move is to make a recommendation to the full City Council.
Cooksey: I'd like to offer a substitute to move it as a recommendation for a future Budget Retreat and roll this into total discussion about the budget rather than a loan program.
Mitchell: David.
Howard: The current money is there?
Mitchell: Right.
Cooksey: Ok, it's existing money. I'm sorry. It's FY12 money?
Howard: Yes.
Cooksey: That was already there?
Howard: Yes.
Cooksey: The proposal then is to change what the $1.9 million in the ED grants matching and loan fund from that fund to this fund or to supplement it?
Richardson: How we ended up with the $1.9 million today is Façade Matching Grants, Security Matching Grants and our Equity Loan Program. This would be an additional program using those funds.
Cooksey: My context for this is recently we've had a tragedy in the community related to sidewalks because the sidewalks program didn't have enough funding and so now it kind of heightens the fact that every dollar that we spend is completely within our control that isn't for sidewalks is basically a message saying that what we're spending on is a higher priority than sidewalks. That's my concern, that's why I was thinking budget process. A current substitute is not going to get it. I threw in the substitute because of the current funding and will just leave it to anyone wants to wrap it up.
Mitchell: Are we ready for the vote? All those in favor say aye. All those opposed. Ok, the vote is 4 to 1. Eric, AC and Brad thanks for taking on a new initiative that I think is going to help our SBEs.

VOTE: *Motion made by Howard and seconded by Cannon to make a recommendation to City Council to approve the pilot program for the SBE Mobilization Loan Program at their March 26th Council Meeting. The vote was 4 to 1 with Cooksey against.*

III. Subject: Review of Draft FY2013 ED Strategic Focus Area Plan

Kimble: This is a tweak year and not an overhaul year and I am sure you have heard that same message. Tweaked means to be tweaked so there are some things here and we have done a little bit of that. I am going to have Brad Richardson walk through the document to let you know where we have made some adjustments given the progress that you have made as a Committee this past year. Then we want to pay special note to the last item in the Strategic Focus Area Plan which has to do with the Democratic National Convention (DNC) and some of the conversation that you had at your Retreat.

Richardson: Words are important so I want you to know that we haven't changed the wording in the paragraphs. Let me just start with the Focus Area Initiative, the first one that you see is the Small Business Strategy. The third bullet point includes a support system for new entrepreneurs. That is a policy item that should wrap up before the end of the fiscal year but we are not sure that it will. The second sub-box under Small Business is SBE utilization numbers. It is important that you note that there is no change here in FY2013. The next big box is the business corridor work; we have not changed this one again not to presume that the Council will fully adopt the Business Corridor update on March 26th so that has not changed in today's version.

Mitchell: Is this the one where we made changes to the boundaries?

Richardson: The Committee did.

Kimble: There are two ways to look at this; they are both headed for a March 26th vote so it depends on how you want the Focus Area Plan to be rewritten and tell the Council. This is assuming that you say yes on the new update and you have the new language in or the old language, you wait for the vote on the other and then you change this language after that vote.

Howard: Normally this is really more of stating a goal. The strategy on how you actually do that will be something that would happen after the new budget is approved. What I am thinking about is the whole idea about making CMDC a bigger play area in that business corridor.

Richardson: I am not going to presume before we go to full Council; leave it as is and after the Council option we can edit the Focus Area Plan with your endorsement. That is where we can rewrite the financial partner relationship.

Mitchell: So the discussion is to make CMDC a financial partner and if Council agrees to do that, they will become one in fiscal year 2013. The main focus will be economic development in the corridors.

Howard: Is there a place to say that we are partners so you can take advantage of that and not have to tweak it. It's part of something already?

Kimble: With community partners?

Howard: Along with community partners.

Kimble: Even if CMDC doesn't become a financial partner, if that was the Council vote, they would still be a partner in another way and it would still fit the bill.

Richardson: The next one has been changed; this one is about Business Investment Grants and encouraging small business development. You asked us to really focus on redevelopment in small business in targeting gaps in the supply chain as expanding opportunities so we did that in order to lay in business recruitment where the small business investment grant goes to those defined by the SBA as small. We don't think that is necessarily indicative of what they need. Our strategy going forward is to build a system in which we have some good dialogue and partnering dialogue with the Chamber, Charlotte Regional Partnership and our Business Investment Grant, figure out the best way to tell the story of how many dollars are spent locally. That is a new focus for us. Last year spoke a little bit more toward energy and creating a large database toward suppliers. There was also a change with amateur sports and Ron will speak to that.

Kimble: You will be seeing amateur sports and tourism as part of your CIP on your March 21st Council Budget Retreat.

Howard: Why are we just saying amateur sports? Why not professional sports like baseball one day? Could that be stated as professional and amateur sports? I just don't want us to not think about the future. We want to focus on what we are talking about; the AAA and down from that, but also thinking big one day too.

Kimble: If that is the direction of the Committee.

Howard: Not unless it waters down what we are trying to do.

Mitchell: I think it would be helpful to understand. David, I am like you. I wanted all professional hockey teams and baseball teams. There is an economic impact of who is going to sponsor those professions at corporate sponsorship level. There is some feeling in Charlotte that it is tapped out: NASCAR, Panthers, Bobcats I am not an expert but I think it would be helpful to talk on professional sports and the corporate sponsorship that it takes to make it successful. So educate us about what it takes; we look at New York and we get it, millions of people and big corporations. What would it take to add a professional hockey team?

Howard: Maybe not just teams but professional events.

Kimble: What I think you are saying is to work with partners to develop a plan for growing sports in the Charlotte region. One of the targets would be the development of a public/private model for adding amateur sports and second one to examine or analyze professional sports in the region.

Cannon: As long as it doesn't focus directly on professional sports. In as much as we talk about the future and if there is a vision, the children have a deeper vision. Focus on amateur sports that is where you get into the actual tie to build both and enjoy what happens at the end of the day for our bottom line in our community that we know amateur sports generates. I don't want to take away what we can do there by focusing on something else.

Cooksey: I am comfortable with the language. Thanks to Dr. Connaughton's report, I can do some math to give us a sense of prospective on revenue per attendee. According to his report for the pro and college team line, it's $263.00 for the special events line and its $290.00 revenue per attendee. For youth sports, its $610.00 per attendee and on the baseball forecast it's $111.00.

Mayfield: I would love to see a breakout when we are looking at this conversation going forward for data as far as female sports and making sure that we are at the front line. We have over

the years lost some sporting events that can really tie into where we are looking at amateur sports for our young women.

Kimble: I don't want to repeat it the way that people say it because it sounds bad against younger boys. But when young girls come, they tend to bring mom, dad, grandmother and grandfather. When younger boys come, they tend to bring one or two other people but not five or six other people. The young girls tend to bring more economic impact.

Howard: I am really saying what Ron is saying break it out into different growth areas. I don't want us to be so focused that we miss the youth, so break it out specific to amateur sports and then sports in general.

Cooksey: There is a limited amount of time we have had amateur sports and therefore the focus has been for a while. I think we have an understanding that opportunity is brought to the City's attention we can address it. I am looking at a Focus Area Plan where staff can take more issue on things and amateur sports don't have the same kind of private sector push. They don't have the same kind of big vision; it's a smaller effort and it's nonprofit. To Council member Mayfield's point, part of this is more about the City being involved in amateur sports directly with children in Charlotte participating in. It's about getting amateur sports events from other parts of this country and other people to come here. That is why I go with the money side of it; events having good economic impact regardless of who is participating.

Mayfield: I need to make sure that our young girls are out there and moving. It's the idea of making sure while we are having this conversation letting it be known on the front end. As we are growing and looking at the questions of who are the demographics that most likely fall into the sporting categories, make it so that we have space for all.

Cooksey: It's not about our young girls or boys, it's about other parts of the country coming here.

Cannon: Girls softball right now is one of the biggest producers of money. All you have to do is go down to York; we have the recent numbers on the millions of dollars that is being pumped in there. Yes, we still go out and recruit across the board to bring in diverse opportunities for Charlotte. The bottom line is we want to get visitors here.

Kimble: I think your last item on here captures the Friday morning discussion in Pinehurst. We are focusing on that now. We have already met with the Chamber. We are going to meet with the Regional Partnership, Center City Partners and the DNC Host Committee to make sure that we have a coordinated method and strategy so that we are not fragmented and too many people have different direction that they are heading. We need to pull it together and we are in the process of doing just that.

Mitchell: I want to make sure that we give them enough time to make sure that this is successful. If we don't do but one thing this year to put our city on the world map. Staff as soon as you feel comfortable to come to us and the sooner the better; I know you have six other people that you are trying to get in a row.

Kimble: One of the main players is the Host Committee. They have got to give the green light to the other partners to take the lead on this, making sure that the Host Committee is comfortable with that.

Cannon: We actually are already doing that in the way of bringing international sports such as football; they would know that as soccer.

Kimble: So that is your draft; we will bring back some more language changes that are based on this conversation on March 15th.

Mitchell: Thank you staff. The last topic is a great topic; Brad has some new ideas that staff has been working on so I will turn it over to him.

IV. Subject: Small Business Week Update

Richardson: You will notice that CharlotteBusinessResources.com presents Small Business Month. That says a lot in just a few words, it was just two years ago they asked us to take the lead with our partners in Small Business Week so this is our second shot at it. Last year we did o.k.; this year we will do a little bit better. Charlotte Business Resources, think of that as the web portal to be used monthly to make our system work better. Small Business Month last year had too much going on in one week for the customer so we spread it out. We are going to propose to do a couple of things. The message is simple; we want spend more time and energy on methods in here. With last year's feedback, we are going to spend more time on "this is a great place to start a business". It's simple but profound. We want to expand the community's definition of small business; it's not just the retailer on Central Avenue and it's not just the minority contractor, it's also building products. This year, it will take on a more broad based focus starting with the kickoff. We propose to have a kickoff event at the Government Center with the Mayor and City Council kicking off Small Business Month. What we are going to ask you to do in the next week or so is to select a small business from your district or your sector. What we would like to display on May 2nd in the kickoff event is stories to the community of what we mean by small business. It needs to be very large so we want the restaurateur, we want the service providers, but we also want vendors and a high tech company. That is what we would like and we want to help you find that so that we can paint a picture for the community. There will be opportunities throughout the month and we want to test that with you.

Mayfield: Thinking realistically as a district representative for you to say o.k. identify one when I may have 200. What I would like to suggest and encourage is that if there is something specific that you would like for in that business, it would be a lot easier for us to target that business under that sub-title.

Richardson: We are not going to come in and choose your business for you, but we would like to help you so that we do tell the community what small business is like. You will see on the calendar next that there are things on here that we have not had before like Charlotte startup weekend. This is for those that have ideas and want to grow their business; that is a big weekend at Packard Place. We have some tentative ones on the calendar that are not highlighted in a color. Packard Place wants to host you all and the County Commission to sit down with ten to 12 CEO's to talk about their issues. We have Latino business recognition scheduled for May 16th. The next day our biggest event from the City's prospective will be partnering with the County on the Crown of Enterprise Awards. There will not be awards on kickoff; this is just recognition so we will be awarding those that have really done well. Those are SBE & MWBE community champions. We take that opportunity to thank the Disparity Advisory Committee for their hard work.

Mitchell: I think we need to recognize the prime that has done his best with the SBE goals.

Richardson: Nancy and her team are working on that already. On May 21st, Central Piedmont Community College owns that day with a big community awareness and training day. We are also looking at some sort of video conferencing such as SKYPE so that is pretty

exciting. Gail Whitcomb, Jamie Banks, and Nancy Rosado are working on this and we will share that with you. We have 14 different agencies collaborating together so we are really excited about this event. Action on this is optional we are going to do it but if you want to adopt anything.

Cooksey: A little late to be adding this on the calendar but one thing that I recall May 5th through 15th is National Traveling Tourism Week. We have quite a number of small businesses that are in the tourism business, so there is an element there for that first week. How do you tie in National Traveling Tourism Week with lots of people traveling and touring in Charlotte?

Howard: Quail Hollow is around this time too and there are small businesses that participate in that for sure.

Mitchell: Hopefully by the April timeframe we could get this in front of Council and get it adopted so that we can start generating interest in the community. Staff, are you o.k. to continue to keep working and bring it back on March 15th so that we can make a recommendation to Council in April? The next meeting I just want to be clear on the agenda. We have baseball, high growth entrepreneurial policies, and then can we talk about the SBO Goal Matrix. Can we do that on March15th?

Kimble: Your March 15th agenda is the baseball discussion, Focus Area Plan, Small Business Month and with the high growth entrepreneurial policies. We would have to make some decisions about what comes off and what stays on.

Mitchell: The high growth entrepreneurial policies, isn't that our first stab at that?

Richardson: It's not your first stab; this will be an update with the Charlotte Entrepreneurial Alliance. They want to come with some input. That is flexible if you needed to drop something; I would do that one.

Mitchell: If we can have two passes at it maybe the 15th there is an initial five or ten minutes here for information. Then in April we spend 30 to 45 minutes with a May adoption.

Kimble: Good point. There are outside presenters that are coming with this so if you do it that way then we could give you the update without them and then they come back for the major presentation.

Cooksey: I have lost track of where Paul is on the Charlotte Regional development; I presume that will be part of the conversation. Is he ready to do that at this stage? That may speak better to have him in on April 5th.

Kimble: April 5th may present some problems by staff. We can handle that on March 15th. What we want to do on April 5th possible date change; Mumford will be out and I will be out.

Mitchell: Mr. Howard has been quiet but he was whispering in my ear in Pinehurst.

Howard: This Focus Area Plan is really dead and this is all part of that. How do we keep money here? We spend money here and keep 68 cents out of one dollar. Why we can't actually look for vendors here leading the way with Charlotte vendors and people first and keep money in the community? I am not sure what it is but I would love for the City to take the lead on buy Charlotte first so we can promote that to the community and keep a high percentage of the money spent here. I would love to see that on the Focus Area Plan.

Mitchell: Thank you Committee; we are adjourned.

Adjourned: 2:05p.m.

Economic Development Council Committee
March 1, 2012 at Noon
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. ECONOMIC IMPACT OF SPORTS– 45 minutes
Staff: Ron Kimble, City Manager's Office
Action: Discuss the findings of the Economic Impact of Sports Report with UNC-Charlotte's John Connaughton, the report's author. The general findings of the report are scheduled to be released to the community on February 28. No action required.

II. SBE MOBILIZATION LOAN PROGRAM – 15 minutes
Staff: Eric Nelson, Neighborhood & Business Services
Action: Review the revised guidelines of a proposed loan program for certified Small Business Enterprises (SBEs) that incorporates Committee feedback from February 16, and if ready, recommend the approval of a pilot program at City Council's March 26 business meeting. **Attachment**

III. REVIEW of DRAFT FY2013 ED STRATEGIC FOCUS AREA PLAN – 20 minutes
Staff: Ron Kimble, City Manager's Office
Action: Review the draft ED Focus Area Plan, and if ready, recommend its adoption at City Council's March 26 business meeting. **Attachment**

IV. SMALL BUSINESS WEEK UPDATE – 10 minutes
Staff: Brad Richardson, Neighborhood & Business Services
Action: Receive an update on local activities planned for Small Business Week in May. No action required.

V. NEXT MEETING DATE: March 15, 2012 at 3:00pm, Room 280

Future Topics & Tentative Schedule:
- High Growth Entrepreneur Policy (March 15)
- Business Investment Program Revisions (April 5)
- Joint Meeting with County ED Committee (tentative: April 19)

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

THE ECONOMIC IMPACT OF SPORTS AND SPORTS EVENTS ON THE CHARLOTTE MSA ECONOMY

Study Prepared By

John E. Connaughton

Study Commissioned By

Charlotte Sports Commission

Charlotte – Concord – Rock Hill MSA

Why Impact Studies?

- Fact vs. Opinion
- Decision Making
- Local Economic Structure (Clusters)
- Understanding Industry Linkages (Supply Chain)

Recent Similar Studies

- North Carolina Motorsports (2003)
- North Carolina Motorsports (2006)
- Charlotte Film and Video Industry (2008)

Study Outline

- Disaggregated by Organization Type
- Non-disclosure of Proprietary Information
- Total Industry Impact

Types of Sports Organizations

Regular Schedule Sports Teams

- Major Professional Sports Teams
  - Bobcats, Panthers
- Minor League Professional Sports Teams
  - Knights, Checkers
- College Revenue Sports
  - UNC Charlotte, Davidson, JCSU

Types of Sports Organizations

Irregular Schedule Sports Events

- Charlotte Motor Speedway
- College Football Championship/Bowl Games
  - Belk Bowl, ACC Championship
- College Basketball Tournament Games
  - CIAA, NCAA
- Golf Tournaments

Types of Sports Organizations

Youth Sports Events and Tournaments

- TEAM Charlotte Swimming
- Charlotte Soccer Academy
- Top Gun Sports
- North Carolina National Softball Association
- Carolina Scholastic Sports Association

Types of Sports Organizations

Sports Networks and Video Production

- ESPNU
- NASCAR Media Group
- Raycom Sports
- SPEED TV

Study Products

- Output by Organization Type
- Employment by Organization Type
- Detailed Supply Chain Revenue and Employment

Methodology

- Input / Output based model
- IMPLAN software
- Direct survey data on sports organizations

Results

Charlotte MSA Sports Activity

Category	Attendance	Direct On-Site Revenue	Direct Off-Site Revenue	Direct Revenue	Direct Employment
Professional and College Teams	2,200,502	$344,168,705	$58,189,802	$402,358,507	6,246
Special Events	2,122,500	$181,562,247	$140,076,059	$321,638,306	4,841
Video Production/Media	N/A	$238,077,395	N/A	$238,077,395	820
Youth Sporting Events	381,000	N/A	$132,740,400	$132,740,400	1,927
Totals	4,704,002	$763,808,347	331,006,260	$1,094,814,607	13,834

Note: Columns and rows might not add due to rounding

Charlotte MSA Sports Activity

Category	Attendance	Total On-Site Revenue	Total Off-Site Revenue	Total Revenue	Total Employment
Professional and College Teams	2,200,502	$700,680,377	$99,976,363	$800,656,740	9,827
Special Events	2,122,500	$369,635,885	$244,920,095	$614,555,979	7,376
Video Production/Media	N/A	$540,466,828	N/A	$540,466,828	3,228
Youth Sporting Events	381,000	N/A	$232,528,091	$232,528,091	2,704
Totals	4,704,002	$1,610,783,090	577,424,549	2,188,207,639	23,136

Note: Columns and rows might not add due to rounding

Charlotte MSA Sports Output

Type	Direct	Indirect	Induced	Total
On-Site Revenue	$763,808,347	$350,149,596	$496,825,147	$1,610,783,090
Off-Site Revenue				
Retail Stores - Food and beverage	$53,218,992	$9,332,485	$24,693,024	$87,244,501
Retail Stores - Gasoline stations	$54,615,074	$10,312,423	$25,497,252	$90,424,749
Retail Stores - General merchandise	$53,110,683	$9,045,255	$24,475,684	$86,631,622
Hotels and motels, including casino hotels	$76,868,305	$38,392,404	$30,082,810	$145,343,519
Food services and drinking places	$93,193,206	$37,470,811	$37,116,141	$167,780,157
Total Off-Site Revenue	$331,006,260	$104,553,378	$141,864,911	$577,424,549
Total Revenue	$1,094,814,607	$454,702,974	$638,690,058	$2,188,207,639

Note: Columns and rows might not add due to rounding

Charlotte MSA Sports Employment

Type	Direct	Indirect	Induced	Total
On-Site Jobs	8,958	3,276	4,104	16,339
Off-Site Jobs				
Retail Stores - Food and beverage	944	70	204	1,217
Retail Stores - Gasoline stations	766	77	211	1,053
Retail Stores - General merchandise	877	68	202	1,147
Hotels and motels, including casino hotels	743	283	248	1,274
Food services and drinking places	1,546	254	306	2,106
Total Off-Site Jobs	4,876	751	1,170	6,798
Total Jobs	13,834	4,028	5,274	23,136

Note: Columns and rows might not add due to rounding

Top 10 Sports Supplier Industries

IMPLAN Code	Industry	Indirect	Induced	Total
360	Real estate establishments	$28,964,658	$45,671,115	$74,635,827
381	Management of companies and enterprises	$17,825,420	$5,510,086	$23,335,530
351	Telecommunications	$15,016,965	$15,327,925	$30,344,835
346	Motion picture and video industries	$12,556,099	$811,789	$13,367,795
357	Insurance carriers	$11,886,495	$29,221,248	$41,107,402
319	Wholesale trade businesses	$11,257,505	$32,051,603	$43,309,186
31	Electric power generation, transmission, and dist.	$10,663,929	$11,542,411	$22,206,549
404	Promoters of performing arts and sports and agents of public fig.	$9,862,951	$1,480,802	$11,343,806
355	Nondepository credit intermediation and related act.	$8,813,322	$21,757,394	$30,571,336
374	Management, scientific, and technical consulting ser.	$7,562,973	$3,988,821	$11,552,374

Top 10 Sports Supplier Industries

IMPLAN Code	Industry	Indirect	Induced	Total
360	Real estate establishments	254	400	654
381	Management of companies and enterprises	191	29	219
351	Telecommunications	190	12	202
346	Motion picture and video industries	149	87	236
357	Insurance carriers	116	86	202
319	Wholesale trade businesses	76	24	100
31	Electric power generation, transmission, and dist.	74	39	113
404	Promoters of performing arts and sports and agents of public fig.	66	14	79
355	Nondepository credit intermediation and related act.	61	32	92
374	Management, scientific, and technical consulting ser.	55	157	212

Comparisons

Charlotte Sports Events 1980

Team/Event	Sport	Attendance
Charlotte Motor Speedway	NASCAR	190,000
Charlotte O's	AA Baseball	190,000
UNC Charlotte	NCAA Basketball	40,000
North/South Doubleheader	NCAA Basketball	18,000
Sun Belt Conference Tournament	NCAA Basketball	10,000
Total		**448,000**

Charlotte Area Sports Events 1996

Study Conducted for the NC Sports Development Office

- $500 million annual impact (2011 dollars)
- 5,000 jobs

Uptown Baseball

AAA New Stadium Attendance

City	2007	2008	2009	2010	2011
Sacramento	710,235	700,168	657,095	657,910	600,306
Louisville	653,915	638,777	624,670	618,535	601,372
Indianapolis	586,785	606,166	549,552	569,969	580,082
Columbus	N/A	N/A	666,797	651,224	608,165
Lehigh Valley	N/A	602,033	641,335	645,905	661,045
Toledo	596,675	584,596	559,037	558,059	549,436

Three Year Construction Impact

Three Year Total Output Impact

Item	Direct	Indirect	Induced	Total
Design & Engineering	$2,911,900	$1,248,033	$1,392,007	$5,551,940
Construction	$45,828,967	$16,730,340	$16,344,158	$78,903,464
Contingency	$2,116,650	$907,191	$1,011,845	$4,035,686
Total	$50,857,517	$18,885,563	$18,748,010	$88,491,090

Average Jobs per Year

Item	Direct	Indirect	Induced	Total
Design & Engineering	8	3	4	15
Construction	127	40	43	209
Contingency	6	2	2	9
Total	140	45	48	233

2014 Output Impact

Item	Direct	Indirect	Induced	Total
On-Site				
Subsidies	$2,849,832	$1,093,036	$1,466,579	$5,409,448
Baseball Revenue	$10,997,199	$4,217,911	$5,659,374	$20,874,484
Off-Site				
Hotels	$214,279	$102,524	$65,049	$381,853
Food services and drinking places	$3,374,423	$584,430	$1,227,059	$5,185,911
Retail Stores – General merchandise	$774,401	$130,202	$276,556	$1,181,160
Retail Stores – Gasoline stations	$3,383,695	$629,479	$1,248,974	$5,262,149
Retail Stores – Food and beverage	$1,906,443	$330,184	$693,249	$2,929,877
Total On-Site	$13,847,031	$5,310,947	$7,125,953	$26,283,932
Total Off-Site	$7,746,799	$1,446,636	$2,817,638	$12,011,072
Total Output Impact	$21,593,830	$6,757,583	$9,943,591	$38,295,004

2014 Employment Impacts

Item	Direct	Indirect	Induced	Total
On-Site				
Subsidies	41	11	11	63
Baseball Revenue	160	42	44	246
Off-Site				
Hotels	2	1	0	3
Food services and drinking places	54	4	9	67
Retail Stores – General merchandise	11	1	2	14
Retail Stores – Gasoline stations	45	4	10	59
Retail Stores – Food and beverage	31	2	5	38
Total On-Site	201	53	55	309
Total Off-Site	143	12	26	181
Total Output Impact	344	65	81	490

2014 Non-Baseball Impacts

Item	Direct	Indirect	Induced	Total
On-Site Hotel				
Output	$10,750,391	$5,143,650	$3,263,490	$19,157,530
Jobs	95	35	25	155
On-Site Restaurant				
Output	$3,750,000	$1,395,756	$1,164,282	$6,310,039
Jobs	56	9	9	74
Non Knights Events				
Output	$1,377,755	$528,430	$709,020	$2,615,204
Jobs	20	5	5	30
Total				
Output	$15,878,146	$7,067,836	$5,136,792	$28,082,774
Jobs	171	49	39	259

On-Going Impacts of Baseball

•The total estimated 2014 on-site economic impact is $26,283,932.

•The total estimated 2014 off-site economic impact is $12,011,073.

•The total estimated 2014 economic impact of the proposed uptown baseball stadium is **$38,295,004**.

•The total estimated 2014 on-site employment impact is 309 jobs.

•The total estimated 2014 off-site employment impact is 181 jobs.

•The total estimated 2014 employment impact is **490 jobs**.

Total On-Going Impacts

•The total estimated 2014 economic output from baseball and non-baseball activities is **$66,377,778**.

•The total estimated 2014 employment impact from baseball and non-baseball activities is **749 jobs**.

CHARLOTTE.
NEIGHBORHOOD & BUSINESS SERVICES

SBE Mobilization Loan
Proposed Pilot Program for FY12-14

Purpose

To assist owners of certified Small Business Enterprises (SBEs) acquire short term, low rate financing to support their temporary working capital needs as they participate in City projects, increasing City utilization of certified SBE's in City contracting.

Primary Goals

To provide, increase, and strengthen SBE firms' access to capital;

- To build capacity with certified SBEs to increase their chances of competing successfully for City contracts; and,
- To create and/or retain jobs for Charlotte-Mecklenburg residents.

Pilot Period

- If approved, this loan program will begin on May 1, 2012 and extend to June 30, 2014, subject to Council review and re-authorization.
- To evaluate program effectiveness, staff will monitor:
    - Utilization
    - Default rate
- If successful, Council may consider expansion of the program to include SBE's with municipal contracts with other governmental agencies (e.g., Mecklenburg County, Charlotte Mecklenburg Schools).

Source of Funds

- Economic Development Revolving Loan Fund, CDBG (current balance of $2.6 million) [1].
- ED Matching Grants and Loan Fund (current balance of $1.9 million).

Eligible Businesses

- Eligible SBEs will meet the following criteria:
    - Located in Mecklenburg County
    - Certified for a minimum of (2) two consecutive years
    - Private for-profit
    - Engaged in contracting on eligible municipal contracts[2] and demonstrating a need for working capital for account receivables, acquisition of inventory, and/or materials.

Program Description and Requirements

- The minimum loan amount will be $15,000 and the maximum loan amount will be $75,000, or 85% of contract (receivable) amount, whichever is less.
- Maximum term is the term of contract or six months, whichever is less.
- All loans will be secured with the first lien position on assigned eligible municipal contracts. The City may require other security as circumstances indicate.
- Interest rates will be fixed for the term of the loan, and will be tied to the Prime Rate + 1% (as published by the *Wall Street Journal*) at the time of loan closing, currently, 4.25%.
- Interest-only payments are due monthly on the outstanding principal balance.
- Principal repayment of the City's loan is deferred until payment on the assigned eligible municipal contract has been received.
- Payments from a prime contractor for all work associated with the City's loan agreement are required to be made jointly payable to the City and to the SBE.

Application Process

Applicant applies for the business loan directly to the City of Charlotte.

- Applicant will be required to provide:
  - Two (2) letters of recommendation from prime contractors and
  - Two (2) letters of recommendation from professional references[(3)] ;
- A $150.00 application fee must be submitted with the loan application. Additionally, a non-refundable 1% commitment fee is due upon loan approval. The application fee will be deducted from the commitment upon loan approval. The commitment fee can be deducted from the loan proceeds.
- Applicants will undergo credit and background checks. Personal guarantees from all principals will be required.
- Applicants must be current on all federal, state and local taxes, and in compliance with all City of Charlotte, Mecklenburg County and/or State business/industry license requirements.
- Standard commercial underwriting and loan documentation requirements will apply.
- Applicants who fail to qualify for the loan will be referred to other community partners for financial and/or technical assistance.

[(1)] *CDBG funds will be used primarily for SBEs that qualify as a "microenterprise". A microenterprise, as defined by US Department of Housing & Urban Development (HUD), is a commercial enterprise that employs five or fewer full-time workers, including the business owner. CDBG funds may be used for businesses that employ more than five employees, however, evidence of new job creation is required for loans over $35,000.*

[(2)] *An eligible municipal contract is defined as an active and/or forthcoming contract with a City of Charlotte agency;*

[(3)] *A professional reference is defined as a business and/or individual that attests to the businesses character, work ethic and performance.*

FY2013 Strategic Focus Area Plan - *DRAFT*

"Charlotte will be the most prosperous and livable city for all citizens through quality economic development."

The City of Charlotte's long-term economic health is in large part driven by the City's ability to facilitate private sector job growth and investment through partnerships with agencies such as the Charlotte Chamber, Charlotte Regional Visitors Authority and the Charlotte Regional Partnership. Historically, these partnerships have resulted in a diversified local and regional economy, which requires public investment in public services and facilities and infrastructure. A healthy economy also requires a commitment to strengthen and grow existing businesses, small business enterprises, entrepreneurship, business corridors and adjacent neighborhoods. In order to foster effective economic development, we must coordinate the commitment from both the public and private sectors.

The City's economic development strategy focuses on supporting small business development, promoting redevelopment in distressed business corridors to support adjacent neighborhoods, creating a more business-friendly government and focusing on community endorsed high-growth industry sectors that support our efforts to attract and retain businesses and jobs.

Focus Area Initiative	Measure	Prior Year Actual	Current Year Target
Help grow small businesses in our community	Update the City's Small Business Strategy to include the following: • Potential Phase 2 enhancements to the small business web portal; • A review of the City's small business loan programs; • An analysis of the support system for entrepreneurs; • Innovative partnerships to help small businesses to expand sales locally; • Initiatives to strengthen the existing consortium of community resource partners		Plan update adopted by Council and 50% of initiatives underway
	Achieve an increasing percentage SBE utilization through combined formal and informal opportunities		Meet a combined formal & informal SBE Utilization Goal of 5%
Continue to focus on job and tax base growth in business corridors.	Implement the City's Business Corridor Strategy, with an emphasis on the priority corridors of North Tryon, Beatties Ford, and Rozzelles Ferry, Wilkinson/Morehead, Eastland area and Independence Boulevard		Complete 100% of recommendations by year end

Focus Area Initiative	Measure	Prior Year Actual	Current Year Target
Focus on continuous improvement within the permitting and regulatory environment to facilitate job and tax base growth and to improve the customer experience.	Achieve greater collaboration among the City, County and NCDOT to shorten the time it takes and make it easier to obtain regulatory approvals, including, but not limited to certificates of occupancy		Elimination of system barriers, conflicts and impediments in the application of regulations
	Average number of reviews on all land development permitting submissions		Average ≤ 2.5 reviews on all plans submitted for FY12
Work with economic development partners to grow and retain businesses in the community's targeted industry sectors of: • Energy/environment • Finance • Health care • Manufacturing, • Defense • Motorsports • Tourism • Film • International firms	Work with recipients of Business Investment Grants to encourage the use of local suppliers and target gaps in the supply chain as either business expansion opportunities for local companies or prospects for recruitment		Complete supply chain opportunity assessment with 50% of grant recipients by year end
	Work with tourism partners to develop a plan for growing amateur sports in the Charlotte Region		Develop a new public/private model for adding amateur sports facilities in the Region
	Leverage the Democratic National Convention (DNC) with our partners to: 1) attract corporate relocations to Charlotte; 2) grow customers for existing Charlotte businesses; and 3) promote the future location of consulate offices in Charlotte		Catalogue, follow up and pursue the contacts gained from the DNC (via the Chamber, City and Charlotte Regional Partnership)

SBE Goal Setting Matrix

Number of SBE Subcontracting Categories

Sub-Contract Value (% of Total Contract)

	1-3	4-6	7-10	11-15	15+
0 – 5%	3%	3%	4%	4%	4%
5.01 – 10%	4%	5%	6%	6%	7%
10.01 – 25%	6%	7%	8%	9%	10%
25.01 – 50%	8%	9%	10%	12%	14%
50.01 +	10%	11%	12%	14%	17%

SBE Goal Setting Process

1. Using the Project Engineer's Estimate, the Department recommends to the SBO Office an SBE Goal; the SBE Goal is calculated using the SBE Goal Matrix, which considers:

    - Number of subcontracting categories (scopes); and
    - Subcontract value of those categories.

2. The SBO Office reviews the Department's SBE Goal recommendation and establishes the final SBE Goal for the project.

3. The Project is released for bid by the Department.

FY2011 Projects Awarded by Good Faith Efforts

GFE Point Value	GFE Item Number	GFE Description	Project Name, Date, and Bidder				
			Paw Creek Force Main, Phase 2 09/13/2010 (B.R.S., Inc.)	Airport East Terminal Expansion 09/27/2010 (Edison Foard, Inc.)	McKee Creek Sanitary Sewer Outfall, Cabarrus 11/22/2010 (Sanders Utility)	Orr Road Salt Storage Shed 12/13/2010 (MV Momentum)	McCrorey Heights Nbrhd Improvements Project 04/11/2011 (United Construction)
10	**5.3.1**	*Notification of Subcontracting Opportunities*	x	x	x		x
10	**5.3.2**	*SBE Contacts*	x	x	x	x	x
10	**5.3.3**	*Making Plans Available*	x	x	x	x	x
15	**5.3.4**	*Breaking Down Work*	x	x	x	x	x
10	**5.3.5**	*Attendance at Pre-Bid*	x	x	x	x	
15	**5.3.6**	*Conducting a Pre-Bid for SBEs*	x	x	x	x	x
15	**5.3.7**	*Training*					
25	**5.3.8**	*SBOP Mentor-Protégé Program*	x	x	x		
20	**5.3.9**	*Working with SBE Assistance Organizations*					
20	**5.3.10**	*Bonding or Insurance Assistance on Construction Contract*					
20	**5.3.11**	*Entering into Joint Venture with SBEs*		x			
20	**5.3.12**	*Financial Assistance*		x	x	x	x
25	**5.3.13**	*Quick Pay Agreements on the Construction Contract up for Award*	x	x	x	x	x
20	**5.3.14**	*Attendance at City Workshops or Networking Sessions*	x	x	x		x
20	**5.3.15**	*Follow-up Contacts*	x	x	x	x	x
15	**5.3.16**	*Achieving 50% of the SBE Participation Goal*				x	x
15	**5.3.17**	*Additional SBE Outreach*	x	x		x	x
20	**5.3.18**	*SBE Participation on Non-City Contracts*					
25	**5.3.19**	*Working with a New SBE*				x	
20	**5.3.20**	*Exceeded SBE Goal by more than 50% on Past Project*					
350		**TOTAL GFE POINTS EARNED**	**175**	**215**	**180**	**180**	**175**

CHARLOTTE
NEIGHBORHOOD & BUSINESS SERVICES

Charlotte Business Resources.com

Presents

Small Business Month

Key Message:

- Charlotte is a great place to start and grow a small business

Goals:

- Celebrate, educate and inspire
- Recognize small businesses from a wide variety of industries and sectors
- Use *CharlotteBusinessResources.com* as key source of promotion and information

May 2012						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		May 1	2	3	4	5
			Kick-off Event with Mayor/Council		**Charlotte Startup Weekend @ Packard Place**	
6	7	8	9	10	11	12
Start-up Wknd				*Entrepreneur CEO forum with Elected officials – hosted by Packard Place (tentative)*		
13	14	15	16	17	18	19
			Latino Business Recognition 8:00 – 9:30 a *Latin American Coalition*	**Crown of Enterprise Awards** (SBE/MWBE) 5:00 – 8:00 p.m. *City/County*		
SBA's National Small Business Week (May 21 – 25)						
20	21	22	23	24	25	26
	Entrepreneurial Success Conference 8:30 am – 3:00 pm *CPCC*	*Chamber of Commerce – London Video Conference (tentative)*				
27	28	29	30	31		

Revised 3/1/12