

Town of Matthews Strategic Economic Development Plan

Matthews, NC

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**Prepared for
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Introduction

Over the last 15 years, Matthews has transitioned rapidly from a small town to a thriving suburb of Charlotte. It offers an attractive and safe environment for families seeking quality schools, recreational amenities and retail services. While growth has been generally positive, some negative impacts include traffic congestion and increased demands on public services. For example, the Town is gradually phasing in a municipal fire department to replace the current volunteer system.



The Town's non-exempt ad valorem tax base is currently estimated at a balanced 66% residential/34% commercial ratio. With the build-out of privately-owned vacant land likely over the next 15 to 20 years, much of it zoned residential, the Town has worked with a team of consultants led by Warren & Associates to create a strategic economic development plan. The primary goals have been to maintain a balanced tax base and attract professional employers to offset household growth. The Town is already

home to Presbyterian Hospital Matthews, and headquarters facilities for Family Dollar and Harris Teeter.

Matthews has an attractive and economically viable downtown, containing a mix of civic, retail, office, and residential uses. Anchors include the combined Town Hall/Public Library in the Matthews Station redevelopment, Renfrow Hardware on Trade Street, and several churches. Unlike many comparable North Carolina cities, Matthews has retained much of its historic downtown fabric. This strategic economic development plan identifies opportunities to strengthen the market position of downtown for retail, office, and residential uses.



Most of Matthews' growth over the last 15 years has been driven by residential and retail uses. Retail development has contributed greatly to the Town's commercial tax base. However, based on the planned conversion of Independence Boulevard into a limited-access expressway and the amount of retail disinvestment occurring on the east side of Charlotte, Matthews is rightfully concerned about the long-term viability of big-box uses in that corridor.

A vital component of the Independence Boulevard conversion is the completion of parallel roads on both sides of the highway to retain some automobile access to existing retail centers. Segments of Northeast Parkway to the north and Independence Point Parkway to the south are already constructed. The proposed CATS Southeast transit line would also extend south of Independence Boulevard to I-485 or the CPCC Levine Campus.

As shown in Table 1, three of the top ten employers in Matthews as of 2006 were Sam's Club, Lowe's Home Improvement, and Home Depot, three big-box retailers on Independence Boulevard. Together, these three stores had 471 jobs, or approximately 10% of the 4,851 total jobs among Matthew's top ten employers. It should be noted that most of the Family Dollar and Harris Teeter jobs are located in the companies' headquarters, not individual stores.

**Table 1: Top Ten Employers,
Town of Matthews, 2006**

Employer	Employees
Family Dollar Stores	1,129
Alltel Service Corp.	900
Presbyterian Hospital	745
PCA National, Inc.	660
Harris Teeter	511
Plantation Estates	300
Sam's Club	179
Lowe's	152
Home Depot	140
Town of Matthews	135

Source: Town of Matthews

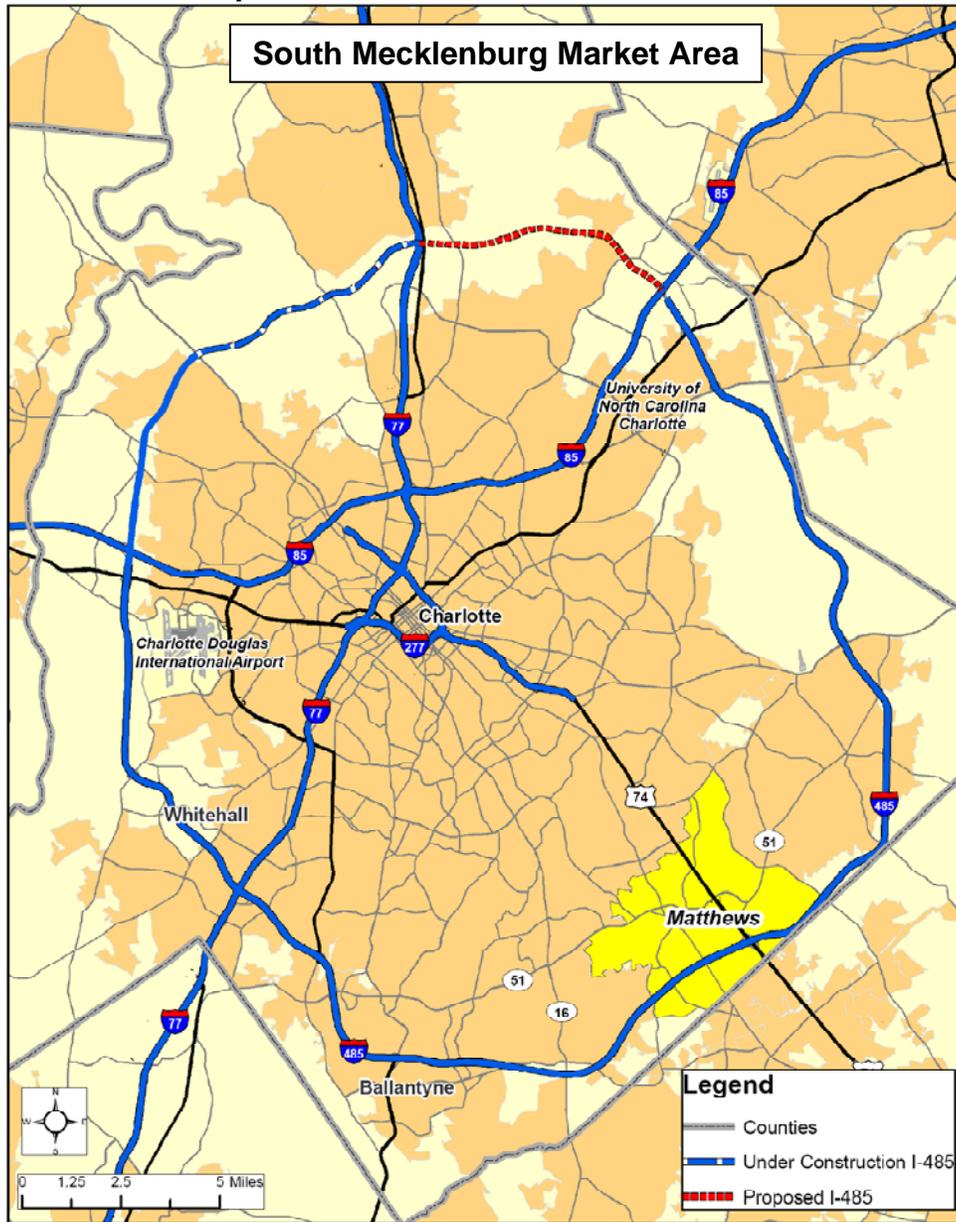
In order to reduce reliance on retail property taxes, the long-term vision in this plan seeks to expand opportunities to capture distribution, light manufacturing, and corporate and professional office uses. At this point, Matthews is not perceived among the Charlotte region’s economic developers as competitive for relocations and expansions. The Town lacks available buildings and sites, and has no dedicated agency or department to market the community and coordinate with the Charlotte Regional Partnership and Charlotte Chamber of Commerce.



The Town of Matthews should have a brand to capitalize on its regional transportation access, current and proposed recreational facilities, historic downtown, and educated labor force. As a result, the Town has pursued this strategic plan to realize its true potential. Specific goals included the following:

- Maintain a long-term balanced tax base
- Increase employment opportunities for Town residents
- Identify locations that would be most competitive for business or corporate office parks
- Link future employment centers to Southeast Corridor mass transit stations and regional recreation amenities planned in the southwest quadrant of I-485 and Independence Boulevard
- Recommend planning policies and regulations to encourage economic investment
- Recommend a municipal structure with specific operational strategies to elevate Matthews into a regional economic development “player”
- Provide specific downtown investment strategies

Map 1: Matthews Location and Access



As part of this planning effort, the Town’s three I-485 interchanges at E. John Street, Independence Boulevard, and Idlewild Road were considered for potential economic development projects. Several of these interchange quadrants remain largely vacant. The southeast quadrant of the Independence Boulevard interchange is vacant but has been approved for the Hendrick Auto Mall. The plan addresses the competitiveness of these locations for business parks and mixed-use projects.

This plan is intended to encourage investment by developers and business owners. Key stakeholders and the public have been engaged to ensure that the plan reflects local market preferences and opportunities.

1. Public Participation

Public participation for this assignment consisted of the following components:

- Leadership Team (5 meetings)
- Focus Groups (2 meetings)
- Public Meeting (1 meeting)

1.1 Leadership Team

1.1.1 Members

In order to guide the direction of the economic development strategic plan, a Leadership Team was assembled by the Town to represent diverse business and community interests. The appointees are listed below.

- Augustine Martinez, Levine CPCC Campus Dean
- Martha Krauss, 803 Elizabeth Bed and Breakfast and ex-Town Commissioner
- Dennis Toler, Matthews Chamber President
- David Blackley, Renfrow's Hardware
- Jeff Faw, Subway
- Bev Martin, Tree and Appearance Committee
- Janet Denk, Matthews Record
- Rachel Garcia, Windsor Square Shopping Center
- Lat Purser, Lat Purser & Associates
- Reverend Whitley, Mount Moriah Church
- Max McCleod, developer
- Jeff Miller, Family Dollar
- Chuck Bennett, Weaver, Bennett & Bland

1.1.2 Meetings

Five meetings were conducted with the Leadership Team during 2007. The meeting dates and topics are listed in Table 2.

Table 2: Matthews Leadership Team Meetings, 2007

Date	Topics
February 27, 2007	Town of Matthews Vision Statements, Preferred Economic Growth Sectors, Current Tax Base
May 2, 2007	Focus Group Findings, Comparable Economic Development Programs, I-485 Interchange and Downtown Land
August 1, 2007	Economic Developer and Real Estate Developer Interview Findings, Target Market, Branding
October 1, 2007	Real Estate Strategy Options, Municipal Organization Options
December 6, 2007	Downtown Matthews Opportunities

Notes from these meetings are contained in the Appendix.

1.2 Focus Groups

Two groups were asked to participate in separate facilitated sessions, each of which drew approximately one dozen participants representing a mix of stakeholder interests.

April 2, 2007: Group 1 - Elected Officials

April 3, 2007: Group 2 - Business Owners

Outcomes and findings from these focus groups were used, in combination with work by Town staff, the consultants, the Leadership Team and results from a public meeting, to create an overall economic development strategy. Detailed notes from the focus groups are contained in the Appendix, with the key findings summarized below. Participant's names have been omitted from this summary.

1.2.1 A Place for Business

Matthews is a good place to do business and is well-positioned to pursue economic growth, but this advantage is much more readily apparent and accessible to those already familiar with and doing business in Matthews. To newcomers, the community seems difficult to "break into" and there is no readily apparent assistance available to gain familiarity and guidance around "the way things are done."

One participant summed this dynamic up by saying, "If we [town leadership] have a chance to talk to folks before they start, they do really well, but if they come in from outside and expect business as usual, it won't work."

There was much discussion and enthusiasm around the concept of a coordinating role or economic development liaison for newcomers, with this role possibly offering the following services:

- "A checklist to follow, with people, contacts, processes."
- "What expectations are, and timelines for meetings and decisions."
- "Perspectives on individual council members, what interests are."
- "An economic development connector who would be viewed as sympathetic, an ally or advocate."
- "A conduit and a gatekeeper, a buffer and an advocate, a person who can spend one-on-one time with newcomers to make it as simple as they can."

This dynamic has a flip side: Because Matthews has "patiently and carefully managed its growth," it is now in a position to market and highlight a higher quality of life than some surrounding communities with which it might compete. Responses included:

- "We are tough. We don't need you if you're not going to do a quality job."
- "Some communities have put out a sign that say 'we're open for business, just bring it.' Matthews has been more cautious and careful about development."

1.2.2 Quality of Life

Matthews has a palpable quality of life, mentioned often in both groups, that is tied closely to its identity as a small community. Attributes of this quality of life, the strengths of Matthews, included the following:

- “friendly and welcoming people”
- “good demographics – educated people with higher incomes”
- “high quality of life and physically attractive place”
- “good schools”
- “proximity to Charlotte but without the crime”
- “easy access to I-485 and I-74”
- “good weather, CPCC campus, newly developing sports park, good leadership”

It was noted by a number of participants that any marketing and branding effort should draw on these strengths to form key messages.

A number of challenges and hidden pitfalls face Matthews as it seeks to maintain its quality of life, including:

- “It may not be attractive to young, single adults, or the ‘creative class’ as the community is seen as ‘very family friendly and accommodating to families with young children.’”
- “What happens when we don’t have the youth in town? The younger crowd of 18-30, they don’t socialize much in Matthews.”
- “We may not have enough affordable housing, most of our housing is upscale, and young people can’t afford to live here.” And “lack of affordable, entry-level housing.”
- Traffic was mentioned often as an issue that threatens quality of life, with connectivity of McKee Road and downtown mentioned often as specific issues.
- The sheer lack of available space for future growth and expansion may threaten a stall in future economic development once the current large tracts now available are converted to other uses. “If we’re not careful, Matthews could almost be a speed bump between Union County and Charlotte.”
- “Maintenance of basic infrastructure – streets, sidewalks, lighting”

1.2.3 Downtown

The downtown area of Matthews was mentioned specifically by both groups as an example of a great strength, but also an area in need of special attention and effort. It generated concerns that were not present in discussions around the available at the I-485 interchange quadrants. Remarks included:

- “Downtown is a big weakness. Businesses come and go frequently, the business mix is unusual, and this area has been at a crossroads for some time now.”
- “Downtown area is spotty and sporadic; it hasn’t coalesced into a cohesive role. The Town hasn’t pulled it together.”
- “I can’t find a place to park when I see an interesting place that I’d like to visit.”
- The area seems to have “high merchant turnover.”

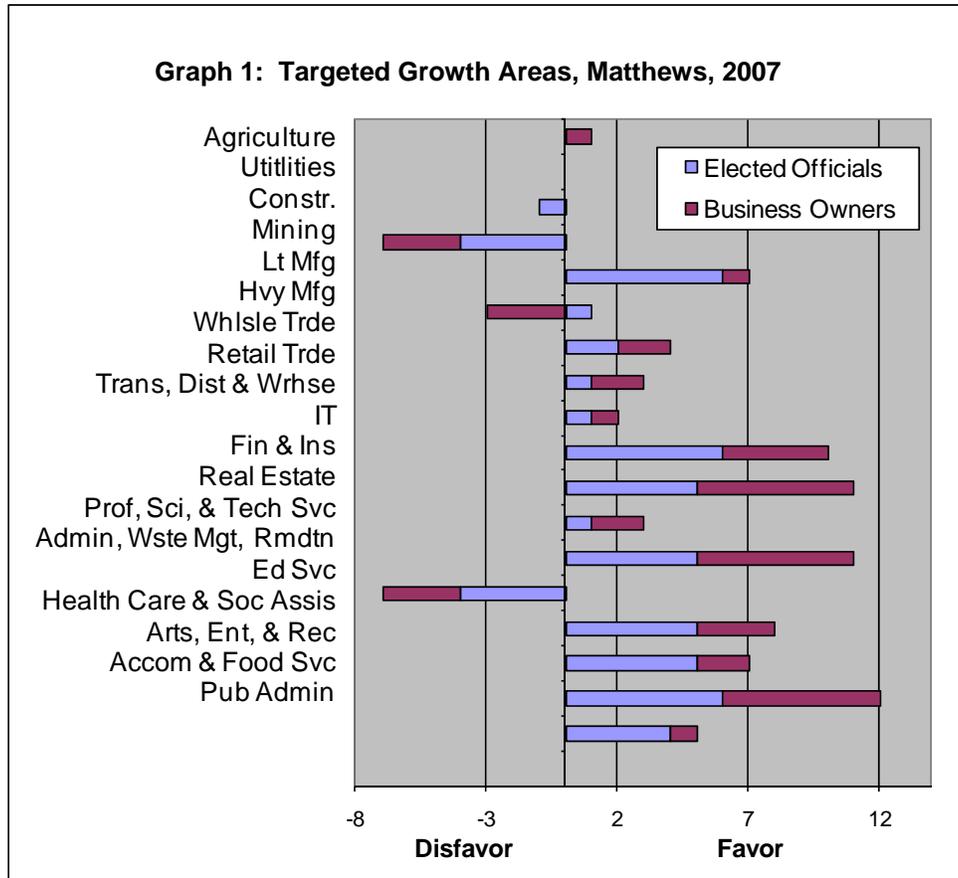
- Traffic threatens to choke the “pedestrian-friendly” feel and parking is an issue that must be resolved.
- There is a lack of housing in the downtown area to balance out retail and commercial uses.
- Special attention must be paid to how growth in remaining areas might impact downtown. For instance, a mixed-use development may draw people and resources away from the downtown area if similar services and amenities are offered in new areas.
- The current height restriction might continue to make sense for downtown, but might be a deterrent or undesirable for the available parcels, particularly those that are closest to major transportation corridors.

1.2.4 Targeted Growth Sectors

While there was concern about the type and management of growth and economic development and a desire for “high-quality” development (reflecting Matthews historic cautious approach to economic development), there was no acute opposition to growth within either group.

Thus, the concerns centered on the management and wise use of available land resources, not on strategies for limiting or blocking growth or change. The following sectors of economic development were identified as most preferred in both groups:

- Professional, Scientific and Technical Services
- Finance and Insurance
- Management of Companies and Enterprises: Headquarters
- Information Technology
- Arts, Entertainment and Recreation
- Health Care and Social Assistance
- Accommodation and Food Services (a major hotel with convention facilities was mentioned as a specific desired outcome)
- Light Manufacturing (identified in one group only)
- Educational Services (identified in one group only)



The consensus of opinion among both groups was that there was a significant opportunity for Matthews to pursue entrepreneurs and small businesses that have high growth potential. Opinion also supported other “catalyst” enterprises that fit available spaces and tracts but support the Matthews Vision Statements as well. Remarks included:

- “I would say that Matthews, because of its size, should try to direct itself towards entrepreneurial enterprises.”
- “The Town’s vision statements don’t support huge office parks, but more mom and pop operations, 50 or so people.”
- “Locating in areas like this are smart, ambitious, lots of seeds of small businesses that are successful.”

The following sectors of economic development were not identified as desirable, or were specifically identified as undesirable:

- Wholesale Trade
- Retail Trade
- Transportation, Distribution and Warehousing
- Real Estate and Rental and Leasing
- Administrative and Support Waste Management and Remediation – undesirable
- Heavy Manufacturing – undesirable

1.2.5 Comparison of Focus Group and Leadership Team Targeted Growth Sectors

The desirable and undesirable sectors corresponded roughly with those of the Leadership Team, which were (in order of preference):

- Professional, Scientific and Technical Services
- Health Care and Social Assistance
- Arts, Entertainment and Recreation
- Management of Companies and Enterprises – Headquarters
- Accommodation and Food Services
- Light Manufacturing
- Educational Services
- Finance and Insurance

Perhaps the most marked difference was the relative (not strong) emphasis on more white-collar or office-based sectors by focus group participants when compared to Leadership Team members, but this gap should not be overplayed in significance as vote totals from both groups were small.

It is also important to note that the results of the focus group work also supported the preferences of the Leadership Team when asked which elements of the Matthews Vision Statements would be the most important to consider in economic development planning. The top six were:

- Balanced, Compatible Commercial Development
- Well-Planned, Functional Transportation System
- Firm and Fair Growth and Development Process
- Small Town Feeling and Identity
- Destination for Arts & Culture
- Healthy Town Financial Footing

1.3 Public Meeting

Detailed notes from the June 12, 2007 public meeting are contained in the Appendix. Key comments are summarized below.

- The issue is whether we focus on economic development on a large or small scale – sometimes we get caught up on too large scale a discussion.
- There aren't enough zoning options in place to build real options – what would it take for someone to come and develop in Matthews?
- Does Matthews want to have one or two employment centers? What about our downtown if and when we develop these other parcels that are closer to interstates?
- R-20 zoning has been a placeholder, but now may be the time for changes – this may leave Matthews behind.
- It's time for those in power to really listen to those that aren't or haven't been – new small-business people and others who are now here that haven't been around for a long time and

may not be in the “power structure” that seems to decide everything. Is the process including these people?

- A problem with concentrating on interchanges is that it may negatively impact downtown. The emphasis should be on connectivity. There shouldn't be two downtowns at US-74 and I-485 interchanges and our downtown now. Plus, our current downtown can't be a museum.
- The hospital (Presbyterian/Novant) isn't mentioned as a strength very often, and it doesn't come up much in discussion. There will be a great deal of change around this coming soon.
- Transportation and connectivity are everything – if we can't fix this, the other things won't matter.
- Our height limitations are a factor we need to look at – we're running out of land – where it's appropriate, can we be flexible? If so, where?
- We have to learn how to appeal to Generation Y, the generation now moving into the workforce.

2. Matthews Tax Base

One of the primary goals of this strategic economic development plan is to ensure the long-term fiscal viability of Matthews. This will require a balanced commercial/residential tax base. As shown in Table 3, the Town's real property tax base reached approximately \$2.5 billion in fiscal year (FY) 2005. This represented an increase of \$687 million, or 37%, from 2000. Residential and commercial property increased by comparable rates of 36% and 32%, respectively. Property that is exempt from taxes, including parcels and buildings owned by churches, government, and non-profit entities, grew 63%.

Table 3: Real Property Tax Base, Town of Matthews, 2000-2005

Type	2000	2005	2000-2005 Change	
			Number	Percent
Residential	\$1,225,133,400	\$1,665,184,560	\$440,051,160	36%
Commercial	479,642,176	631,757,771	\$152,115,595	32%
Exempt	150,450,770	245,405,220	\$94,954,450	63%
Total	\$1,855,228,346	\$2,542,349,556	\$687,121,205	37%

Source: Town of Matthews.

As of FY 2005, the Matthews tax base was 65% residential, 25% commercial, and 10% exempt (Table 4). The residential and commercial shares decreased by 1% each between 2000 and 2005, while the exempt share increased by 2%. The exempt category grew primarily as the result of new schools.

Table 4: Real Property Tax Base, Town of Matthews, 2000-2005

Type	2000	2005	Change
Residential	66%	65%	-1%
Commercial	26%	25%	-1%
Exempt	8%	10%	2%
Total	100%	100%	

Source: Town of Matthews.

The 2005 real property tax base was well-balanced for a full-service jurisdiction such as Matthews. Typically, any residential share below 70% is considered competitive when a town provides services such as police, fire, planning, parks, and street maintenance. Remaining under the 70% residential threshold will become even more important as Matthews assumes more responsibility for fire service previously covered in an all-volunteer system.

While the 25% commercial share is fiscally sound, a more detailed analysis should be conducted to determine the composition of that category among retail, office, and industrial uses. Retail land is often valued higher per acre than office and industrial parcels. However, shopping centers can depreciate faster as anchor stores relocate and vacancy increases. Retail markets are constantly shifting as the result of transportation and demographic changes. Multi-story office buildings can also offset the difference in per-acre land values with retail.

The top ten tax parcel assessments in Matthews as of 2006 are shown in Table 5. While Windsor Square is the only shopping center, Sycamore Commons would collectively be the largest taxpayer in

Matthews, with a 2005 value of \$45.9 million for all tax parcels and owners. Three residential properties are among the top ten assessments, including the Plantation Estates retirement community and two apartment developments. It should be noted that approximately 70% of the Novant Health property is exempt, and does not generate tax revenue. In addition, Harris Teeter is based in Matthews but its headquarters value of \$7.7 million falls below the top ten.

Table 5: Top Ten Tax Parcel Assessments, Town of Matthews, 2006

Taxpayer	Type of Business	Assessed Valuation
Family Dollar, Inc.	Corporate Headquarters	\$39,625,909
Novant Health, Inc.	Health Care	\$38,829,800
SC Windsor Associates	Retail/Shopping Center	\$38,164,800
Adult Comm. Total Services	Retirement Village	\$37,814,700
PCA National, Inc.	Corporate Headquarters	\$27,482,862
Martin Marietta	Aggregate Complex	\$22,780,122
Rexham Corporation	Corporate Headquarters	\$22,819,706
Alltel Carolina	Communications Headquarters	\$17,320,846
BNP Realty, LLC	Apartment Complex	\$16,749,300
Vinings Creek, LLC	Apartment Complex	\$15,268,900

Source: Town of Matthews

The corporate limits of Matthews have been established through agreements with surrounding jurisdictions. As a result, no further expansion is anticipated. The current supply of vacant developable land by zoning category could give some indication of the build-out residential and commercial shares for the Town of Matthews. As of 2005, there were 1,300 vacant parcels containing a total of 3,023 acres (Table 6). Residential zoning accounted for 79% of the total, with commercial at 21%.

Table 6: Vacant Acres by Use, Town of Matthews, 2005

Type	Parcels	Acres	% of Acres
Residential	1,081	2,387	79%
Commercial	219	636	21%
Exempt	0	0	0%
Total	1,300	3,023	100%

Source: Town of Matthews.

If the current vacant land was built-out under current zoning, the Town could approach the 70% residential threshold. However, it is important to note that the Town often uses residential zoning (usually R-12 and R-20 single-family) as a placeholder for property that is more competitive for commercial development. This approach is consistent with the Town's conditional rezoning process. It is also important to note that commercial per-acre land values are almost always higher than residential, which would offset some of the difference in absolute acres.

3. Targeted Economic Development Areas

Two areas have been identified for employment growth in Matthews: the I-485 corridor and downtown. The three I-485 interchanges at E. John Street, Independence Boulevard, and Idlewild Road were considered because of their regional access and vacant land to accommodate business/office parks, possibly as part of mixed-use developments. Downtown would attract smaller in-fill projects in a more compact urban form.

3.1 I-485 Corridor

As shown in Map 2, Matthews has three interchanges along I-485, the limited access freeway encircling Charlotte. All but seven miles in north Charlotte will be completed by mid-2008. I-485 significantly reduced travel times from Matthews to Charlotte-Douglas International Airport to the west and to UNC-Charlotte to the north. It has also been the catalyst for the rapid emergence of the mixed-use Ballantyne and Whitehall areas, both of which feature multi-story Class A office developments between Matthews and Charlotte-Douglas International Airport.

Based on land attributes, adjoining uses, Town of Matthews planning policies, and regional economic developer input, the focus of this analysis for potential office and business parks was centered on the Independence Boulevard interchange. One quadrant of the E. John Street interchange was also included, south of the CSX Railroad and the Hendrick Auto Mall and CPCC campus. The Idlewild Road interchange is expected to remain largely residential, with some neighborhood commercial and low-density professional office space.

As shown on Map 3 and in Table 7, there are 149 tax parcels at the I-485/Independence Boulevard interchange under consideration for employment uses, containing a total of 1,090 acres. Based on parcels with improvements valued at less than \$50,000, there are 55 parcels available for development in 55 parcels. This equates to an average parcel size of 9.4 acres, varying from 6.1 acres in the northeast quadrant to 20.7 acres in the southwest quadrant.

Table 7: I-485/Independence Boulevard Interchange Quadrants

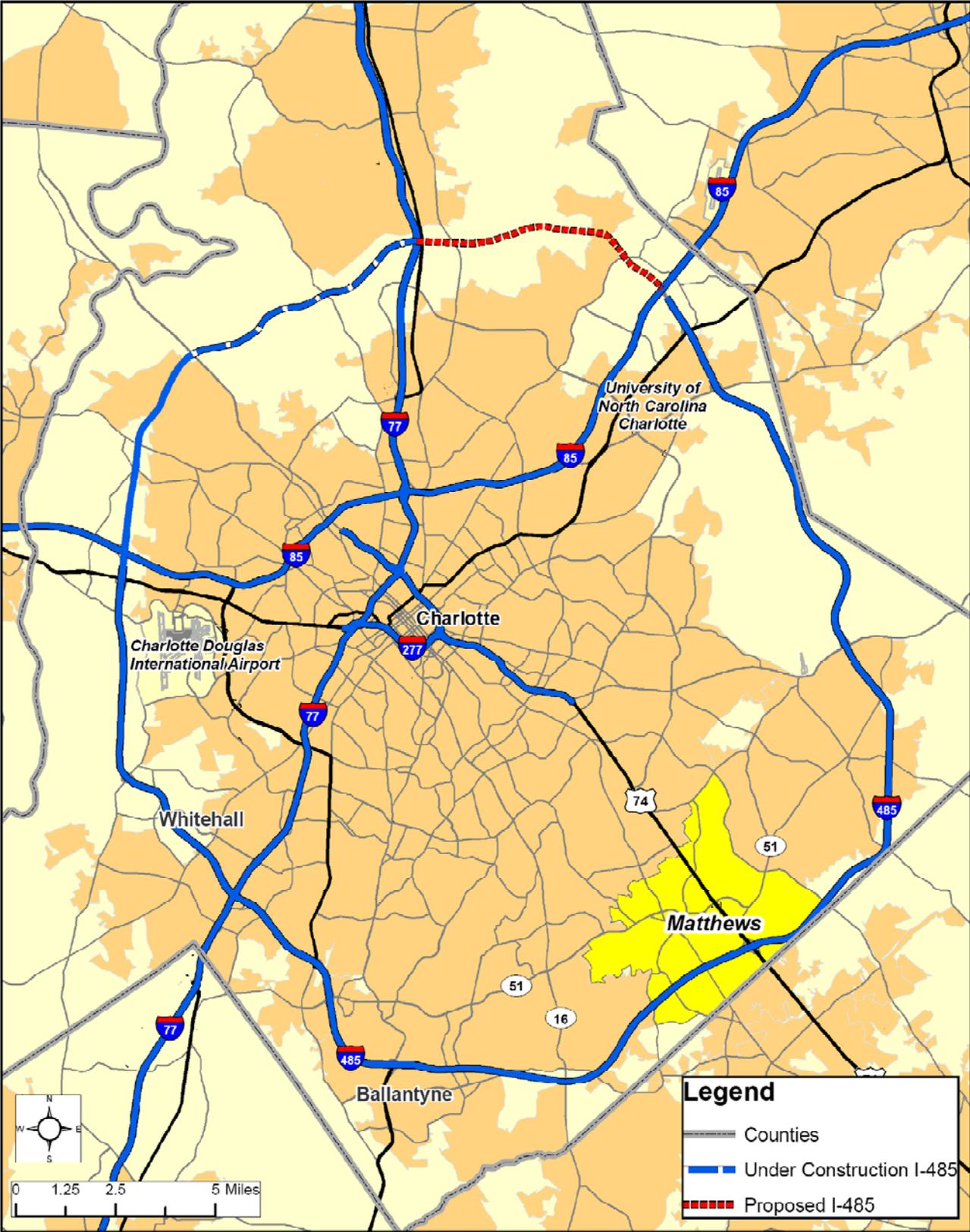
Area	Total Parcels	Total Acres	Available Acres	Available Parcels	Avg Parcel Size
I-485 Southeast Quadrant ¹ .	103	602	276	38	7.3
I-485 Southwest Quadrant ² .	25	322	124	6	20.7
I-485 Northeast Quadrant	17	94	42	7	6.1
I-485 Northwest Quadrant ³ .	4	72	72	4	17.9
Total	149	1,090	514	55	9.4

Source: Matthews Planning Dept.

Note: Improvement value <\$50,000 is vacant

1. Hendrick Auto Mall and Duke Power not included in available acreage
2. Meck. County Sportsplex not included in available acreage
3. For Econ Dev. purposes, all parcels considered vacant.

Map 2: I-485, Matthews, Airport, Ballantyne, Whitehall, and UNCC



Map 3: I-485 Quadrant Map



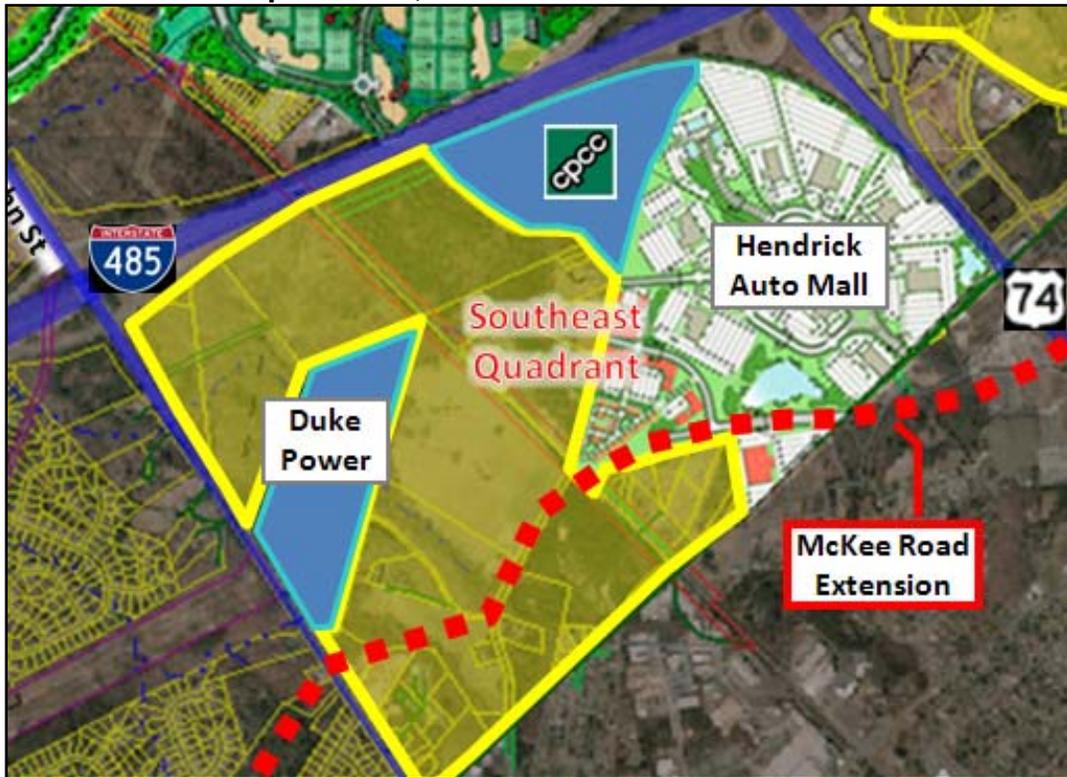
3.1.1 Southeast Quadrant

As shown on Map 4, the southeast quadrant is particularly competitive for the following reasons:

- Presence of CPCC Levine Campus
- Access from both Independence Boulevard and E. John Street
- Future McKee Road extension will provide parallel route to I-485
- Future Hendrick Auto Mall
- Potential terminus of Southeast rapid transit line to downtown Charlotte
- Largest supply of contiguous available land among the four quadrants

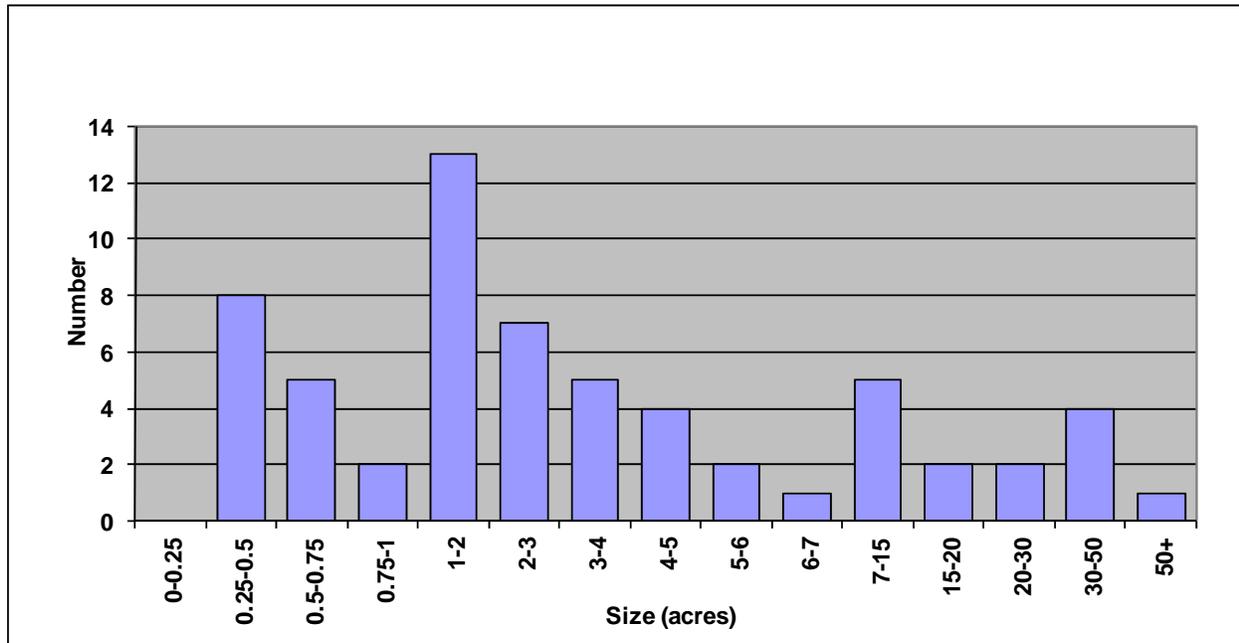
Offsetting these attributes is the CSX Railroad line dividing the property north to south. There are also issues related to public utility service, as a sewer line must be extended under I-485 and E. John Street.

Map 4: I-485, Southeast Quadrant Parcels



While this quadrant has the greatest vacant land capacity at 276 acres, it would also require assembly of some or all of the 38 available parcels (Graph 2). The most efficient parcels for office or business park development would contain more than 20 acres. There are seven parcels in this size category in the southeast quadrant.

Graph 2: Available Parcels, I-485 Southeast Quadrant, 2007



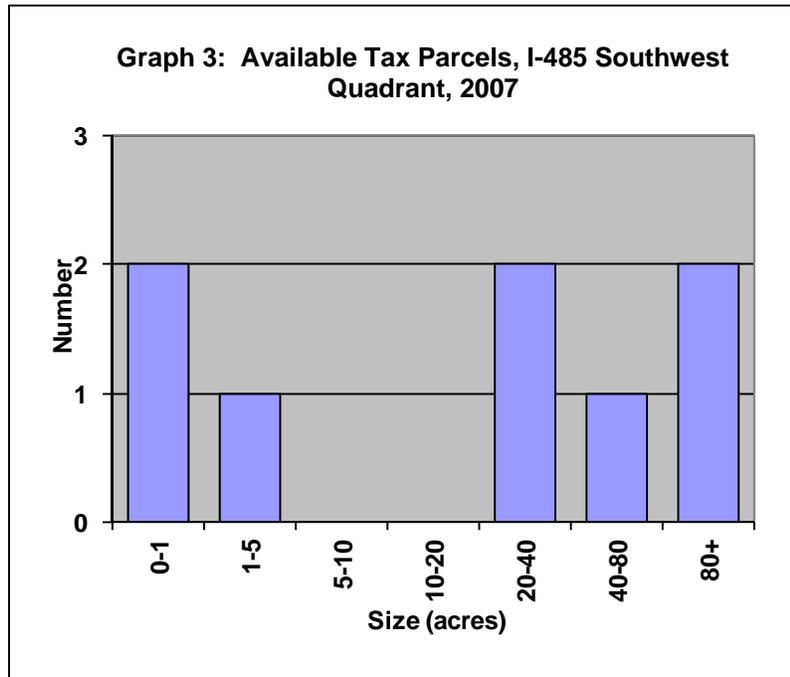
3.1.2 Southwest Quadrant

The southwest quadrant is also well-positioned to accommodate an employment center, with the following attributes:

- Closest proximity to downtown, Presbyterian Hospital Matthews, and existing business parks and employers along Matthews-Mint Hill Road
- Future Independence Point Parkway extension parallel to Independence Boulevard
- Future Mecklenburg County Sportsplex and potential affiliated recreation, entertainment, and hotel uses
- Existing public water and sewer service
- Potential terminus of Southeast rapid transit line to downtown Charlotte
- Second-largest supply of available land among the four quadrants
- Largest average available parcel size

The southwest quadrant has 124 available acres in six tax parcels, resulting in the largest average parcel size of 20.7 acres. This would facilitate assembly for office or business park development. The site of the proposed Mecklenburg County Sportsplex has been omitted from these calculations. As shown in Graph 3, there are five parcels containing more than 20 acres.

Map 5: I-485, Southwest Quadrant Parcels



3.1.3 Northeast Quadrant

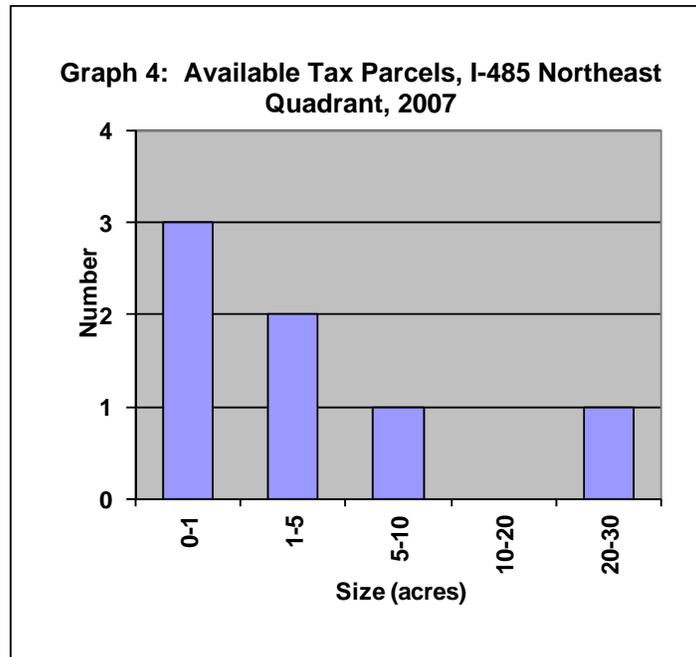
The northeast quadrant (Map 6) is problematic for a variety of reasons, including the following:

- Steep slopes and substantial floodplain
- Limited access to I-485 and Independence Boulevard, with no planned road improvements
- Surrounding residential uses

There are only seven available parcels in the northeast quadrant, containing a total of 42 acres. This equates to a 6.1-acre average parcel size, lowest among the four quadrants. Three parcels contain less than an acre, with only one parcel greater than 20 acres (Graph 4).

Map 6: I-485, Northeast Quadrant Parcels

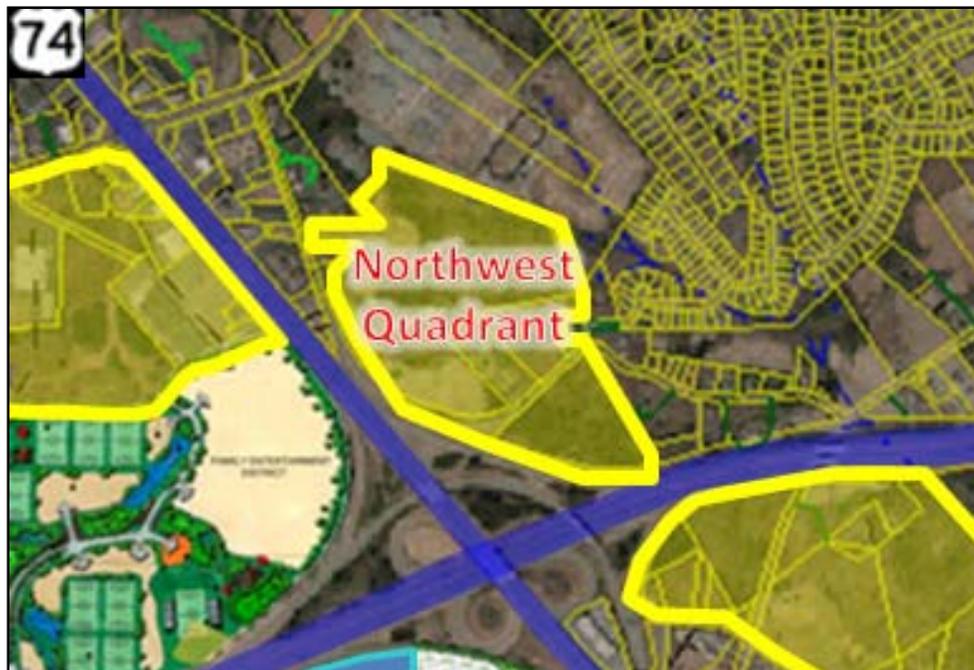




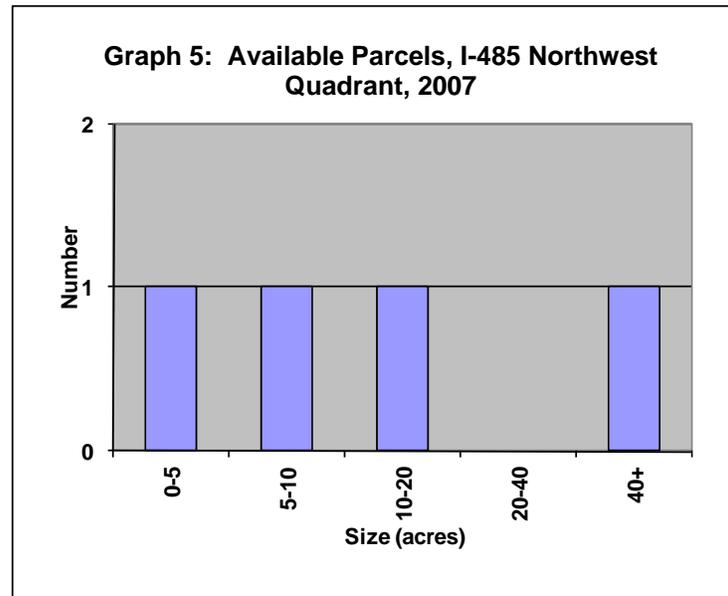
3.1.4 Northwest Quadrant

The northwest quadrant (Map 7) has excellent visibility from both I-485 and Independence Boulevard, with a prominent site available for office or business park development. However, there is no direct vehicular access to I-485, and the street connection to Matthews-Mint Hill Road would require improvement. Based on input from local developers, extending sewer service to the quadrant would also be cost prohibitive without a higher density project, and most office tenants will seek a location south of Independence Boulevard.

Map 7: I-485, Northwest Quadrant Parcels



The northwest quadrant has 72 available acres on four parcels. This equates to an average parcel size of 17.9 acres, second-highest among the four quadrants. As shown in Graph 5, one of those parcels contains more than 40 acres.



3.1.5 Major Property Owners

The nine largest property owners at I-485 and Independence Boulevard are shown in Table 8. These owners control 31 parcels containing 653 acres, or 60% of the total inventory of 1,090 acres. Most of the large parcels are concentrated in the southeast and southwest quadrants. Mecklenburg County is the largest landowner, controlling 196.4 acres. Much of the County’s holdings are targeted for the Sportsplex in the southwest quadrant. With a few exceptions, the land is zoned for single-family residential development.

Table 8: Largest Property Owners, I-485 and Independence Boulevard, 2007

Rank	Name	Quadrant	Parcels	Acres	Zoning	Tax Value	% Vac
1	Mecklenburg County	SE, SW	4	196.4	R-15, R-20	\$4,456,000	100%
2	Brigman Family Farm Properties	SW	3	87.1	R-20, B-2	\$1,336,519	100%
3	HEP Investment Company LLC	SE	3	84.3	B-1SCD	\$3,656,400	100%
4	Matthews Real Estate Partners LLC	SE	13	55.8	R-9	\$1,207,100	83%
5	Drake Judy Tennant	SE	3	48.7	R-12	\$613,600	100%
6	Moore Properties LTD	NW	1	47.9	R-12	\$1,343,000	0%
7	Central Piedmont Community College	SE	1	47.8	R/I	\$16,602,300	0%
8	Mulvaney Group LTD The	SE	1	45.0	R-12	\$660,300	100%
9	Lester And Mary Yandle, LLC	SE	2	39.8	R-12	\$9,476	100%
Total/Average			31	652.8		\$29,884,695	83.9%

Source: Mecklenburg Planning Dept.

Note: Improvement value <\$50,000 is vacant

Most of the 31 parcels are vacant or contain a house or single building that could be removed for development. This represents an unprecedented opportunity at a major highway interchange in the Charlotte region.

3.2 Downtown

Based on data provided by the Town, there are 299 tax parcels within the Downtown Overlay district, of which 77 have buildings valued at less than \$50,000 (Table 9 and Map 8). Of the 194 total acres, 50 are vacant. While projects are already proposed for a significant share of the vacant land, there are still infill development opportunities.

Table 9: Tax Parcels, Downtown Overlay District, 2007

Total Parcels	Vac Parcels	Total Acres	Vac Acres	% Vac	Avg Vac Parcel Size
299	77	194	50	25.7%	0.6

Source: Matthews Planning Department.

Note: Improvement value < \$50,000 is vacant.

Given the comparatively urban context, downtown’s average vacant parcel contains only 0.6 acre, well below 9.4 acres for the I-485/Independence Boulevard interchange. The smaller parcel size in downtown increases the time and expense for land assembly and development.

Map 8: Downtown Overlay, Matthews, 2007



The nine largest landowners in the Downtown Overlay district control 73 acres, or 24% of the 299 total acres (Table 10). Most of this land is already developed for a variety of commercial and light industrial uses. The average parcel size is 1.09 acres.

Table 10: Largest Landowners, Downtown Overlay, 2007

Rank	Name	Parcels	Acres	Zoning	Tax Value	% Vac
1	Charlotte Mecklenburg Board Of Education	1	17.9	R/I	\$10,152,800	0%
2	Hulsey Mary C Family LP	4	13.0	C,I-1,O-9	\$1,865,600	22%
3	Novant Health Inc	2	11.5	O-9(CD)	\$1,726,200	100%
4	Sam Newell Road Company Inc	1	6.1	B-1	\$1,258,800	100%
5	Beddow John W	1	5.9	I-1	\$550,800	0%
6	Renfrow Franklin M	7	5.5	B-1, HUC, R-20	\$1,276,300	18%
7	Matthews Township LLC	41	4.7	B-1,R-VS	\$536,800	0%
8	United States Postal Service	1	4.4	B-1	\$2,573,600	0%
9	Town Of Matthews	9	4.1	HUC, R/I, R-20	\$10,302,900	22%
Total/Average		67	73.0		\$30,243,800	30.6%

Source: Matthews Planning Dept.

Note: Improvement value <\$50,000 is vacant

Based on input from the Leadership Team, focus group and community meeting participants, and Town staff, parking and public safety are considered adequate to support new development. There is an ample supply of on- and off-street parking spaces, and crime is not a measurable deterrent to businesses or residents. Limited automobile and pedestrian connectivity has limited the marketability of some parcels, but that is rapidly improving with current and planned street and sidewalk projects.

4. Comparable Municipality Benchmarking

In order to prescribe the most applicable economic development recommendations to the Town of Matthews, comparable North and South Carolina municipalities with economic development programs were surveyed. Questionnaires were sent to 15 jurisdictions, and 11 responded. Six are in suburban Charlotte, four are in suburban Raleigh, one is in suburban Winston-Salem, and one (Shelby) is not part of a defined metropolitan area.

As shown in Table 11, the 11 municipalities had 7,587 to 55,977 residents in 2005, averaging 22,261 residents. This average was very close to Matthews' population of 22,127 residents.

Table 11: Comparable Municipalities

City	Population
Concord	55,977
Kannapolis	36,910
Monroe	26,228
Huntersville	24,960
Apex	20,212
Shelby	19,477
Mooresville	18,823
Kernersville	17,126
Holly Springs	9,192
Knightdale	8,376
Fort Mill	7,587
Average	22,261

In general, the towns and cities fall into two general geographic and economic categories:

- Rapidly growing residential suburbs of Charlotte or Raleigh (including Matthews)
- Distressed economies due to the collapse of textiles and other traditional industries

4.1 Economic Development Plans

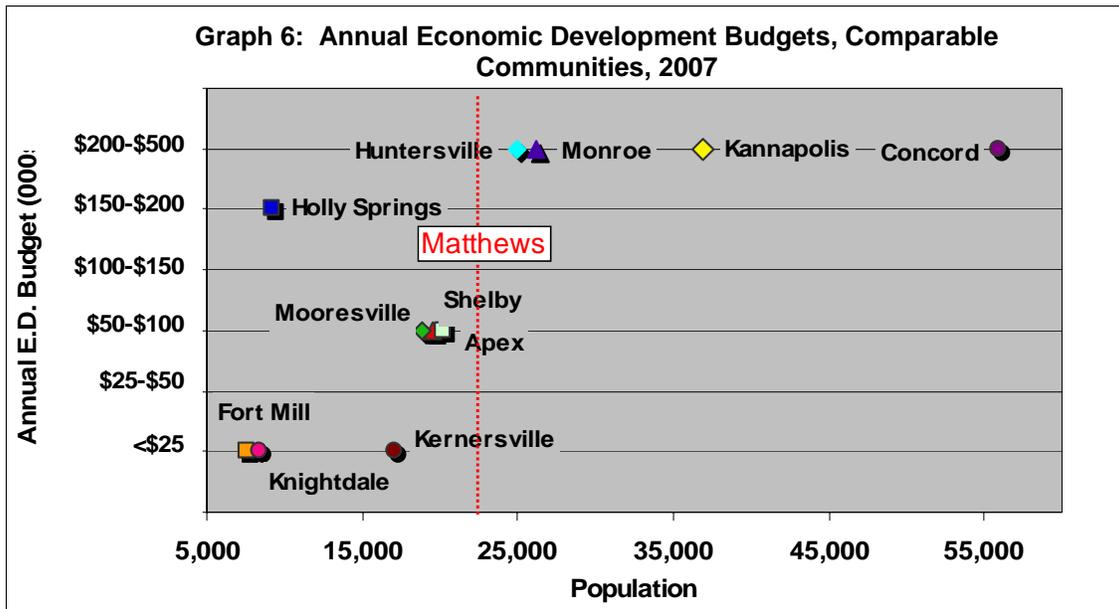
Six municipalities reported having comprehensive economic development strategies: Kannapolis, Shelby, Monroe, Mooresville, Apex, and Huntersville/N. Mecklenburg. As alternative strategies, Holly Springs incorporates economic development into its comprehensive plan and Concord has a target industry plan. Fort Mill, Kernersville, and Knightdale report no written or formal economic development plan.

4.2 Annual Budgets

Annual economic development budgets varied widely among the communities. Three communities reported spending less than \$25,000 a year on economic development

programs. Three communities had budgets from \$50,000 to \$99,000 a year. One community’s budget was between \$150,000 and \$199,999, and five had budgets between \$200,000 and \$499,999.

All four of the municipalities with more than 25,000 residents are spending over \$200,000 annually for economic development (Graph 6). These jurisdictions, all of which are larger than Matthews, include Huntersville (N. Mecklenburg), Monroe, Kannapolis, and Concord. The cities of Mooresville, Shelby, and Apex, which are smaller than Matthews with 18,823 to 20,212 residents, report spending only \$25,000 to \$50,000 per year.



Holly Springs is somewhat of an anomaly, with only 9,192 residents but a \$150,000 to \$200,000 budget. The Town has a full-time department director and a support person. The Town is attempting to offset rapid residential growth with commercial tax base.

The two smallest municipalities, Fort Mill and Knightdale, report spending less than \$25,000 annually. Although significantly larger, with 17,126 residents, Kernersville also spends less than \$25,000, but the Planning Department is very focused on creating jobs and commercial tax base.

Three of the communities have separate economic development departments that are 100% municipally funded, including Monroe, Knightdale, and Holly Springs (Table 12). Concord, Kernersville, and Apex are also self-funded, but rely on one or more departments to conduct economic development, particularly planning and the City Manager.

Table 12: Economic Development Department Structure, Comparable Communities, 2007

City	Municipality	County	Private	Grants
Monroe	100%	0%	0%	0%
Knightdale	100%	0%	0%	0%
Holly Springs	100%	0%	0%	0%
Concord	100%	0%	0%	0%
Kernersville	100%	0%	0%	0%
Apex	100%	0%	0%	0%
Huntersville/N.Meck	75%	0%	25%	0%
Mooresville	50%	50%	0%	0%
Kannapolis	16%	60%	19%	0%
Shelby	15%	75%	10%	0%
Fort Mill	0%	100%	0%	0%

Note: Monroe, Knightdale and Holly Springs have separate economic development departments.

Source: LAWR!MORE

Four municipalities contribute to chambers of commerce or economic development organizations that serve areas beyond the corporate limits. The jurisdictions fund 15% to 75% of the annual budgets, with other sources including counties, private companies, and individual donors. Fort Mill is the only municipality that reports relying solely on the county for economic development. Staffing ranged from four full-time equivalent staff positions to none, with two full-time positions as the average of the 11 communities.

4.3 Incentives

Nine of the municipalities, with the exception of Fort Mill and Apex, provide some type of economic development incentives, most in the form of real property tax rebate or credit programs. Another popular incentive is contributing to or constructing infrastructure. Kannapolis has also implemented a large tax increment finance district to fund improvements for the North Carolina Research Campus on the site of the former Pillowtex plant.

4.4 Industrial Parks

Ten municipalities have a total of 37 industrial parks within their borders, ranging from one each in Knightdale and Fort Mill to seven in Kernersville (Table 13). Shelby is the only community without an industrial park, but it works closely with Cleveland County to bring new jobs and industrial tax base to the area. Kannapolis, Monroe, and Huntersville/N. Mecklenburg have municipally-owned parks. Monroe is one of the three municipalities with independent city-funded economic development departments.

Table 13: Industrial Parks, Comparable Communities, 2007

City	Ind. Parks	Municipal Ownership	% Municipal
Kernersville	7	0	0%
Monroe	6	2	33%
Concord	6	0	0%
Kannapolis	4	1	25%
Mooresville	4	0	0%
Huntersville/N. Meck	3	1	33%
Apex	3	0	0%
Holly Springs	2	0	0%
Fort Mill	1	0	0%
Knightdale	1	0	0%
Shelby	0	0	0%
Total/Average	37	4	11%

Source: LAWR!MORE

4.5 Implications for Matthews

Matthews has had an “abundance of riches” for quite a few years, as developer-driven market forces have brought a great deal of residential and commercial growth to the community. Now, however, there is a danger that Matthews’ tax base could become unbalanced with disproportionate burdens on individual homeowners and retail. The prescription is more employment-based development.

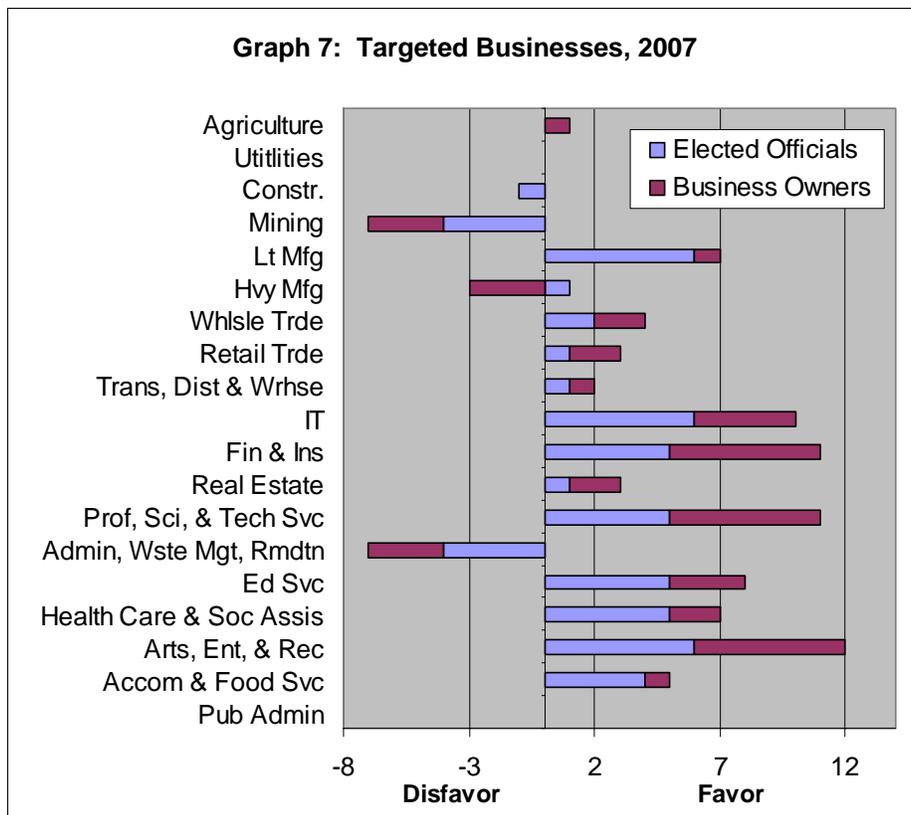
Between the mid-six-figure economic development programs typical of larger communities and county seats and the low levels of funding in smaller communities is a middle range that is labeled a hybrid approach. This approach would influence development on the last remaining large tracts at the I-485 interchanges, promote a stronger downtown, and prepare for longer-term redevelopment along the Independence Boulevard corridor.

5. Strategic Direction

Input was obtained from regional economic developers, the Leadership Team, and two focus groups of Matthews elected officials and business owners to determine the appropriate target market, and the locations and types of buildings that would be most competitive to accommodate new employers.

5.1 Target Business Identification

Target business categories, identified by primary industrial classification, were selected by the Leadership Team, two focus groups, and the public using colored dots to mark their preferences (favored as well as disfavored categories) on a display board. The results of that selection process are shown in Graph 7.



The top 5 preferred industry sectors were:

1. Arts, Entertainment, & Recreation
2. Professional, Scientific, and Technological Services
3. Finance & Insurance
4. Information Technology
5. Educational Services

In general, these sectors are characterized by small firms and organizations. The possible exception would be Finance & Insurance, although this sector has some insurance agencies and community banks with 20 or fewer employees. The concentration of higher-income professionals and business owners in Matthews makes it conducive to attract these sectors.

Economic developers interviewed for this assignment concurred that Matthews has an opportunity to focus on small businesses, especially fewer than 20 employees, because that is the cut-off point for incentives from the City of Charlotte. Table 14 shows the percentages of firms in North Carolina by size (U.S. statistics are similar) based on the 2004 survey of U.S. Businesses by the Census Bureau:

Table 14: NC Firms by Size, 2004

Firm Size	No. of NC Firms	% of Total
No Emp. (1 person)	21,106	12.4%
1-4 Employees	77,237	45.4%
5-9 Employees	30,433	17.9%
10-19 Employees	18,424	10.8%
20-99 Employees	16,088	9.5%
100-499 Employees	3,487	2.1%
500 or More Employee	3,241	1.9%
Total	170,016	100.0%

Source: U.S. Census Bureau

Companies with fewer than 20 employees comprise 86.5% of North Carolina firms, and a similar share is noted nationwide. If Matthews provided even a small incentive for businesses with 10 to 19 employees, as well as larger ones in increments above that, it could be a marketing advantage. The target industry sectors would still apply. The Charlotte Chamber of Commerce and the Charlotte Regional Partnership have said they would work with the Town to develop a realistic and effective incentive policy for Matthews.

Small business is an ideal target for Matthews for several key reasons:

- Provides a unique opportunity in Mecklenburg County
- Small businesses typically occupy multi-tenant business parks like those envisioned for the I-485 quadrants
- Downtown Matthews can accommodate small firms in new and existing buildings
- Small business complements Matthews' small-town values

5.2 Incentives

Many municipalities in the Charlotte region provide incentives in terms of a partial rebate of new property taxes over a period of several years. This is not "giving away money." The eligible companies must first pay property taxes in full.

In approved Investment Zones in Charlotte, a firm must invest a minimum of \$1.5 million and create at least 20 jobs. Grant recipients must pay an average wage rate for all employees at the investment site equal to or greater than 100% of the average annual wage rate for the Charlotte-Gastonia-Rock Hill metropolitan statistical area (MSA). The average wage can be lowered by up to 20% for pledging to employ Work First participants and/or residents of the development zone in 25% or more of the new job positions. Manufacturing companies creating less than 20 new jobs may be considered for the program with a minimum investment of \$3 million within the Investment Zone.

Investment and employment levels must be maintained throughout the term of the Grant. Failure to maintain these levels during the grant term will result in suspension of Grant payments until such time as the levels are once again met and maintained. In addition, grant recipients that relocate outside of Charlotte within 5 years after receipt of the final installment will be required to repay a proportional amount of the grant.

Grants are based on a five-year sliding scale for new property tax generated by the investment:

- Year 1: 85% of new property tax
- Year 2: 80% of new property tax
- Year 3: 75% of new property tax
- Year 4: 70% of new property tax
- Year 5: 65% of new property tax

In follow-up to this plan, if Matthews pursues a regional-size employment center, the Town should consider the creation of a structured incentive program to attract businesses and remain competitive with other jurisdictions. This plan does not advocate or outline any specific incentives.

5.3 Employment Center Development Opportunities

Local and regional economic developers interviewed for this assignment had a consistent message for the Town of Matthews. There is a compelling need for product, or land and buildings, to accommodate new and expanding businesses. Essentially, the Charlotte Regional Partnership and the Charlotte Chamber of Commerce would bring prospects to Matthews if there were pad-ready improved sites for new construction and/or speculative buildings available for immediate occupancy.

Communities in the Charlotte region such as Monroe, York County, and Lincoln County that have worked diligently to deliver accessible and visible product at reasonable prices have been extremely successful in attracting business relocations over the last three to four years. These communities have worked closely with developers to provide sites and speculative buildings of various sizes within well-designed business parks.

The economic development community believes that the I-485/Independence Boulevard interchange is the primary opportunity to create an employment center in Matthews. Office and distribution are the preferred land uses, with the potential for multi-story Class office buildings south of Independence Boulevard.

5.3.1 Real Estate Developer Input

The real estate developers interviewed for this assignment have all constructed office and/or light industrial space in the Charlotte region. Some have developed projects in the Town of Matthews.

Real estate developers consistently indicated that Matthews is currently not competitive as an employment center for the following reasons:

- **Image:** Matthews is a higher-income residential suburb, not a job center
- **Perception:** Matthews is a “tough place to do business”
- **Product:** There is no business or office park with regional impact or visibility

Because these limiting conditions reinforce one another, the developers recommended that Matthews consider funding streets and public utilities, or contributing Town-owned land, to expedite the creation of a regionally competitive employment center. Partnering with a developer would affirm the community’s commitment to an office or business park. This is important for Matthews, since it is characterized largely by residential and retail uses. The Town could also be in a position to fund gaps for strategically located projects with unfunded infrastructure costs.

The developers had similar visions of the type of product that could be supportable at I-485 interchanges.

- The primary opportunity is at I-485 and Independence Boulevard, focusing on the two southern quadrants between Independence Boulevard and E. John Street.
- Pursue a mix of one- and two-story professional and multi-story Class A office buildings; buildings should range from approximately 15,000 to 50,000 square feet to accommodate a mix of smaller businesses and regional corporate facilities.
- Focus multi-story office space in the southeast quadrant of I-485 and Independence Boulevard, between the CSX Railroad and E. John Street.
- Providence Park at I-485 and Providence Road is considered a reasonable model for office space; total of 200,000 to 300,000 square feet.
- Because office tenants require close proximity to restaurants, banks, and convenience retail, preferably within a safe pedestrian environment, pursue a larger mixed-use development with office, retail, and possibly residential uses in the southeast quadrant, with the potential for structured parking in later phases.
- Pursue light industrial or flex space in the southwest quadrant near the intersection of Matthews-Mint Hill Road and Independence Point Parkway.
- Hotels and entertainment uses could also be accommodated in the Southwest quadrant around the planned Sportsplex.

- Once public utilities and streets are extended into the northwest quadrant, it would be competitive for light industrial and/or small professional office buildings, but land prices would dictate higher-density mixed-use development with retail and multi-family housing.

5.3.2 I-485/Independence Boulevard Development Opportunities

There are several compelling reasons to focus on the southeast quadrant of I-485 and Independence Boulevard for an employment center, including the following:

- Adequate supply of vacant land to create a pedestrian-oriented mixed-use development
- The future McKee Road extension from Pleasant Plains Road to US-74 will provide an alternative circumferential route to I-485 for local and regional labor force
- McKee Road will connect directly with some of the highest income Census tracts in the Charlotte area

As shown on Map 9, the Census tracts of southeast Mecklenburg and southwest Union counties have exceptionally high concentrations of households earning over \$100,000 per year. This demographic cohort is considered a strong indicator of “decision-maker” households containing small business owners, professionals such as attorneys and physicians, and regional corporate executives. Because these “decision-makers” are empowered with choosing business locations, proximity to their residences is an important success factor for office parks.

Belle Grove at the Arboretum, Providence Park, Toringdon, and Ballantyne Corporate Park are four successful office parks in southeast Charlotte that were analyzed at the request of the Leadership Team. They benefit from locations within quick commutes of high-income neighborhoods.

As shown in Table 15, the four office parks vary extensively from 15 acres at Belle Grove at the Arboretum to 163 acres at Ballantyne Corporate Park West (west of US-521). Each of the three smaller parks would fit between I-485, the CSX Railroad, E. John Street, and the Duke Power substation. Only Ballantyne Corporate Park West would require a larger footprint.

Table 15: Office Parks, South Charlotte Market Area, 2007

Project	Acres	Completed Square Ft.	Tax Value
			per Heated Sq. Ft.
Belle Grove at Arboretum	15	179,106	\$134
Providence Park	28	317,440	\$139
Toringdon	36	560,514	\$122
Ballantyne Corporate Park West	163	1,944,065	N/A

Source: Mecklenburg GIS

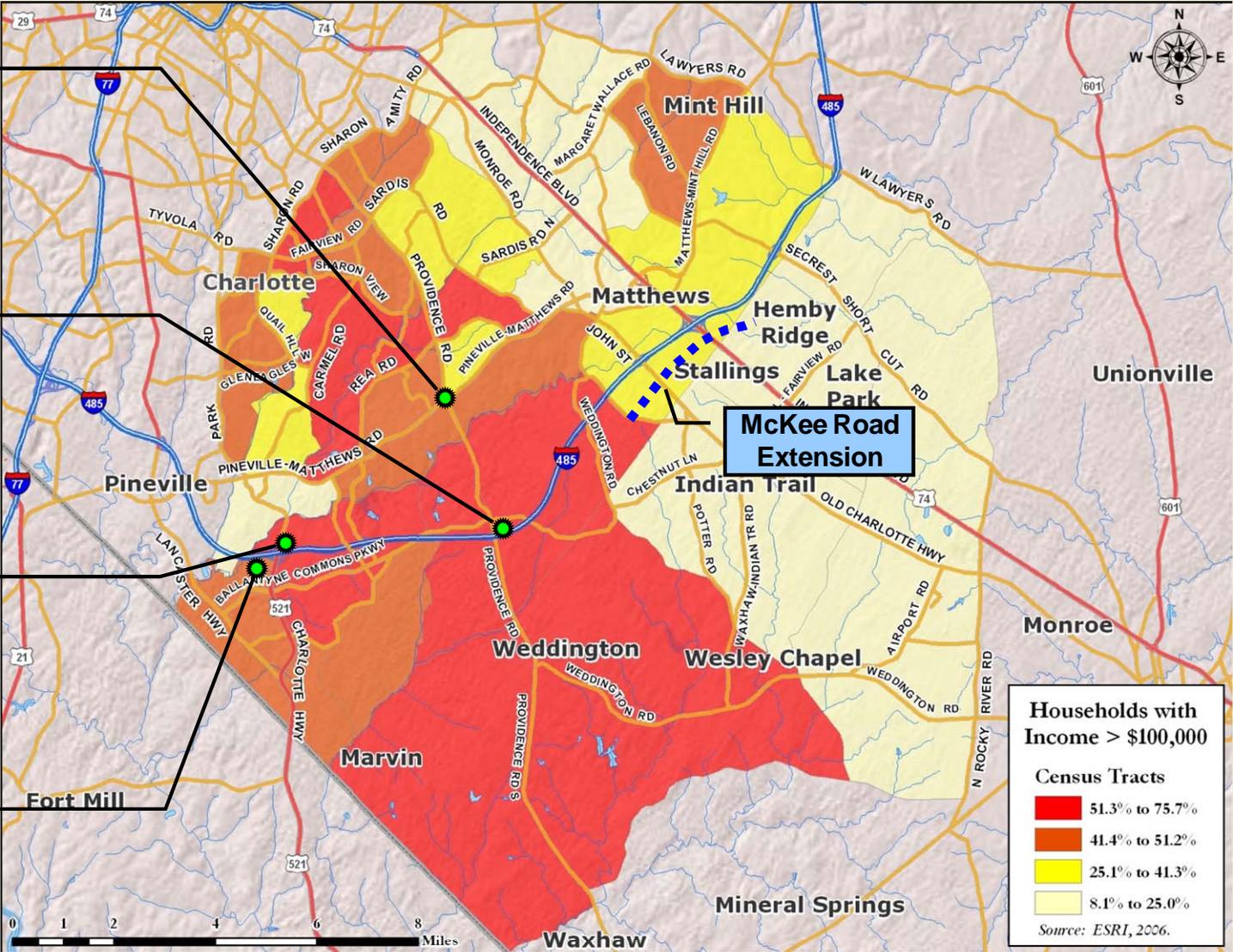
Belle Grove at the Arboretum and Providence Park are built-out with 179,106 and 317,440 square feet, respectively. Providence Park was consistently mentioned by the economic developers and real estate developers as a good model for an office park in Matthews. Toringdon has 560,514 completed square feet, with a final building under construction. The aggregate tax values for these three parks range from \$122 to \$139 per heated office square foot.

5.3.3 Employment Center Development Strategies

There are basically three alternative strategies for employment center development at the I-485/Independence Boulevard interchange, each with its own advantages and disadvantages:

- **Market-Driven** – This strategy would rely on market forces. Matthews would rezone the targeted land to allow for office or business park development, and work with the developer to create a supportable and sustainable site plan. The developer would be responsible for financing and constructing the park. The Town could participate in marketing activities.
- **Joint Venture** – In addition to rezoning the land, Matthews could issue an RFP to area developers to join with the Town in developing one or more sites. The Town could provide infrastructure such as roads and utilities to increase ad valorem land values, and the developer would build the structures and market them to prospects. This would involve some significant investment, but the Town would have more control over the appearance and companies in the parks. If the Town contributed land to the project, it could share in profits, in addition to the tax revenue.
- **Self-Development** – In this strategy, Matthews would develop its own business park, bearing all costs and reaping all rewards. This is what several of the comparable communities have done, like Holly Springs and those in North Mecklenburg. This option allows the Town to have full control and get all the return on investment. Sites would be sold to developers to construct speculative buildings, as well as to companies for their own facilities.

Map 9: Household Incomes and Office Park Locations



5.4 Downtown Development Opportunities

A special Leadership Team meeting was conducted in December to address downtown Matthews development opportunities. While the Town maintains a Downtown Overlay District for planning and zoning purposes, there is no Municipal Service District (MSD) with a special property tax to fund improvements or marketing programs.

Recommendations included the following:

- Continue to improve vehicular and pedestrian connectivity. Charles Street is being extended to NC-51 as an alternative to W. John Street. The long-proposed Buckley Boulevard between E. John and Charles streets should be expedited to provide an alternative to Trade Street and improve access to vacant land east of the Post Office.
- Increase the number of downtown residents, which is essential to attracting more retail. Higher density three- to four-story housing should be allowed to exceed the Town's current building height limit of 35 feet. Work with property owners and developers to assemble individual lots and construct well-designed residential projects with a mix of stacked flats and townhouses. Focus on developments containing less than 50 units.
- Consider rezoning some land from industrial and single-family residential to multi-family residential or mixed-use, concentrating on sites within a five-minute walk of Trade Street.
- Improve directional signage for existing parking lots and on-street spaces. Members of the group stated that there is currently an adequate supply of parking, but patrons have difficulty finding it.
- Hire an economic developer whose responsibilities include coordinating marketing efforts for downtown, including special events.
- Although there is no apparent problem with crime, increase the police presence with a foot patrol to improve pedestrian safety, monitor traffic conditions, and act as an ambassador for the town.
- Implement free wireless internet service in the downtown area.

5.5 Brand Development

Ten of the leading economic development and commercial real estate professionals in the Charlotte Region were interviewed by the consulting team concerning their perceptions of Matthews and ideas for economic development success. They believe Matthews is an excellent location for new business provided there is the right product (land and buildings) and appropriate incentives for targeted business sectors. For example, Jeff Edge of the Charlotte Chamber said:

“Some proactive action on their part is needed. Huntersville was in the same boat a few years ago, and said ‘We’ve got to do something to make ourselves successful in this area.’ So they rezoned several hundred acres to ‘corporate business’ – basically manufacturing and corporate office – and also adopted an incentive policy. So it boils down to (1) do some proactive

rezoning, and (2) adopt an incentive policy. Our office right now has 807 active economic development projects we're working on. If Matthews wants to be a player, it's got to have product – land and buildings – and incentives. Our office would give them all the activity they would ever want if they have that.”

Given input from participants in this strategic planning process, and the target markets, three prospective branding statements have been proposed to reflect Matthews' community spirit and economic development goals. They are presented below in order of preference among participants of the Leadership Team:

- Make It Matthews!
- Matthews - Where You Want to Be, What You Want to Do
- Matthews - Let Us Show You!

These branding statements should be considered preliminary examples at this point. A more formal brand development process should be undertaken with an experienced marketing firm to finalize the wording and develop appropriate logo/typography for a professional presentation.

5.6 Marketing Strategies

Successful marketing involves much more than the promotional communications which are widely seen, such as advertising, public relations, publications, websites, and other media. For many years marketing has been defined as the “4 P's” of product, price, place and promotion (i.e., communications). Much of this plan focuses on product and place, with some reference to price in terms of municipal economic development budgets and incentives.

The consulting team believes that traditional marketing strategies have minimal relevance to Matthews' economic development efforts. If quality sites and buildings are available for sale or lease at market-driven prices, the Town should focus on building relationships with regional economic developers and commercial real estate brokers to capture relocations.

Creating and maintaining a well-designed web site would presumably be a more effective approach than printed materials that might be supplied by a business park developer. We recommend revising the Town web site to include an economic development section or creating a separate web site with extensive detail. Information is the real “weapon” in the competitive economic development arena.

A member of the consulting team, Lawrimore Inc., has developed web sites for several economic development programs in the Charlotte region.

For best results, an economic development web site should include information about:

- The economic development organization itself, how it is structured and works, and how to contact staff via telephone, mail and e-mail.
- Existing business and industry in the community, with detailed statistics such as SIC/NAICS codes, numbers of each, major employers and small business opportunities.
- Education and training available in the area.
- The local economy and the demographics of the Town population.
- Local government structure and all taxes which must be paid by a business locating in Matthews.
- Incentives available – even if the Town does not have its own, state incentives can be listed and explained.
- The location of the Town and its geography/climate.
- Quality of life - community organizations, events, neighborhoods, the arts and culture.
- Real estate – Should include all commercial/industrial property available for sale or lease; ideally this would be connected with the Charlotte Regional Partnership’s online database so listings can be constantly updated and displayed on the Town’s web site
- Transportation to and through the community
- Utilities – electric, gas, water, sewer.
- Workforce – A profile of the local workforce, number of people and education levels.
- News of recent economic developments in Matthews, including businesses that have located or expanded there
- Links to related sites such as the Charlotte Regional Partnership, N.C. Department of Commerce, the Charlotte Chamber, and the Matthews Chamber.

An alternative marketing scenario should be considered if quality product is in place and doesn’t sell or lease. In this case, additional marketing would be needed or justified, such as the following:

- An information package including a color brochure and a complete set of detailed documents in a custom-designed pocket folder
- A new logo and branding statement, printed on new stationery, and economic development materials, as suggested earlier in this report
- Advertising and PR in local media on a steady basis
- Possible marketing-media budget for these items: \$60,000-80,000 the first year, perhaps \$50,000 or less in subsequent years, depending on the amount of product which needs to be promoted.

6. Operational Plan

6.1 Organizational Structure

6.1.1 Options

Matthews currently has no economic development organization. It is almost impossible for any community to be competitive in economic development without having at least one dedicated economic development professional on staff. Economic development is very complicated, and practically all of the professionals in the Charlotte region have been certified through fairly intensive professional development programs provided by national organizations and associations.

There are many options for an economic development organization structure in Matthews, but the following three are probably the most viable and relevant:

Status Quo – Economic development activities are handled regionally by the Charlotte Chamber and the Charlotte Regional Partnership, with local activities coordinated by the Matthews Chamber and the Town Planning Department. This could continue with no additional funding, or the Town could add a five-figure marketing budget to its budget and hire an experienced firm to develop new business recruitment materials and an economic development website.

Pros	Cons
No additional cost or staff	Not taking advantage of new opportunities
Predictable	Reactive; wait for ideal businesses
No time toward proactive rezonings	Doesn't encourage new ideas and entrepreneurs
	Perpetuates perception of difficult to work with
	More reliance on residential tax base

Source: Leadership Team.

Hybrid – This option would allow Matthews to pursue a joint venture or Town-owned business park. The Town could invest \$125,000-150,000 annually for salaries (an Economic Development Director plus an assistant), benefits, and operating expenses. The Economic Development Department would take over all marketing functions from the Matthews Chamber, negotiate with real estate developers, coordinate with the Charlotte Chamber and Charlotte Regional Partnership, and interact with new business prospects. The budget for marketing communications such as brochures and website development would be minimal.

Pros	Cons
Stronger ability to negotiate with developers	Front-end investement with no immediate return
Point person in Town government for businesses	Adjustment and realignment of Town staff
Selectively reach out as an ambassador	No power to bind Town to deals
Represent Town with Chamber, CRP, and brokers	No significant external marketing budget

Source: Leadership Team.

Competitive – To compete with slightly larger towns and cities profiled in this report, Matthews would need to invest \$250,000-300,000 a year. This would provide the staff expertise and outsourced consulting services to proactively promote the Town, negotiate development agreements for new employment centers, pay for marketing materials and services, and facilitate downtown development.

Pros	Cons
Control development by investing own assets	Most expensive option
More marketing dollars to influence perceptions	Marketing becomes a much larger expense
Capacity to adapt to large-scale change in market	
Long-term vision; fewer immediate needs than competitors	

Source: Leadership Team.

6.1.2 Recommendation

The Matthews Leadership Team voted unanimously in October to support the Hybrid approach described above. The consulting team supports this recommendation as a way for Matthews to begin investing in its long-term economic future. Given the Town’s comparatively stable job and tax base, we believe the more expensive Competitive approach used by some jurisdictions which have lost substantial manufacturing employment is not currently warranted.

While some of the municipalities surveyed for this assignment have independent economic development authorities funded in part by local government, or departments housed within Chambers of Commerce, we recommend an internal economic development department for Matthews. This department, whose director would report directly to the Town Manager, would be funded entirely within the municipal budget.

The department would have two full-time employees: a director and an assistant. It is also possible that a student intern could be affiliated with the planning program at UNC-Charlotte.

The Economic Development Director would have the following responsibilities:

- Act as liaison between the Town and the Charlotte Chamber and Charlotte Regional Partnership.
- Act as ombudsman for new businesses or prospects, minimizing barriers to entry.
- Negotiate for the Town to obtain development agreements for one or more employment centers.
- Market the Town and its employment centers to the regional commercial real estate community.
- Coordinate with other Town departments to implement downtown improvements and promote and facilitate in-fill housing development.
- Work with the Planning Department to prepare for land use changes resulting from the long-term conversion of Independence Boulevard into a limited-access freeway, and the construction of the Southeast Transit Corridor, with three stations in Matthews.

6.2 Funding Strategies

6.2.1 Comparable Economic Development Models

Although there are numerous models for economic development in the Charlotte region, most programs operate at the county level. Funding is provided entirely or primarily by the county. In some cases, there are additional contributions by municipalities and private employers.

As noted in the comparable municipality benchmarking section of this report, individual towns and cities are increasingly finding that, in order to compete, they need their own economic development programs. Details are available in the Appendix to this report.

The Leadership Team expressed a preference for funding an economic development program using Town funds alone. But other communities have found that supplemental private funding has several important advantages:

1. It provides funding for external marketing, the part of the budget which is hardest for government organizations to cover, and usually the difference between small economic development programs and competitive programs.
2. It gives the business community a voice in economic development, so that the resulting initiatives are realistic and more likely to be supported by the business community.
3. It allows business leaders to share their knowledge and expertise about what works in the real market.
4. It spreads the sense of “ownership” or “buy-in” of the economic development program to a larger base of people, many of whom are opinion leaders.

Some communities have “Committees of 100” which encourage 100 or more people to be steady supporters of the economic development program. Others seek higher levels of support from major corporations and in return often provide a seat on their Board or Economic Development Commission for top leaders from donor companies. Although these selections must be judicious, there is general agreement that these business leaders have a great deal to contribute in terms of knowledge and influence as well as money.

In Gaston County and other communities, the Chamber of Commerce has an Economic Development Division (EDD) or equivalent group that is nurtured by the Chamber and provides supplemental funding for economic development – often for the marketing “difference” mentioned above. In other locales, the economic development director has the task of managing his Board or Commission so that they do the fund-raising. Unfortunately this can be a real drain on the director’s time and energy, so making the economic director also responsible for fund-raising is not ideal.

6.2.2 Matthews Budget Trends

As shown in Table 16, the Town of Matthews budget increased 9% from \$17.8 million in fiscal year (FY) 2002-2003 to \$19.4 million in FY 2005-2006. The source of this information is the Town of Matthews Comprehensive Annual Financial Report for FY ended June 30, 2006. The budget year for Matthews is July 1 through June 30.

Table 16: Budget Trends, Town of Matthews, 2002-2006

Primary Expenses	2002- 2003	2005- 2006	Change	
			Number	%
General government	\$7,233,067	\$6,625,826	-\$607,241	-8%
Public Safety	\$4,768,850	\$6,263,505	\$1,494,655	31%
Public works	\$2,323,334	\$2,609,510	\$286,176	12%
Environmental protection	\$1,482,411	\$1,880,068	\$397,657	27%
Cultural and recreation	\$690,188	\$946,996	\$256,808	37%
Interest on long term debt	\$996,622	\$660,906	-\$335,716	-34%
Economic and physical development	\$311,016	\$419,433	\$108,417	35%
Total	\$17,805,488	\$19,406,244	\$1,600,756	9%

Source: Town of Matthews Annual Financial Report

There are currently seven primary functions for the Town of Matthews, the most costly being General Government at \$6.6 million. Public safety is the second highest expense at \$6.3 million.

The Economic and Physical Development function is essentially the Planning Department. This department employs five persons for the administration of planning, zoning, and code enforcement. Although there is no defined economic development position in the department, the director has the potential to impact the Town's tax base through negotiations with developers seeking rezoning.

The Economic and Physical Development budget increased \$108,417, or 35%, between FY 2002-2003 and FY 2005-2006. In spite of this increase, it remains the smallest component of the Town budget, at \$419,433. It represents 2.2% of the Town budget.

6.2.3 Potential Office Development by Organizational Structure

Different levels of supportable office park development were applied to each of the three potential economic development organizational structures for the Town of Matthews. As shown below, these forecasts are based in part on the comparable southeast Charlotte office parks described in section 5.3.2.

Status Quo: Belle Grove at the Arboretum
 Hybrid: Providence Park
 Competitive: Toringdon

The Status Quo model assumes no economic development costs to the Town. If this scenario could support 100,000 square feet of office space, the net revenue to the Town would be \$39,710 annually (Table 17). This is based on estimated land and building values in 2007 dollars.

Table 17: Office Development Potential by Organizational Structure, Matthews

Econ. Devel. Structure	Office Square Ft.	Tax Value	Tax Rate	Matthews Tax Revenue	Econ. Devel. Cost	Net Revenue
Status Quo	100,000	\$12,913,843	0.308	\$39,710	\$0	\$39,710
Hybrid	300,000	\$38,741,530	0.308	\$119,130	\$125,000	-\$5,870
Competitive	500,000	\$64,569,217	0.308	\$198,550	\$250,000	-\$51,450

The Hybrid model's 300,000 square feet of office space would generate an estimated \$119,130 in real property tax revenue per year at build-out, offset by \$125,000 in economic development expense. The result would be a net outflow of \$5,870.

The Competitive scenario's 500,000 square feet of office space would result in \$198,550 in real property tax revenue at build-out, offset by \$250,000 in economic development expense. The result would be a net outflow of \$51,450.

It is important to note that the "losses" attributable to the Hybrid and Competitive models do not recognize other benefits that would accrue to the Town. These could be quantitative in terms of tax base from other employment-based or downtown projects, and qualitative in terms of validation and visibility within the economic development community.

A "break even" calculation for the three models indicates that the Hybrid and Competitive models would require 314,781 and 629,563 square feet of office space at build-out, respectively (Table 18). In this case, the real property tax revenues from new development would cover the exact cost of a new economic development function.

Table 18: Break Even Calculations by Organizational Structure, Matthews

Econ. Devel. Structure	Office Square Ft.	Tax Value	Tax Rate	Matthews Tax Revenue	Econ. Devel. Cost	Net Revenue
Status Quo	0	\$0	0.308	\$0	\$0	\$0
Hybrid	314,781	\$40,650,325	0.308	\$125,000	\$125,000	\$0
Competitive	629,563	\$81,300,779	0.308	\$250,000	\$250,000	\$0

As shown in Table 19, the Hybrid model would "break even" with an additional 14,781 square feet of office space. At 314,781 square feet, the potential office park would be almost identical in size to Providence Park, the development mentioned most frequently for Matthews to emulate. The Competitive model would require an additional 129,563 square feet to reach 629,563 square feet. A development of this size would be comparable to Toringdon after completion of the final building now under construction.

Table 19: Break Even Square Footage Calculations by Structure, Matthews

Econ. Devel. Structure	Forecasted Square Ft.	Break-Even Square Ft.	Additional Square Ft.
Status Quo	100,000	100,000	0
Hybrid	300,000	314,781	14,781
Competitive	500,000	629,563	129,563

Tax revenue forecasts ignore the job and payroll impacts of a new office employment center. While the Town does not impose a payroll tax, or receive a portion of the State of North Carolina income tax, it is important to note that employee retail spending does provide a minor sales tax revenue stream. Employees also could reside in Matthews, boosting the residential tax base.

Based on industry standards for occupancy and square feet per employee, the three models in the break-even scenario would create 450 to 2,833 office jobs at build-out (Table 20). At an average salary of \$50,000, the annual payroll would range from \$22.5 million to \$141.7 million.

Table 20: Break Even Calculations by Number of Jobs, Matthews

Econ. Devel. Structure	Office Jobs	Avg. Salary	Annual Payroll
Status Quo	450	\$50,000	\$22,500,000
Hybrid	1,417	\$50,000	\$70,825,725
Competitive	2,833	\$50,000	\$141,651,675

6.2.4 Equivalent Retail Development

Retail development is a more likely scenario for Matthews without an economic development function. If an equivalent amount of retail space was constructed in Matthews instead of an office employment center, the net property tax revenue could range from \$24,117 to \$120,586 (Table 21). This is based on estimated land and building values in 2007 dollars.

Table 21: Retail Net Revenue Calculations by Organizational Structure, Matthews

Econ. Devel. Structure	Retail Square Ft.	Tax Value	Tax Rate	Matthews Tax Revenue	Econ. Devel. Cost	Net Revenue
Status Quo	100,000	\$7,843,019	0.308	\$24,117	\$0	\$24,117
Hybrid	300,000	\$23,529,058	0.308	\$72,352	\$0	\$72,352
Competitive	500,000	\$39,215,096	0.308	\$120,586	\$0	\$120,586

Based on industry standards for occupancy and square feet per employee, the three retail development assumptions would create 180 to 900 jobs at build-out (Table 22). At an average salary of \$28,000, the annual payroll would range from \$5.0 million to \$25.2 million.

Table 22: Number of Retail Jobs by Organizational Structure, Matthews

Econ. Devel. Structure	Retail Jobs	Avg. Salary	Annual Payroll
Status Quo	180	\$28,000	\$5,040,000
Hybrid	540	\$28,000	\$15,120,000
Competitive	900	\$28,000	\$25,200,000

6.2.5 Comparison of Potential Office and Retail Development by Organizational Structure

The Hybrid office and retail development scenarios of 300,000 square feet are compared in Table 23. For the equivalent square feet, office could be constructed in multi-story buildings covering less land, and create a higher tax value. The real property tax revenue per acre at build-out would be \$5,957 for office and \$2,631 for retail in 2007 dollars.

Table 23: Office and Retail Comparison, Matthews

Land Use	Acres		Matthews		Revenue	E.D. Cost	Net Rev.	Jobs	Annual Payroll
	Square Ft.	Required	Tax Value	Tax Revenue	Per Acre	Per Acre	Per Acre		
Office	300,000	20	\$38,741,530	\$119,130	\$5,957	\$6,250	-\$293	1,350	\$67,500,000
Retail	300,000	28	\$23,529,058	\$72,352	\$2,631	\$0	\$2,631	540	\$15,120,000

If the Town spent \$125,000 per year on the Hybrid economic development model, the net loss per acre would be \$293. This is consistent with the break-even model that would require another 14,000 square feet of development. The estimated 1,350 office-occupying jobs would equate to an annual payroll of \$67.5 million.

If the Town could attract a 300,000-square-foot retail center without an economic development function, the net revenue per acre would be \$2,631. However, only 540 jobs would be created, with an annual payroll of \$15.1 million.

Again, it is important to note that the minor “loss” attributable to the Hybrid model does not recognize other benefits that would accrue to the Town. These could be quantitative in terms of tax base from other employment-based or downtown projects, and qualitative in terms of validation and visibility within the economic development community.

6.3 Timing Recommendations

Matthews is at a critical juncture in defining its economic future. The time to leverage its assets and implement an economic development program is now. Waiting three or four years could result in the loss of existing market opportunities for employment centers at I-485 interchanges. By that time, Union County will be better positioned to attract office and business park development, as the long-proposed US-74 Bypass could be under construction.

When this Strategic Planning process began, a Leadership Team was formed with the expectation that they might form the core of a new Economic Development Board,

similar to the seven other volunteer Boards or Committees in Matthews. Over the months this process has evolved, those individuals have demonstrated a great deal of insight and energy for the task. We believe they would be an ideal group of candidates to form a Board and work with Town staff to establish the charge of a new Economic Development Department and its director, and establish the funding mechanisms. This Board should be formed immediately, with approximately five to seven members.

The consulting team recommends that the Town allocate \$125,000 in the FY 2008-2009 municipal budget for economic development. This would result in a 0.64% increase in the FY 2005-2006 budget of \$19.4 million.

Between now and June 30, the Economic Development Board and key Town staff could collectively create a very detailed job description for an Economic Development Director, and advertise for the position (Table 24). A director could be in place by the fall, with an additional support position filled by year-end.

Table 24: Economic Development Timeline, Town of Matthews

Task	Timing
Form ED Board	March/April 2007
Create Detailed ED Department Description	March/April 2008
Create Detailed ED Director Job Description	April/May 2008
Create and Approve ED Budget	May, 2008
Advertise ED Position	June, 2008
Hire Director	Summer, 2008
Hire Support Person	Fall, 2008

Disclaimer

This report contains the collective findings and recommendations of the consulting team, in collaboration with the Leadership Team and Town of Matthews staff. The consulting team, led by Warren & Associates, conducted extensive due diligence to verify data and opinions obtained for this report. Every reasonable effort was made to provide the most current and accurate information, but the consulting team is not responsible for inaccuracies provided by our clients or any other data sources.

Recommendations and forecasts contained in this report are opinions based on interpretation of interviews, economic data, and municipal budgets provided by the Town of Matthews. The consulting team makes no warranty or representation that any specific employment centers can or will be developed. There is also no guarantee of income or profit associated with this report.

Appendix

Focus Group Participants – Elected Officials and Town Staff – April 2, 2007

Kay Plyler
Hazen Blodgett
W. Kress Query
Ralph Messera
Suzanne Gulley
Bill Dixon
James P. Taylor
Jayson Johnston
Carla Thompson
Mayor Lee Myers
Kathi Ingrish
Christine Surratt
Dennis Green
Paul Bailey
George Young

Focus Group Participants – Business Community – April 3, 2007

Marq Ryan - CPA
Bob Jackson – Family Dollar
J. Addison Bell – light manufacturing, electrical and mechanical systems
John Urban – Urban Architectural Group
Jerry McGuire – Bank of Granite
Tina Whitley – Matthews Chamber of Commerce
Jim Johnson – corrugated container manufacturing
James Carter – attorney
Joe Marano – Windstream
Jennifer Beasley – invited, but not present
Stephen Messer – invited, but not present
Connie Kleinberg – invited, but not present

Office and Industrial Developer/Broker Interviews

Barry Fabian: The Bissell Companies
Cindy Chandler: The Chandler Group
Mike Kemmet: Colliers Pinkard
Paul Devine: Childress Klein Properties
Milton Silver: Silver Investments

Economic Developer Interviews

Jeff Edge: Charlotte Chamber of Commerce

Maurice Ewing: Union County Partnership

Kenny McDonald: Charlotte Regional Partnership

ECONOMIC DEVELOPMENT PROGRAM SURVEY – SPRING 2007											
1. Municipality	Kannapolis	Shelby	Monroe	Fort Mill	Concord	Kernersville	Mooresville	Knightdale	Holly Spring	Apex	North Meck
2. State	NC	NC	NC	SC	NC	NC	NC	NC	NC	NC	NC
3. Your Name	Mike Legg	Rick Howell	Chris Plate	David Hudspeth	Jeff Young	Jeff Hatling	Erskine Smith	Seth Lawless	Jennifer Mizelle	Brenda Steen	Jerry Broadway
4. Your Title	City Mgr	City Mgr	ED Director	Town Mgr	BNS Direct	CD Dir.	Asst. Mgr	Asst Mgr	ED Dir	Chamber Pres	Exec Dir
5. Mailing Address	PO Box 119	POB 207	3900 PJHdr	POB 159	POB 308	POB 728	POB 878	450 SSC	POB 8	220 N Salem	13801 Reese
6. City	Kannapolis	Shelby	Monroe	Fort Mill	Concord	Kernersville	Mooresville	Knightdale	Holly Springs	Apex	Huntersville
7. Zip Code	28082-119	28151	28110	29715	28026-030	27284	28115	27545	27540	27502	28078
8. Structure?											
(a) Separate ED department			1						1	1	
(b) Existing staff - other											
(c) Chamber or ED funded	1	1			1		1			1	1
(d) Chamber or ED not funded											
(e) None											
(f) Other (explain)	Chamber	Chamber		County	Chamber	Town+Chamber					
9. If separate, when	1987		1996						1998		2003
10. If other depts., list								Planning&Admin			
11. FTE people in ED	2.5	4	3	0	2	1		1	2	1	2
Where	City	Chamber	City	County	City						
12. Annual budget?											
(a) Under \$25,000 a year					1		1		1		
(b) \$25,000 – 49,999											
(c) \$50,000 – 99,999		1						1			1
(d) \$100,000 – 149,999											
(e) \$150,000 – 199,999									1		
(f) \$200,000-499,999	1		1		1						1
(g) \$500,000 or more per year											
13. Percentages for funding?	Chamber										
(a) Municipal budget	16%	15%	100%		100%	100%	50%	100%	100%	100%	75%
(b) County budget	60%	75%		100%			50%				0
(c) Private donors	19%	10%									25%
(d) Grants from outside											
(e) Other (explain)	5%										
14. Type of ED strategy?											
(a) A comprehensive EDS	1	1	1					1			1
(b) Target industry	1					1					
(c) Regional partnership	1					1	1			1	1
(d) Part of town plan										1	1
(e) No written strategy or plan						Chamber plan			1	But a "plan"	
(f) Other (explain)											
15. Local incentives	yes	yes	yes		yes	yes	yes	yes	yes	no	yes
(a)	grant prog	grant prog	grant prog		grant prog	Infrastructure	grant prog	Credits	situational		grant prog
(b)	Large TIF										
(c)	JVs										
16. No. of industrial parks	4	0	6	1	6	7	4	1	2	3	3
Parks municipally-owned?	1		2	0	0	0	0	0	0		1
How many acres total	100		580								125
17. N&E businesses											
(a)	GGT, Haas	Metal Fab.	Many		6 named	New park planned	6 named	Retail	2 named	2 named	2 named
(b)	NC Research		Many					Healthcare		retail?	
(c)	Stanley, Shoe		Many								
18. Overall satisfaction											
(a) Very high	1		1							1	1
(b) High					1		1	1			
(in between hi and lo)			1								
(c) Low						1					1
(d) Very low											
(e) Don't know/can't say					1						
19. Most important keys											
(1)	Aggressive	Product	Relationship	Community	Teamwork	Product	Redevelopme	Negotiation	Support	Prod. Knowled	Product
(2)	Proactive	Teamwork	Stewardship	Infrastructure	Communica	Promotion	Prioritization	Strengths	Product	Agreed goals	Leadership
(3)	Product	Marketing	Proactive	ED Agencies	Followup	Assistance	Marketing		Followup	Teamwork	Prof. ED
Email to send:	mlegg@ci.kannapolis.nc	rhowell@shelbync.org	cplate@monroenc.org		youngj@ci	hatlingj@ci	ersmith@ci.m	seth.lawless@ci	jenny.mizelle@ci	brend@apexchamber.com	