

Charlotte Business Journal - November 10, 2008

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CHARLOTTE
BUSINESS JOURNAL

Sponsored by

Friday, November 7, 2008

No McCrory, but still hope for a closer Raleigh relationship

Charlotte Business Journal - by [Erik Spanberg](#) Senior staff writer

Charlotte business leaders didn't lose all hope for gaining access to Raleigh with Mayor Pat McCrory's failed gubernatorial bid this week.



photo NANCY PIERCE

Charlotte Mayor Pat McCrory meets with reporters Tuesday night after conceding the gubernatorial election to Bev Perdue.

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After all, Gov.-elect Bev Perdue, a product of the Democrats' influential Down East base, has promised to open an office here.

It may not seem like much. But after dealing with an Easley administration that spent eight years ignoring the Queen City, Perdue's effort almost feels like a group hug.

And civic and business leaders here intend to quickly build on the relationship.

Perdue was scheduled to attend the [Charlotte Chamber](#)'s annual meeting Thursday night. Chamber President Bob Morgan believes Perdue will give Charlotte a fair shake, but he laments the intangibles a McCrory win promised. "The lost opportunity is you would have had a guy waking up every morning with an understanding of the inherent challenges faced by high-growth areas," he says.

Morgan and others intend to give Perdue a full and consistent view of their desire for help from Raleigh. And vice versa. Demographic shifts, in simple terms, will make catering to the state's population centers an increasingly important political necessity.

"Any politician who wants to be successful is going to have to pay attention to the urban areas," says retired [Bank of America Corp.](#) chairman Hugh McColl Jr. "She'll pay attention to urban needs. This city is a revenue-producer for the state."

A planned first-of-its-kind meeting next month between executives from the three largest urban chambers of commerce — the Triangle, Triad and Charlotte — illustrates the point. Throughout the campaign, the Charlotte Chamber pushed hard to get its top priority — transportation funding — front and center.

It invited all the candidates to town for forums and, more recently, held talks with the campaigns of McCrory and Perdue in a push to get more Charlotte leaders considered for cabinet posts and the other 1,785 appointments made by the governor for various boards and commissions.

Like McColl, Ted Arrington, a [UNC Charlotte](#) political science professor, believes Perdue must pay heed to Charlotte. "She better understands the economic engine in this state ain't in Goldsboro. It's in Charlotte and Raleigh and Wilmington and Asheville."

So what can Perdue do for Charlotte? Let us count the ways:

Transit and transportation

Soon after the Charlotte Chamber led a broad coalition to bat down a proposed repeal of a transit tax in 2007, business leaders began taking aim at increased funding for roads. A regional roads committee led by real estate executive Allen Tate helped set the agenda for a statewide group appointed by Gov. Mike Easley.

The statewide group is slated to deliver its preliminary report by year end. Tate expects Perdue to endorse the 21st Century Transportation Committee's recommendations.

Everyone agrees on the need for more roads, highways and bridges, which explains why the committee pledged to emphasize reliable new funding sources (read: taxes) in its work.

During a workshop in Charlotte this year, committee members outlined the ineffectiveness of current funding formulas for state roads. In addition, they noted the lack of sustained growth from gasoline taxes.

"From our previous discussions, I think she has some real thoughts on the changes that need to be made," Tate says of Perdue. "She'll be attentive to transportation as few governors have been. We'll have a governor interested in transportation for a change."

Obvious targets include completion of the Interstate 485 beltway as well as long-sought toll roads and highways in surrounding counties.

McColl, a longtime civic leader, urges the chamber and other groups to expand the definition of transportation beyond just roads. He cites the early

success of the \$463 million light-rail line along South Boulevard as a model for future corridors. Trains can replace roads in some cases, he says. The state paid 25% of the cost for the South Boulevard line.

Keith Parker, the top executive at the city's transit system, anticipates making a similar request if the city moves ahead with a \$925 million, 11-mile extension of the light-rail line running northeast from uptown.

Parker's predecessor, Ron Tober, suggests pushing Perdue and the N.C. General Assembly to establish a permanent funding source for similar projects in Charlotte and in other cities.

Perhaps more important than state funding is what happens in the Obama administration. Federal money could provide 50% of construction costs for transit projects.

In addition, Parker has already alerted the city's Washington lobbyist to push for a chunk of a stimulus package expected to run as high as \$300 billion. A slew of needs, including a revamped bus garage and maintenance center, could be tailored to the federal funds if they become available.

"Charlotte still has a chance to catch up with its growth," says Mac Holladay, a former economic development director in South Carolina and chief executive of Atlanta consulting firm Market Street Services. "Your city can do what Atlanta should have done 25 years ago. Now Atlanta has no chance."

Education

Politicians love to talk about education. Business advocates are no different. In Charlotte's case, surging needs stretch from elementary schools to high schools, community colleges to universities and research centers. Urban Land Institute fellow and former Pittsburgh Mayor Thomas Murphy recently told local leaders in blunt terms that Charlotte trailed the Triangle and other hot jobs cities such as Austin in a vital area: high-level research.

Dole Food Inc. billionaire David Murdock's N.C. Research Campus is exactly the kind of innovative jobs magnet Murphy and others say the region needs.

Holladay calls the research campus important not only for Charlotte but for the whole state." Anything area leaders can do to foster more cooperation between the state's major universities is a plus, he adds. Duke, N.C. State and UNC Chapel Hill are among those committed to various roles in the food and nutrition research campus.

For UNC Charlotte, one immediate need is a proposed \$76 million energy research center known as EPIC (for Energy Production and Infrastructure Center). With support from Duke Energy Corp., The Shaw Group and AREVA — all with major operations in the region — the project stands to take advantage of an overlooked part of the city's economy. The state approved \$19 million toward EPIC this year, but there's no money dedicated yet to the other \$57 million.

"This is critical to this region no matter who's in Raleigh," says Joan Lorden, provost and vice chancellor at UNC Charlotte. Beyond that project, UNC Charlotte must find a way to win more funding as enrollment surges. During a time when state budget strings are being tightened, that will be all but impossible.

Lorden notes the university will be forced to return \$9 million of a \$14 million state appropriation for increased enrollment as part of recent changes to the state budget.

At the same time, enrollment keeps climbing. It's expected to reach 35,000 students by 2020.

Local lobbyists have concerns for Charlotte-Mecklenburg Schools, pointing to the unique needs of the state's largest school system. The dynamic between urban and suburban schools makes Charlotte's system different from much of the rest of the state.

Keeping workers trained and helping them shift careers relies, in part, on continued growth at [Central Piedmont Community College](#). Chamber leaders view the school as an ongoing priority, with state funding to play a vital role.

Economic development

Opinions vary on economic development, but consensus exists on the need for greater state support. And since the head of economic development in North Carolina is appointed by and reports to the governor, Perdue stands to make a big difference here.

And Charlotte could certainly use some help when it comes to building better ties to the N.C. Department of Commerce.

With the forthcoming Wachovia-Wells Fargo deal, the city stands to lose an unspecified number of high-paying jobs. And, with the entire financial sector reeling, experts say chances are remote for recruiting more banking-related jobs.

"If I were the new economic-development director, I would sit down and re-think the whole thing," Holladay says. "Going out and chasing smokestacks makes no sense."

Instead, he says, the region and state should look to emerging industries for a boost. His targets: health care, education, environment-related businesses and ambitious research hubs such as Murdock's fledgling food and nutrition center in Kannapolis.

"The new governor needs to think really hard about what she has to do to be really prepared coming out of the recession," Holladay says. "Knowing there aren't going to be financial-services jobs, what are the areas of opportunity? What preparations can you make for that?"

With the economy expected to struggle throughout 2009, Perdue has ample time to develop a cohesive strategy.

Uptown leaders plan to work with the chamber and regional recruiters to lure new companies in response to anticipated spikes in center city office vacancies. Charlotte maintained the tightest vacancy rate in the nation in recent years at 2%.

Now the effects of Wachovia Corp.'s dissolution, new towers under construction and rising job cuts, the vacancy rate could reach the 5% to 9% range in the next year or two, says Michael Smith, president at [Charlotte Center City Partners](#). "We need to go elephant hunting," he says.

Holladay says the economic-development jungle may be filled with extinct species. There's nothing to be found right now, he says.

Charlotte recruiters remain frustrated with a perceived lack of leads and tips coming from the state. The chamber works with 500 prospects each year, with 4% of those leads coming from the N.C. Department of Commerce.

"I'd be happy to even get to 10%," says Jeff Edge, chamber senior vice president of economic development. "Think of the difference that would make."

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