



Livable Streets Update (FIVE IN FIVE)



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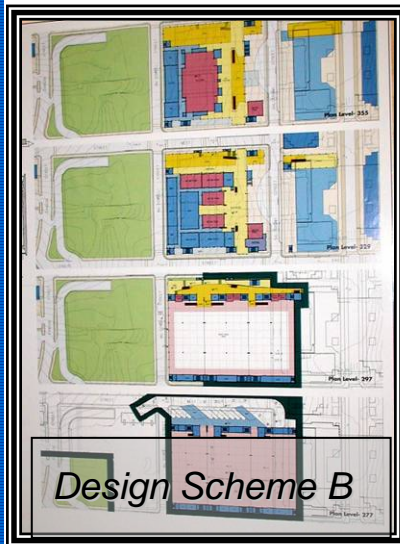
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CITY AND COUNTY CHOOSE CONVENTION CENTER OPTION WITH BELOW GRADE EXHIBIT HALL

The Raleigh City Council and the Wake County Board of Commissioners today chose an option that places the exhibit hall below grade for the new convention center. This option, Scheme B, was the recommendation of the architect design team and the City and County administrators. The design team of O'Brien Atkins and Clearscapes now will work on a schematic design for the new center.



The City Council vote was 6 to 1, with Council Member Philip Isley absent. Michael Regan had left the meeting but he was counted as voting in support. The County Commissioners vote was 5 to 2.

Four building schemes were presented to the elected officials. The architects showed four options designated as A, B, C and D. While emphasizing that all four options are quality products that would serve Raleigh well, the design team, along with City Manager J. Russell Allen and

County Manager David Cooke agreed that building scheme B is more compatible to downtown Raleigh's skyline and would provide a better pedestrian experience coming to or from either Fayetteville Street, the warehouse area, Shaw University or the southern gateway. They also offered that going under Salisbury and Cabarrus streets, affords the best potential for expansion of the convention center. Option B offers 135,000 square feet for expansion. Scheme D offers expansion room for 100,000 square feet, while A and C are limited to 90,000 square feet.

Option B also is connected to the headquarters hotel, preserves the historic Christmas Plan grid, offers the best potential for an outdoor celebration venue and offers a dramatic elevated ballroom.

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THE FIVE IN FIVE WORK PLAN

Fayetteville Street Renaissance

Goal: Reinvigorate Fayetteville Street as the heart of Raleigh, the ceremonial corridor and the premier Downtown address for office, events and cultural activity. The top action items:

- Make active uses mandatory for ground floors fronting Fayetteville Street and provide incentives to encourage them.
- Fill in development gaps.
- Open available blocks to vehicular activity; in phases, beginning with the 200 and 300 blocks.
- Re-establish the capitol vista - Develop outdoor festival and performance space.

Convention Center

Goal: Develop and market competitive facilities to attract more national conventions and trade shows, and improve the business environment for hotels, restaurants and other visitor serving facilities. The top action items:

- Get new downtown convention center and convention center hotel adopted and funded.
- Solve lobby access.
- Suggest future expansion to south.
- Investigate mixed-use and roof-top uses.
- Develop strategy for active edge on Cabarrus Street.

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All of the schemes accommodate the basic square footage requirements stated in the convention center market study. (See "Project's Progress" below.) Schemes A and B place the exhibit halls below grade. The exhibit halls are at or above grade in schemes C and D.

During the presentation that took place at the Raleigh Convention and Conference Center, the architects explained that a driving parameter in designing a convention center is that the exhibit hall must be on one floor and must have floors supported to carry heavy loads.

Option B places the exhibit hall below Salisbury and Cabarrus streets. The hotel service area and truck bays are underground. The registration and meeting rooms are at grade, with the ballroom on the uppermost level, looking out and visually connecting well to downtown. The length of the first phase of Option B is approximately 840 feet.

Option A also has the service area and trucks below grade. It also places the exhibit hall below grade, the meeting and registration areas are at grade and the ballroom is on the upper level.

The architects compared Options A and B to the newly opened Washington, D.C., convention center, that the officials visited last week.

Option C has the ballroom on the roof, the exhibit hall is at grade and the meeting rooms are below grade. Truck bays for C and D are behind a screen on Lenoir Street. C presents the toughest expansion challenge and offers only 90,000 square feet. Extending across McDowell Street, Option C requires an overpass that begins at a height of 18 feet and concludes at 23 feet.

Option D has the ballroom at grade with the exhibit hall spanning the length of the upper level. Meeting rooms are below grade. This option extends across McDowell with an underpass that starts at a height of 30 feet and ends at 35 feet. The length of the first phase of Option D is approximately 11,000 feet.

The architects said that Options C and D are comparable to the Pennsylvania Convention Center in Philadelphia. The overpass at the Pennsylvania center is 600 feet long. Options C and D would require only 400 feet. Options C and D also allow for the construction of underground parking.

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Improve the Pedestrian Environment

Goal: Create an attractive, well lit, safe environment that links office and residential areas to amenities such as restaurants, museums and arts venues.

Make downtown accessible to all. The top action items:

- Require pedestrian oriented ground level uses with high level of detail, i.e. doorways, windows, awnings and overhangs, along the sidewalk edge in downtown.
- Connect existing and emerging neighborhoods to Fayetteville Street.
- Further study converting east / west one-way streets to two-way.
- Investigate federal funding sources.
- Connect TTA Regional Rail station area with pedestrian linkages.

Regulatory Reform

Goal: Improve business environment by removing regulatory impediments; make it at least as easy to do business downtown as any place else in the region; include incentives in regulations. The top action items:

- Centralize approvals: Establish a downtown team within the city to respond to major project proposals and construction quickly. Develop a parallel strategy for small/mid-sized projects.
- Centralize the approvals process by creating a team within the city to respond to development proposals.
 - Provide development incentives for vacant buildings and properties.
 - Address issues dealing with outdoor dining, signage and other pedestrian encroachments.

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John Muter of Skanska/Barnhill said that the present construction timeline would allow for an at-grade option to be completed by September 2007 and a below-grade option by December 2007.

PROJECT'S PROGRESS

Two years ago, the City and County commissioned KPMG to evaluate the convention potential for Raleigh. The completed study of August 2002 recommended a new convention center with double capacity with a headquarters hotel to be funded by the Interlocal Agreement's hotel occupancy and prepared food and beverages taxes.

The study estimated that the economic impact on Wake County of such a new center would be at least \$100 million per year within three years of opening, creating 1,800 jobs.

The City and County formed a convention center steering committee in September 2002 to act on these recommendations. The committee, working with consultants HVS, put forth a convention center business plan that includes:

- 150,000 square feet of exhibit hall;
- 32,000 square feet of main ballroom;
- 30,000 square feet of meeting rooms;
- 400 to 450 room headquarters hotel with additional meeting space; and
- a cost estimate of \$182,729,000.

The steering committee also recommended that the new center be built just west of the existing Raleigh Convention and Conference Center.

In response, the City Council and County Commissioners amended the Interlocal Agreement and authorized the City administration to seek a design team, acquire site property and seek a hotel developer. In response Stormont-Noble Development was chosen as the hotel developer, a financial plan for development has been approved, and Skanska/Barnhill has been selected as construction manager at risk.

Downtown Management

Goal: Take a “one-stop shopping” approach to the management and marketing of downtown. The top action items:

- Develop a comprehensive Downtown marketing program, including an expanded website. It should be developed and coordinated with all downtown resources to promote events and attractions. Maximize the capitol status.
- Create a downtown development corporation.
- Make Downtown Raleigh Alliance the organization responsible for bringing all parties to the table to oversee implementation of the vision.
- Explore development incentives and options similar to tax increment financing.



Livable Streets

CONSULTANTS SELECTED FOR DOWNTOWN SOUTH REDEVELOPMENT PLAN

The Raleigh City Council on May 18 selected an urban design consultant and a development/real estate consultant to assist the City with drawing up a conceptual plan for redeveloping the south end of downtown, including the convention center area.

Pending agreement on final contracts, HDR/Dover-Kohl was selected the urban design consultant and Hunter Interests Inc. was chosen as the development/real estate consultant. The City received four proposals for both consulting opportunities, for a total of eight proposals. A team of City staff members evaluated the proposals and recommended HDR/Dover-Kohl and Hunter Interests to be the consultants.

In addition to drafting a redevelopment scheme, the consultants will work with the City on identifying development projects for the southern end of downtown that meet goals and objectives of the City’s “Livable Streets” Downtown Plan. Eventually, the City plans to enter into development agreements with one or more developers to redevelop the area.

New development projects are already under way in the south end of downtown near the Raleigh Convention and Conference Center and the BTI Center for the Performing Arts. These include construction of Progress Energy’s office tower and mixed-use project, and redevelopment of the former Hudson Belk building. Furthermore the City’s “Livable Streets” Downtown Plan is designed to reinvigorate downtown, and the City and County are constructing a new convention center and 400-room, four-star Marriott hotel. These projects are expected to stimulate additional public and private redevelopment efforts on downtown’s southern end.



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BUSINESS LOAN PROGRAM APPROVED FOR FAYETTEVILLE STREET

In an attempt to attract more restaurants and other types of businesses downtown, the Raleigh City Council voted May 18 to approve a loan program for commercial establishments that locate on Fayetteville Street.

Council members had previously authorized City staff and representatives from the Downtown Raleigh Alliance (DRA) to work together on creating the program.

Under the program, secured loans of up to \$50,000 will be offered for restaurant development or other special uses along Fayetteville Street. The loans will be amortized over 10 years, with a five-year call at an interest rate of 3 percent below the prime lending rate but not less than 1.75 percent. The City will be responsible for underwriting the loans based on recommendations from DRA. Funds for the loans will first come from the City's Small Business Success Program before other types of City funding are used. The new loan program will work in conjunction with the Small Business Success Program.

CONVENTION CENTER HOTEL DEVELOPMENT AGREEMENT APPROVED

The Raleigh City Council voted May 18 to approve a development agreement for a 400-room, four-star Marriott hotel on the northeast corner of Lenior and Salisbury streets. The approximately \$58 million facility will be the headquarters hotel for the new downtown convention center.

The agreement with Stormont-Noble Development of Atlanta outlines the funding relationship between the City of Raleigh and Stormont-Noble regarding the hotel, ownership and leasing matters, a construction schedule for the project and other responsibilities of the City and the developer. The council selected Stormont-Noble to be the hotel developer on Jan. 20. The agreement approved May 18 includes \$20 million in public funding for construction of public meeting areas within the hotel. The \$20 million will come from the City/County Interlocal Agreement that allocates revenues from the county-wide hotel and prepared food tax.

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Web links

City of Raleigh
www.raleigh-nc.org

Wake County
www.wakegov.com

Downtown Raleigh Alliance
www.downtownraleigh.org

Greater Raleigh Chamber of Commerce
www.raleighchamber.org

Greater Raleigh Convention & Visitors Bureau
www.visitraleigh.com

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In addition to 400 rooms, the hotel will have a 9,000-square-foot grand ballroom, 5,950 square feet of junior ballroom and breakout meeting space, 326 food and beverage seats, three separate food and beverage outlets; 400 square feet of retail space, and a pool and fitness spa. The hotel and the new convention center will be built simultaneously, with construction to begin in 2005 and end in mid-to-late 2007.

Under the hotel development agreement:

- Stormont-Noble will make a good faith deposit of \$250,000 with an escrow agent within five days of the signing of the agreement;
- The developer will pay all pre-development costs out of pocket. At closing Stormont-Noble will deposit the private equity/debt and the City will deposit the public contribution of \$20 million in an escrow account. The City will retain \$500,000 of the public contribution in the escrow account until substantial completion of the hotel in mid-to-late 2007;
- All of the equity and construction loan are personally guaranteed by Mitesh Shah, president of Stormont-Noble;
- The developer will contribute \$550,000 toward completion of a prepared building pad prior to construction. The City will construct the pad and bring underground utilities to the site. The City also must cover all costs in excess of \$550,000;
- Stormont-Noble agrees to complete the hotel and the City agrees to complete the convention center in concert with each other. To ensure this, if either party lags from an agreed-upon opening date more than 60 days, liquidated damages of \$7,500 per day will accrue;
- The City will lease land for the hotel to the developer for \$37,500 a year for the first two years following the opening of the hotel. For the remaining 28 years of the 30-year lease, the developer will pay the City \$75,000 per year. At the end of the lease period, the developer will have the option to purchase the land at fair market value;
- When the hotel is substantially complete, the conference center (public area) portion of the hotel will be conveyed as a condominium unit to the City, which, in turn, will lease the unit back to the developer for \$100 a year. At the end of the 30-year lease period, the developer will have the option to purchase the convention center unit for \$100;

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The City agrees to complete improvements to the Fayetteville Street corridor -- inasmuch as they affect the façade or entrance to the hotel -- by the opening date of the hotel and convention center;

- The City agrees to provide 200 parking spaces adjacent to the hotel at one-half normal rental rates, and 200 additional parking spaces within an approximately three-block area at full rental rates;
- In addition to the normal site plan review process, the City has review and approval rights for various stages of schematic and construction design. Furthermore, the City must approve any exterior change, any addition or deletion of rooms, and any change in the conference center unit of the hotel that constitutes more than 100 square feet; and,
- The developer agrees to comply with MWBE (Minority- and Women-Owned Business Enterprise) targets for the convention center.

Additional agreements related to the development of the convention center hotel will be presented for City Council approval within the next 30 days.

CITY TO OFFER SPECIAL RATE PILOT PROJECT FOR TWO DOWNTOWN PARKING GARAGES

To help alleviate on-street parking congestion and encourage use of the top levels of downtown parking facilities, the Raleigh City Council on May 18 approved a plan for a tiered-parking pilot program at City-owned parking garages.

The pilot program for the Wilmington Street and Moore Square parking decks allows parking on the top level for a \$35 monthly fee. A recent study by staff found the top level of the garages to be under used. The program will encourage use by downtown workers that may be using on-street parking or other surface parking lots. If the pilot is successful, the program may be expanded to other City-owned parking facilities.

Meeting	Date/Time	Purpose
State of North Carolina/State Property Office Blount Street Redevelopment	June 28 June 29 5:00 p.m. Daniels Auditorium NC Museum of History	Placemaking workshop

THE FIVE IN FIVE GOALS

1. **Complete a Fayetteville Street Renaissance** to reinvigorate the Street as the heart of Raleigh, our ceremonial corridor and the premiere address for office, events and cultural activity.



2. **Fund and build a new Convention Center & Hotel** to attract conventions and trade shows and improve the business environment for hotels, restaurants and other visitor services.

3. **Improve the pedestrian environment** making downtown accessible to everyone. Balance the needs of pedestrians against those of the car. Create an attractive, well lit, safe environment that links office and residential uses to amenities such as restaurants, museums and other venues.

4. **Undertake regulatory reform** to improve the business climate by re-moving regulatory impediments, making it just as easy to do business downtown as any place in the region. Explore adding incentives in the regulations.

5. **Expand downtown management** to take a one stop approach to management and advocacy.