

Eastland Redevelopment

JOBS & ECONOMIC DEVELOPMENT COMMITTEE
JUNE 5, 2023

1

Overview

- ▶ **Review**
 - Process overview
 - Recent Council actions
 - Development overview
- ▶ **Evaluation of proposals for active recreation development**
- ▶ **Recommendation**
- ▶ **Next steps**
- ▶ **Discussion & committee questions**

2

Review / Evaluation Process

► Maintain original intent for site

- Community engagement effort identified strong support for sports facilities

► Re-engaged in conversations with interested parties prior to TSE / Charlotte FC opportunity

► City received unsolicited proposal December 2022

- City issued public notice in January 2023 and requested any other interested parties should submit their proposed concept by February 6, 2023
- No RFQ/RFP issued by the City
 - Explore opportunities with known interested parties
 - Complexity with infrastructure requirements and partnership with CSE
 - Timing / schedule impact

2023 Public Notice

The City of Charlotte received one or more proposals for a redevelopment anchored by an amateur sports facility on an approximate 29.4-acre portion of the former Eastland Mall site (eastern portion of Parcel ID 10304199 and all of Parcel ID 10304108). All parties interested in submitting a competitive proposal are invited to submit a proposal by February 6, 2023, to:

City of Charlotte
Economic Development
Attn: Todd DeLong
600 East 4th Street
Charlotte, NC 28202

Proposals may also be submitted electronically to EASTLAND@CHARLOTTE-NC.GOV.

Interested parties must submit a final proposal in compliance with the process outlined below. This process requires each proposer to provide:

- An abstract or executive summary of the proposal (approximately 250 words)
- Detailed description of the proposed concept and development program
- Qualifications and experience of project team with similar projects
- Financial strategy, including detailed request for any public investment
 - capital stack detailing private funding/financing plan
- Estimated tourism impact of the proposed redevelopment, if applicable. Estimated impact should include the following information:
 - number of event days
 - type of events
 - target market(s) for visitors (e.g. local, state, national, etc.)
 - room-night generation
 - economic and fiscal impact
- Development schedule
- Plan for allowing usage of the facility by the general public and must include any applicable fees that may be charged to use the facility as well as if/when the facilities are available for use by the public

Proposals will be evaluated in four key areas – qualifications and experience, financial strategy, project approach, and development schedule. The City reserves the right to waive any informality in any response, to reject any or all proposals in whole or in part, with or without cause, and/or to accept the proposal that in its judgment will be in the best interest of the City and its citizens.

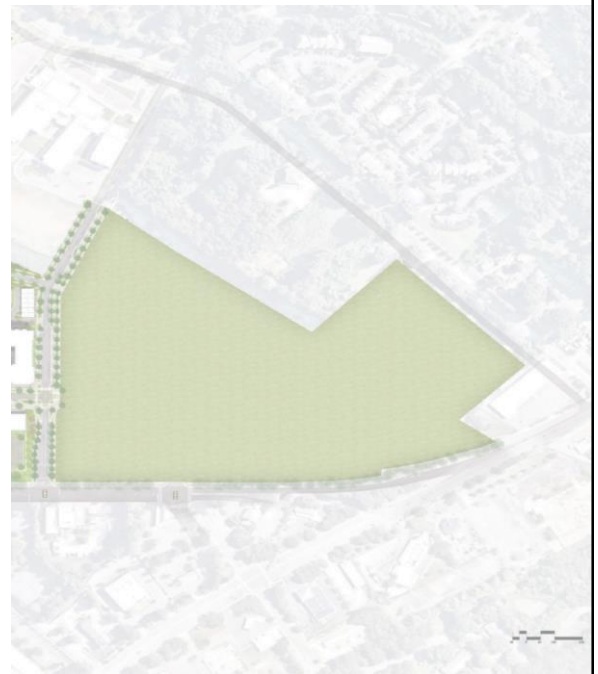
Review / Evaluation Process

► March 6 Committee Discussion

- Staff presented 3 proposals to Jobs & Economic Development Committee
- Concerns from Committee about public investment requested compared to proposed private investment
- Committee action:
 - Voted to extend the review period by 60 days
 - Directed City Staff to accept new proposals during the extended review window

► May 1 Committee Discussion

- Staff revisited the 3 proposals previously presented to Committee with 1 new proposal
- Staff recommended eliminating 2 proposals from further consideration
- Committee action:
 - Approved recommendation to remove Eastland Aquatic Center and Target from further consideration
 - Further discuss a public option,
 - In August, return to committee with update,
 - Develop (distributed in May) a scope of work for each proposal (May-Aug)



Progress Underway

- ▶ **Ground breaking – August 2022**
- ▶ **1st property closing with CSE – May 2023**
 - Senior Affordable Housing Development
 - Expected delivery – Q4 2024
- ▶ **Subsequent property closings – Q3 & Q4 2023**
 - Mixed use development parcels
 - Anticipated delivery Q3 2025
 - Single family & townhouse development parcels
 - First home delivered Q2 2024
- ▶ **Single family development partner in pre-development**
 - Builder submitted for design review and approval
- ▶ **Mecklenburg County conducting community engagement for ~4.6-acre park**
 - Website - <https://publicinput.com/P51002>
- ▶ **Development of eastern 29 acres of the site will occur over the next two years**



Principles for Redevelopment (2012)



Redevelopment Principles

- ▶ **Enhance perceptions of the Eastland area and East Charlotte**
 - Attract visitors from across the region
- ▶ **Unify local communities**
 - Build on the East side's cultural and international diversity
- ▶ **Create connectivity and walkability for surrounding neighborhoods**
 - Integrate development into the existing corridors and neighborhoods
- ▶ **Take advantage of natural features**
 - Create dedicated and flexible open spaces
- ▶ **Create opportunity for civic development**
 - Incorporate public amenities
- ▶ **Increase equitable economic development**
 - Provide opportunities for small and local businesses

Community Engagement

- ▶ **New approach to ensure the voice of the eastside community is heard and reflected in development plans**
 - Small focus group meetings
 - Larger community meetings
 - Digital platform – email campaigns, surveys, website, etc.
- ▶ **Feedback received reflected demographic makeup of the area**

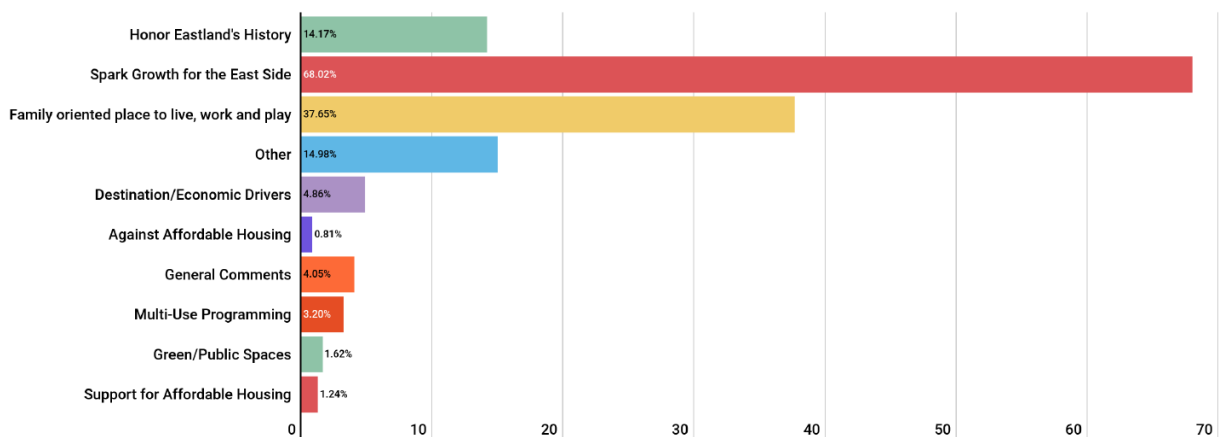
More than 700 unique residents engaged

523	EMAIL SUBSCRIBERS 20 mailing lists	28	EMAIL CAMPAIGNS
250	PUBLIC SURVEY RESPONDENTS	40+	INDIVIDUAL INTERVIEWS
127	FOCUS GROUP PARTICIPANTS	10	FOCUS GROUP SESSIONS
190	PUBLIC FORUM ATTENDANCE	100	IN-MARKET PROMOTION AT BUSINESSES
157	COMMUNITY MEETING ATTENDEES	4	COMMUNITY ORGANIZATION MEETINGS



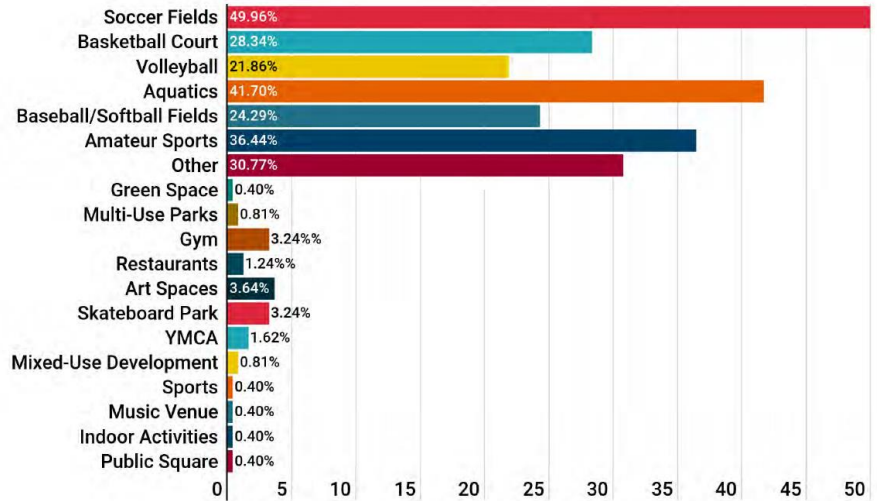
Community Engagement

What are your aspirations for the new Eastland destination?



Community Engagement

What should we include in the "Active" spaces planned?

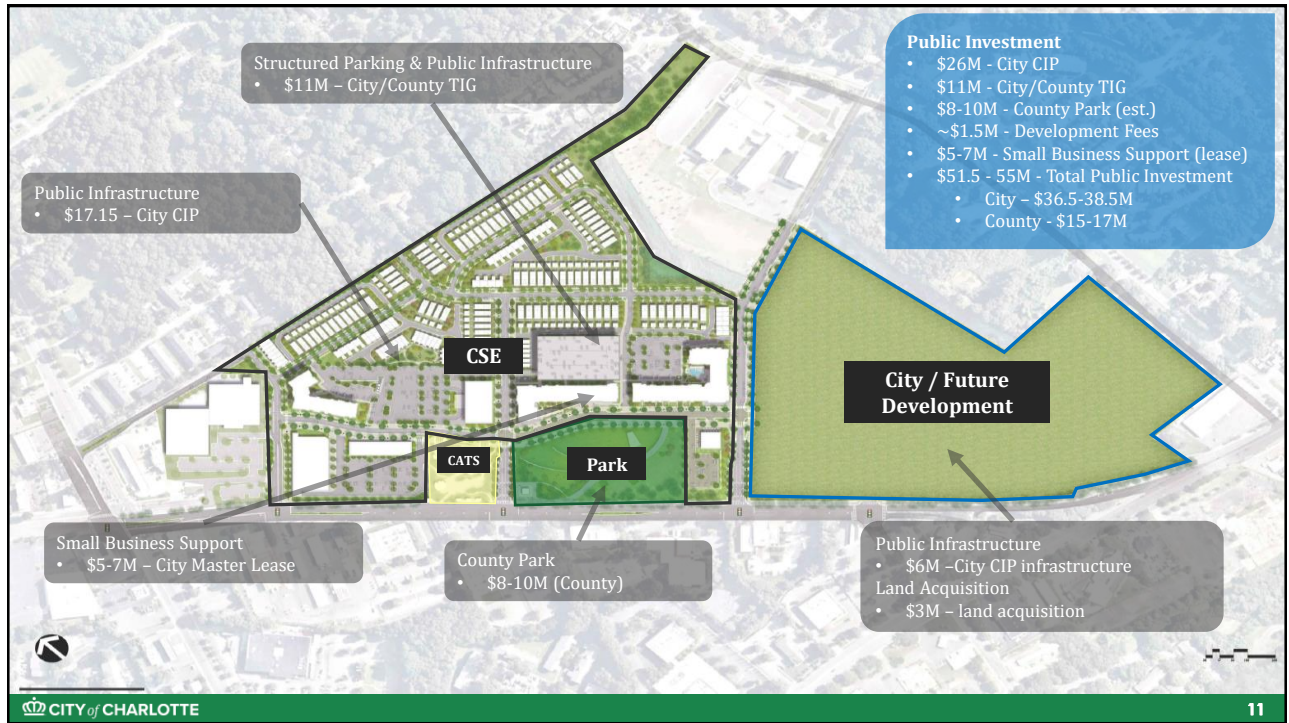


9

Implementing the Vision

Community Goal	Achieved in Plan	In Progress	Not Achieved
Enhance perception of east Charlotte	✓		
Sports fields / active recreation to spur tourism activity & create an attraction for audiences of every ethnicity		✓	
Retail / F&B – diverse mix of higher quality shopping & entertainment options; reduce out of corridor trips	✓		
Green/open spaces; connectivity & walkability; civic development	✓		
Quality housing	✓		
Arts & entertainment		✓	
Unify local communities building on cultural & international diversity		✓	
Increase equitable economic development (opportunities for small and local businesses)	✓		

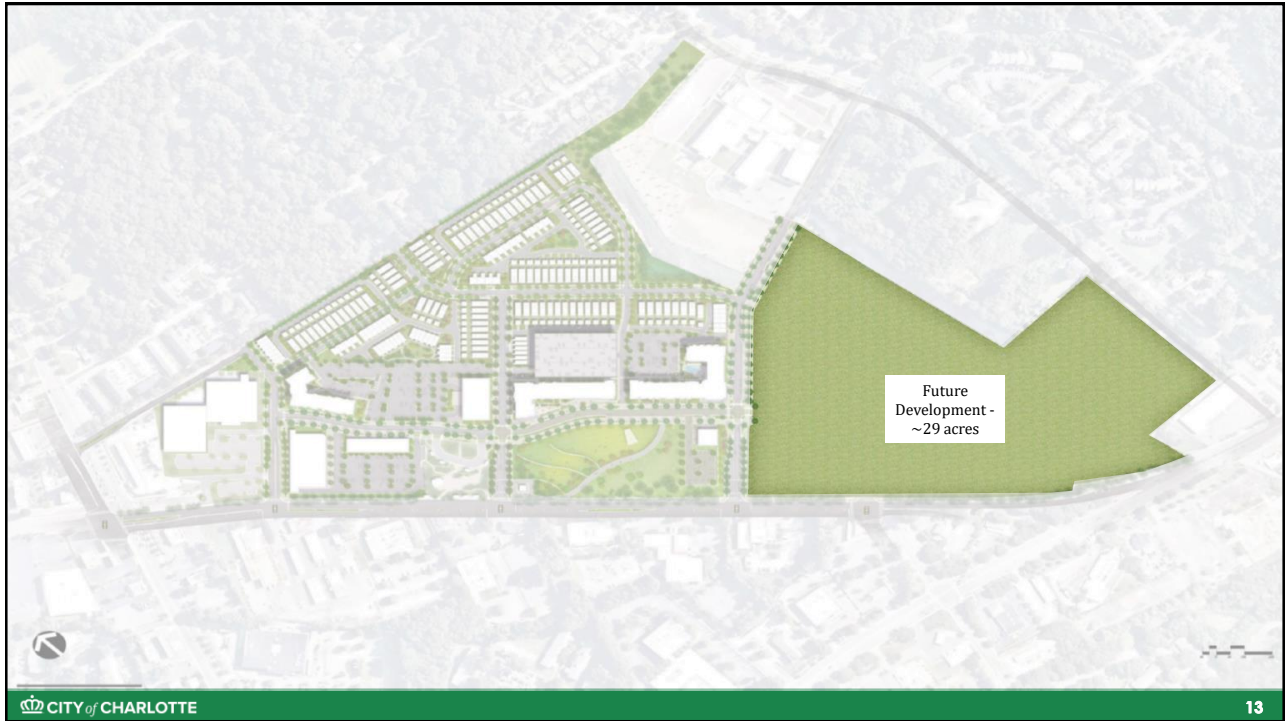
10



11

Evaluation of Proposals for Active Recreation Development

12



13

Racquet Sports Entertainment District – Program Overview



► 67 racquet court facility

- 24 green clay courts
- 6 hard courts
- 4 red clay courts
- 3 indoor courts
- 24 pickleball courts
- 6 padel courts
- Learning & Education Center
- Entertainment & Event Lawn
- Surface parking (350 spaces)

► 23.7 acres for racquet sports facility

- Remaining 5.2 acres for future development that aligns with entertainment concepts

14

Racquet Sports Entertainment District – Funding / Land Structure

- ▶ **Estimated project cost - \$32.3M**
 - Private investment - \$4M
 - Public investment requested - \$28.3M
 - \$17M – racquet facility
 - \$11.3M – infrastructure improvements
 - Public investment = 88% of total capital costs
- ▶ **Other private investment - \$5M**
 - \$2M – operating reserves
 - \$3M – youth grants/scholarships
- ▶ **Community use of the facility**
 - Fee based (e.g. \$12 per 90 minutes (\$6 each for two people))
 - Will offer free court time and programming weekly
 - Carolina Serves will offer 10 public use days for the City/County to host events
- ▶ **\$1 per year ground lease for 99 years**
 - 23.7 acres



QC East @ Eastland Yards– Program Overview

- ▶ **Sports, tech, & entertainment**
 - Athletic fields & CSA Academy
 - 6 multi-sport artificial turf fields
 - 8 acres
 - Entertainment
 - Outdoor amphitheater
 - Indoor/outdoor venue (the “Hub”)
 - “The Hub” – 20,000 SF footprint
 - Public event space and technology center, focusing on esports and STEM educational opportunities
 - Event capacity of 2,500
 - Host professional and amateur esports events, music concerts, and a digital entertainment area
 - Main stage opens front and back allowing for greater flexibility between event types (music, sports, etc.)
 - Digital entertainment area for daily use – themed simulators (NASCAR, F1, Golf, etc.), console and gaming stations, etc.
 - 20,000 SF (Innovation Center – 7,500 SF; Digital Entertainment – 7,500 SF; Office – 1,500 SF)
 - 530 parking spaces
- ▶ **Entire site - ~29 acres**



QC East @ Eastland Yards – Funding / Land Structure

► Estimated project cost

- Phase 1 - \$61M
- Phase 2 - \$22M

► Private investment - \$31M (Phase 1)

- \$22M – Phase 2

► Public investment requested – \$30M (Phase 1)

- Hospitality Funds - \$19M (\$9.5M over two years)
- Infrastructure Reimbursement - \$11M
- 49% of total capital cost (phase 1)

► Community use of the facility

- Apprenticeships & adult workforce training programs
- After-school programs involving tech education & gaming
- Neighborhood access to fields
- Community meeting space
- Community-oriented programming (e.g. free tech-oriented classes, senior programming)

► Purchase land from City at market value



QC East @ Eastland Yards – Select Staff Follow-up Questions

► Please provide additional information on the structure of the partnership and ownership entities (e.g. detailed organization chart with ownership interest and lead management organization)

- Project will be owned by QC East Opco LLC (Opco), which will be owned by:
 - QCE Devco (Devco)
 - QCE Capital (QC Cap)
- Opco will manage day-to-day operations of the development
- Devco will be owned by Southern Entertainment, Charlotte Soccer Academy, and Esports Property Partners

► Provide operating plan based on previous experiences to mitigate potential impacts on neighboring communities from larger events

- Best practices of previous experience with engaging adjacent communities provided by QC East

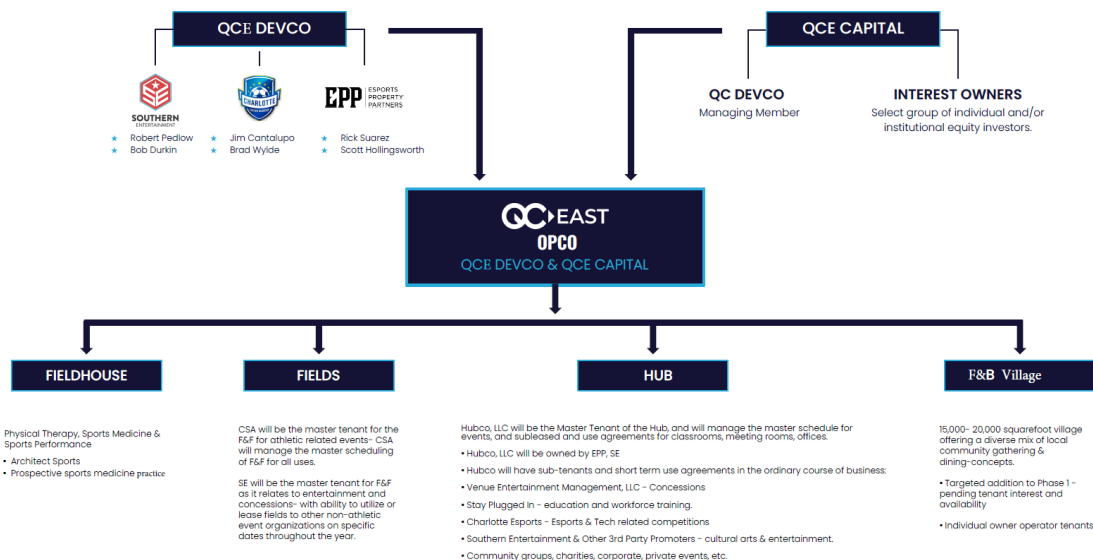
► Provide the full Economic Impact Analysis, including major assumptions

- Economic impact analysis provided by QC East

► Provide additional information on the Esports market in the Charlotte region



QC East @ Eastland Yards – Select Staff Follow-up Questions



Public Concept

- **Community asset and sports tourism venue**
 - Multi-sport facility (indoor) that drives room night demand AND supports community needs
- **Public solution**
 - As a majority owner or primary source of funding should we consider other partners (e.g. CRVA)?
 - What is the optimal approach to ensure operational management and continued focus on BOTH community and economic impact?
- **Multiple conversations among City, County, CRVA to discuss potential programming, feasibility, and timing**



Public Concept

► Public solution (Indoor / outdoor facility)

- Multi-sport facility equally focused on sports tourism and community amenities
- Because of public funding requests, is there an option for publicly constructed and operated dual-focused amateur sports facility
- After initial review, this option was not as attractive due to remaining uncertainties around timelines, budget, and partnership structure
- After multiple conversations, not considered to be the most viable option for the site at this time

Eastland Yards Indoor Sports Complex – Organization



► Synergy Sports

- Charlotte-based sports consulting company with extensive experience in sports facility design, data analytics, and sports finance
- Over two dozen P3 sports projects in development across the US



► Viking Companies | RADD Sports

- Viking Companies is a well-capitalized national developer with experience across multiple sectors.
- RADD Sports, a partner of Viking, specializes in facility management planning and development, and event management



► EDGE Sports Group

- 30 years of private and public design experience
- Establishes the programming and operational framework for financial sustainability
- Own and/or operate nearly 20 facilities across the US

23

24

Eastland Yards Indoor Sports Complex – Program Overview

► Conceptual Development – Phase 2

- 1-2 indoor ice rinks
- Potential creative parking solutions
 - *Parking above retail*
 - *Underground parking w/ retail above*
- Family entertainment
 - *Arcade*
 - *Sports Entertainment*
- Outparcel retail space
- Medical office



Eastland Yards Indoor Sports Complex – Funding / Land Structure

► Estimated project cost - \$68M

- Private investment - \$40M est.
- Private takes cost overruns
- Public investment requested - \$28M
 - *\$20M – amateur sports facility /fields*
 - *\$8M – infrastructure improvements (additional)*
- Public investment = 41% of total costs phase 1

► Community use of the facility = 20%

- 30% no-cost amenities/ programs
- 20% discounted rate amenities / programs
- 50% full-rate amenities / programs

► \$1 per year ground lease

- 29 acres



Evaluation Metrics

Criteria	Description/Examples
Team Qualifications and Experience (development & operations)	• Successful track record and experience with implementing and operations of concept(s) proposed • Explanation of relationship of key personnel and their roles and contributions to the proposing team • Proven ability to work with public agencies
Financial Strategies & Qualifications	• Demonstrates sufficient financial capacity to obtain financing/funding for the proposed development • Ability to raise private funding • Detailed description of any Federal, State, and/or local funding sources required for successful implementation of the proposed concept • Demonstrated financial capacity to cover operating expenditures without support from local government sources • Projected costs for partnership and construction, including anticipation of public investment required to successfully implement the proposed concept
Project Approach	• Demonstrated experience with methods to ensure high quality development, sensitivity to neighborhoods, tourism demand, etc. • Proposed concepts align with previously stated goals and objectives to deliver a transformational redevelopment of the Eastland site in partnership with the City, County, CRVA, and master development partner • Maximizes fiscal return to the City (property, sales, and tourism taxes, etc.)
Schedule	• Efficient timeline for land transaction, design/permitting, construction, and full completion • Confidence level in delivering a dynamic project
Community Impact/Access	• Sufficiently describes use of facility for Charlotte residents, free access opportunities, and potential user fees

27

	Racquet Sports Entertainment District	QC East @ Eastland Yards	Eastland Yards Indoor Sports Complex
Proposed Concept/Program	• 67 racquet courts – 37 tennis courts (24 green clay, 6 hard, 4 red clay, 3 indoor); 24 pickleball; 6 padel • Learning & education center • Office space • Indoor area to include classrooms, concessions, fitness center, locker room, etc.	• 6 multi-sport fields (soccer, flag football, lacrosse, etc.) • 20,000 SF public event space and tech center • 7,500 SF – Innovation Center • 7,500 SF – Digital Entertainment • 1,500 SF – Office • Outdoor amphitheater w/ 5,000 seating capacity	• ~ 115,000 SF indoor facility - 10 basketball courts, seating for 1,500, 200m track, Community Learning Academy, sports hall of fame • 2 outdoor fields / • Outdoor basketball courts • Phase 2 – mixed use development and parking
Land required	• 23.7 acres for the Racquet sports venue • Additional 5.2 acres for future development led by a different party	• ~29 acres	• ~29 acres
Management / Operating Org.	• Carolina Serves – 501(c)(3)	• Development partners (“DevCo”): • Southern Entertainment • Charlotte Soccer Academy • Esports Property Partners	• Synergy Sports with oversight of non-profit board
Economic Impact	• 111 event days per year • 11,000 annual visitors • \$100 million economic impact over 5 years	• \$111 million in annual economic impact • \$77.9 million in direct economic impact • 683 FTE jobs • 112,656 visitors from 50+ miles away • 102,380 room nights per year	• 150 tournament events days • \$129 million in annual economic impact • 250,000 visitors year 1

28

	Racquet Sports Entertainment District	QC East @ Eastland Yards	Synergy Sports
Est. Project Cost	\$32.3 million	\$61 million	\$68 million phase 1 \$60 million – building /fields ~ \$8 million – infrastructure
Land Transaction Structure	\$1 lease for 99 years for 23.7-acre Racquet venue	Purchase at market rate	\$1 lease
Public Investment Requested	\$28.3 million (\$17 million for facility and \$11.3 million for required infrastructure improvements)	\$30 million (\$19M – facility; \$11M – infrastructure)	\$28 million (\$8M- infrastructure; \$20M sports facility) \$30K support in year 1 for marketing
Private Investment	\$9 million (\$4M – capital; \$2M – operating reserves; \$3M – youth scholarships)	\$31 million – Phase 1 \$22 million – Phase 2	\$40M phase 1 - TBD phase 2
Community Usage/ Impact	- Will offer free court time and programming weekly - Other usage available to community for fee (e.g. \$12 per 90 minutes) 10 public use days for the City and County to host events	- Tuition free pathways for students - Apprenticeships - Neighborhood access to fields - Community meeting space - Community-oriented planning (e.g. free tech-oriented classes, senior programming, etc.)	20% community use at various rates - Workforce development - Youth enrichment programs
 29			

Evaluation Results

► Carolina Serves | Racquet Sports Entertainment District

- Pros
 - Demonstrated market demand for increasing supply of courts and larger complexes in the region*
 - Demonstrated track record of working well with public sector*
 - Impressive commitment to engaging youth and offering affordable programming for lower income residents*
 - Adequate timeline as described for design/permitting, construction, and full completion*
 - Stated commitment to low to no cost community usage; impressive commitment to engaging youth & affordable programming for lower income residents*
 - Revised program decreases public “ask”*
- Cons
 - Public would be taking on greater share of capital costs (88%)*
 - Economic impact reliant on larger events - potential impact not as strong as team sporting events*
 - Parking may be inadequate for higher quality events necessary to generate described economic impact*
 - Uncertain long term operational structure for competitive events*
 - Limited opportunities for community use outside of racquet sports and Carolina Serves youth programming*

Evaluation Results

► QC East @ Eastland Yards

- Pros
 - *Impressive mix of uses/activities on the 29-acre site*
 - *Attractive mix of public and private funding structure (49% public)*
 - *Demonstrated ability to manage variety of events (entertainment, sports, and tech)*
 - *Development team brings relevant, complementary skills sets and experiences*
 - *Economic impact and initiatives to support local job growth, local business expansion, and development of tech-oriented skillsets*
 - *Concepts align well with community feedback and preferences for job creation, soccer fields, and creating a destination in East Charlotte*
 - *Potential for significant catalytic impact for nearby businesses and job opportunities for residents of East Charlotte*
- Cons
 - *Larger events may place burdens on surrounding communities with traffic and parking*

Evaluation Results

► QC East @ Eastland Yards, cont'd

- Conflict of Interest
 - **Per Patrick Baker, Charlotte City Attorney -**
 - "The bottom line is that Councilmember Bokhari is stated to me that he is **not an owner of any portion** of the corporate entity (QC East Opco, LLC) that will be contracting with the City should this proposal be approved by the City Council. He has stated that he is a minority owner (less than 10%) of a completely separate entity that is proposed to be a tenant at the site paying fair market rent to QC East Opco, LLC). **As such, the conflict laws under NCGS 14-234 are not implicated and the City has full legal authority to enter into a contract with QC East Opco if the Council so chooses.**



MEMO TO: Whom it may concern

MEMO FROM: Scott Hollingsworth, COO, Carolina Esports Hub

DATE: Jun 2, 2023

RE: QC East Ownership Structure

This memo accompanies the QC East ownership structure and responsibilities diagram and confirms the following:

1. Tariq Bokhari owns a minority interest in Carolina Esports Hub (less than 10%);
2. Tariq Bokhari has no ownership interest in Esports Property Partners, LLC.
3. Esports Property Partners, LLC will own a one-third interest in the development rights of the project (QC East);
4. Carolina Esports Hub does NOT have an ownership interest in the QC East project;
5. Carolina Esports Hub plans to conduct Esports related competitions in this venue based upon short term use agreements (5-10 times per year) at a standard market rate. This would be similar to any third party, short term rental at any public or private venue designed for this purpose;
6. Accordingly, Tariq Bokhari will have no ownership interest in the QC East project;

Evaluation Results

► Eastland Yards Indoor Sports Complex

- Pros
 - Diversity of potentially impactful uses/activities across the 29-acre site
 - Demonstrated demand for proposed facilities in the Charlotte market
 - Experience with successfully implementing similar P3 structures with mix of public and private funding
 - Attractive mix of public and private funding structure (41% public)
 - Demonstrated ability to manage variety of sporting events*
 - Development team brings directly relevant experience with successful similar facilities*
 - Concepts align well with community feedback supporting amateur sports facilities
 - Potential for catalytic impact for nearby businesses and job opportunities for residents of East Charlotte
- Cons
 - Potential burden on surrounding communities from increased traffic and parking demands
 - Low to no cost community use needs to be vetted further
 - Further discussion/investigation needed to fully vet the proposal (as * above)

Evaluation Results

Community Goal	Racquet Sports Entertainment District	QC East @ Eastland Yards	Eastland Yards Indoor Sports Complex
Creates "destination" in East Charlotte			
Sports fields/active recreation to create an attraction for diverse audiences			
Low to no cost for community use of fields and facilities			
Generates significant tourism impact/activity and hotel room night demand			
Activates the site year-round			
Creates jobs (direct and indirect)			
Workforce/talent development opportunities			
Youth non-sports programming targeting low-income households			
Increases opportunities for small and local businesses			

Staff Recommendation

Goals

- Best long-term solution for East Charlotte
- Commitment to investment in East Charlotte and facilitate transformative redevelopment

► Staff recommendation:

- Eliminate Carolina Serves from further consideration
- Recommend a June community meeting to solicit feedback
 - *QC East @ Eastland Yards*
 - *Potentially Eastland Yards Indoor Sports Complex*

► Begin Community Input on viable solutions

- Launch online site for feedback (week of 6/5)
- June Community Meeting

June Community Meeting

► Purpose – gather community feedback on one/two viable proposals

► Tentative dates – June 24th or 28th (looking at earlier dates)

► Agenda

- Proposal team(s) available to present vision
- Gather input from community stakeholders
 - *Is the community vision from 2019 (and before) still the desired vision?*
 - *Is the community's priority community use or economic catalyst for the eastside?*
 - Does the proposal(s) deliver the appropriate community use?
 - Does the proposal serve as an activator for Eastland and East Charlotte?
 - *What are the areas of concern that need to be addressed? small business opportunities, traffic, adequate parking, etc?*

Next Steps

- ▶ **Continue to support CSE and current work**
 - Assess infrastructure needs for eastern portion of site to mitigate disruptions to ongoing work
- ▶ **Community engagement**
 - Begin with online site for feedback and public meeting in June
- ▶ **Beginning in July - further refine terms of proposal(s) from community feedback**
 - Determine lead proposal (if necessary)
 - Develop an MOU based on proposal and community feedback
 - Bring forward to Council for vote and/or further evaluation

Committee Discussion