

# Charlotte Jobs Now

*Scott Stone's Plan to lead a turnaround*



*A blueprint for turning around Charlotte's economy by creating 35,000 private-sector jobs in the short-term and positioning our community for long-term, sustainable economic prosperity.*

**SCOTT STONE**



**MAYOR**

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[www.CLTjobsNOW.com](http://www.CLTjobsNOW.com)

## INTRODUCTION – CREATING CHARLOTTE JOBS NOW

Charlotte used to have a swagger. When other cities struggled, we shrugged it off and chose not to participate in recessions. Unfortunately we have lost our swagger because this is a different time. People are hurting, our neighbors are struggling. Everyone knows someone who has lost a job or is

still without a job. We have more than 35,000 of these friends and neighbors who are currently out of work.



Charlotte has had near double-digit unemployment for two years with 35,000 people out of work. The Stone Jobs Plan will create *Charlotte Jobs Now*.

While our challenges have been similar to some other areas of the country, Charlotte's unemployment rate is higher than the national average and higher than the North Carolina average. That is not typical Charlotte. Charlotte has been in double-digit unemployment for more than two-years and there are no signs yet that a true recovery is taking hold. Charlotte has experienced 40 months of negative trending employment. What is worse is that Charlotte's recovery is slower than the rest of the state and country. Will we be left behind?

To create Charlotte Jobs Now, we must address several key elements of our economy that are hindering private-sector job creation. Some of these elements are sector-specific, while others are applicable to all sectors.

Specifically, our plan will:

- ★ **Make Charlotte more competitive** by cutting taxes by \$72 million, working productively with neighbors instead of competing for jobs, retiring debt, and preparing to compete where the jobs *will be* in the next 10 years.
- ★ **Strengthen the manufacturing sector** through investment and strategic positioning
- ★ **Support Small Business** by enhancing existing programs and creating a dynamic business climate
- ★ **Privatize** several existing city functions
- ★ **Ensure that our labor force stays competitive** by fiercely defending our state's status as a Right to Work location

- ★ **Remove the uncertainties** that impact investment and development
- ★ **Strengthen our construction industry** which represents 10% of our economy and currently has unemployment of around 25%.
- ★ **Create the “Designed in Charlotte” branding** to build upon our strengths in engineering and energy and establish Charlotte as the National & International Engineering Hub

The current Charlotte economic recession has not been mild, nor has it been brief. To pull our community back to prosperity, we need a plan, not just hope and wishful thinking. Charlotte Jobs Now is a detailed plan to turn our economy around and create Charlotte jobs now.

## MAKING CHARLOTTE MORE COMPETITIVE

Over the past decade the Charlotte city government got “ahead of its headlights.” We continued to increase spending and taxes because we thought the good economic times would continue forever. Fueled by the investment of our banks and growth in population, our community was spoiled by Charlotte’s new role as an economic powerhouse.

Our spending habits have caught up to us and we now need to revisit our strategy as it relates to competing against other cities and regions for investment and jobs.

### Reducing our Taxes by More than \$70 million

Our property tax rate keeps Charlotte from being competitive. There is a direct correlation between tax burden and employment. In North Carolina, many of the cities with the highest combined city / county taxes have the highest unemployment rates.

We need to ensure that Charlotte is among the lowest taxed areas to encourage companies to choose us.

**Individual taxpayers – not government - are the best and most efficient stimulators of the**

City	Total Tax Rate Combined 12/10	Unemployment Rate Dec-10
<i>High Tax Rate Cities</i>		
Greensboro (Guilford)	1.3699	10.1%
<b>Charlotte (Mecklenburg)</b>	<b>1.2973</b>	<b>10.0%</b>
<i>Medium Tax Rate Cities</i>		
Fayetteville (Cumberland)	1.1960	9.0%
Winston-Salem (Forsyth)	1.1490	9.1%
<i>Low Tax Rate Cities</i>		
Asheville (Bumcombe)	1.0950	7.6%
Raleigh (Wake)	0.9075	7.5%
Cary (Wake)	0.8640	7.5%
Wilmington (New Hanover)	0.8355	8.9%

There is a direct correlation between tax burden and unemployment. Charlotte, as one of the highest taxed cities, also has one of the highest unemployment rates.

**economy.** The more money they have in their pockets, the more spending in the private sector, which translates into jobs.

**The Charlotte Jobs Now Plan calls for cutting property taxes and returning \$72 million to Charlotte taxpayers.** The \$72 million figure is the amount of city spending that has increased since FY2007. To pay for our tax cut, we will reduce spending back to this FY2007 level. The Charlotte Jobs Now Plan does not leave the tough decisions for others as we provide examples of spending cuts including debt retirement through the sale of real estate assets, staff reductions including through privatization. We will provide more examples later in this document.

Putting more tax dollars back in the hands of individual taxpayers and small business owners will provide a boost for our economy, creating thousands of jobs. Government is inherently inefficient and government spending has a long history of unsuccessfully trying to stimulate the economy.

### **Working with South Carolina, Not in Competition**

While we are fighting to recruit new jobs and businesses to the Charlotte region, our friends to the south are offering big tax incentives for companies to leave Charlotte and move to York, Lancaster or Chester Counties.

We need to work together as one region to recruit jobs to the region and not cost taxpayers money by offering incentives to lure jobs from Charlotte to neighboring counties. The mayor can and should lead this fight for Charlotte jobs.

Lancaster County is an example of where this practice occurs most often. The State of South Carolina considers Lancaster a Tier 4 county and therefore will offer its most aggressive incentives (\$8,000 per job) to lure companies to that county. There have been hundreds of thousands of square feet of office space built within a couple of miles of the Charlotte border. These employees use Charlotte's roads and other amenities while Lancaster and South Carolina see the financial benefit. We have several tactics we could use to fight the problem, but our current leadership must first agree to take on the fight.



The four South Carolina counties which are part of the 16-county Charlotte Regional Partnership should not offer incentives to lure jobs from Charlotte. We need to work together with our neighbors to recruit to the region and not cannibalize each other's jobs.

## Unions & Our "Right to Work" Status

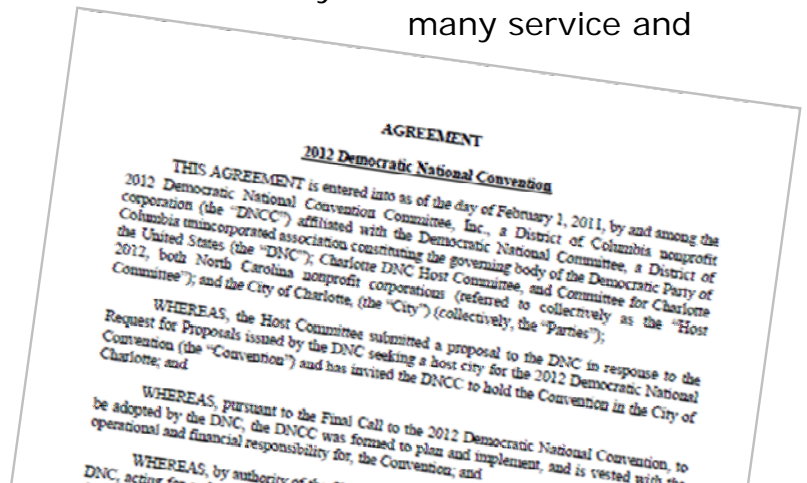


Manufacturers and other employers often cite the Carolinas' status as Right to Work states as a reason why they invest in facilities across North Carolina and South Carolina. In fact, these two states are among the lowest in the nation in their percentage of unionized workforce. While unions can take many forms, and can sometimes help protect worker's rights, many job-creators will avoid investing in heavily unionized parts of the country because they believe that it will impact the local labor force's competitiveness.

As the Democratic National Convention comes to Charlotte in 2012, our community is likely to see an aggressive push to unionize many of our workers – starting with hospitality industry workers. The DNC contract specifically states that, whenever

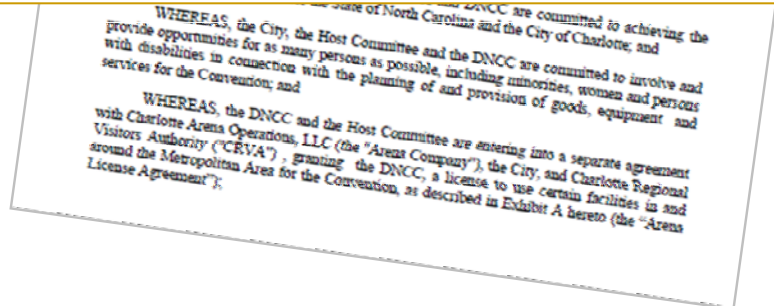
possible, **Charlotte convention work "shall be performed or supplied by firms covered by current union collective bargaining agreements."**

We need to resist the DNC's pressure to unionize our labor force. As mayor, Scott Stone will fiercely defend our status as a Right to Work location.



17. **UNION LABOR**

17.1. Use of union labor. To the extent permitted by law, to the extent, if any, such labor is available in the region, and except as otherwise expressly agreed by the DNCC, all services, goods, equipment, supplies and materials to be provided or procured by the Host Committee hereunder shall be performed or supplied by firms covered by current union collective bargaining agreements with the unions which have jurisdiction for the work or services to be performed.



## STRENGTHENING OUR MANUFACTURING SECTOR

Manufacturing is a big part of our economy and it is struggling. The Charlotte metro area lost 14,400 manufacturing jobs since April 2008. There

Charlotte lost 14,400 manufacturing jobs since April 2008. It is time to embrace the profession of manufacturing.

are 1,553 total manufacturers in Mecklenburg County. In order for our economy to recover, these companies must start hiring again. In order to grow our economy long-term, manufacturing must be a strong component.

The Charlotte Jobs Now Plan will strengthen our struggling manufacturing sector.

### Charlotte Manufacturing Apprenticeship Program

Over the past couple of decades, politicians have said that every high school student needs to be “college ready” when they graduate. Scott Stone disagrees – he believes that students need to be “World Ready” – ready for college or the work force. Every graduate is not going to go to college. We need to embrace this reality and prepare this generation of workers for careers in manufacturing and other important industries.

Charlotte has a large international presence – in fact, there are almost 600 foreign-owned firms in Mecklenburg County, many of which are manufacturers. If Charlotte can create a world-class manufacturing apprenticeship program we can make Charlotte the preferred US location for European industrial firms and differentiate our labor



**We need to train a new generation to be “World Ready” including preparing a skilled work force ready to support the manufacturing profession.**

A world-class manufacturing apprenticeship program, which is well managed, promoted, and branded, can separate Charlotte from peer cities in recruiting and growing this sector. European companies – who heavily depend of apprenticeship programs in their home countries – will invest here because of this program. A manufacturing apprenticeship program, coupled with our airport which has many non-stop flights to Europe, will make Charlotte the nationally preferred location for European industrial firms.

force from others across the country.

To be successful, the Charlotte Manufacturing Apprenticeship Program must be well managed, promoted, and branded in order to be successful and have the desired job-creating impact.

The Charlotte Manufacturing Apprenticeship Program would include:

- ★ Expand apprenticeship programs and collaboration with Charlotte-Mecklenburg Schools and CCCC. Currently the manufacturing or vocation training within CMS is very limited.
- ★ Build upon existing apprenticeship programs, such as Apprenticeship 2000, which is not adequately supported, funded or promoted by the city or Charlotte's Economic Development Department, Charlotte Regional Partnership, or the North Carolina Department of Commerce.
- ★ Successful program participants would include awarding of an AAS degree in Manufacturing Technology, and Apprenticeship Certification from NCDOL.
- ★ An apprentice-sharing program between manufacturers to help provide diverse training opportunities, which will create better long-term employees.
- ★ Non-monetary incentives for firms which participate in the Charlotte Manufacturing Apprenticeship Program

### Strategic Alliance with Port of Charleston

In 2014 the new Panama Canal shipping lane will be open and it will dramatically change global cargo shipping. Because the Canal will be almost twice the width of the existing waterway, a new generation of "Post-Panamax" ships will be able to carry almost three times the volume of cargo. A large amount of cargo that now docks on the West Coast and travels by train or truck to the East Coast will instead go directly to Eastern ports and the Port of Charleston is among the best positioned to take advantage of this growth.



Charleston is the deepest port in the Southeast, fourth busiest port by volume in the U.S., and can handle Post-Panamax ships today. Our North Carolina ports do not have close to the

capacity of Charleston. The Savannah Port is not ready and will not be ready for Post-Panamax ships by 2014, as it struggles with required permitting.

Charlotte needs to work closely with the Port of Charleston as this alliance can help both areas. Our manufacturers can transport to Charleston very quickly and efficiently. The Port of Charleston is poised to be a catalyst of regional growth in manufacturing and distribution and Charlotte can benefit from this growth.

### **Acceleration and Promotion of Airport Intermodal Facility**

As Charleston secures its place as a top East Coast seaboard port, Charlotte must secure its place as an Inland Port. Charlotte-Douglas International Airport has slated a \$90 million investment to create an intermodal facility which can accommodate rail, air, and highway cargo. As part of this project, Norfolk Southern will move its rail yard to the airport facility.

While this is an important project, we need to ensure that schedules do not fall behind as this has been in planning since 1998. We need to do everything reasonable to facilitate the completion of this project – including getting the Norfolk Southern portion finished - so that our intermodal facility can be ready in advance of the 2014 new Panama Canal opening. As the facility nears completion, we need to ensure that we are also adequately promoting and marketing the facility as a differentiator for the Charlotte Region.

### **PROTECTING CHARLOTTE JOBS**



Charlotte's construction sector lost 2,000 jobs during the past year and unemployment hovers around 25%. Oppressive ordinances, slow and burdensome approval processes, and wasteful spending of infrastructure capital dollars on items such as public art, have severely hindered the recovery of this sector.

### **Strengthening the Construction Sector**

The construction sector is likely the most heavily impacted part of the economy during the current recession. **This sector saw the loss of 2,000 jobs in the Charlotte area during the past year.** During the past two-years, it is estimated that the unemployment rate in the construction sector has been

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around 25% with no rebound in sight.

While the construction industry is a casualty of an overall weak economy, the City of Charlotte is responsible for some of the slowdown. Oppressive ordinances, slow and burdensome approval processes, and wasteful spending of infrastructure capital dollars on items such as public art, have severely hindered the recovery of this sector.

To turn-around the Construction Industry in Charlotte, we must:

- ★ Streamline and expedite our rezoning and permitting processes – both site plan approvals (city) and building permits (county).
- ★ Make standard rezoning the norm and make conditional rezonings the exception. Modify existing zoning ordinances – to tighten as necessary – to remove the staffs’ and politicians’ perceived “need” for conditional rezoning.
- ★ Modify current policies and ordinances which impact Charlotte’s competitiveness. The Post-Construction Stormwater Ordinance, for example, adds construction requirements which far exceed the state’s requirements. Furthermore, the Urban Street Design Guidelines, Tree Ordinance, and Post-Construction Stormwater Ordinance all have compounding impacts to project viability and often conflict with each other.



### **Employ E-Verify for All City Contracts**

Currently North Carolina state agencies use E-Verify to determine the legal immigration status of potential and current employees. Charlotte needs to ensure that employers which win city contracts are using legal workers. E-Verify is a federal, internet-based system operated by the Department of Homeland Security in conjunction with the Social Security Administration. There



is no charge to employers to use E-Verify.

## Enhance and Expand Support for Small Business

There are 100,000 small businesses in Mecklenburg County. If 50% of these companies hire just one person, that is 50,000 jobs and we would be back to full employment. Scott Stone is a staunch supporter of small business. As chairman of the Charlotte Business Advisory Committee, he was the lead author of the city's Small Business Strategic Plan.

To grow small business in Charlotte, we must:



If half of the 100,000 existing small businesses in Mecklenburg County hire one person, that would generate 50,000 new jobs. We must aggressively support small business with real solution not bureaucratic programs.

As chair of the city's Business Advisory Committee, Scott Stone was the lead author of the Small Business Strategic Plan. We need to now implement that plan as it was crafted.

- ★ Lower the overall property tax rate so companies have more money in their pocket to invest and hire.
- ★ Enhance and rebrand the Small Business web portal as the initial roll-out was not what was intended in the Small Business Strategic Plan.
- ★ Develop a strong "Business to Business" network to help small businesses gain clients from each other.
- ★ Eliminate or revamp burdensome programs for contracting which add costs to bidding process without aiding actual small businesses.

## **BUILD ON OUR STRENGTHS & ASSETS – PREPARE FOR GROWTH**

### **Continue to Invest in CLT**

While we have many great assets in our community, Charlotte's greatest job creating asset is Charlotte – Douglas International Airport. Company CEOs often tout CLT as a main reason, if not the primary reason for relocating an operation or headquarters to Charlotte.



In addition to the planned intermodal facility, there are numerous other capital projects which will expand and modernize our airport. Adding more gates and more non-stop destinations will do more to attract corporate headquarter relocations and internationally-owned Charlotte manufacturing jobs.

The “Build it and They Will Come” mentality does not always work. However, as long as CLT remains one of the most cost-effective airports in the US for air carriers, it will continue to be fully utilized as we add gates and revenue generating resources and assets.

As part of this continued expansion, we must remain diligent to address security concerns, which could hinder our airport's growth and success.

### **Develop Charlotte as National & International Engineering Hub – “Designed In Charlotte”**



Charlotte has quickly and quietly become one of the largest engineering hubs in the United States. The Charlotte Jobs Now Plan proposes that we build on this.

Fueled by the energy industry and the growth, relocation and expansion of global engineering firms – such as Shaw, Areva, Babcock & Wilcox, and URS – Charlotte has become the epicenter of energy engineering, particularly nuclear. Charlotte needs to build on that jobs cluster.



Today there are several thousand engineers in Charlotte supporting the energy sector. Charlotte, working with the world-class and growing Lee College of Engineering at UNC Charlotte and its Energy Production & Infrastructure Center (EPIC), as well as the Electric Power Research Institute



Charlotte will become nationally known for engineering the way the RTP became known for biotech.

(EPRI), can brand and position itself as a destination location for engineering. Charlotte will become nationally known for engineering design just as the RTP has become nationally known for biotech.

The "Designed in Charlotte" branding can create 5,000 high-paying engineering positions during the next decade. This would be welcome a relief to an industry whose unemployment rate is over 30%. As a senior executive in the engineering industry, Scott Stone is well suited to lead this effort.

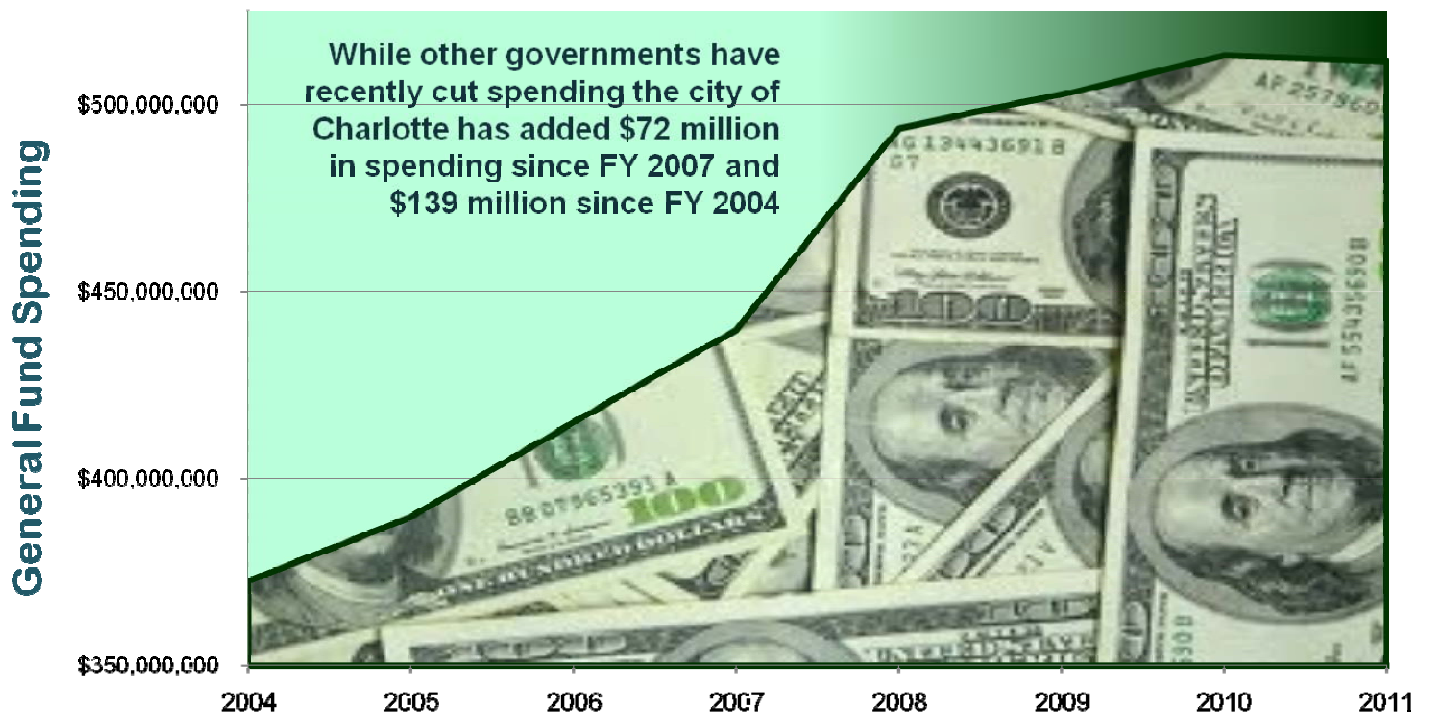
## SPENDING CUTS TO PAY FOR TAX CUTS

One of the Charlotte Jobs Now Plan's main pillars is to make Charlotte more competitive, including through property tax cuts. Unlike many politicians, Scott Stone does not believe in making broad claims without offering specifics.

### Spending out of control

During the past several years, our city government has grown far more than necessary to meet the needs of taxpayers. Since FY 2007 the City of

## City Spending Growth



Charlotte government has added \$72 million in General Fund spending and \$139 million since FY 2004.

Below are examples of suggested spending cuts:

- ★ **Street Car to Nowhere** – The new FY2012 budget has still not set aside money for the Street Car. This highly political pet project must be stopped in its tracks as the 1.5 mile line has no ridership projections, requires \$12 million in local capital and up to \$2 million a year in annual operating expenses.
- ★ **Public Art for Capital Projects** – Current city policy states that 1% of all capital project spending must go to public art. In FY2011, we spent \$197 million in capital projects, meaning almost \$2 million went to decorative stormwater rip-rap or flying saucer sculptures along rail lines.
- ★ **Privatization** – The city must be more aggressive in privatizing city functions that can be done more cost-effectively and efficiently by the private sector. Areas which should be considered for privatization:
  - CMUD Maintenance
  - Printing
  - Solid Waste Collection
- ★ **Debt Retirement through Sale of Assets** – Charlotte taxpayers paid \$229 million last year in debt service - \$52 million going to interest alone. We need to go to a *true* Pay-as-You-Go system. Through the sale of physical assets, some by a lease-back, and others by a complete divestiture. Owning real estate is not government's core function and therefore all city-owned properties should be examined. Many large companies lease office buildings and factories because it gives them flexibility in their locations and frees up cash. We should do the same. Properties which should be considered for sale:
  - Charlotte – Mecklenburg Government Center (lease back)
  - Ovens Auditorium (Divestiture)
  - Bojangles Arena (Divestiture)

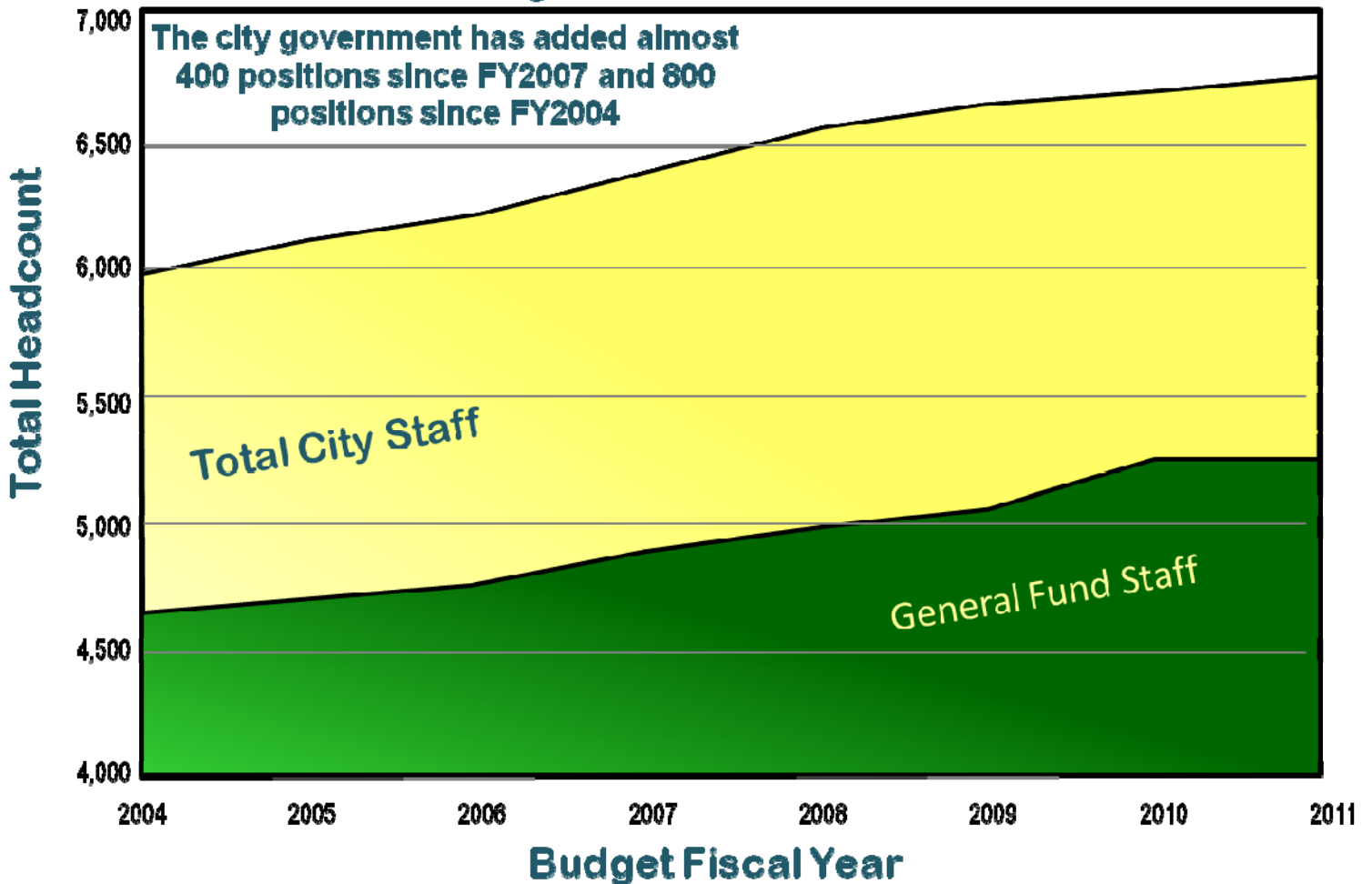
Charlotte paid \$229 million last year in debt service - \$52 million going to interest alone. Charlotte needs to get out of the real estate business like most corporations. The sale of key assets can generate \$50 - \$100 million which can be used to retire debt

- Police & Fire Stations (lease back)
- Maintenance Facilities (lease back)

The sale of some or all of these properties could generate between \$50 to \$100 million in cash that can be used to retire city debt.

- ★ **Reduction of City Staff “Cadillac” Medical Benefits** – Under Obamacare, our current city staff’s medical plan is considered a “Cadillac Plan” which means, left unchecked, **taxpayers will pay a 40% excise tax** on that expense. Unless Obamacare is repealed, this cost needs to be addressed or planned for now.
- ★ **Staff Reductions** – While the Charlotte Jobs Now Plan does not call for massive staff cuts, it is appropriate to reduce some staff levels. During a recession, when most private companies cut staff dramatically, the city did not cut staff levels.

## City Staff Growth



Examples of areas where staff cuts could be made:

- Areas recommended for privatization
- Planning, Engineering & Property Management – There is a dramatic reduction in workload due to fewer projects going through the process
- Forestry Inspection

## CONCLUSION

### Call to Action – Help Create Charlotte Jobs Now

The people of Charlotte deserve more from their mayor than what they have received to help get us out of the worst recession in history. They deserve answers. They deserve a plan.

Charlotte can get its swagger back and once again be the envy of the nation for our economic prowess. The Charlotte Jobs Now Plan is a path forward – not the status quo. We cannot accept the current situation as the “New Normal.” Spread the word about the Charlotte Jobs Now Plan which includes:

- ★ \$72 million back in taxpayer pockets
- ★ Reduced or eliminated government bureaucracy that stifles business
- ★ Reduced city government overhead costs
- ★ Improved cooperation with our neighbors to protect Charlotte jobs
- ★ Positioning “Designed in Charlotte” as a world-wide brand
- ★ Strengthening manufacturing and construction

Scott Stone has an economic vision for Charlotte and the plan to make it happen. That is what the people of Charlotte deserve.

