

KANNAPOLIS DOWNTOWN REVITALIZATION INITIATIVE

FEASIBILITY STUDY

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1. Memorandum to David Murdock

Memorandum

To: David Murdock, CEO of Dole foods, Inc.
From: CTMRJ Consulting
Subject: Feasibility Study Results for Health & Wellness Center in Kannapolis
Date: 3/18/2005



After conducting a comprehensive feasibility study, the principals in CTMRJ Consulting contend that Atlantic American Properties and Castle and Cooke, LLP should move forward with the development of a Health & Wellness Center (hereafter HWC) in Kannapolis, NC. Although we will discuss some of the challenges that the development will face in establishing a new industry in a former textile factory town, we recommend concrete actions to ensure that this concept creates a national presence and a sustainable future. In addition to this summary memorandum, we have also prepared a comprehensive white paper with exhibits on this topic, which we will reference. We welcome any and all questions regarding our proposal.

Recommendations

1. Complete HWC in Kannapolis - use lessons learned from Dole HWC in California. Tailor architecture to Cannon Mills-heritage theme and implement sustainable land-use priorities and practices.
2. Invite development of age-qualified and bedroom communities focused on in-fill between Kannapolis and outlying business parks. Doing so will enhance the sustainability of the HWC and create a destination where some people visit once, but others stay forever.

3. Address critical *community asset* opportunities in coordination with Kannapolis city and Cabarrus County government. Opportunities include development of community-based organizations focused on: youth and adult continuing education, cultural heritage especially for Hispanics, and cultural arts.
4. Strengthen minority-owned business opportunities and their role in the Chamber of Commerce. Kannapolis must continue its transformation from a factory town to a 21st century village.
5. Support and assist in bringing a Senior Health Center to Kannapolis.

Community Analysis

First we prepared an in-depth SWOT analysis¹ on the community of Kannapolis and Cabarrus County. Located just outside of Charlotte and directly on the I-85 corridor, Kannapolis benefits from a number of *community assets* especially in the physical, cultural, and financial segments. However, there are clear opportunities for improvement in the human and social asset base. We have strong convictions that the biggest risks to sustainability of Kannapolis and the HWC lie in its human capital weaknesses. By all statistics, Kannapolis' population and current school-aged children lag behind North Carolina and national standards. The potential immigrant influx that follows large construction projects will only stress an under-capitalized education system. Kannapolis has benefited from a transparent and proactive city government that is positioning Kannapolis as something other than the home of Dale Earnhardt. The city government has played a crucial role and it is time now to round out the network that will take Kannapolis forward. Business and community-based organizations must be strengthened and in some cases created to provide a cross-functional team for future growth.

Market Analysis

As Mr. Murdock knows from the Dole Health and Wellness Center in Westlake Village, California and the proposed facility on the Hawaiian island of Lanai'i, the growth in the health and wellness industry has been nothing short of phenomenal. The health and wellness industry is broad and ranges from day spas to resort/hotel destinations to medical spas where elective procedures or health programs are completed. In 2004, the H&W industry had \$11.2B in revenues, up from \$10.7B in 2003, and \$5.5B in 1999.² The number of resort and hotel spas has grown 290% since 1999 and in the past two years medical spas have had a blistering 109% increase in the number of destinations. While not specified in any of preparatory documents provided to CTMRJ, if the HWC is to also offer medical treatments such as plastic surgery, the continuing growth of that industry is promising. Plastic surgery procedures have grown from 6.3 million in 2002 to over 9.2 million in 2004 - a combined annual growth rate of 21%.³

Competitive Analysis

There are several competitors that are located in the general North Carolina area. The three main competitors in the local area are in Ashville, Greensboro and the Village of Pinehurst, NC. National and international examples of competitors include Palm Springs and Bumrungrad Hospital, Thailand.⁴ The proposed HWC can compete both locally and nationally against these competitors through a targeted marketing strategy focused on national consumers familiar with the beauty and elegance of North Carolina (e.g. Outer Banks, Biltmore or Pinehurst visitors). Locating the HWC in Kannapolis should be able to leverage the cluster effect of top-notch nearby spa destinations. The competitive landscape will create a dynamic market with plenty of opportunity for niche offerings that will bring premium consumers.

¹ See white paper and exhibit 1 for detail on strengths, weaknesses, opportunities, and threats discussion

² www.forbes.com, "Super Spas 2005"

³ www.plasticsurgery.org, facts sheet

⁴ See Exhibit 2 on Competitor Analysis for HWC

Architectural Design & Land-use principles for downtown Kannapolis

It is important to complement the existing historical presence of downtown Kannapolis so that the HWC and the surrounding developed community reinforce its cultural identity. Development in Kannapolis can leverage the history and design of Cannon Mills.⁵ This is not to say that the development should re-create the look and feel of a “company town,” but the adaptation of bungalows and central meeting places would provide residents and visitors a feeling of community. The town of Concord, North Carolina can serve as reference point for design and layout as well as other North Carolina communities such as Meadowmont and Southern Village in Chapel Hill, NC. The design of the downtown can also use the Meek House, the only registered historic site in Kannapolis, as a focal point.⁶

Land-use principles should focus directly on fostering social networks between government, business, and the community. This would include multi-use buildings, inter-connected walking and biking paths, and integrated commercial and living spaces. There could be a temptation to create distance between the HWC and Kannapolis in order to provide a “resort” feel. This would only serve to build a “virtual moat” and decrease the opportunity for the HWC to become the centerpiece of Kannapolis’ revival. Likewise, while the local government receives high marks from us for its drive to establish business-friendly environs such as the Gateway Business Park, the main problem with this approach is that these outlying business parks invite sprawl and result in stretching and spreading out a community. It invites continual subdivision and segregation when the goal should be to create a blending of the different segments of the community.

Lastly, in order to ensure the Kannapolis will continue to serve as a magnet for tourists, retirees, families, and professionals, the government must seek out businesses and foster incubation of business opportunities in sustainable industries. This means seeking out clean technology and service industries that will reduce the impact to the environment and more easily incorporate into development plans.

Additional opportunities for sustainable growth

While we believe that the HWC concept is a good idea for revitalizing Kannapolis, we debate its sustainability over the long-term. Growing the permanent population of both the town and county will produce a steady customer base for the HWC, as well as bring in additional capital and tax base to continue community development. We recommend targeting two population segments. First, establish Kannapolis as a retirement community and secondly as a bedroom community of Charlotte focused on residents who value health & wellness activities. The added population will not only spur the transformation of downtown Kannapolis, but will invigorate the transformation of the entire town through the development of new residential communities and revitalization of existing communities.⁷

Conclusion

The proposed HWC will be the cornerstone of Kannapolis’ future success and sustainability. The concept will be able to leverage current assets and competencies in the community. The Kannapolis city government will welcome a complementary business partner. Both the HWC and government have their work cut out for them in regards to the formation and support of community-based organizations. However, this triumvirate is necessary to address both the human and cultural capital gaps that weaken the sustainable future of Kannapolis. CTMRJ Consulting looks forward to the successful development of the planned HWC and welcome the opportunity to continue our partnership in building the future of Kannapolis.

⁵ “Kannapolis mulls historic label,” Salisbury Post, 12/19/99; See Section 1 on SWOT analysis for Kannapolis and Cabarrus County

⁶ <http://www.nationalregisterofhistoricplaces.com/NC/Cabarrus/districts.html>

⁷ See Sections 3 & 4 of the white paper for more detailed descriptions of sustainable communities

2. Analysis of Kannapolis– Strengths, Weaknesses, Opportunities, and Threats (SWOT)

In order to perform a comprehensive analysis on Kannapolis and Cabarrus County, we utilized the “community capital” assets model to more fully outline the strengths, weaknesses, opportunities and threats for area.⁸

Strengths

Kannapolis has several important strengths that belie the outsider’s initial impression of a mill town in decline.

Physical Capital

Perhaps Kannapolis’ most obvious physical asset is the former Pillowtex facility. The plan to raze that complex frees up a large area for development, and the physical infrastructure for it is already built -- even to the point of rail lines coming into the factory. Other examples of Kannapolis’ available industrial, residential, and business capacity include:

Gateway Business Park: Breaking ground on the 85-acre Kannapolis Gateway Business Park that has industrial shell buildings available along with planned retail facilities. Utilities and a service road are already completed. The park is one mile from two I-85 interchanges. Novant Health, a not-for-profit hospital system, is the first tenant of the new business park.

Biscayne Business Park: This business park is a 33-acre development with I-85 frontage. It is intended for light industrial, wholesale, and distribution businesses.

Residential Advantages: Kannapolis is close to Charlotte, and housing is less expensive than in that costly city. It’s a great, quiet alternative to living in the big city. It also can make for a great weekend getaway. Even so, there are two major interstate highways near the town, making it easy to travel between Charlotte and Kannapolis. There are also numerous lakes and nice camping areas near the town. Its location can attract both “outdoorsy” types and people that like the convenience of living near a big city without the hassle of actually living in the city.

Infrastructure Spending: The City is very pro-business and is willing to do what it takes to attract new companies and residents to the area. For example, in December alone, the city council approved three new repaving projects for local roads. They are also spending \$1.2M of grant money on infrastructure improvements intended to reduce congestion and improve air quality. They are developing two city parks (Village Park and North Cabarrus Park) at significant expense. They have numerous other locally funded and otherwise funded infrastructure improvement projects, including greenways, culverts, bridges, and sidewalks.

Networking: “Is your city networked?” is a common question from site selection committees. In the case of Kannapolis, there is a pilot Wi-Fi (wireless) networking project going on downtown.

Other Physical Assets: The City and surrounding area have numerous strong physical capital assets. Natural recreation areas abound, including the well-known Lake Norman. The major Charlotte airport is only 30 minutes away. Two major interstate highways pass through the area, and there are also rail lines leading to the former Pillowtex facility. Even if they ultimately are not useful for much in the future, those rail lines could still be used to facilitate construction of the HWC. Finally, there are plentiful sports venues nearby, including Lowe’s Motor Speedway and the home of both the Carolina Panthers NFL football team and an NBA basketball team.

⁸ Adapted from James Johnson, “A Conceptual Model for Enhancing Community Competitiveness in the New Economy”, Urban Affairs Review, July 2002.

Polity Capital

Kannapolis' government is progressive and it understands what is required to encourage development and re-development of their town and the surrounding area.

Willingness to Partner: The government is willing to partner with other local governments and other organizations. For example:

- The City will soon begin selling water to the City of Concord
- The City is co-sponsoring new athletic fields and a new gymnasium at the new middle school in order to gain priority usage for the fields.
- The City is allowing the Rowan County ABC system to run City ABC stores.
- There is an inter-local public transit authority serving both Concord and Kannapolis

Government Transparency: All city officials have their phone numbers and email addresses on the city's website. Meeting minutes from the city council meetings are normally online. Their online system was down, but the city clerk was happy to quickly send the author the last 3 months' worth of meeting minutes. This indicates great government transparency.

Quarterly Economic Development Newsletters: These newsletters list available business property, talk about new developments, and also mention educational and housing options. These newsletters -- including back issues -- are available online from the city's website.

Streamlined Development Process: The City has implemented a well-understood and timely system for approving new projects. A technical review committee meets every week to review plans for new construction. Within 7 to 10 days, one can have a first review and feedback on one's construction proposal. In addition, the City has their complete zoning & land use plans online -- very easy to get to. The zoning application forms are also online and easy to access.

Taxes and Grants: Property taxes are very competitive at only \$0.497 per \$100 of home value for the City. They are \$0.53 for Cabarrus County. There are also numerous city, county, and state-sponsored industrial incentive grants. Recently, the threshold for industrial incentive grants was reduced to \$3m from \$5m.

Other Polity Capital: The Kannapolis City government has already taken steps to support economic development efforts, such as:

- Supporting the March 5, 2002 passage of the referendum allowing the sale of beer and wine and mixed beverages in Kannapolis.
- Developing a water allocation plan to monitor the City's water supply capacity.
- Participating in the countywide Livable Communities Blueprint Parks and Recreation Master Plan.
- Adopting a unified development zoning ordinance along with the City of Concord and the towns of Harrisburg and Mt. Pleasant that provides high-quality development standards for commercial and industrial development, including specific corridor standards along the City's busiest and most visible thoroughfares.
- Implementing plans to improve streets and the water and wastewater system.
- Finalizing a comprehensive plan to guide future development.
- Launching marketing efforts to promote the City and the available land and buildings.

Human and Social Capital

There are no less than eleven institutions of higher learning in the area, including county community colleges, UNC-Charlotte, Catawba College, and others. The Centralina Work Development Board is focused on linking employers with job seekers. The town is also made up of people with a strong work ethic, as evidenced by the fact that a textile mill operated there for many years.

Weaknesses

While Kannapolis has many strengths, it also has some weaknesses that it must be cognizant of in order to overcome and move beyond them. Here we shall discuss some of the more important ones.

Human Capital

Among Kannapolis' most pressing problems are those related to human capital:

- 41% of the city's residents do not have a high school diploma--presumably, a disproportionate number were employed at the textile mill before it closed.
- North Carolina as a state has a primary education system that is below the national average. Compounding that problem in Kannapolis are student-teacher ratios that are worse than the state's average (22:1 versus 21:1).
- SAT scores for Kannapolis, Cabarrus, and Rowan lag state and federal averages, with an average of 1000 versus 1006 and 1026, respectively. Even worse: only 34% of Kannapolis students even *take* the SAT. That compares unfavorably with a 70% average throughout North Carolina and 48% nationally.
- On the bright side, the K-8 reading and math "at grade level" percentage scores for the city and surrounding counties are on par with the state averages and in some cases are above average.

Cultural Capital

Visiting the local Chamber of Commerce does not paint a picture of a diverse community. Among their core values are "faith in God" and "family values." While those are fine values, they do carry some connotations that non-white, non-Christian outsiders may not appreciate. In today's knowledge-based economy, a city cannot afford to paint itself as intolerant of outsiders such as Asian immigrants. A site selection committee would quickly reject Kannapolis on these factors.

The Cabarrus County Convention and Visitors Bureau is "all about the racing side of Charlotte," and little else. A visitor hoping to learn more about the area's natural beauty and great potential would have to look elsewhere.

Social Capital

There are no standout community-based organizations focused on education or diversity. For example, the Kannapolis web site indicates that "all churches and all denominations are available in Kannapolis," but it makes no mention of Muslim, Hindu, or Jewish houses of worship. Similarly, there do not appear to be many Latino-focused churches.

Opportunities

There are numerous opportunities for Kannapolis to expand and improve its development-friendly status.

Polity Capital

Kannapolis should grow its partnership with Cabarrus Economic Development (CED). This is a partnership designed to draw new businesses to the area, and it is managed in conjunction with the NC Department of Commerce and the Charlotte Regional Partnership.

Kannapolis should also promote its strategic marketing plan, which is designed to:

- Influence business and industry that Kannapolis is the better location in the Charlotte region.
- Promote the exceptional quality of life in Kannapolis - a great place for family to work, live and play.
- Promote workforce availability and continuing education support.
- Position the City as a vibrant community with excellent residential growth - capitalize on nearby Charlotte.

- Position the City Manager as a thought leader for economic growth expansion in the region. (22 Nov 04 City Council meeting minutes)

Finally, the city and county should continue to capitalize on their motor sports heritage, even as they diversify their residential and tax base.

Human Capital

Kannapolis should foster a greater link between business and education. The city must focus on elementary and middle schools to create sustainable education for the future. They must address the weaknesses we identified above; securing increased state educational funding could help make up the funding shortfall caused by lack of local funding compared to the state average local school funding.

One success that they can try to capitalize on is the Communities in Schools project in Rowan County. They could use their partnership with Cisco to increase technical skills in the area.

Threats

Just as there are opportunities for Kannapolis, there are also threats they must be wary of. Below, we present several threats to different types of capital.

Financial Capital

A key concern is the possible loss of motor sports revenue. The city needs to work to promote motor sports in order to keep the city financially viable as they transition to new fiscal models and diversify their tax revenue base. As discussed in the 13 December 2004 City Council Meeting Minutes, Virginia and South Carolina are both trying to be more competitive and draw more motor sports to their states. Kannapolis and North Carolina in general should not take their motor sports heritage and incumbency for granted.

Threats to Other Forms of Capital

Social: Construction of new major facilities, such as the proposed HWC and the new business parks, may bring in more immigrants. The existing population may not be socially equipped to deal with this influx of “outsiders” that are different from them.

Human: “Brain drain” to Charlotte is obviously a big concern. For the brightest of the locals, what does Kannapolis have to offer compared to the lure of a career in Charlotte? Another concern is that local white non-Hispanics are doing much better on end-of-grade tests than are other groups. This may lead to social conflict if it hasn’t already.

3. Definition of HWC and Market Opportunity

What is a Health and Wellness Center?

The developers’ proposed HWC could accomplish many goals. Here, we identify several possibilities.

Drawing out-of-town visitors

A “spa” approach, such as that found at the Grove Park Inn in Asheville, could cater to visitors looking to “get away from it all” for a day or a few days. Another way to draw outsiders is to make this a “medical spa” by establishing a center of excellence in some particular disease treatment, or to become skilled at serving older Americans by building a large pool of geriatricians.

Supporting a wide range of local residents

The HWC at the Greenwood Mall in Bowling Green, KY, has a novel appeal for local residents. First of all, it’s located in a shopping mall. Secondly, it offers a free screening each month for a different illness, such as depression, high blood pressure, diabetes, and other conditions. The convenient

location and free service draws in local residents and encourages them to think about their health and proactively maintain it.

Serving historically under-served local communities

The residents of Wichita, Kansas, have developed an HWC that is designed to serve the local African-American community, which has traditionally been under-served when it comes to preventative medicine. Their goal is to shift the paradigm for these residents away from emergency care and towards preventative care. In addition, they note that only 10% of one's overall health status is influenced by medical care; the rest of one's health derives from lifestyle, genetics, and environment. Helping residents to improve their lifestyle and environment can have a very positive effect on their overall health. By focusing on physical influences as well as mental and emotional strength and empowerment, the Wichita Center for Health and Wellness is having a positive impact on the local community.⁹

The challenge in helping under-served groups is in making the HWC's services easily accessible. If it's not convenient for people to access these services due to an out-of-the-way HWC location, they won't be used. The Greenwood Mall's HWC has the right idea: put the services where the people are, in locations like shopping malls. By offering satellite locations, the HWC can benefit the community in addition to serving its wealthy out-of-town visitors. This could be a failure if it's not marketed and managed correctly: it's possible the satellite locations could be seen as "second class," or that they could even confuse people as to the purpose of the HWC. So, this will have to be studied in more detail.

Utilize Strengths

Physical

There are several spas in the area already, as shown in Exhibit 2. By adding a "medical spa" and a true "wellness center," Kannapolis can differentiate itself while leveraging the halo effect of the other local spas. People can think of the Carolinas as a destination for health and wellness.

Cultural and Social

The low income level of the average resident suggests that easy health care information may be difficult to come by. If the "high-end" features of the HWC, such as the spa and the advanced geriatric medical center, can be combined with features that serve the local community, such as free health screening- perhaps at a local mall "outpost" - a tremendous amount of community goodwill could arise. As we mentioned previously, however, this needs to be carefully marketed to ensure that it's seen as a positive rather than as a "hand me down."

Mitigate Threats and Weaknesses

Threats

We have identified in the community assets SWOT analysis key threats to the area as loss of motor sports revenue, "brain drain" to Charlotte, and the possibility of integration challenges for outsiders (including immigrants) relocating to the area. The motor sports revenue will be have to be addressed separately from the HWC, but we note that visitors coming into town for NASCAR events could be drawn to the HWC, thus increasing the positive financial impact to the town from motor sports. The HWC will hopefully draw medical doctors to Kannapolis to work there, and entrepreneurs will set up businesses to support the retirement communities that will be focused around the HWC.

Weaknesses

Regarding local weaknesses, we have elsewhere mentioned that there is a lack of diverse cultural capital in the town, and that education levels are, on average, not very high. Neither of these are weaknesses that can be addressed immediately, but intelligent application of polity capital, which is apparently available in abundance, can begin to work on these problems now. Increased city income

⁹ <http://www.wichitawellness.org/>

as the HWC develops will allow more focus on shoring up local weaknesses. The HWC will create numerous service jobs for local residents. These will be opportunities for both entrepreneurs and low-skill workers. In addition, there will be many new high-skill jobs for professions such as medical doctors.

Implementation Plan

1. Partner with existing local health care providers to secure their buy-in, and hopefully participation in, the new HWC.
2. Engage with Wellpoint Health Networks, the group developing the Dole Wellness Center, to leverage their skill at developing HWCs.
3. Form relationships with community activists to encourage local community involvement and, as a side benefit, help prevent an “us versus them” mentality by residents.
4. Aggressively market the HWC to surrounding communities within a two-hour drive, primarily including Charlotte, Raleigh, Durham and Chapel Hill.

4. Retirees as a Sustainable Component for a HWC Facility

The proposed HWC will mainly target transient visitors to the area. Therefore, there needs to be an additional group for permanent residents to increase sustainability of the HWC. An additional proposition is to also target Kannapolis and Cabarrus County as the new retirement “mecca.” This concept would bring in a more permanent population that would appreciate and benefit from a HWC.

Retiree Housing Communities

In order to bring in the HWC-conscious retirees, various housing developments would need to be built in and around Kannapolis that catered to retirees. These developments will provide the social, physical, mental and spiritual environment that retirees crave. These communities will be built around the concepts of Meadowmont and Southern Village in Chapel Hill, NC with different styles and costs of housing depending upon people’s needs and retirement incomes¹⁰. They could be modeled after the historical part of Kannapolis, Cannon Mills, and capture the history of the town. Over time the goal would be to create several small, compact communities that would have stores located centrally around the residential area. These communities could even include smaller “satellite” versions of the main HWC. These communities would not have to be limited to elderly residents, but a certain percentage of homes would be allotted to them. Since home ownership rates among the elderly is 77.6% for people 65 and older, these residential communities would appeal to them.¹¹

Aside from the HWC located in downtown Kannapolis, other facilities and businesses would need to be built to support this aging population. This would include a Medical Center and all other facets of care as noted in the next section.

Aside from wanting to bring in more retirees, there is a need in the U.S. to better cater to the needs of the elderly. Between 1990 and 2000, the senior population increased 26%. The number of older adults is expected to increase from 7% of the population today to 20% by 2030 as the baby boomers move into retirement age.¹² Seniors want to settle into smaller, safer communities with things to keep them busy and Kannapolis can meet those needs.¹³

¹⁰ <http://www.meadowmont.com/> & <http://www.southernvillage.com/>

¹¹ <http://www.census.gov/Press-Release/www/2001/cb01cn184.html>,
<http://www.census.gov/prod/2004pubs/censr-19.pdf>,
<http://www.caction.org/IssueAreas/faqs/OlderAdults.htm>

¹² <http://www.census.gov/Press-Release/www/2001/cb01cn184.html>,
<http://www.census.gov/prod/2004pubs/censr-19.pdf>

¹³ What retirees are looking for in a retirement community: <http://www.thirdage.com/news/archive/970507-02.html>

Utilize Strengths

In order to brand Kannapolis as a retirement destination, there are several components of the city that will need to be successfully utilized:

- Historical nature: capture the essence of the historical town (Cannon Mills) in the retirement communities.
- Climate: capture the idea that it is not as hot/humid as Florida in the summer and not as cold as the north in the winter. Kannapolis is a place for people to enjoy the four seasons.
- Economically affordable (low cost of living, including housing rates and low tax rate).
- Low crime rate (violent crimes 118 in 2003 with 0 murders).¹⁴
- Small population at 38,178.
- Abundant natural resources and outdoor recreational activities (lakes, golf course).
- Convenient to Charlotte airport and major interstates for family coming to visit or for vacations.
- Close proximity to beach and mountains.
- Close to specialized healthcare centers at Duke and UNC to receive life-savings or new treatments.

Mitigate Threats and Weaknesses

By bringing in an additional population segment to the area, many of the identified threats and weaknesses will also be mitigated. The senior population will:

- Bring in more disposable income, especially as the income for seniors has increased 42% from 1974 to 2003.¹⁵ The additional capital can be used for further growth and expansion of the community.
- Be more prone to sensory, physical, mental and self-care disabilities and will require more service industries to support them.¹⁶ Given the low education level of many of the current residents of Kannapolis, they will be perfect entrepreneurs and workforce for these new businesses.¹⁷
- Expand the workforce for part-time or volunteer workers. One idea to address the poor test scores in school system is for seniors to work in the schools to help bring up the low-test scores for Kannapolis and the surrounding county through tutoring or other one-on-one support.
- Bring entrepreneurial ideas to the community from all over the U.S. It would add additional diversity to the community. It would be beneficial to bring in new people into the political landscape to build upon the great work already being done to rebuild the community.
- Demand more recreational / culture building activities: outdoors (walking, hiking, biking trails), theater (community and off-Broadway tours), music (concerts, dancing).

Senior Healthcare Center

With the retirement community built on the outskirts of the HWC, what better to go hand-in-hand than a Senior Healthcare Center where there are several offerings ranging and not limited to simply medical education, medical help, clinical trials and acute long term care hospitals.¹⁸ It would be critical to have the medical center eventually become a leading and widespread hospital known for a particular disease to attract people to the area, i.e. cancer center, diabetes, MS, etc. Partnering with the already established healthcare provider in Kannapolis (*Novant Healthcare*) or a pharmaceutical company would allow for ongoing sustainability in growing the community as a whole, the historic downtown area, as well as the surrounding Kannapolis areas.

¹⁴ Crime rate figures for Kannapolis: <http://www.epodunk.com/cgi-bin/genInfo.php?locIndex=19402>

¹⁵ Source: Employee Benefit Research Institute

¹⁶ See Exhibit 3 for Senior disabilities by type

¹⁷ See Exhibit 4 – which lists various businesses that would be targeted at different population segments

¹⁸ See Exhibit 5 for detailed Medical Center Services

The intent of the center is to cater solely to the elderly patients' health care needs. The center would staff a team of geriatricians in addition to many other health care professionals. The center will welcome service for older adults who are in good health and those who need more specialized care. The goal of the center is to allow the elderly residents to enjoy the best quality of life within their grasp, in an area that encompasses the patient's physical, mental, spiritual, functional and social well-being. The goal is to bring all of these components to Kannapolis.

In addition, create alliances and partnerships with Novant or even other pharmaceutical companies dedicated solely for area family children where health care professionals specialize in clinical nutrition, childhood obesity, child nutrition and clinical trials.

Utilize Strengths

- Capture the historical downtown just minutes away with access to fair-trade coffee shops and one-of-a-kind boutiques, leveraging the new gateway business park for retail facilities
- Nearby health and wellness amenities; beach, mountains, local parks and recreation centers
- Nearby, specialized, life-saving healthcare centers at Duke and UNC

Mitigate Threats and Weaknesses

By bringing in a specialized segment to the area, many of the identified threats and weaknesses can be mitigated. The specialized segment will not only be synonymous with the aging population (*mitigation of threats and weaknesses noted above*), it will also:

- Bring in high tech positions which will increase the diversity, on an economic and physical level
- Gentrify the community
- Create a sense of cohesiveness in the community
- Produce higher income levels which will increase taxes, therefore resulting in better education facilities, higher paid teachers and school staff
- Increase housing cost, which will regulate the influx of immigrants

Implementation Plan

One of the biggest challenges facing Kannapolis is the question, "If we build it, will they come?" This question rings true for both the HWC and the idea of bringing in a larger senior population to Kannapolis. Below are some implementation ideas that will help achieve success for both the retirement communities and the Senior Healthcare Center:

- Engage a market research firm to conduct studies to gauge the interest in the establishment of such a retirement community setting in Kannapolis.
- Hire a city planner with expertise in urban development in a similar setting, possibly someone from Florida with expertise in retirement community development.
- Select and hire a residential property development company (for example, East West Partners, designers of Meadowmont or Bryan Properties, designers of Southern Village) to design the retirement communities. Bring in occupational therapists (or others who understand the needs of the senior population) to bring those "senior-friendly" design elements into the communities and home plans (for example, higher countertops, lever door handles, taller toilets, etc)
- Hire a design firm to design the Senior Healthcare Center
- Break ground on Senior Healthcare Center and first residential community.
- Hire a marketing firm to develop a campaign around these ideas (residential retirement communities, senior healthcare center, recreation and culture of Kannapolis)
- Use census data and AARP mailing list to send mass mailings to people at or near retirement age.

5. Residencies as a Sustainable Component for H&W Facility

Help Kannapolis become a sustainable community in conjunction with the Health and Wellness Center as proposed by David Murdock, additional residencies would be needed. The residencies would help improve the local economic environment through expanding the property tax base and new growth in small businesses to support the new residences. The expansion of Kannapolis with diversity as a focus would help lead to a sustainable community culturally. The idea would be to setup Kannapolis as a “bedroom community” to Charlotte. The target individuals and families would be people looking to work in or near Charlotte without having to live in the big city.

To attract people from Charlotte the rural aspects and small town features of Kannapolis would be marketed. The developments would cater to professionals, families with working parents, and retirees. In addition to being planned communities there would be a focus on bringing people together in common places and parks. Land use would be such as to preserve trees and waterways. A focus on recycling and preserving the local environment would be stressed while minimizing sprawl.

Each development would have moderate to upscale homes. The location of schools and small businesses would be taken into consideration for each development. Childcare centers would also be central to each development to allow working parents a convenient and safe place to leave their children while at work.

Satellite health and wellness centers would be part of each community to help foster healthily living. Walking trails and gym facilities would be part of each development.

Utilize Strengths

To help re-brand Kannapolis as a bedroom community, several positive attributes of the town must be utilized:

- Emphasize the I85/I77 corridor and the convenience of getting to Charlotte from Kannapolis.
- Low property tax as compared to Charlotte.¹⁹
- Small town atmosphere.
- Convenient shopping at Concord Mills.
- Recreation – lakes and camping.

Mitigate Threats and Weaknesses

By expanding the local population with people from outside of the community many of the threats and weaknesses of Kannapolis, which are preventing it from being a sustainable community, would be mitigated:

- The expanded population would create demand for products and services helping to keep small businesses and economic growth healthily.
- Marketing to minority groups in Charlotte would expand cultural diversity.
- Weakness in the local job market would be helped with job openings in small businesses.
- As a more diverse population moves into Kannapolis an expanded base of social groups and clubs would be available to enhance the local community.

¹⁹ Property taxes for the City of Kannapolis and Cabarrus County combined are \$1.027 per \$100 (http://www.ci.kannapolis.nc.us/taxes_0.asp); Property taxes for the City of Charlotte and Mecklenburg County combined are \$1.1767 per \$100 (http://www.charlottechamber.com/content.cfm?category_level_id=146&content_id=136&channel_id=49).

Implementation Plan

To test the bedroom community concept in Kannapolis, several options can be used to determine the level of demand for such a community. Some key implementation milestones that will help achieve success are listed below:

1. Conduct a market study to gauge the interest in the greater Charlotte area of setting up a bedroom community in Kannapolis.
2. Use the Kannapolis chamber of commerce to create a list of developers interested in partnering with Murdock and others to create the bedroom communities.
3. Select a track of land for the first bedroom community development with consideration for the Health and Wellness Center location and the city center.
4. Begin construction concurrent to the Health and Wellness Center for the first development.
5. Plan future bedroom community developments as demand warrants.

6. Education as a Sustainable Component for the HWC

The education level in Kannapolis is not sustainable for community growth or in conjunction with the HWC. Former textile workers, among others, need training and skills development to be employable in the HWC as well as in other new careers.

The opportunity for unemployed workers will be tremendous if they have the skills needed for the jobs that will be in demand in the HWC and the associated industries that will support it. In addition, jobs in health care as required by the retirement community will be in high demand.

The key will be for the local community to utilize training and degree programs at the two local community colleges in Cabarrus County. The risk is if the local residents were not ready to fill the needed jobs, workers from outside of the area would be utilized.

Utilize Strengths

The two community colleges in Cabarrus County must be used for the training and skills enhancement needed to support the HWC. The community colleges will be used to:

- Offer special training programs and two-year degrees in the related healthcare areas for HWC.²⁰
- Give displaced workers an individual skills assessments and career coaching for jobs in the HWC.
- Continue to offer and expand the Health occupation courses offered.²¹
- Continue to offer traditional Liberal Arts two-year degrees.
- Provide classes on entrepreneurialism and starting your own business.
- Provide vocational and skilled trades training.

Mitigate Strengths and Weaknesses

By providing the opportunity for education and training, Kannapolis will prepare the local population to be in a better position to take advantage of the HWC and the growth it will bring. A better-educated local population will help mitigate many of the threats and weaknesses of Kannapolis related to the low education level presently in the community:

- The better skilled local population will be able to fill the job demand as local businesses grow.

²⁰ Rowan-Cabarrus Community College - http://www.rowancabarrus.edu/continuing_ed/

²¹ Cabarrus College of Health Science - www.cabarruscollege.edu

- The local population will not be dependent on a single industry as in the past.
- Workers will have transportable skills that could be used anywhere in the country.

Implementation Plan

The local community colleges must develop specialized training programs for the skills needed in the HWC industry. Additionally, two-year degree programs in nursing and other medical technician fields should be offered. Some key implementation milestones are listed below that will help achieve success:

1. Advertise the nursing program at Cabarrus College of Health Science.
2. Partner with local hospitals for training and internship assignments.
3. Develop and advertise the new HWC training programs before construction begins on the facility. This will allow some of the first graduates to be ready for work shortly after the HWC opens.
4. Develop study programs for the care of the elderly. This will fit in with the planned retirement community in Kannapolis.
5. Reach out and target local displaced workers from the textile industry for training in the HWC.

APPENDIX

Exhibit 1: SWOT Analysis of Community Capital Assets in Kannapolis and Cabarrus County

	Strength	Weakness	Opportunity	Threat
Polity	<p>Willingness to partner with local communities & counties</p> <p>Developer-friendly attitude</p> <p>Government transparency</p> <p>Competitive property-tax rate at \$0.497 per \$100 of home value</p> <p>Lowered the industrial incentive grant investment threshold to \$3 million from \$5 million</p>		<p>Promote strategic marketing plan</p>	
Physical	<p>Land available for large scale projects (100+ acre site)</p> <p>Major Highways/Rail Freight & Passenger. Strong infrastructure in general</p> <p>Recreation – Lakes, Camping, Mountains (3hrs away), Ocean (5hrs away)</p> <p>2 Community Colleges</p> <p>Major Airport < 25 miles away</p> <p>21 miles from downtown Charlotte</p> <p>NFL, NBA, and NASCAR</p> <p>Pilot Wi-Fi in downtown</p>	<p>Weather is not warm year round</p> <p>Kannapolis is not known nationally</p> <p>Narcotics round up by KPD. The operation was initiated to address citizen complaints of street level sale of crack cocaine within specific communities within the city</p>	<p>Limited major land use projects committed</p> <p>Health & Wellness Center example: http://www.hotzehealth-wellness.com</p>	<p>Similar communities close by</p> <p>42.5% of former Pillowtex as of September 2003, the percentage of employees behind on their rent or mortgage payments. More than one-tenth had received foreclosure or eviction notices</p> <p>No major landmark or physical attraction</p>
Financial	<p>Several commercial banks in Kannapolis</p> <p>Many in Charlotte (nearby)</p> <p>Positive business growth in the area w/tremendous resources for entrepreneurs/small business dev.</p> <p>City and county industrial incentive grants and additional incentives from the State of North Carolina.</p>	<p>Don't have actual number to quantify, however, does not appear to have strong entrepreneurial culture, seeing mostly big bus.</p> <p>Though, not necessary for entrepreneurial culture as this project fits other big bus. model in the area</p>	<p>No apparent VC's, though VC's in Charlotte</p> <p>Opportunities for public/private partnerships.</p>	<p>Reliance on other area businesses</p>

Exhibit 1: SWOT Analysis, continued

Human	11 institutions of higher learning: county community colleges, UNC Charlotte, Catawba College, etc	poorly educated adult population 41% do not have high school diploma	Greater link between business and education - focus on elementary and middle schools to create sustainable education	Influx of Hispanic immigrants will put stress on ill-prepared elementary and middle schools
	Centralina Work Development Board - focused on linking job seekers and employers	Higher student:teacher ratios than state 22:1 vs. 21:1	Fix weaknesses identified - state or federal funds flowing to Kannapolis Schools below state average- all opportunities currently need to be funded from district	Brain Drain to Charlotte
	Through 2004 - falling unemployment rate 6.0 - 4.9% in Cabarrus City	SAT scores for Kannapolis, Cabarrus, and Rowan lag state and federal (1000 vs. 1005 and 1026 respectively) - Only 34% of Kannapolis students take SAT compared to 70% for NC and 48% for nation City schools lag in reading and math against state and surrounding counties Technical Skills in district lag state - 72.9 v. 80.1 See kannapolis schools scorecard by ethnic breakdown for greater detail	Communities in Schools (CIS) currently in Rowan City, but could use their partnership with Cisco to increase tech skills	White, non-Hispanics are passing end-of-course tests at higher levels (up to 10%) for all ethnic groups except Asian-Pacific
Cultural	History/creation of town based on textile industry (Cannon Mills)	77% of the population is white and 41% do not have a high school diploma	Market county as retirement destination	Potential for racism
	Still have festivals celebrating the history of Kannapolis	Cabarrus County Convention and Visitors Bureau is all about "The racing side of Charlotte" and little else	Continue to build on cultural/historical heritage as "heart" of textile industry	
	NASCAR culture	Searching visitor's bureau websites - only 1 picture and mention of an African-American as part of community (Panthers Strong Safety) and no Hispanic	Growing city	
Social	Sports - Kannapolis Intimidators Class A ball club + Charlotte-based sports (NASCAR - Lowes Motor Speedway, NFL Panthers, NBA Bobcats, WNBA Sting, Charlotte Knights AAA ball club)	No standout Community-based organizations focused on education or diversity	Faith-based initiatives focused on education and diversity	Construction of major facilities (e.g. H&W center, Gateway business park) will bring in Hispanic job-seekers; City is ill-prepared for influx
	YMCA is a center piece with recent \$4MM facility	Kannapolis web-site states: "all churches and all denominations available in Kannapolis, Rowan, and Cabarrus", but no mention of Muslim, Hindu or Jewish houses of worship and no Hispanic focused Christian services	Entice Charlotte banking-backed community programs to get involved in Kannapolis	
	Chamber of Commerce is central partner Abundant recreational activities (e.g. Lake Norman, Carolina Raptor Center, Dan Nicholas park, prof sports)			

Exhibit 2 : HWC Competitor Analysis

Assessment for Grove Park Inn, Asheville, NC

Pros	Cons
<ul style="list-style-type: none"> • Beautiful surroundings of Blue Ridge Mountains • Inn is a historical landmark • Golf Course is part of campus • Many things to do near the Inn (Biltmore Estate, Blue Ridge Parkway, rafting, hiking, shopping for collectables) • Great restaurants (part of Inn and outside of Inn) 	<ul style="list-style-type: none"> • Difficult to access. Must take additional commuter flight to Asheville, NC airport or drive from Charlotte (nearest large airport)

Assessment for Grandover Resort & Spa, Greensboro, NC

Pros	Cons
<ul style="list-style-type: none"> • Luxurious campus • 2 Golf courses are part of the campus 	<ul style="list-style-type: none"> • Difficult to access. Must take additional commuter flight to Greensboro, NC airport or drive from Charlotte or Raleigh (nearest large airport) • Really out in the middle of nowhere • Not a lot of recreational things to do • Limited restaurants outside of hotel

Assessment for Various Spas in Village of Pinehurst, NC

Pros	Cons
<ul style="list-style-type: none"> • World-renowned for many exceptional golf courses • Variety of different spas throughout the town • Good restaurants in various clubs/resorts and in town • Known as a retirement community 	<ul style="list-style-type: none"> • Difficult to access. Must take additional commuter flight to Pinehurst, NC airport or Fayetteville, NC or drive from Raleigh (nearest large airport) • Mostly recognized as a golfing destination

Assessment for Bumrungrad Hospital, Thailand

Pros	Cons
<ul style="list-style-type: none"> • World-renowned for beaches and exotic location • Staffed with U.S. trained doctors and staff • Low cost of packages comparable to U.S. facilities • Appeals to customer segments who see elective surgery as an event in one's life 	<ul style="list-style-type: none"> • 18-hour flight • Difficult to have family and/or friends nearby during potentially traumatic time. • Mostly recognized as developing country

Exhibit 2 : continued

SWOT for HWC in Kannapolis, NC

Strengths	Weaknesses
<ul style="list-style-type: none"> • Short drive from Charlotte and major airport • Located off of major interstate highways (I-85) • Government interest and involvement in redevelopment 	<ul style="list-style-type: none"> • No major historical or natural resources (lakes only) • Golf course would not be located on the main campus.
Opportunities	Threats
<ul style="list-style-type: none"> • Really focus on Health & Wellness aspects, instead of just the spa component • Investment by David Murdock to redevelop the area • Leverage potential out-of-state customers from national NASCAR events • Create HWC targeted at retirees • Create HWC targeted at residents that commute to Charlotte 	<ul style="list-style-type: none"> • Poverty and poor education among residents • Lack of diversity in the community • Current residents would not take advantage of the HWC that is restoring their community - they could become disenchanting

Sources for Exhibit 2:

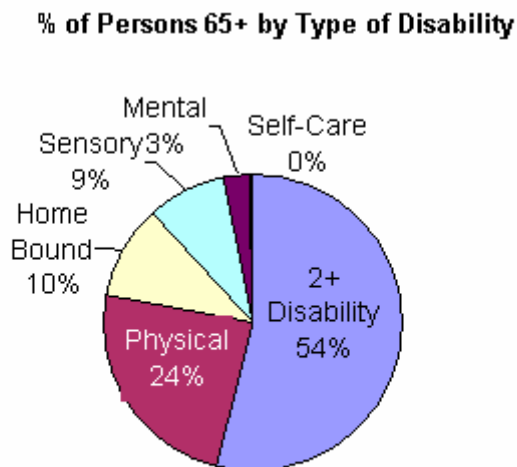
<http://www.grovesparkinn.com/>

The Spa at Pinehurst (there are several spas located throughout the Village of Pinehurst & also a huge retirement community.

<http://www.grandoverresort.com/> Located in Greensboro, closest competitor

<http://www.internationalmedtours.com>

Exhibit 3: Over 65 Population by Disability



(Source: 2000 Census of Population, US Bureau of the Census as compiled by the Texas State Data Center, Texas A&M Univ.)

Exhibit 4: Businesses needing enhancement or building to support the development of Kannapolis

Businesses	Target Segments		
	HWC Visitors	Seniors	Bed-room Community
Travel agencies (booking and organizing group trips to various locations), including eco-tourism		X	X
Cleaning services		X	X
Dry cleaning/laundry (environmentally friendly, like Hangers)		X	X
Lawn/yard services		X	X
Hospital specializing in geriatric care		X	
Rehabilitation/Physical/Occupational Therapy	X	X	X
Nurses/Aids/Home Healthcare providers		X	
Psychiatric care	X	X	X
Assisted living/nursing homes		X	
Critical care hospitals		X	
Hospice		X	
Fitness centers	X	X	X
Crafts/hobby stores		X	X
Entertainment (gambling)/dancing venues		X	X
Social clubs		X	X
Restaurants/dining/delivery		X	X
Grocery stores (including Whole Foods-type)		X	X
Car repair/golf cart repair		X	X
Chauffeur services	X	X	
Bowling		X	X
Coffee boutiques - fair trade coffee	X	X	X
Used book store		X	X
Consignment shop		X	X
Performing arts theater	X	X	X
Employment agency/placement service		X	X

Exhibit 5: Medical Center Services

Partner with already established Novant Health or partner with other highly recognized medical R&D facility to the area

- Integrate research centers into the medical facilities: geriatrics, healthcare for seniors, etc.
- Community nutrition, geriatrics, sustainable food systems, international nutrition, sports nutrition
- Clinical nutrition, childhood obesity, childhood nutrition

The HWC Elderly Medical Facility Contain Services Such As:

- HWC library/education
- Mobile Medical Center - Doctor comes to you
- Cafeteria and surrounding café's featuring Organic and non-genetically modified foods as well as healthy-eating restaurants
- Home improvement store with healthy building materials
- Pharmacy carrying vitamins, minerals and nutritional products supporting homeopathic and integrative medicine
- First class fitness centers, integrating HWC into the gym
- Adult Day Care Center
- Rehabilitation/Physical/Occupational Therapy
- Nurses/Aids/Home Healthcare providers
- Nurses/Aids/Home Healthcare providers
- Critical care hospitals
- Hospice
- Assisted living/nursing homes
- Psychiatric care
- Have products on market targeting the elderly

The HWC Children's Medical Facility Will Contain Services Such As:

- Childhood nutrition and sports
- Childhood obesity
- Clinical trials

Sources for Exhibit 5:

<http://www.aventispharma-us.com/pressrelease/DisplayPressRelease.do?id=4>
<http://www.geronet.med.ucla.edu/departments/mpgmg/inde.htm>
<http://www.ucihealth.com/seniors/DocsOnWheels.htm>
<http://www.willowvalleyretirement.com/>
<http://www.pwc.com/extweb/pwcpublishations.nsf/docid/5D777F616FE5364085256DB3003B6BEE>
<http://www.uwsp.edu/HPHD/Staff/>
<http://www.ucihealth.com/seniors/SeniorHealthCenter.htm>
<http://www.ucihealth.com/seniors/DocsOnWheels.htm>
<http://www.geronet.med.ucla.edu/departments/mpgmg/inde.htm>
http://www.mc.vanderbilt.edu/health/wellness_dir/wellness_links.html
<http://www.creativeretirement.org/>
http://www.creativeretirement.org/JOB_FOR_RETIREES.html
<http://www.retirementwithapurpose.com/>
<http://www.thevillages.com/index2.htm>
<http://www.census.gov/Press-Release/www/2001/cb01cn184.html>
<http://www.census.gov/prod/2004pubs/censr-19.pdf>
<http://www.caction.org/IssueAreas/faqs/OlderAdults.htm>
<http://www.thirdage.com/news/archive/970507-02.html>
<http://www.work-at-home.org/sreport/business/8.htm>