

Special Session, 12:00 p.m.
Catawba County Board of Commissioners

The Catawba County Board of Commissioners met in special session on Monday, November 18, 2013 at 12:00 p.m. at the Catawba Valley Community College Corporate Development Center, 2601 21st St. Drive, SE, Hickory, North Carolina. The purpose of this special meeting was to hold a Board Retreat.

Present were Chair Katherine W. Barnes, Vice-Chair Barbara G. Beatty and Commissioners Dan A. Hunsucker and Randy Isenhower.

Commissioner Lynn M. Lail was absent

Also present were County Manager J. Thomas Lundy, Assistant County Managers Dewey Harris and Mary Furtado, County Attorney Debra Bechtel, ICMA Fellow Haley Kadish and County Clerk Barbara Morris.

Agenda:

12:00 Attendees had a light lunch.

12:30 Chair Katherine W. Barnes announced the start of the meeting and welcome Charles Preston, Chair of the Catawba Valley Community College Board of Trustees.

Utilities and Engineering Director Barry Edwards came forward to present an EcoComplex-Biodiesel Research and Production Facility evaluation for the Board. Mr. Edwards reviewed the history of the facility with the Board. Dr. Dennis O. Grady, ASU, approached Catawba County concerning an educational and research facility as a component of the EcoComplex and Resource Recovery Facility in 2006. Dr. Grady acquired a grant from the Golden Leaf Foundation (GLF) in 2007 to assist in the construction and operation of the facility for the purpose of testing feedstock (crop and used cooking oils), fuel quality, and emissions data to the growing biodiesel industry in the State of North Carolina. GLF's funding was intended to meet the needs of mid-sized biodiesel producers in western North Carolina and to advance development of a decentralized fuel production model that relies heavily on local feedstocks and fuel markets.

The Board of Commissioners approved the EcoComplex-Biodiesel Research and Production Facility (Biodiesel Facility) conception and Leadership in Energy & Environmental Design (LEED) design on July 21, 2008.

The Board approved the construction of the Silver LEED Certified Biodiesel Facility, awarded the facility construction to David E. Looper & Company, Inc. in the amount of \$1,320,000, awarded a Biodiesel Facility lease and formed partnership with Appalachian State University (ASU), and appropriated applicable funding from the Solidwaste Management Fund utilizing Closure/Post Closure Reserves in the amount of \$1,346,400 on August 11, 2009. At the time, the County's investment in the partnership and facility had a projected rate of return of 5% over a 15 year period based on the expectation the partnership would produce a minimum of 10,000 gallons of biodiesel from virgin and used cooking and research rendered oils in the first year, increasing incrementally up to 45,000 gallons annually, with an ultimate production capacity of 100,000 gallons/year.

The Biodiesel Facility and its components and laboratory accommodates research involving all aspects of biologically derived energy recovery and utilization as well as the research of biodiesel, hydrogen, nitrogen, carbon dioxide, and ethanol for environmental, agricultural, Freon recovery, and energy use. Feedstock crops for use in the Biodiesel Facility are planted around the Blackburn Resource Recovery Facility utilizing required landfill buffer acreage. The contract lease agreement between ASU and Catawba County as well as the contract for the design of the Biodiesel Facility was the first of its kind in the nation.

The Biodiesel Facility derived partnership between ASU and the County is designed to move science from the laboratory to the real world, and to promote Catawba County as a center for "green" energy, agricultural, and environmental innovation and enterprise. At the time of conception and to date, the Primary Goals of the Partnership are: (1.) Public Education, as communal education is important for the social development

and economic growth of Catawba County; (2.) Economic Development, communities with sound and focused green and sustainable initiatives are leading growth worldwide; (3.) to Manage Operational and Fuel Costs; (4.) to Support and Integrate Local Farming and provide farmers alternative crop rotation experience through crops on county property; (5.) to Decrease County's Carbon Footprint and help improve air quality; and, (6.) to Promote Tourism. The Biodiesel Facility and the greater EcoComplex appeal to ecologically and socially conscious eco-friendly citizens and tourists as they are inclined to broaden their knowledge, volunteer for environmental protection initiatives, and publicize green venues (dynamic advocates advertising Catawba County).

Mr. Edwards then went on to address the current status of the Facility. In the current calendar year, the Biodiesel Facility has produced 2,767 gallons of biofuel. This fuel is derived from two sources: virgin oil produced from crops grown at the EcoComplex and waste cooking oil from Appalachian State University and convenience centers. Catawba County's crop production has produced 1,537.9 gallons of virgin oil from crops grown in the buffer areas around the landfill. In 2013, this virgin oil is composed of canola and soybean oils. Catawba County's current farming partner, Sigmon Family Farms, is in the process of harvesting approximately 140 acres of soybeans grown on landfill buffer area.

In April 2013, ASU and County obtained ASTM International standards for Biodiesel production verified by a third-party laboratory. Meeting ASTM International standards is a prerequisite to unconditionally employ, sell, market and receive federal and state subsidies or support for biodiesel. ASTM International, formerly known as the American Society for Testing and Materials (ASTM), is a globally recognized leader in the development and delivery of international voluntary consensus standards. Today, some 12,000 ASTM International standards are used around the world to improve product quality, enhance safety, facilitate market access and trade, and build consumer confidence.

Catawba County is working with Blue Ridge Biofuels located in Asheville, NC, to incubate a Field to Fryer to Fuel (F3 Program) Business in Catawba County at the County's EcoComplex. The County's EcoComplex currently grows canola, sunflower, and soybean crops which can be used to produce food grade oil that is currently processed into biofuel. Through the new F3 Program, Blue Ridge Biofuels, Catawba County and the partnering farming community, will plant canola crops that will be pressed into food-grade oil then employed by area restaurants. Once the oil has reached its useful life in food preparation, the used cooking oil will be converted to biodiesel. This program correlates directly to the Board's fiscal year 2013/14 goal of preserving the farming industry within Catawba County.

The parties associated with the new F3 program are Catawba County (including partnering local farmers), and Blue Ridge Biofuels (Advantage West and Biltmore Estates as partners to Blue Ridge Biofuels). Each entity has a set of responsibilities to ensure program success. Those responsibilities are:

- Catawba County is providing space for the purpose of research and incubation of an F3 business, providing utilities to operate the facility, and providing support through an existing County employee who is already operating the oil production equipment in the County's Crop Processing Facility.
- Blue Ridge Biofuels is providing general management and administrative duties necessary for operational success, including equipment and staff.

Thus far, as part of the F3 Program, Biltmore Estate has grown a canola crop and sent it to Catawba County for pressing. In October, Catawba County pressed the harvest into oil and Blue Ridge Biofuels has further refined the oil for use in Biltmore Estate restaurants. Once the oil has reached its useful life as a cooking aid, Blue Ridge Biofuels will process the cooking oil into biodiesel to be used by Biltmore Estate in vehicles and equipment.

In looking toward the future, the F3 program forms the backbone of a proposed Agreement between Catawba County, Blue Ridge Biofuels, and ASU to vet the economic viability of a food grade production business to be located at the EcoComplex. The long term goal of this Agreement is for the EcoComplex to incubate a private business where crops are grown on landfill buffer property, processed into oil and seed meal, which is then sold, and the used cooking oil returned to the County EcoComplex for conversion to biodiesel. Using harvest purchased from the County and local farmers, private business makes money from making food grade oil using their equipment, leasing food grade oil to restaurants, and making and selling

biodiesel fuel derived from the used cooking oil to County or other entities. It is envisioned that this venture will remove the County from the biodiesel production process, but allow the County to purchase biodiesel at discounted prices.

County staff, in collaboration with ASU, who owns the majority of the biodiesel production equipment which represents approximately 50% of the overall facility's value, proposes advertising an RFQ/RFP for the operation of the Biodiesel Facility for the production of biodiesel. If successful, privatized operations would sustain university research and the County's goal to employ its landfill buffer areas to produce biofuels. This RFQ/RFP is currently being reviewed by ASU.

The F3 Program and proposed agreement would provide several benefits to Catawba County and its EcoComplex:

1. F3 Program will hopefully lead to the privatization of biodiesel production in the EcoComplex.
2. Privatization will increase biofuel production over current levels. Increasing fuel production will maximize Catawba County's return on investment in the Biodiesel Facility.
3. F3 Program and privatization could reduce County's solid waste enterprise fund expenditures. Catawba County would be purchasing increased quantities of biofuel at a reduced cost.
4. F3 Program partnership and proposed agreement will preserve the university presence at the EcoComplex. ASU would continue to operate the research and analytical aspects of the biodiesel production program thereby continuing to educate students and increase the overall body of knowledge to the biodiesel community.
5. F3 Program partnership will provide additional market opportunities for local farmers through increased biofuel production, and the higher demand for crops relates directly to the Board of Commissioners' goal for farm sustainability in Catawba County.

In addition to producing biodiesel, the Facility is also home to a new small scale cellulosic ethanol production project. UNC-Charlotte and County were jointly awarded \$95,200 by the Biofuels Center of NC to accelerate commercial-scale renewable fuels production. Funds received from the Biofuels Center are going directly into building and establishing a permanent, fully-functional, small-scale cellulosic ethanol production operation within the EcoComplex Biodiesel Research and Production Facility. The ethanol project will produce ethanol as a permanent function within EcoComplex operations utilizing feedstock produced onsite (e.g. seed meal and municipal solid waste). It will also serve as a biofuels research and education laboratory for engineering and biotechnology students from UNC-Charlotte, ASU, Lenoir Rhyne and others. The installation of the equipment is currently in progress and when installed will have the capability of producing approximately 300 gallons of ethanol weekly. This will be the first and only operation of its kind in the world. This patent pending process was developed through research conducted within the EcoComplex and will change the ethanol production landscape internationally by removing the food versus fuel argument from the equation. In addition, this EcoComplex-developed process also answers ethanol detractor's questions regarding the energy balance associated with the production of fuel ethanol by producing more energy than the process consumes. It is anticipated that this project could lead to the incubation of a larger scale ethanol production business in the EcoComplex and provide more locally produced biofuels.

Board members and Mr. Edwards discussed the production not meeting the expected goals due to reductions in University funding, resulting in reduction in ASU staff to perform the production tasks. ASU had also been providing the necessary chemicals but funding cuts also affected this supply of chemicals which the County was making the effort to supply. These factors lead to consideration of privatized operations to sustain university research and the County's goal to employ its landfill buffer areas to produce biofuels. It was confirmed there is a market for biodiesel produced at the facility.

County Manager Lundy then asked Mr. Edwards to address a question that had arisen regarding how the Facility/County worked with local farmers for the production of the needed crops. Mr. Edwards indicated they worked with local farmers who could commit to harvest the crops at the optimal time for oil production. Commissioner Hunsucker stressed that these crop production opportunities should be opened up to all farmers and made more public. It was confirmed that the equipment that had been purchased for production on the landfill property was used for multi-purposes and the farmers used both their equipment and that owned by the County.

Board members expressed a desire for the privatization of as much of this operation as possible.

Mr. Lundy indicated that Mr. Edwards would address Building Services Fees at a later time on the agenda.

- 1:30 Superintendents Walter Hart, Dan Brigman, David Stegall and CVCC President Garret Hinshaw discussed educational attainment with the Board. All expressed their thanks for the Board's local government support of education and noted it was far better in this County than other areas of the state. There was discussion that while drastic budget cuts had affected teachers morale and accountability was high, graduation rates were high, dropout rates were down, staff continued to be caring and concerned, technology improvements continued and the focus was on personalized instruction – teaching more to the individual child. All speakers expressed the importance of the alignment of the four of them and the face time they had once a month with the County Manager was very productive.
- 2:55 Utilities and Engineering Director Barry Edwards returned to the podium and discussed the process underway of reviewing Building Services fees. Mr. Edwards explained the use of the International Code Council (ICC) method of calculating building permit fees that uses the per square foot cost of construction and a multiplier that is a ratio of the percentage of annual expenses that are to be captured through permit fee revenue and the value of the construction in the county from the previous twelve months. Since some the ICC construction cost values are too high for Catawba County, a construction cost modifier called the Catawba County Building Cost Factor is added to the equation to make the cost of construction match local conditions. This factor is reviewed annually through benchmarking Catawba County permit fees against 10 jurisdictions: Alexander, Buncombe, Burke, Cabarrus, Caldwell, Forsyth, Gaston, Iredell, Lincoln and Mecklenburg Counties. A recent change needed to be made to include a new hotel type and ensure these permit fees were within the 10% of the benchmarked jurisdictions. Staff recommended that the current methodology be maintained and the Board agreed.
- 3:05 Debbie Shannon, Director and Program Manager of Innovate Catawba gave the Board an overview of the Program – the goal of which is to transform Catawba County's economy by reinventing, entrepreneuring and building our future, by inspiring our young people, our workforce and our leaders and by sharing our results with the world. The result of this effort is a growing community with a strong sense of place and the right jobs.
- 4:20 Economic Development Corporation President Scott Millar presented an update on economic development in Catawba County. Mr. Millar stated this was a time of transition with the State Department of Commerce supporting public/private partnerships and new alignment of partnership regions. He stated it was important that Catawba County be aligned with Charlotte due to the airport but there was a plan to develop 9 regional offices across the state and at this point it was proposed that Catawba County to be placed in a region that was north to the VA/TENN line, with I-77 being the eastern line of the region. Tiering continued to be a concern and there was a question on how the County should get all the \$\$ that it should.

Mr. Millar went on to update the Board on the Data Campus and stated the project was on target both in construction and within the budget. There was no end user on site yet.

Mr. Millar then discussed the need for shell buildings to attract business to the county. In further discussions regarding the general nature of the business community, he stated there were good existing industry opportunities and there was a movement in advancement of manufacturing. There is some concern about the available workforce for the returning furniture manufacturing and there were a lot of jobs that were not being filled and a need to improve workforce connectivity. Chair Barnes said that CVCC was working on a furniture program and how important it was to show students that the furniture industry today is not the plants your parents worked in. It was questioned whether companies would train workers but Mr. Millar said companies were seeking those already trained.

- 4:55 Board Goals for FY 2014-15

After discussion on proposed goals, the Board identified the following as proposed goals for Fiscal Year 2014-2015 Goals

1. In partnership with the private sector, support a coordinated effort to create jobs and property tax base by investing in infrastructure, the development of the County's quality of place and educational opportunities.
Specific strategies include:
 - a. Facilitate spec building space in order to enhance the EDC's recruitment efforts for jobs and increased tax base.
 - b. Continuously monitor County regulations to ensure they support orderly growth and business development.
 - c. Partner with the private sector and municipalities to focus on a framework to increase small and/or entrepreneurial businesses.
 - d. Partner with the private and public sectors to implement Innovate Catawba.
2. Increase citizens' awareness of County programs and services and promote healthy activities throughout the County by strengthening communications and outreach to citizens.
3. To ensure transportation connectivity of Catawba County to the rest of the region, continue to advocate for completion of the widening of Highway 16.
4. Support the three school systems and Catawba Valley Community College as they work to increase the educational attainment level in Catawba County.

6:00 The Board members updated the Board on the various Boards on which they serve.
The Board had a brief dinner and then adjourned to travel to its regular meeting place for its scheduled November 18, 2013 7:00 p.m. meeting.

Katherine W. Barnes, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk