

Minutes
Catawba County Board of Commissioners
Special Session, Monday, April 25, 2005, 9:30 a.m.

Special Meetings

Work Session on FORESIGHT Jobs and Business Creation Report

822

04/25/05

The Catawba County Board of Commissioners met in special session on Monday, April 25, 2005, 9:30 a.m., in the 2nd Floor Meeting Room of the Government Center in Newton. The purpose of the meeting was a work session on the FORESIGHT Job and Business Creation Report.

Catawba County Board of Commissioners:

Present were Chair Katherine W. Barnes, Vice-Chairman Dan A. Hunsucker, Commissioners Glenn E. Barger, Lynn M. Lail and Barbara G. Beatty.

A quorum was present. No action was taken.

Also present were County Manager J. Thomas Lundy, Assistant County Manager Joellen Daley, Assistant County Manager Lee Worsley, Economic Development Corporation President Scott Millar, Budget Manager Judy Ikerd and County Clerk Barbara E. Morris.

At 9:32 Chair Barnes called the meeting to order and welcomed everyone to a work session for the Commissioners who were focusing on jobs and business creation as reported in the FORESIGHT study. She then asked EDC President Scott Millar to start the session.

Mr. Millar said he was happy to come before the Commissioners to discuss what they had indicated as one of the major goals or issues that local government should pay attention to. He said economic development and education were obviously in the forefront of everyone's mind. He had recently completed some calculations and found that over the last six months there had been a loss of about 850 jobs which included Westpoint Stevens, Regency Bedspreads and five or six other industries. He stated these were losses that they had been warned about but not necessarily ones that could be pinpointed or know exactly how severe they were going to be or how often. Mr. Millar did note that these were happening less frequently over the last few months than a few years ago and our unemployment rate for the same period has gone down. There are quite a few expansions projects (5 or 6 in Conover alone) and a lot of the good vacant buildings are being absorbed by the market. He noted the newspapers have a lot more ads for hiring now than there were six months to a year ago and there are a lot of positive signs out there.

Mr. Millar said the focus of this meeting was "what is the model needed for success?" – not only in Catawba County but in the State. He said we need a good recipe to be successful. We need a strong state which makes us more competitive with other areas which offer the same quality of life. We need strong infrastructure which would be discussed by John Tippet and Dr. Cavanaugh from the Airport and education is also part of the recipe which would be discussed by Leroy Lail and Jane Everson.

John Tippet then presented the infrastructure segment of the work session. He said he had some good news and some bad news. He gave updates on transportation projects throughout the county. He said he would focus on the major projects: The Lenoir Rhyne Blvd extension is scheduled for FY2006; McDonald Pkwy open to Tate Blvd this summer; McDonald Pkwy to Springs Road is the last phase and expected completion by December 2006; Tate Blvd four laning to Fairgrove Church Road should be completed by summer; NC127 through Brookford; NC 16 bypass – Conover section to be completed December 2006; Longview phase which would widen 33rd Street (not funded).

Mr. Tippet identified some problems with the unfunded projects – McDonald Pkwy will be open to Springs Road in 2006 and at that point he expects traffic to almost double on 29th Avenue from NC127 and widening of that road is not funded. Another one is in Mt. View - NC127 connector south – traffic is over 20,000 vehicle per day and growth continues and this is unfunded. He noted there were problems with HWY 150.

The 321 Bridge is an issue – he said Congressman McHenry has slated money for this in the new hwy bill. This involves three counties and is a true regional project. It's a very dangerous situation and backups are common. If something ever happened to the bridge, the detours would have to be through Granite Falls. This would require a bridge replacement and most likely a temporary bridge would be used during construction.

Mr. Tippet said that a lot of these projects will be finished in the next two years but the bad news is there are unfunded projects to take their place and they are not on the TIP. He said a few things need to happen over the next couple years - one was to push to get a Board of Transportation member from this area and the other is that the transportation dollars in the state need to be larger and the county needs a larger piece of that pie. Chair Barnes said the Board had in its goals to get more members on the State Boards and were working on that area. He pointed out that this area was not getting their fair share of the highway dollars – the far east portion of the State is getting far more funds than the western part of the state. His concern is that this area has done as well as its ever done recently in funded projects but it still didn't stack up to other portions of the state. Next December there are no major projects for this area on the TIP other than a mention of the 321 Bridge. He clarified this was for construction and major maintenance of roads. Chair Barnes then stressed that all the commissioners needed to try to make all the public hearings on this issue. Catawba County ranked 74th in per capital expenditures on hwy's. When responding to why the county is not getting its share, Mr. Tippet said in large part this was due to the 1989 equity formula – which is no longer equitable. A bill has been introduced into the Legislature to change the formula.

Mr. Tippet noted that the DOT was really pushing for regional transit providers and that our area would be likely for the unifour – Alexander, Burke, Caldwell and Catawba – to combine a transit system. A grant has been received to look at this idea but there is a question on what the governing structure would be. He believes the bad news is that when the urban area population exceeds 200,000, (approx. 2012) then the operating system which runs Piedmont Wagon will go away – right now 50% of these operating expenses are paid by the Federal government. Commissioner Beatty asked if there had been any discussions with Charlotte regarding this and Mr. Tippet said there had been some talks.

Amtrack service has been recommended to extend from Salisbury to Asheville, with a stop in Hickory but there are some issues with Norfolk Southern as to costs to upgrade the rail – only \$100 million short on negotiations so Mr. Tippet believes that will be several years out.

Dr. Cavanaugh then presented the air service portion of the program. He noted that Delta's All-Jet service was scheduled to start on Sunday, May 1, 2005. The main runway has been lengthened and strengthened in preparation for this service and for other airlines in the future. A forty passenger jet will be utilized by the Delta service. Dr. Cavanaugh said this service gives Hickory passengers access into Atlanta and then onto the world. The airport is a job generator – a contract has been signed with the Quality Inn for crew accommodations – and this service will assist in keeping companies or attracting companies to the region. Dr. Cavanaugh said the fly-traffic tourism should be cultivated. The region has a six month period to show support to the airline through ticket purchasing. The current fares are being reviewed to be adjusted to be more competitive and Charlotte fares will be considered in their fare structure. Dr. Cavanaugh stated it was important as a region to cultivate the use of this service.

Leroy Lail, member of the Board of Governors for the UNC system started the higher education segment of this work session. He noted the goal was to get more educational/university assets in this area. There are a total of 16 state universities in the system, the community college system has 58 institutions and 50 private institutions (Wake Forest, Duke, etc) but very few of these resources are in this area. There are other organizations that are not the 16 state universities but are part of these universities – i.e. AHEC, UNC Center of Public Television, The North Carolina Arboretum. The university systems needs to grow and it also needs more funds but none of these funds are being spent in Catawba County. The Budget for the University enterprise for 05/06 has a potential budget shortfall of \$1.375 billion. The budget is short and the needs are great and this is the largest area in the State without university assets. The Hickory Metro Higher Education Center is one solution to this problem and is a model for the state to follow. Mr. Lail said there was still a lot to be done: increased funding, more programs and an expanded student base. FutureForward articulated a need for a lab type facility – more hands on and applied situation. A building has been located and there are many working to make this a reality. This center is tentatively called the UNC Center for Applied Technology. Another effort in Morganton is called the Applied Health Center and will help increase programs for health care systems. Mr. Lail said there is a need for greater cooperation between the university and community college systems. Programs at the universities need to be developed to target emerging industries. There needs to be programs that are designed jointly so that the first two years can be completed at the community college and will transfer automatically to the university system. The senior year of high school should be utilized for college credit and a transition year into college through articulation agreements. Mr. Lail said he had been appointed as Vice-Chair of special committee on economic development and there have been a lot of presentations on economic development and he hopes to lead the state and university to be a bigger focus. Mr. Lail quoted Governor Hunt – "Education is Economic Development". Commissioner Barger asked whether a branch of the university system would be sought for this area and Mr. Lail replied there was a prohibition in the university system regarding branches. He said his goal was to work with the Higher Education Center on the UNC Center for Applied Technology.

Dr. Jane Everson, Director of the Hickory Metro Higher Education Center presented the programs that are available at HMHEC to obtain bachelor and master degrees through partnerships with ASU, LRC, UNCC, UNCG, LMC and WCU. Non-degree, certificates, seminar or one-day training programs are also offered at the Center. There are 58 degree credit programs, 29 of those are undergraduate and 29 master or educational specialist level. There are currently approximately 500 students enrolled in these programs with the average age of 35. These programs are offered in the allied health, business, education, engineering and other categories. The center is fully furnished and up and running. This is the first and only higher education center in the State. The goal is to have the center emerge as a one stop educational center for adults and businesses throughout the region. Further goals are to diversify the enrollment in the programs in fields where employment is available, increase bachelor programs and increase engineering and technology classes. There will be a celebration ceremony on April 28th for the first students who will be graduating programs offered through HMHEC – approximately 62 students will be graduating. Commissioner Barger asked about marketing to high school students and Dr. Everson said their current marketing is directed to community college students but in the future will market to high school students

Scott Millar then presented the most favored industry segment of the work session. He said he had reviewed the various studies regarding most favored businesses and had come up with the draft proposal. The FORESIGHT report recommended that there be a specific group of industries targeted that are automatically eligible for expedited processing. What is the goal of the most favored business program? - they are to stimulate the growth within what are considered to be the most productive sectors with environmental and quality of life issues considered; the need to have programs for existing businesses to grow; to potentially streamline processes (i.e. Permitting process) and incentives to stimulate growth. Mr. Millar said there should be a systematic approach to these goals.

There are industries that are actively being targeted now – i.e. Metal fabrication – automotive – wholesale trades – but transportation and logistics categories have to be questioned due to environmental issues.

Each of the processes of getting a business here can take 12 to 18 months. Simplifying the process by using boilerplate legal agreements, a process that facilitates the payment and oversight of incentives and simplified assistance form (on-line) is encouraged. It is encouraged to use a project manager to oversee the permit process during the construction which would be a benefit to an incoming business as well as a business kickoff meeting to get all concerned together at the beginning at the project.

The incentive grant programs should be associated with the greatest impact – based on investment threshold - # of jobs, high paying jobs or investment \$ brought with the business. Analysis would need to be done to see how these incentives compare to neighboring counties and other metropolitan areas with which we compete. Existing businesses should be eligible for these incentives also. A tangible commitment to the community would need to be made by the business such as support of education, arts or United Way.

The Board would need the flexibility to deny projects where appropriate and to participate at its own discretion. Municipalities should join in the growth and incentive programs. These programs would have to be approved according to Statute and the approval of the Board in open session. Business should be required to stay beyond the grant period (proposed 3 years). Grants should be paid upon the payment of ad valorem taxes.

Amendment I is being explored and has not yet been utilized.

Means to encourage spec building are being investigated. Good quality industrial buildings are needed to attract good industries. There could also be incentives to utilize obsolete buildings. Mr. Millar encouraged all this information to be posted on the county website for businesses looking at Catawba County so they know what information needs to be provided for incentives and grants.

Mr. Millar said there are currently discussions regarding multi-jurisdictional business partnerships. Cities and counties can go in together on industrial parks and it's important to look at something that the county doesn't already have. Mr. Millar said he would be working on this with the managers in the near future regarding this concept.

Commissioner Beatty asked Mr. Millar about Amendment I and he responded that it looked like it was going to be more difficult to use than initially hoped for but opportunities were still going to be sought to use it.

Chair Barnes said that Mr. Millar had given the Board some questions to address and a concept to approve. It was agreed that numbers could not yet be put in place. Chair Barnes suggested a joint meeting with city councils about how all this fits together. Vice Chair Hunsucker had questions regarding the boilerplate contracts reducing negotiating capabilities. Scott said the boilerplate contract would be used more as a starting point.

Chair Barnes made a motion to adjourn. The motion carried unanimously.

The meeting adjourned at 12:30 a.m.

Katherine W. Barnes, Chair

Barbara E. Morris, County Clerk