

Catawba County Board of Commissioners

Economic Development Planning
10/03/16



20,000

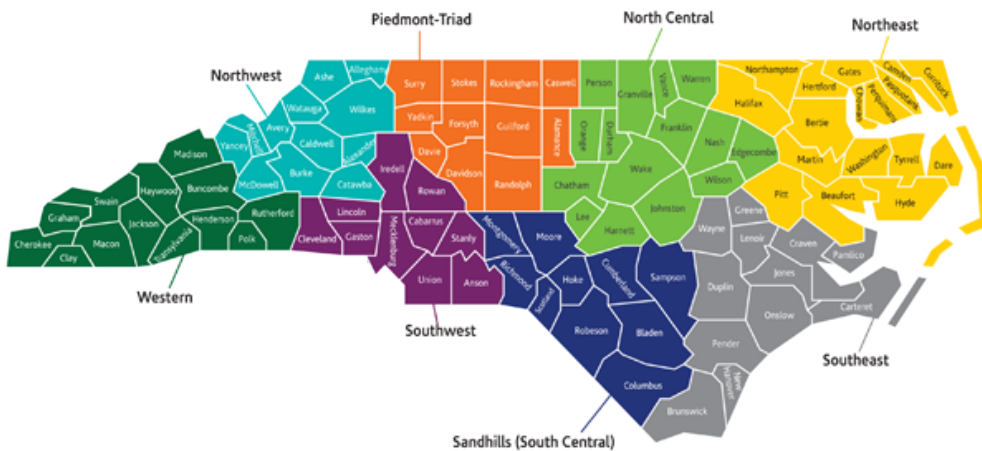
Worker Variance
by 2035

(60,000 people, or 18%
growth per decade)

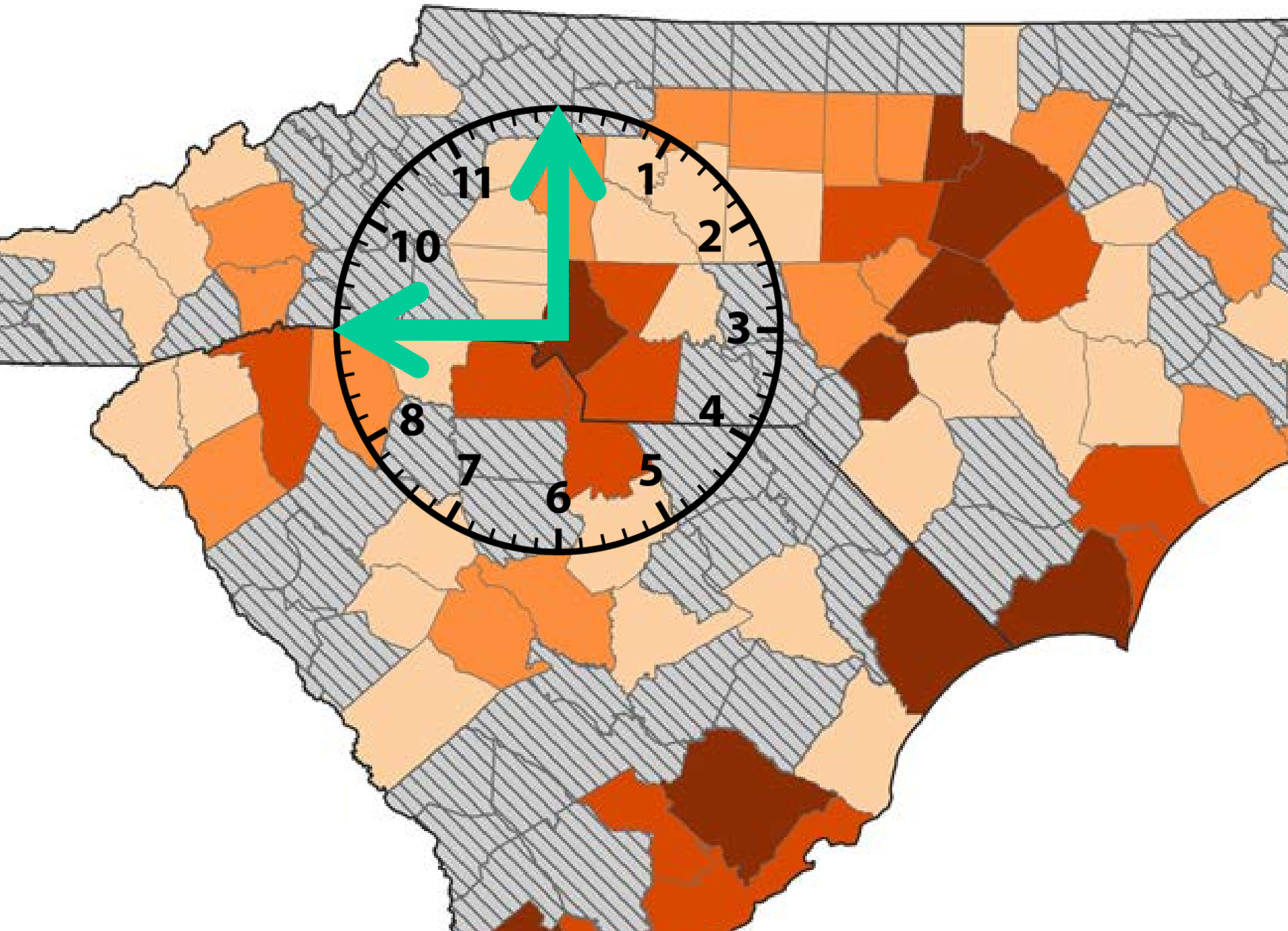


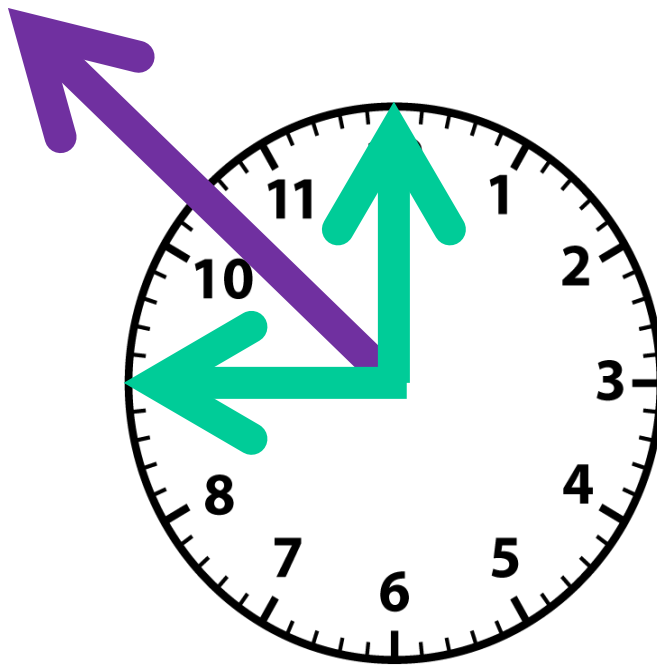
Positioning/Identity Matters

Greater Hickory Metro, Unifour, Hub of the Western Piedmont, Charlotte's Great NW, Well Crafted, By Choice, With A Heart, Little City that Could, Northwest Prosperity Zone? Are we a part of Charlotte or are we apart of Charlotte?



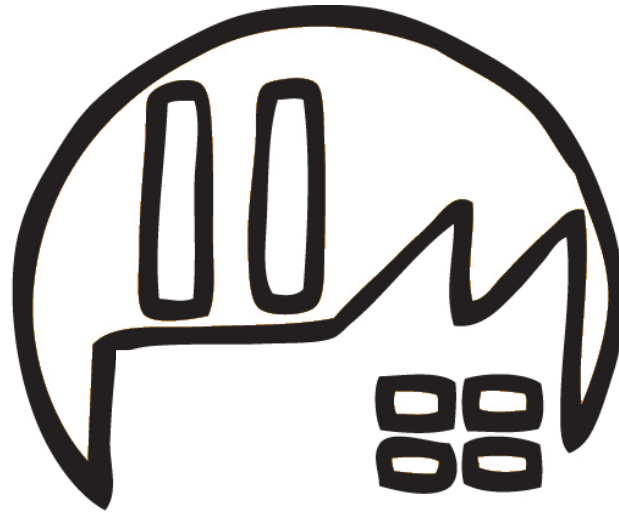
Why does not telling our story
well matter?





Corridor Development

NC16, NC150, US321S, US321N, I-40



Product Development

- Stratified Approach
 - Park 1764 (class A), ncDataCampus (data), Spec Building (smaller mfg.), Newton Corporate Center (larger opp's), Claremont International Business Park (rail), others
- Product Development Focus
 - EDC Product Development Coordinator
 - C100 Product Development Forum



People Development

- Attraction Strategy
- Diversification Strategy

Are these accomplished by k-64?



Project Investment

- Incentives Strategy: When necessary, making sound, unemotional, arm's length investments under a contractual agreement that rewards a company following performance and secures investment for the long-term

Catawba County's Continuing Search For Economic Excellence



Jobs and the Economy Task Force Strategy Summary

Most Favored Business (MFB)

April, 2005

JOB CREATION GOALS

JC3. Provide government incentives to attract new businesses.

Use tax, land use, utility and other local and state government controlled incentives to make “Greater Hickory” the most competitive location for businesses and industries that Catawba County wishes to target. These industries, so called “***Most Favored Industries,***” are in sectors that pay above the county wage, predicted to have positive employment growth in the future, and projected to have increasing revenues.

MFB Program Intent

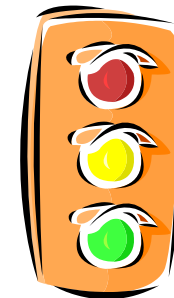
1. Stimulate new Job Creation & Investment in the most productive sectors—those being the most sustainable and better paying, encouraging a balance that includes Q of L & the Environment
2. Increase retention of Existing Industry
3. Streamline & Expedite Processes in Legal Issues, Permitting, and Construction
4. Increase Competitiveness and Marketing Potential of County
5. Consider a Systematic Process for delivery of Needed Incentives for Targeted Projects in those most productive sectors

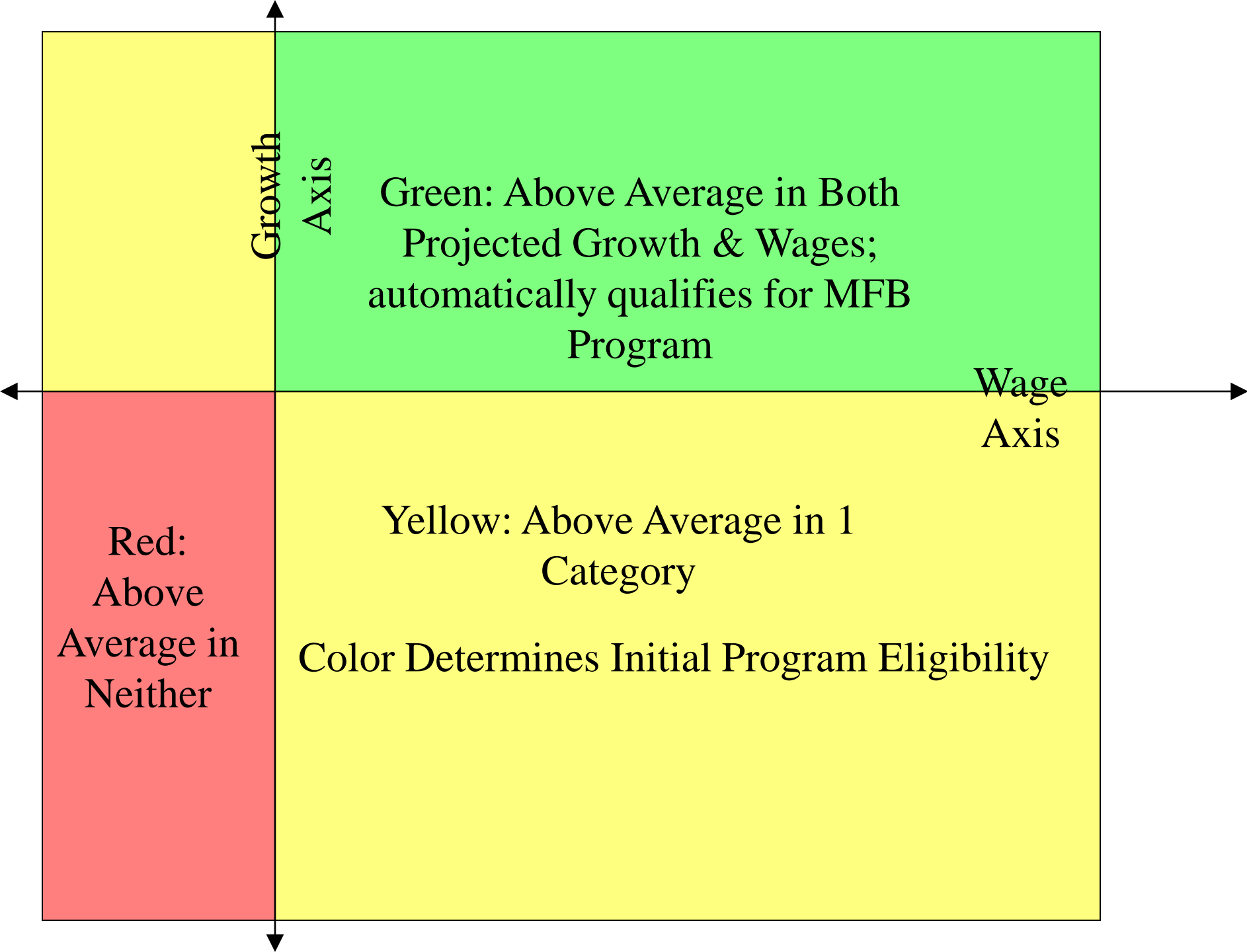
“Most Favored” Selection Process

FORESIGHT analyzed 68 NAICS Code Manufacturing & Non-MFG Industries for:

- 1. Industry Growth** through 2010, &
- 2. Average Industry Sector Wages/Payroll**

Sector Color Determines Initial MFB
Program Eligibility using a Traffic Light
Comparison (Green/Yellow/Red)





Sample MFB “Greens”

- Drug Manufacturing*
- Plastics Products*
- Turned Metal Products
- Fabricated Metal Products*
- Construction Equipment*
- Transportation Equipment*
- Computer/Electronics
- Medical Equipment*
- Wholesale Trade*
- Internet/DP
- Finance/Insurance
- Architectural
- Engineering
- Education Services & Universities
- Air Transportation*
- Management, R&D*
- Healthcare & Hospitals*

Catawba County Employment/Average Weekly Wages and Employment Growth Trends-Results of the Analysis:

Manufacturing Sector:

The following manufacturing industries pay workers above the average County weekly wage and are expected to grow nationally over the next 10 years:

- 1) NAICS Code 32199: Wood Products-Mobile Homes and Wooden Buildings
- 2) NAICS Code 3254: Drug Manufacturing
- 3) NAICS Code 3255: Paint, Coating and Adhesives
- 4) NAICS Code 3261: Plastics Product Manufacturing
- 5) NAICS Code 33272: Turned Products & Screws, Nuts and Bolts
- 6) NAICS Code 3328: Coating, Engraving and Heat Treated Metal
- 7) NAICS Code 332911: Industrial Valves Manufacturing
- 8) NAICS Code 33312: Construction Machinery Manufacturing
- 9) NAICS Code 3334: Refrigeration and Service Equipment
- 10) NAICS Code 334: Computer and Electronic Equipment
- 11) NAICS Code 3391: Medical and Surgical Equipment
- 12) NAICS Code 336: Transportation Equipment Manufacturing
- 13) NAICS Code 3364: Aircraft/Aerospace Manufacturing
- 14) NAICS Code 33992: Sporting and Athletic Goods Manufacturing

Service Sector:

The following service industries pay workers above the average County weekly wage and are expected to grow nationally over the next 10 years:

- 1) NAICS Code 42: Wholesale Trade
- 2) NAICS Code 484: Truck Transportation

Catawba County Employment/Average Weekly Wages and Employment Growth Trends-Results of the Analysis:

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Service Sector:

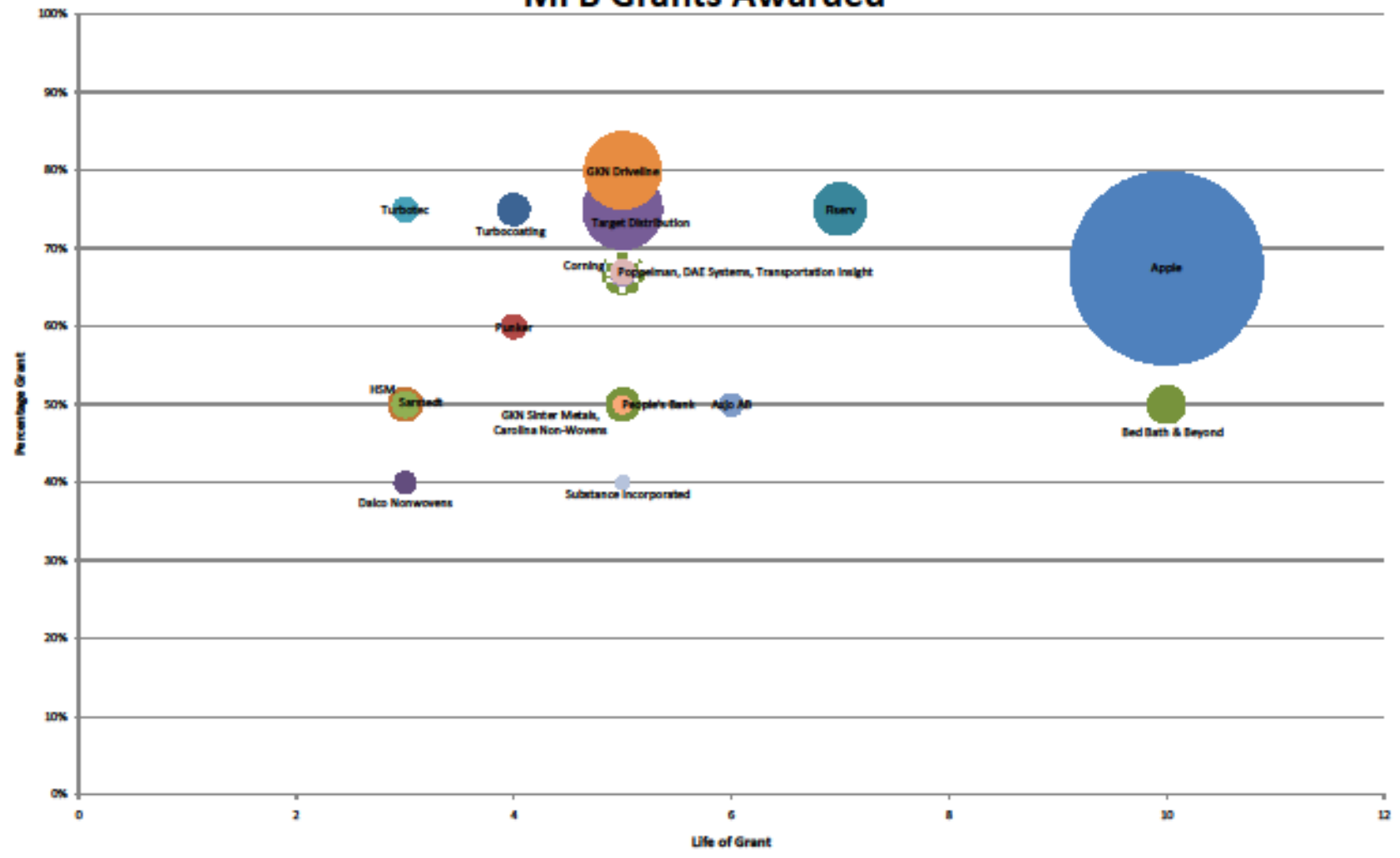
The following service industries pay workers above the average County weekly wage and are expected to grow nationally over the next 10 years:

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Sample of MFB Grants Awarded

Project	\$\$ Commitment, Jobs	Grant %	Life/ yrs
(1) Apple	+\$1.0B, 9yr, 50/250	50% real, 85% pers	10*
(2) Bed Bath	\$37M	50% real, 60% pers	10
(3) Dalco	\$9.0M, 19 jobs	40%	3
(4) Fiserv	\$4.9M, 419 jobs	75%	7
(5) HSM	\$3.9M, 159 (exp.)	50% + \$500/job	3
(6) Poppelmann	\$8.0M (expansion)	67%	5
(7) Punker	\$4.6M, 62-80	60%	4 (5 if 80)
(8) Sarstedt	\$14.2M, 20 (exp.)	50%	3
(9) Target Dist.	\$87M, 500 jobs	75%	5
(10) Turbocoating	\$13-15M, 80-110	75%	4 (5@\$15M/110)
(11) Turbotec	\$3.5M, 73 jobs	75%	3
(12) GKN Drive	\$122M, 228 new, must retain 655	80%	5

MFB Grants Awarded



Chatham County NC Model

Points-Based System

Jobs created/retained

Benefits

Wages

Number of Jobs

Capital Investment

Environmental Impact

Industry Cluster

Transformational Projects

Normal & Transformational Project Levels

Normal Projects:

L1: 5 years sliding 70%-30%

L5: 5 years sliding 90%-60%

Transformational Projects: (+1000 jobs or +\$250M)

L1: 10 yrs sliding 70%-35%

L3: 20 yrs sliding 90%-50%

Chatham County NC Model

Pro's:

Structured Policy makes decisions easy

Transformational Policy is compelling

Mostly Black & White but there is some flexibility

Con's:

Many of the Points categories are not answerable pre-project, so not helpful in the "sale"

Local hires, verified Supply chain partners, sustainable building, benefits paid "squishy"

Initial Reactions

- Need a bit more “publishable” program that retains flexibility
- Need to make sure next version looks at jobs of the future, not just jobs of the past
- Add Points for local hires and incentives for education, high wage jobs
- Look at payments for jobs, not just investment, any way to support educational initiatives?
- Involve Municipalities

INPUT & RESULTS PAGE—CATEGORY L ECONOMIC INCENTIVE GRANTS

Inputs Allowed only in Light Blue Cells

PROJECT NAME: Isenhower
 DATE: 5/28/2016
 MUNICIPALITY: Newton

Job Retention/Creation Inputs

Current (Retained Jobs)	Total New HI-Wage Jobs		Total Jobs Created	Job Creation Points (max 25)	High Wage Points (max 10)
	Jobs Created	Created	0-9	10-19	20-49
0	100	50	10-19	5	5
Year 1	10	10	20-49	10	8
Year 2	3	5	50-99	15	10
Year 3			100-199	18	16
Year 4			200-499	25	20
Year 5			500+	Transformative	Transformative
Total	115	65			
Points-New Jobs (max 25)	18				
Points-High Wage Jobs (max 10)		10			

Net Investment

Assessed Value	Real Property	Personal Property	Total
Current Real Property	\$ -	\$ -	\$ -
Current Business Property	\$ -	\$ -	\$ -
Year 1	\$ 10,000,000	\$ 30,000,000	\$ 40,000,000
Year 2	\$ -	\$ -	\$ -
Year 3	\$ -	\$ -	\$ -
Year 4	\$ -	\$ -	\$ -
Year 5	\$ -	\$ -	\$ -
Year 6	\$ -	\$ -	\$ -
Year 7	\$ -	\$ -	\$ -
Year 8	\$ -	\$ -	\$ -
Year 9	\$ -	\$ -	\$ -
Year 10	\$ -	\$ -	\$ -
Total	\$ 10,000,000	\$ 30,000,000	\$ 40,000,000

Points - Net Investment (25)

18

Industry/Cluster/Investment Type

Cluster/Investment Type (max points)	Yes/No	Points Awarded
Current Target Industry (7.5)	Y	7.5
HI, R&D, Innovation (7.5)	Y	5
High Wage (7.5)	Y	7.5
IT/Cyber/Data Center (7.5)	N	0
International (2)	N	0
High Local Impact (6.25)	N	0
Max Points-Industry Cluster (15)	Y	15

Existing (3)
 Large Scale (1)
 Transformational (10)

Location

Location	Yes/No	Points Awarded
Existing Park/Site (5)	N	0
Rehab or Brownfield Site (3)	N	0
Existing Building (2)	N	0
Foreign Trade Zone (2)	N	0
Undeveloped Greenfield (-5)	N	0
Certified Site (5)	N	0
Park 176A/ncDataCampus (10)	Y	10
Development Corridors (5)	N	0
Eco-Complx (3)	N	0
New Construction (8)	Y	8
Max Points-Location (15)	Y	18

Other Intangibles-Max Points (5)

7

TOTAL POINTS ACCRUED

81

GRANT QUALIFYING LEVEL

	25-49 pts	50-59 pts	60-69 pts	70-79 pts	80-89 pts	90+ pts	Transformative
YEAR 1	1	2	3	4	5	6	Transformative
YEAR 2	50%	50%	75%	80%	90%	90%	
YEAR 3	50%	50%	75%	80%	80%	80%	
YEAR 4	50%	50%	67%	67%	70%	75%	
YEAR 5		50%	67%	67%	67%	75%	
YEAR 6		50%	50%	50%	67%	67%	
YEAR 7				50%	67%	67%	
Average	50%	50%	67%	66%	74%	72%	
Number of Years	3	5	5	6	6	7	
Avg \$\$ Incentive/Million (county)	\$ 1.68	\$ 2.79	\$ 3.73	\$ 4.60	\$ 4.93	\$ 5.63	

0.011175

	Undepreciated	10 Year Income	Depreciated
Calculated \$ Grant County	\$ 1,014,300	\$ 1,285,700	\$ 779,476
Calculated \$ Grant City	\$ 952,560	\$ 1,207,640	\$ 739,008
Calculated \$ Grant Combined	\$ 1,966,860		\$ 1,518,484

Fictitious "Project Isenhower"

Inputs Allowed only in Light Blue Cells

PROJECT NAME:	Isenhower						
DATE:	9/28/2016						
MUNICIPALITY:	Newton						
Job Retention/Creation Inputs							
Current (Retained Jobs)	0				Total Jobs Created	Job Creation Points (max 25)	High Wage Points (max 10)
	Total New Jobs Created	Hi-Wage Jobs Created			0-9	0	0
Year 1	100	50			10-19	5	5
Year 2	10	10			20-49	10	8
Year 3	5	5			50-99	12	10
Year 4					100-199	18	10
Year 5					200-499	25	10
Total	115	65			500+	Transformative	Transformative
Points-New Jobs (max 25)	18			18			
Points-High Wage Jobs (max 10)		10		10			

Net Investment							
Current Values	Assessed Value	Real Property	Personal Property	Total			
Current Real Property	\$ -						
Current Business Property	\$ -						
Year 1		\$ 10,000,000	\$ 30,000,000	\$ 40,000,000	New Investment (\$MM)	Points Awarded	
Year 2		\$ 10,000,000		\$ 10,000,000	0-1	0	
Year 3		\$ 10,000,000		\$ 10,000,000	1-2.9	5	
Year 4		\$ -		\$ -	3.0-4.9	10	
Year 5		\$ -		\$ -	5.0-9.9	12	
Year 6			\$ -	\$ -	10.0-19.9	15	
Year 7		\$ -		\$ -	20.0-49.9	18	
Year 8				\$ -	50.0-99.9	25	
Year 9				\$ -	100.0-249.9	35	
Year 10				\$ -	250+	Transformative	
Total		\$ 30,000,000	\$ 30,000,000	\$ 60,000,000			
Points - Net Investment (35)				25			

Industry Cluster/Investment Type							
Cluster/Investment Type (max points)	Yes/No	Points Awarded					
Current Target Industry (7.5)	y	7.5			Existing (3)		
HQ, R&D, Innovation (7.5)	y	5			Large Scale (3)		
High Wage (7.5)	y	7.5			Transformational (10)		
IT/Cyber/Data Center (7.5)	n	0					
International (3)	n	0					
	n	0					
	n	0					
	n	0					
High Local Impact (6.25)	y	5					
Max Points-Industry Cluster (15)	15			15			

Location							
Existing Park/Site (5)	n	0					
Rehab or Brownfield Site (3)	n	0					
Existing Building (3)	n	0					
Foreign Trade Zone (2)	n	0					
Undeveloped Greenfield (-5)	n	0					
Certified Site (5)	n	0					
Park 1764/ncDataCampus (10)	y	10					
Development Corridors (5)	n	0					