

Orange County – Economic Development 101 Are your Sites and Community Prospect Ready?



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Overview / Agenda

- ✓ Why you need Economic Development
- ✓ What is a healthy balance of Tax Revenue
- ✓ Trends in Economic Development
- ✓ The Basics of Site & Infrastructure Readiness
- ✓ Orange County Overview & Assessment
- ✓ Existing Sites (CITAN's & EDD's) Overview
- ✓ Next Steps



Why do you need Economic Development? It's about YOUR County's Future!

- ✓ Creates "Living Wage" Jobs & Opportunity for ALL your residents (blue collar and white collar jobs)
- ✓ Local tax revenue from Real Estate and Machinery & Tools
- ✓ State tax revenue from Employee Wages & State Income Tax
- ✓ Helps build resources for your locality and state
- ✓ Creates investment and wealth within your community
- ✓ Public Services - allows you to build schools, pay for healthcare and other social programs as well as help set up training programs for your residents



What is a healthy balance of tax revenue for a locality?

- ✓ Two basic forms of tax revenue
 - Residential Tax Revenue
 - Non-Residential Tax Revenue
- ✓ Balanced Tax Base
 - 70% Residential & 30% Non-Residential
- ✓ Orange County 2016
 - 80% Residential & 20% Non-Residential



Jurisdiction in Orange	Residential	Commercial
Chapel Hill	72%	28%
Carrboro	75%	25%
Hillsborough	59%	41%
Mebane	60%	40%



Trends in Economic Development & Site Selection A Consultant's Perspective....

- ✓ Prospects & consultants look at **regions**, NOT sites or localities
- ✓ Projects move in **months, NOT years**
- ✓ **Speed to market** matters
- ✓ Need **"Ready to go"** sites
- ✓ **Internet** has transformed the process
- ✓ **Incentives do matter**, AFTER you become a FINALIST
- ✓ **Publicly "Controlled" Sites** are preferred in marketplace
 - "Controlled" is Owned, Optioned or a Set Price / Sales Contract



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Site Selection Magazine Site Selectors' Top Location Criteria

Rank	Site Selection Factor
1	State and local tax scheme
2	Transportation Infrastructure
3	Utility Infrastructure
4	Land / Building prices & supply
5	Ease of permitting & regulatory procedures
6	Existing Workforce Skills
7	Local economic development strategy
8	Legal climate (tort reform)
9	Availability of incentives
10	State economic development strategy

**New in 2012
Criteria**



Source: Site Selection Magazine



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Why you need to be Prospect Ready...

✓ Opportunities Lost

CATERPILLAR®

Athens, GA

\$200 million investment

1,400 Jobs

\$2.4 billion regional impact



Site visits: December

Announcement: February

Started Construction: March

Requirements:

200 acres, Shovel Ready & Cleared of Environmental



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Why you need to be Prospect Ready...

✓ Opportunities Won

amazon.com®

Dinwiddie & Chesterfield, VA

\$135 million investment

1,350 jobs announced

Over 3,600 Jobs created to date



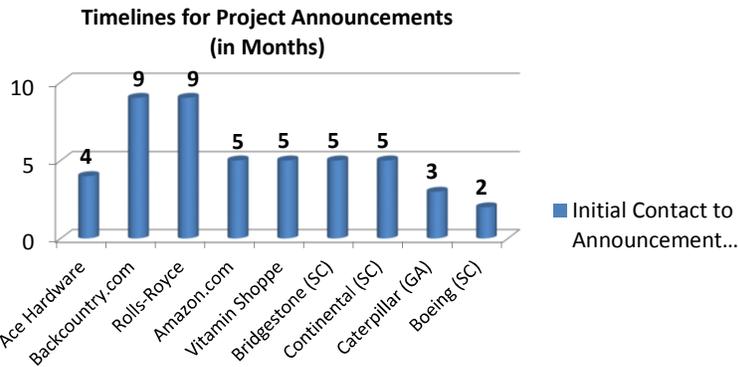
15 minutes in Seattle with Amazon



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How fast are prospects moving?



\$3.33 billion investment & over 10,000 jobs
July 30 – Boeing announced \$1.1 billion & 2,000 add'l jobs

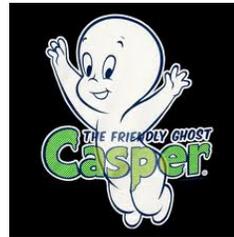


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Project Casper / Acme Smoked Fish Pender County, NC

- ✓ Initial Contact – Early June
- ✓ Initial RFP Response – June 15
- ✓ 1st Site Visit – June 19
- ✓ Shortlist of sites – June 25
- ✓ 2nd Site Visit – July 8
- ✓ NY Negotiation Session – Aug 6-7
- ✓ Decision – August 12



- ***Timeline <2.5 months***
- ***\$27 million and 104 jobs***
- ***20 acre site***



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The Vitamin Shoppe: 312,000 SF Distribution Center Governor's Announcement on August 31 in VA



September 17:
3 wks - Pad Graded



November 15: **2.5 mos - Walls Up**



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The Vitamin Shoppe – Substantially Complete

8 mos – Facility Substantially Complete

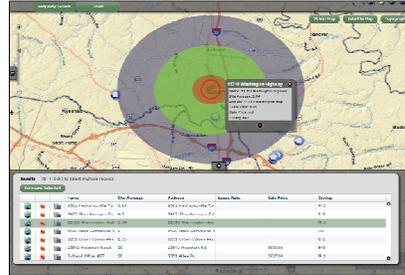


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Who is your target audience?

- ✓ Prospects
- ✓ Site Selection Consultants
- ✓ Commercial Real Estate Brokers
- ✓ Preferred Developers



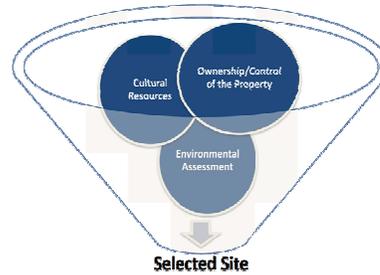
What are Prospects looking for?

- ✓ **The best business decision**
- ✓ Community that fits
- ✓ A site or building that fits
- ✓ Curb appeal and sense of place
- ✓ A place where employees have amenities



What are Site Selection Consultants & Real Estate Brokers looking for?

- ✓ Site **"Elimination"** Process
- ✓ 80-90% of search completed prior to 1st contact
- ✓ **Ready to go sites**
- ✓ **Utilities & Infrastructure in place**
- ✓ **Thorough site due diligence**
- ✓ Incentives & Commissions



What are Preferred Developers looking for?

- ✓ Elimination of Unknowns and Risks (**Due Diligence**)
- ✓ Certainty of Schedule (**"Fast track" permitting**)
- ✓ Control of Development Costs (**Infrastructure & Site Development**)
- ✓ How quickly can I start construction? (**Site plan approval & Construction contract in place**)



Where do your sites stand?



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Gamblers Odds*

Significantly increasing your odds of success...

Tier	Develop Timeline	Odds of Success	Prospect Ready Status	Major Considerations	Financial Investment
0	5+ yrs	0%	No	Need to find sites	???
1	4-8 yrs	< 10%	No	Willing Seller	None
2	3-6 yrs	< 20%	No	Controlled/Zoned	Minimal until site acquisition
3	18-36 mo	40-50%	Minimum	Planning / Due Diligence	\$100k to \$250k+
4 *	9-18 mo	70-80%	Preferred	Infrastructure & Certifiable	Substantial (\$ millions)
5 *	3-9 mo	> 90%	Preferred	Shovel / Pad Ready	Substantial (\$50k to 150k/ac)



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Product Development vs. Product Fulfillment

Product **Development** (Tier 0-3) – **Getting in the game...**

- ✓ Lacking infrastructure and/or sites
- ✓ Substantial investment of time, money & political capital
- ✓ Have sites but lacking due diligence, have substantial permitting hurdles, environmental clean-up, etc.
- ✓ Can take multiple years to develop into marketable product

Product **Fulfillment** (Tier 4-5) – **You're in the game...**

- ✓ Have a mature product with infrastructure & "ready to go" sites
- ✓ Pro-actively marketing for the region, locality & site
- ✓ Site is routinely being shown to active prospects



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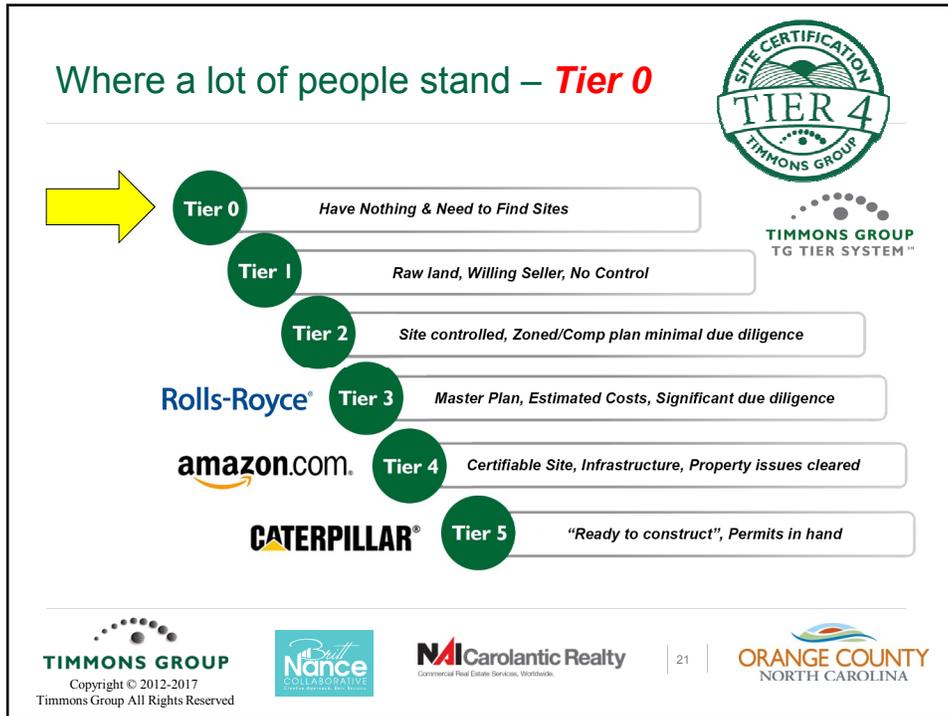


Tier System – Major Considerations



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Why play this Econ Dev game?
Potential Rewards for Small to Med Sites...

Category	Company	Investment	Jobs	Tier
Small Sites	Honda Aero / Burlington, NC	\$27 M	70	4
<100 acres	Acme Smoked Fish / Wilmington	\$27 M	104	3/4
	McKesson / Caroline	\$58 M	150	4
	Amazon.com / Dinwiddie	\$45 M	350	4
	Amazon.com / Chesterfield	\$90 M	1,000	4
Medium Sites	Enviva / Southampton	\$91 M	72	5
100 - 500 acres	Hyundai Electric / Alabama	\$90 M	480	4
	Caterpillar / Athens	\$200 M	1,400	5
	Caterpillar / W-S	\$426 M	392	4
	Gulfstream / Savannah	\$500 M	1,000	4
	Daimler Vans / N. Charleston	\$500M	1,300	4
	Microsoft & Exp / Mecklenburg	\$1 B	60	5

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Brilliant Nance COLLABORATIVE
COMMERCIAL REAL ESTATE SERVICES, WORKSPACE

NAI Carolantic Realty
Commercial Real Estate Services, Workspaces

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ORANGE COUNTY
NORTH CAROLINA

Potential Rewards for Mega-Sites (>500 acres)...

Company	Industry	Investment	Jobs	Tier
Dow Corning Hemlock (TN)	Semiconduct	\$1.2 B	500	4 (Cert)
Hyundai (AL)	Automotive	\$1.4 B	2,500	4
Kia Motors (GA)	Automotive	\$1.2 B	2,900	3/4
Paccar (MS)	Truck Engines	\$500 M	800	4 (Cert)
SeverCorr (MS)	Steel Mill	\$1.4 B	650	4 (Cert)
ThyssenKrupp (AL)	Steel Mill	\$4.2 B	2,700	4
Toyota (MS)	Automotive	\$1.3 B	2,000	3/4 (Cert)
Volkswagen (TN)	Automotive	\$1 B	2,000	4 (Cert)
Rolls-Royce (VA)	Aerospace	\$500 M	500	3

*** Significant Opportunity for Spin-off Supplier Facilities**



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Understanding the Economic Development Deal...

- | | |
|---|---|
| Building | <ul style="list-style-type: none"> ✓ Building or Facility Costs <ul style="list-style-type: none"> ▪ GREATEST CERTAINTY ▪ Prospect knows his approximate costs |
| Site & Infrastructure
(how much & who pays?) | <ul style="list-style-type: none"> ✓ Site & Infrastructure Development Costs <ul style="list-style-type: none"> ▪ How much & who pays? ▪ GREATEST VARIABILITY ▪ What every deal revolves around |
| Land | <ul style="list-style-type: none"> ✓ Land Costs <ul style="list-style-type: none"> ▪ Prospect looking for PRICE CERTAINTY |



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Site Development Basics & Land Pricing

Land Costs vs. Infrastructure & Site Development Costs

- ✓ **Not all sites are created equal**
- ✓ Multitude of Factors go into “Total Development Costs”
 - Total Land Acquisition Costs = Acres purchased x \$ per Acre
 - Offsite Improvements
 - Water, sewer, roads, natural gas, etc.
 - Onsite Improvements
 - Water, sewer, site development, environmental mitigation, etc.
- ✓ Real World Example:
 - Distribution Center for Grocery Store Chain
 - 550,000 SF expandable to 800,000 SF
 - Site Selection work completed in 2015
 - Property Prices ranged from \$50,000 / acre to \$100,000 / acre



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Description	Site A	Site B	Site C
Property Acquisition			
Site Size (Ac)	81.2	86.8	82.5
Price per Acre	\$100,000	\$50,000	\$75,000
Property Costs	\$8,120,000	\$4,340,000	\$6,187,500
Survey Work & Closing Costs	\$40,000	\$35,000	Owner Pay
Rezoning / SUP Costs	N/A	\$20,000	\$20,000
Subtotal Property Acquisition	\$8,160,000	\$4,395,000	\$6,207,500
Offsite Improvements			
Offsite Road	\$450,000	\$1,520,000	\$1,200,000
Offsite Water	\$0	\$1,745,000	\$642,000
Offsite Sewer	\$0	\$960,000	\$850,000
Nat Gas Extension	\$80,000	\$100,000	\$50,000
Subtotal Offsite Improvements	\$530,000	\$4,325,000	\$2,742,000
Onsite Improvements			
Stormwater			\$383,000
Onsite Water			\$758,000
Onsite Sewer			\$98,000
Onsite Earthworks			\$3,850,000
Onsite Stormwater Manag			\$178,000
Landscape, Lighting, Irrigation	\$619,000	\$619,000	\$619,000
Bad Soils Allowance	\$400,000	\$500,000	\$200,000
Permitting & Fees	\$98,800	\$84,000	\$109,000
19a Estimated Permitting Timeline	>6 months	2-3 months	2-3 months
19b Wetlands Impact / Mitigation	\$133,000	\$65,000	\$80,000
19c Rezoning / SUP Process	45 days	60 days	60-90 days
Subtotal Onsite Improvements	\$6,373,800	\$6,491,000	\$6,275,000
Total - Property Acquisition	\$8,160,000	\$4,395,000	\$6,207,500
Total - Offsite & Onsite Improvements	\$6,903,800	\$10,816,000	\$9,017,000
Total Development Costs	\$15,063,800	\$15,211,000	\$15,224,500
Development Costs per Acre	\$185,500	\$175,200	\$184,500

When you factor in Offsite and Onsite Improvements, the “Total Development Costs” were about the same

Who's your competition?



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What is your competition doing?

They're being aggressive!



Economic Development Sites

GEORGIA READY FOR ACCELERATED DEVELOPMENT (GRAD) SITES

Route	County	INDUSTRIAL SITES	Size (Acres)	Status
100	Wilkes	100	100	100



Volvo Cars selects South Carolina for its first American factory

ID	Project Name	County	Size (Acres)	Status
01	High Speed Rail	Wilkes	100	100
02	High Speed Rail	Wilkes	100	100
03	High Speed Rail	Wilkes	100	100
04	High Speed Rail	Wilkes	100	100
05	High Speed Rail	Wilkes	100	100
06	High Speed Rail	Wilkes	100	100
07	High Speed Rail	Wilkes	100	100
08	High Speed Rail	Wilkes	100	100
09	High Speed Rail	Wilkes	100	100
10	High Speed Rail	Wilkes	100	100
11	High Speed Rail	Wilkes	100	100
12	High Speed Rail	Wilkes	100	100
13	High Speed Rail	Wilkes	100	100
14	High Speed Rail	Wilkes	100	100
15	High Speed Rail	Wilkes	100	100
16	High Speed Rail	Wilkes	100	100
17	High Speed Rail	Wilkes	100	100
18	High Speed Rail	Wilkes	100	100
19	High Speed Rail	Wilkes	100	100
20	High Speed Rail	Wilkes	100	100
21	High Speed Rail	Wilkes	100	100
22	High Speed Rail	Wilkes	100	100
23	High Speed Rail	Wilkes	100	100
24	High Speed Rail	Wilkes	100	100
25	High Speed Rail	Wilkes	100	100

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Orange County – What’s Unique about it?

- ✓ Two Interstates: I-85 and I-40 Merge
- ✓ UNC Chapel Hill & Durham Technical Community College
- ✓ Adjacent to Research Triangle Park
- ✓ RDU and GSO International Airports
- ✓ On the cusp of RTP and Piedmont Triad
- ✓ Diverse Culture & Millennial “Coolness” Factor
- ✓ Rural Character with Urban Access / Amenities



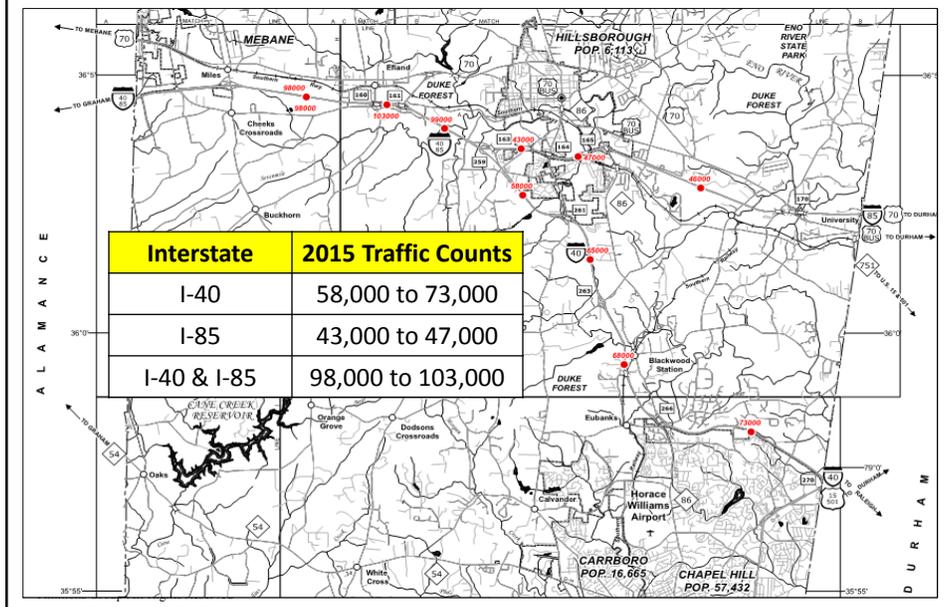
Acts as a “Gateway” for Northeast US (via I-85) and Eastern NC (via I-40) to Western NC and Southeastern US



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Orange County – 2015 NCDOT Interstate Traffic Counts



Orange County vs. Rest of NC Comparative Traffic Counts



County (City)	Interstate	2015 NCDOT Traffic Counts
Durham (Durham)	I-85	46,000 to 96,000
	I-40	90,000 to 181,000
Wake (Raleigh)	I-40	104,000 to 167,000
Alamance (Burlington)	I-40 & I-85	111,000 to 123,000
Guilford (Greensboro)	I-40 & I-85	69,000 to 135,000
Mecklenburg (Charlotte)	I-85	108,000 to 178,000
	I-77	74,000 to 182,000
Forsyth (Winston-Salem)	I-40	52,000 to 103,000
	I-40 Bus	50,000 to 77,000
Orange	I-40	58,000 to 73,000
	I-85	43,000 to 47,000
	I-40 & I-85	98,000 to 103,000



Comparative Site Analysis

Adjacent Counties with 10+ Acre Sites listed with NC Dept of Commerce Sites Database

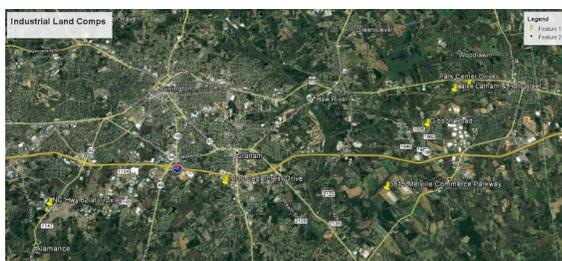
County	Total Sites (>10 acres)	Smallest (Acres)	Largest (Acres)	Average Size (Acres)	Avg Price Per Acre
Alamance	12	10.5	550	89	\$35,070
Chatham	9	50.6	1802	452	\$19,414
Durham	48	10	230	149	\$56,592
Orange	5	47.4	149	94	\$69,250
Person	3	16.8	690	263	\$36,750



Comparable Land Sales – Alamance County



Site Location / Name	Sale Date	Acreage	Sales Price	Price Per Acre
Lake Lantham Road & Hull Street	May 30, 2014	27.47	\$665,000	\$24,208
S. North Carolina 62 Highway	Feb 25, 2015	37.42	\$887,500	\$23,717
Park Center Drive	June 16, 2015	151.8	\$6,000,000	\$39,516
3815 Melville Commerce Parkway	Aug 3, 2015	87.53	\$2,845,000	\$32,503
Gibson Road	Oct 14, 2015	22.56	\$682,500	\$30,253
1136 Cedarcrest Drive	Jan 21, 2016	53.72	\$1,860,000	\$34,624
2125 Senator Ralph Scott Parkway	Dec 22, 2016	22.72	\$665,448	\$29,289
Totals - 2014 through 2017 YTD		403.22	\$13,605,448	\$33,742
Average - 2014 through 2017 YTD		57.60	\$1,943,635	



Comparable Land Sales – Durham County



Site Location / Name	Sale Date	Acreage	Sales Price	Price Per Acre
Patriot Park / 4050 Patriot Drive	7/28/2017	101.56	\$4,300,500	\$42,344
TW Alexander Dr. & NC Hwy 55	9/1/2017	26.08	\$1,195,000	\$45,821
4001 Stirrup Creek Dr.	12/20/2016	23.78	\$1,406,000	\$59,125
Former Sumitomo Land / 76 TW Alexander Dr.	7/20/2016	14.62	\$1,402,000	\$95,896
Self Storage Site / 3415 US Hwy 70	11/25/2015	7.17	\$761,500	\$106,206
Stirrup Creek Dr., Lot 3 (A&B spec)	7/25/2016	13.07	\$1,029,560	\$78,773
Stirrup Creek Dr., Lot 4	3/31/2016	22.15	\$1,423,037	\$64,245
Slater Road Office Land / 702-720 Slater Rd.	10/30/2015	14.49	\$2,000,000	\$138,026
4018 Stirrup Creek Dr.	7/29/2015	17.15	\$806,935	\$47,052
Tyron Distribution Warehouse Site / 2450 S. Miami Blvd.	8/5/2015	12.6	\$1,017,457	\$80,751
Totals - 2014 through 2017 YTD		252.67	\$15,341,989	\$60,719
Average - 2014 through 2017 YTD		25.27	\$1,534,199	



Target Triad Region markets for Research Triangle Region & Piedmont Triad Region

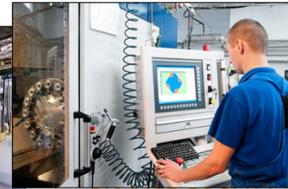
Research Triangle Region

- ✓ Advanced Medical Care
- ✓ Agriculture Biotechnology
- ✓ Analytical Instrumentation
- ✓ Biological Agents & Infectious Diseases
- ✓ Cleantech
- ✓ Defense Technologies
- ✓ Informatics
- ✓ Interactive Gaming and E-Learning
- ✓ Nanoscale Technologies
- ✓ Pervasive Computing
- ✓ Pharmaceuticals

Piedmont Triad Region

- ✓ Aviation
- ✓ Advanced Manufacturing
- ✓ Nano Technology
- ✓ High Performance Fabric
- ✓ Technical Fabrics
- ✓ Logistics and Distribution
- ✓ Plastics
- ✓ Life Sciences (LabCorp)


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NORTH CAROLINA

How does the world view Orange County?

THOUGHT FOR FOOD

At the heart of Orange County is a love of the land and, with it, an ideal environment for businesses in the food processing, culinary arts and agricultural industries.

[Learn More >>](#)

ORANGE COUNTY
 ECONOMIC DEVELOPMENT

North Carolina's Perfect Mix

LOCATION GROWING BUSINESS SITES & BUILDINGS LIVABILITY

CURRENT NEWS & EVENTS



WELDON'S PROJECT



APPLY FOR A GRANT



ORANGE COUNTY SMALL BUSINESS LOAN PROGRAM



MORRISON BREAKERS GROUND

BUSINESS ASSISTANCE

Orange County Economic Development takes a custom approach to business assistance packages, working closely with you and building a package that will meet that particular business's needs.

[LEARN MORE >>](#)

AGRICULTURE IN ECONOMIC DEVELOPMENT

As world leaders address the increasing challenge of feeding the world's population, Orange County is providing entrepreneurs with both the inspiration and resources to find solutions.

[LEARN MORE >>](#)

TOURISM IN ECONOMIC DEVELOPMENT

Tourism is a vital part of economic development and is one of the fastest growing industries with event-related spending by sales, profits, job, tax revenues and income to Orange County.

[LEARN MORE >>](#)

ARTS IN ECONOMIC DEVELOPMENT

Having arts and culture organizations contribute additional revenue into their community with event-related spending by their audiences i.e. restaurants, hotels, retail stores, and other local businesses.

[LEARN MORE >>](#)

THE PERFECT MIX FOR BUSINESS

It's North Carolina's ideal landscape. For business, for life, and everything in between. Orange County gives you rolling hills and lush green countryside – a rural, down-home feel that blends seamlessly with a cosmopolitan workforce. Here, you'll find everything your business needs to thrive: a highly educated workforce, superior schools, a world-renowned university system, pioneering technology and research, unprecedented health-care, and diversity across the board. This is our mid-Atlantic, and we're not just the perfect mix – we're your perfect business environment. In more ways than one.

[Featured Sites & Buildings](#)

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How does our team view Orange County?

EDD or CITAN	Total Area (Ac)	Total Parcels	Largest Parcel (Ac)	Road Dist to Interstate Interchange (#)
Buckhorn	900	89	108.33	0 Miles to I-85, Exit 157
Eno	776	129	51.65	0 Miles to I-85, Exit 163
Hillsborough	703	56	106.41	0 Miles to I-40, Exit 261
Buckhorn	719	144	55.3	0 Miles to I-85, Exit 157
West Efland	242	17	48.32	0 Miles to I-85, Exit 157
East Efland	433	152	91	0 Miles to I-85, Exit 161
Hillsborough	4	1	4	0.4 Miles to I-85
Hillsborough	46	3	32	0.8 Miles to I-85
US 70 / Cornelius	44	64	5.87	3 Miles to I-85

EDD or CITAN	Water Provider	Water Capacity (MGD) ¹	2016 Avg. Daily Use (MGD) ¹	Sewer Provider	Existing Sewer Capacity
Buckhorn	City of Mebane	6.0	1.6	City of Mebane	250,000 GPD*
Eno	City of Durham	37.9	27.7	City of Durham	100,000 GPD**
Hillsborough	Town of Hillsborough	3.1	1.5	Town of Hillsborough	108,000 GPD***
Buckhorn	City of Mebane	6.0	1.6	City of Mebane	2.5
West Efland	Orange-Alamance Water	2.05	²	Efland Sewer	
East Efland	Orange-Alamance Water	2.05	²	Efland Sewer	*
Hillsborough	Town of Hillsborough	3.1	1.5	Town of Hillsborough	3.0
Hillsborough	Town of Hillsborough	3.1	1.5	Town of Hillsborough	3.0
US 70 / Cornelius	Town of Hillsborough	3.1	1.5	Town of Hillsborough	3.0

Something to keep in mind... Communities Successful in Economic Development...

- ✓ Are **Pro-Active** and **Intentional** about Economic Development
- ✓ Understand it's a **Long-term game**, NOT an Election Cycle Buzzword
- ✓ Have a **Comprehensive Economic Development Strategy** and **EXECUTE** the Plan
- ✓ Understand their **Assets and Sites**
- ✓ Understand their **Cost & Revenue Drivers**
- ✓ **Remove political hurdles (or risks)** for Prospects
- ✓ Have **"fast-track" permitting** procedures in place
- ✓ **Plain and simple they "Get it"!**

The Big Picture



- ✓ EDPNC and North Carolina is moving up the business rankings
- ✓ Need to align your sites & infrastructure with the market
- ✓ It takes time and resource (financial and political) to commit to a long-term Economic Development Strategy
- ✓ Orange County appears to be at the intersection of Commerce and Trade with I-40 and I-85 merger
- ✓ We're bullish on the future of Orange County
- ✓ Now is the time to align your resources and commit to "make your own future"



Wrap-up & Next Steps

- ✓ Follow-up Meeting on September 8
- ✓ Final Presentation to Full Commissioners is To Be Determined

Thanks for your time!



Parting thoughts (and quotes)...

*"Luck is what happens when **preparation meets opportunity**"*

Seneca, Roman Philosopher



*"The will to win is not nearly so important as the **will to prepare to win**"*

Vince Lombardi, Green Bay Packers

