

**ORANGE COUNTY  
BOARD OF COMMISSIONERS**

**ACTION AGENDA ITEM ABSTRACT**

**Meeting Date:** January 21, 2010

**Action Agenda  
Item No.** 7-a

**SUBJECT:** Update on Draft Interlocal Cooperation Agreement for the Piedmont Food & Agricultural Processing Center

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**DEPARTMENT:** Economic Development

**PUBLIC HEARING:** (Y/N)

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| No |
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**ATTACHMENT(S):**

**INFORMATION CONTACT:**

Noah Ranells, Economic Development,  
245-2330

Brad Broadwell, Economic Development  
245-2325

John Roberts, County Attorney, 245-  
2318

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**PURPOSE:** To provide an update to the BOCC on the proposed Interlocal Cooperation Agreement by and among the counties of Alamance, Chatham, Durham, and Orange to govern the Piedmont Food & Agricultural Processing Center and authorize staff to submit a draft Interlocal Cooperation Agreement to partner county Boards of County Commissioners

**BACKGROUND:** At the February 19, 2008 regular meeting of the BOCC, a resolution was unanimously approved to "...formally allocate the former Orange Enterprise Building on Valley Forge Road in Hillsborough for development of a regional value-added shared-use food and agricultural processing center". In addition, the same resolution recommended that "the governing board of the Center become a 501(c)3". During 2008 and 2009, successful grant applications yielded \$1,098,000 in state and federal funds dedicated to the renovation of the 500 Valley Forge Road structure as well as equipment purchase and first year operation of the facility.

On October 20, 2009, the BOCC approved a contract with Corley Redfoot Zack for architectural services associated with the Piedmont Food and Agricultural Processing (PFAP) Center. Current efforts focus on finalizing equipment selection based on the prioritized needs of the facility. Construction drawings are expected in February 2010 and will be followed with a bidding process for construction. Estimated date of opening is August 2010.

There have been conversations among elected officials in all four counties and among some staff members in each county. The project generally has the support of all counties but the 'technical' issues associated with formation of the 501(c)3 non-profit; developing a viable business plan; and finalizing commitments of the parties related to on-going funding; along with

future budgetary responsibility "if" the non-profit does not breakeven, remained as issues to be resolved.

Initial operational budget projections 'estimate' the processing center to have expenses of \$150,000 per year with one staff person. Revenues are projected to cover most of that expense, but should revenues not cover the full operational costs, the four counties would bear the operational subsidy based on the interlocal Cooperation agreement.

The following is recommended:

1. The creation of the 501(c)3 non-profit corporation be deferred until the project is constructed, and we have developed and tested a successful business plan.
2. At this time, the four counties, via a simple interlocal cooperation agreement, establish a 'project partnership' based upon the following premises:
  - A. Orange County remains the lead agency until the 501(c)3 is created. We will be responsible for legal, day-to-day oversight, accounting, and personnel support for those non-permanent employee(s) that manage the project until it becomes a non-profit corporation.
  - B. Orange County will be the lead grant recipient and administrator of grant funds including accounting and reporting requirements.
  - C. The four counties will share in the operational budget expense, minus any revenues, earned by the facility, on the basis of Orange County, 40%, and the other three partners, 20% each. We will develop a first year operational plan that all three counties agree to support financially and do a forecast for the following two years as a commitment of the parties. If successful after start-up, the project can be transitioned to a 501(c)3 non-profit organization. If not, each member county can decide to opt out or participate at a larger level "IF" the facility continues to operate as a local government function serving a desired need for services in support of each county's agricultural base.
  - D. Orange County is providing the building at this time without compensation and will continue to do so until some decision is made regarding the creation of a 501(c)3 non-profit or the parties otherwise determine the future of the project.

**FINANCIAL IMPACT:** Upon justification of revenue shortfall of the Piedmont Food & Agricultural Processing Center, 40% of the revenue shortfall will be charged to Orange County and 20% each to Alamance County, Chatham County, and Durham County, up to a maximum of \$150,000 for the total budget of the Piedmont Food & Agricultural Processing Center.

**RECOMMENDATION(S):** The Manager recommends the BOCC receive the update, provide any comments and questions to staff, and authorize staff to submit a draft Interlocal Cooperation Agreement to partner county Boards of County Commissioners for their review and approval.