

Orange County – Economic Development 101

Are your Sites and Community Prospect Ready?



August 23, 2017

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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



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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

Site Selection Magazine Site Selectors' Top Location Criteria

**New in 2012
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

Source: Site Selection Magazine

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



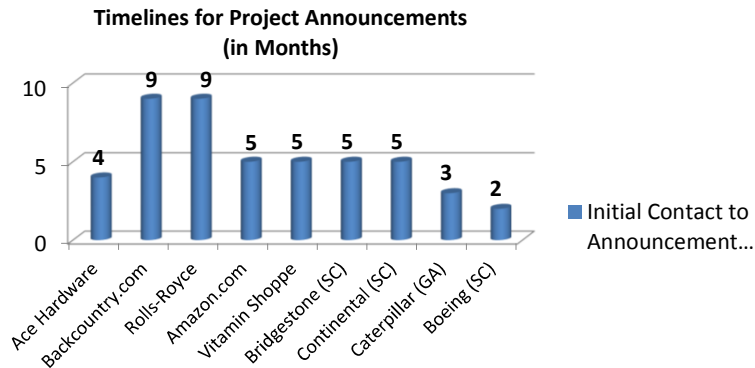
15 minutes in Seattle with Amazon



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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

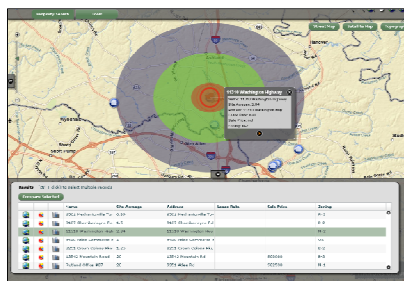


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Who is your target audience?

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



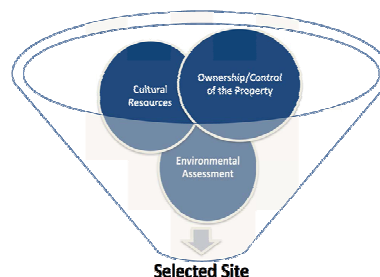
What are Prospects looking for?

- ✓ ***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



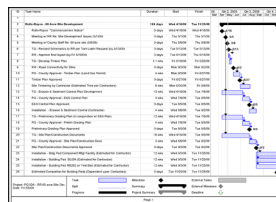
What are Site Selection Consultants & Real Estate Brokers looking for?

- ✓ 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

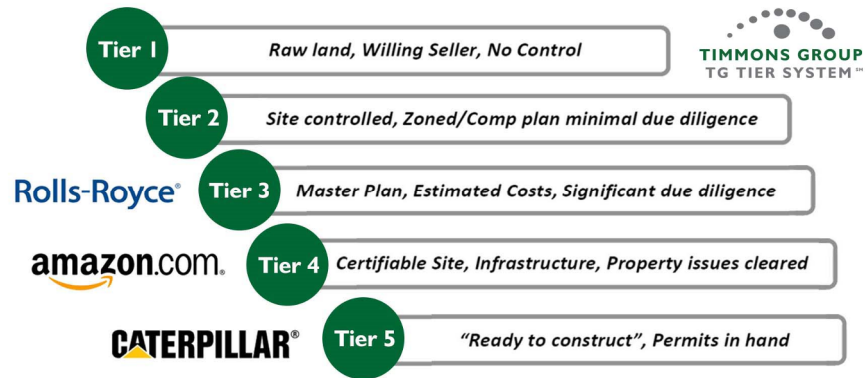


What are Preferred Developers looking for?

- ✓ 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?



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)

Product Development vs. Product Fulfillment

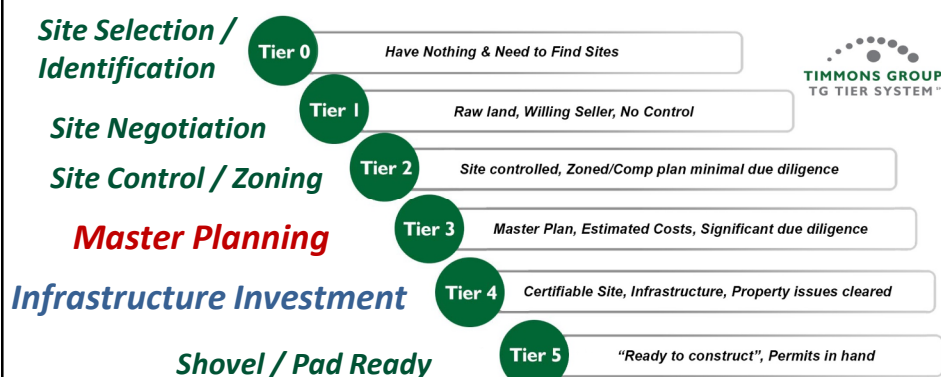
Product **Development** (Tier 0-3) – **Getting in the game...**

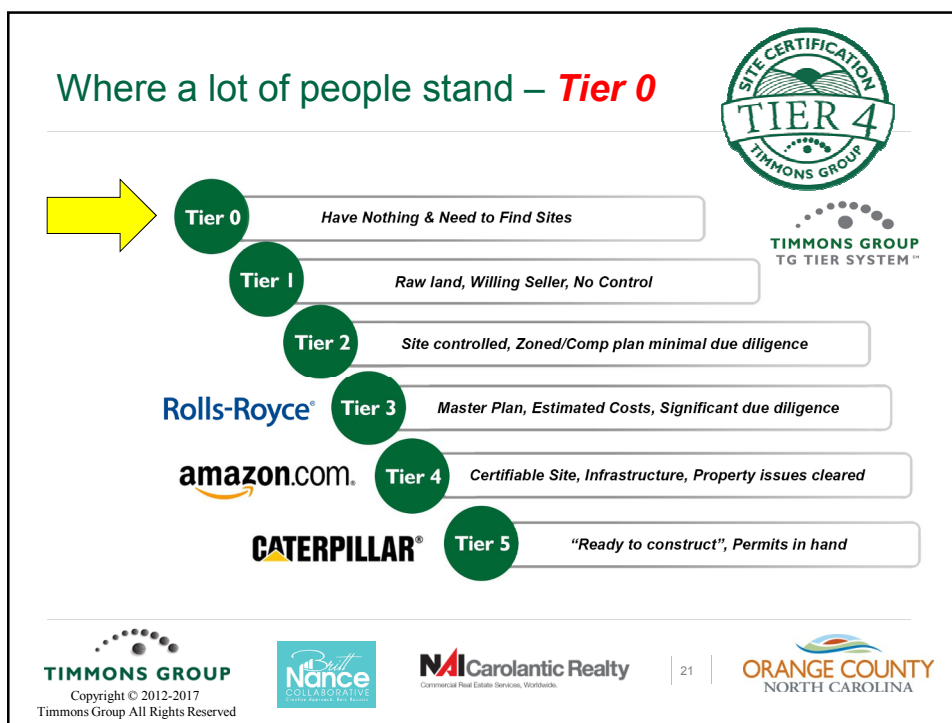
- ✓ Lacking infrastructure and/or sites
- ✓ Substantial investment of time, money & political capital
- ✓ Have sites but lacking due diligence, have substantial permitting hurdles, environmental clean-up, etc.
- ✓ Can take multiple years to develop into marketable product

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

Tier System – Major Considerations





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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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	✓ Building or Facility Costs ▪ GREATEST CERTAINTY ▪ Prospect knows his approximate costs
Site & Infrastructure (how much & who pays?)	✓ Site & Infrastructure Development Costs ▪ How much & who pays? ▪ GREATEST VARIABILITY ▪ What every deal revolves around
Land	✓ Land Costs ▪ 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



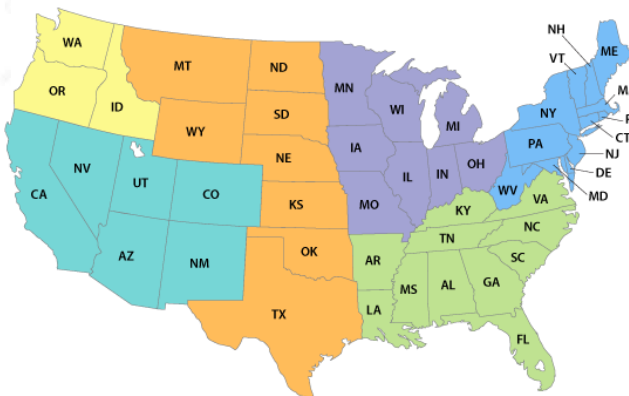
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Description	Site A	Site B	Site C
Property Acquisition			
Site Size (Ac)	81.2	86.8	82.5
Price per Acre	\$100,000	\$50,000	\$75,000
Property Costs	\$8,120,000	\$4,340,000	\$6,187,500
Survey Work & Closing Costs	\$40,000	\$35,000	Owner Pay
Rezoning / 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

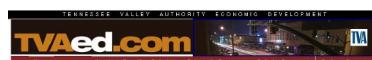
Who's your competition?



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What is your competition doing?

They're being aggressive!



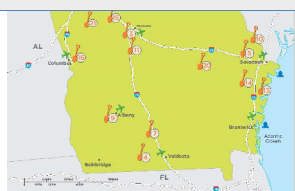
Economic Development
Sites

GEORGIA READY FOR ACCELERATED DEVELOPMENT (GRAD) SITES

Rank	County	Size (Acres)	Industry	Status
1	DeKalb County	100	Manufacturing	Active



Volvo Cars selects South Carolina for its first American factory



Rank	County	Size (Acres)	Industry	Status
1	Spartanburg County	100	Manufacturing	Active



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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



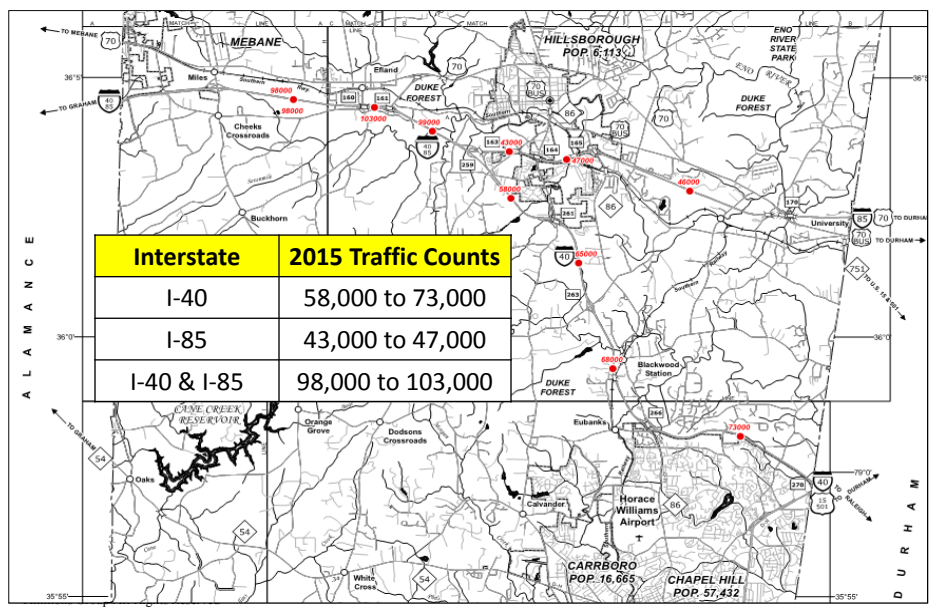
**Acts as a “Gateway” for Northeast US (via I-85)
and Eastern NC (via I-40) to Western NC and
Southeastern US**



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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



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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



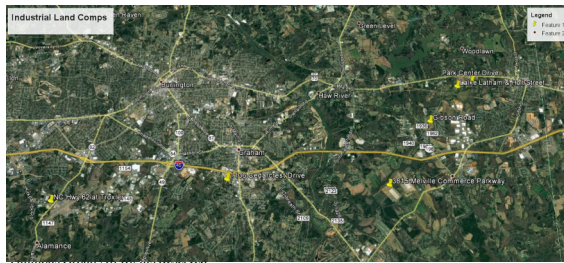
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Comparable Land Sales – Alamance County



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	



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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	

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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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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

WELCOMING PROJECT
APPLY FOR A GRANT
BUSINESS INVESTMENT GRANT PROGRAM

ORANGE COUNTY SMALL BUSINESS LOAN PROGRAM
MORRIS BARRIS GROUND

BUSINESS ASSISTANCE
Orange County Economic Development takes a custom approach to business assistance packages, working closely with new and existing businesses on all financial needs 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 in the world. Tourism contributes to sales, profits, jobs, tax revenues and income to Orange County.
[LEARN MORE >>](#)

ARTS IN ECONOMIC DEVELOPMENT
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 workstyle. 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 healthcare, and diversity across the board. This is our mid climate, and we're not just the perfect mix – we're your perfect business environment, in more ways than one.

[Featured Sites & Buildings](#)

[Explore Economic Development District Maps](#)

[Featured Projects – Click here to Learn More](#)


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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"



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Wrap-up & Next Steps

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

Thanks for your time!



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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



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