

*Implementation Plan
for a Mini-Hub
in the Kerr-Tar Region*

(Franklin, Granville, Person, Vance and Warren Counties)

February 2004

by

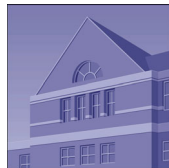
Leslie S. Stewart, Associate Director, OED

and

Michael I. Luger, Director, OED

Office of Economic Development

www.oed.unc.edu



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Introduction

“The Kerr-Tar Hub is a bold multi-county collaboration to create a technology center that will serve as a magnet for business investment in the Region K area of Franklin, Granville, Person, Vance, and Warren counties of North Carolina.

It will target innovative and growing companies making advanced products, providing on-site training, services, facilities and networks to help them remain globally competitive and continue to hire. Jobs created in the hub will offer attractive wages for local technicians and others ready to train for needed skills.

The hub will provide access to the combined assets and reasonable costs of Region K, with linkages to the world-class Research Triangle Park, RDU Airport and other nearby amenities.”¹

The feasibility of this rural hub concept was established in a February 2003 report by The University of North Carolina at Chapel Hill’s Office of Economic Development (OED) for the Research Triangle Regional Partnership.² That report identified four main tasks that needed to be completed to move from concept to implementation:

1. Specify a workable model for ownership and management.
2. Develop a process for site identification.
3. Make decisions about land use planning
4. Initiate external relations and fundraising.

This report summarizes the work of a five-county exploratory committee that was formed to undertake each of these four tasks. The next section describes the composition and charge of the exploratory committee. The full committee was

1. From the Kerr Tar Hub’s new website at www.kerrtarhub.org.

2. The report is available at www.oed.unc.edu. Funding for that report was provided by the Golden LEAF (Long-term Economic Advancement Foundation).

split into four working groups, corresponding to each of the four tasks. The remaining sections of this report summarize the work of each subcommittee.

The Exploratory Committee

In February 2003, after endorsement at a public meeting held at Vance-Granville Community College, a five-county exploratory committee was formed to decide whether and how to develop a hub for Region K. The exploratory committee consists of:

- The county managers of each county
- A county commissioner from each county
- The economic development directors of each county
- A member of each county's economic development commission

The exploratory committee also includes the chair of the region's workforce development board and the senior staff of Piedmont and Vance-Granville Community College, and the Kerr-Tar Council of Governments (KTCG) staff convenes and supports the meetings of the committee.

“These leaders are discussing how to make the hub a true collaborative, involving joint investments and benefits. To compete in the knowledge economy, the hub will be a continually innovating partnership between business and education, facilitated by all the local governments working together.”³

When the Kerr Tar Hub Exploratory Committee was formed, it immediately divided its members into four subcommittees to begin to address the issues associated with each of the above four tasks. The Kerr-Tar Council of Governments contracted with OED to provide analysis and process support to the development of an implementation plan around these four tasks.

Subcommittees' Work

In this section we bring to bear the information on each topic, from the deliberations of all the subcommittees, as well as KTCG staff, not just the group “assigned” to that topic, as the issues overlap in important and substantive ways.

We list below, with different bullet/text styles to code each type of information:

- *The UNC team's required activities under each of the four primary tasks, followed by notes about:*
 - ✓ The degree to which that item is complete, and
 - ◆ Suggested steps for the next phase of implementation.

3. From www.kerrtarhub.org.

TASK 1:

Specify a workable model for ownership and management

- *Establish principles for the ownership and management of the hub.*
 - ✓ The subcommittee established the following principles:
 1. An investor-share philosophy: benefit in proportion to investment
 2. Hub governed by a forward-looking partnership of business and higher education focused on continuous improvement for greater competitiveness, and facilitated by a collaborative of business-friendly local governments
 3. Stability of governance structure over time — sends strong signals to the market
 4. Professional management with local performance incentives to market the regional hub
- *Explore more fully the various models discussed in the initial feasibility study. Hold discussions with pertinent actors, political and economic considerations, and review of best practices elsewhere.*
 - ✓ Public ownership considerations for the hub were explored during a session with attorney David Lawrence from the UNC School of Government.
 - ✓ Private business considerations for partnering in the hub were articulated at a meeting attended by staff from Progress Energy, Electric Membership Co-op, and MCNC. Several of the factors that would affect the level of private sector interest as a partner in the hub include:
 - ❑ Whether the private company is a service provider with a potential revenue stream from the property
 - ❑ Whether the company has an economic development or other public service mission
 - ❑ Whether the governing board has its own independent legal structure, e.g., as a public-private authority with fiduciary responsibility to its

- governing board (not just a collection of local governments responsible to their taxpayers) — stability and accountability
- Whether the company would have a fiduciary seat at the table of the governing board — and thus a way to protect and determine how their money is used
 - How much “skin” others (including the local governments) have in the game
 - The business-friendly attitude of the participating local governments
 - Timeframe from investment to return. A private “investor” would have to view a project like the hub similarly to a venture capital deal, in which it may take 7-to-10 years to realize a return
 - Whether there is an expected revenue stream (eventually) back to investors — otherwise it’s a donation, not an investment
 - Whether/how there is an exit strategy to cash out
- ✓ Implications of ownership and management to the hub’s marketability:
- The experience of the Research Triangle Foundation in marketing the Research Triangle Park was that it has succeeded in part due to the Foundation’s independence from local elected bodies that turn over every few years.
 - The hub will find it easier to attract both private partners in the development of the initial infrastructure and private firms investing in a business location in the hub IF the governing body includes private firms and not just local governments.
 - The business-friendly and collaborative nature of the local governments is a very attractive feature to private partners and locating firms.
- ✓ Attorney and economic developer Ernie Pearson met with the governance subcommittee in December 2003 and offered four possible options for structure that the group discussed, as follows:
- 1.) *Joint venture agreement*
 - No entity formed
 - All decisions would have to be ratified by all five counties
 - 2.) *Non-profit economic development corporation*
 - a.) 501(c)(3) “charitable and educational” purposes
 - Can raise private and foundation funds
 - Limited liability
 - b.) 501(c)(6) business or trade association
 - 3.) *For-profit economic development corporation*
 - Difficult to get public grants
 - Exemption under Secretary of State registration laws

4.) *Economic development authority* — a government agency, like infrastructure authorities

- Created by State statute
- Dedicated revenue stream; can do bond financing, buy and sell land
- Enabling legislation could say how many private sector members
- Could levy special tax for designated purposes
- Subject to public meetings, laws, and records

Any legal entity could be established to acquire and manage property. Moreover, any of these structures would require some contractual commitment and agreements with the hub's host county to pay a share of property tax revenues into the joint entity and for it in turn to distribute funds back to governments (or other non-profits).

After discussing each option, the subcommittee agreed to eliminate options 1 and 3 from further consideration, at least for now. The group wants a more nimble organization than a simple joint venture (#1) would provide. The only reason to leave open the for-profit development corporation option (#3) would be as an adjunct to another structure, because the inability to raise public and foundation funds is unacceptable. Multiple structures may need to be created; e.g., an authority could create a sister non-profit to raise money. Could also change the scope of the 501(c)(3) later if form a public authority.

Other decisions reached (related to next steps) about governance and management:

- ◆ Establish a 501(c)(3) relatively soon: Once an entity is formed, activity starts to coalesce around it. It would have legal authority, be something to announce and publicize, become real. The initial board's only function could be to appoint an expanded board; legally it requires only one board member. It would be a way to test how well the parties will work together, even before the hub site is selected.
 - The required documents will include: articles of incorporation; by-laws — structure; a corporate resolution; and memoranda of understanding (MOUs) about the flow of funds to and from the entity. The by-laws and MOUs would reflect the tough decisions; the others are simple legal forms.
 - Look at the possibility of taking the existing 501(c)(3) for Perimeter North and altering it for the purposes of the hub project.
- ◆ Use the 501(c)(3) board to consider creating an affiliated public authority before the May 2004 legislative session.
- ◆ Use the joint agency now authorized by HB1301 (see below) to establish an agreement among the local governments interested in working together

to finance and benefit from the hub. The levels of their investment in, and returns from, the hub will be determined on a voluntary basis after the specific hub location is determined.

- Issues of control: There would have to be memoranda of understanding between all the counties and the new entity with regard to finances and expenditures. The entity would have to provide a quarterly report to all five counties' commissioners. And the counties could make their annual grants revocable if there are performance problems with the new entity — that would constitute control, or an “out” for the counties, so that they don't need to micromanage the hub organization.
 - Include in the legal documents that the host county can't withdraw, and that other counties would have to give a one-year notice before withdrawing.
 - ◆ The existing subcommittees will continue to serve as advisory to the new board. The larger board should not be allowed to create subcommittees (other than the executive committee) or micromanage the operation.
 - ◆ A possible structure for the board could be two public officials from each county, plus one from each community college, plus 15 private (three appointees per county), for a total of 27; then the executive committee could include two public and seven private members. The board should be asked to appoint active business people, like county health board.
 - ◆ Require an annual audit, regardless of the structure.
 - ◆ Role of community colleges: Can bind the community college into agreements too, and give them board slots, or there could be a higher education advisory committee to the management organization. The counties also could give their money through the community colleges for economic development.
 - ◆ The staff of the authority that manages the hub should include (or be) the participating local governments' economic development professionals, who are evaluated by each of the counties at least in part on their success with the hub.
- ***Provide more definitive information on tax base and revenue sharing by the member counties, specifying any legislative actions that would be required, any inter-local agreements, or similar mechanisms.***
- ✓ Region K's State Representatives Stan Fox and Gordon Allen introduced HB1301, which as ratified in July 2003 (and attached) authorizes multiple local governments to enter into joint undertakings for financing and revenue sharing. In particular, the statute mentions that the property tax pro-

ceeds can be placed into a common fund or transferred to a nonprofit corporation or other entity. This legislation appears to enable the types of inter-local cooperation envisioned for the development and/or ownership of the hub.

- ✓ Existing state legislation (G.S. 158-8, 158-12, 158-14) enables the formation of a regional economic development and/or planning commission by the governing bodies of two or more counties. Similar legislation recognizing regional authorities for water and sewer and transportation exists as well. Thus there is a precedent for regional authorities that receive local government funding from their member counties but are governed by boards of directors that may include private businesspersons as well as public officials.
- ◆ Check about whether the joint agency allowed by HB1301 would allow two or more counties each to borrow up to their \$10 million cap for bank financing, or whether the cap would apply. If the latter holds, the projected indebtedness of the host county should be considered as a site selection factor.

TASK 2:

Site identification and selection

- *Establish a consensual process for selecting the best site for the hub, based on detailed information on potential sites, including business location factors, development costs, local public finance considerations, and environmental considerations.*
 - ✓ Work with site selection subcommittee to develop a matrix of key considerations, based on selecting the site where the regional hub will be developable as an attractive site and most marketable and successful in creating jobs and new economy opportunity.
 - ✓ This process reflects equity principles by 1) deciding on selection criteria before submitting any specific sites; 2) having a common engineering firm estimate the development costs for each site; and 3) allowing each county to submit its best site and get it certified by the N.C. Department of Commerce (NCDOC). End result will be 3–5 certified sites suitable for large or multi-use development. Everyone wins, and all the participants stay at the table.
 - ✓ Poll exploratory committee members on weights for each factor, and take medians as a basis for the *first cut* on the scoring scheme (see Table 1).
 - ✓ Decide about the use of outside consultants in this process. The group established the following approach, which also indicates next steps:
 - ◆ Contract with an outside team of an engineering firm and an economic development consultant to advise and provide information to the site selection process. This will bring objectivity and outside expertise to the decision. There are two aspects of site analysis required for certification, and both are also relevant to the selection of the best site. These are the administrative and qualitative factors, and the physical or engineering factors.
 - ◆ A working group of the county managers and economic developers will guide the work of the consulting team to be sure they are conduct-

ing parallel, transparent and even-handed assessments of each county's sites. That group will also make the selection of the consulting team from the proposals submitted and will meet with the consulting team early on to establish the criteria for evaluating all sites. Those criteria will be based in large part on the weighting scheme already drafted, but with provision for additional factors the consulting team may recommend.

- ◆ The chosen team will provide a recommendation to the full Exploratory Committee of a best hub site and a runner-up site. That committee will deliberate and make its own recommendation to the county commissioners and any other legal structure in place by then (see next steps under Task 1).
- ◆ If a county's first choice site runs into a problem with certification early on, such as an Indian burial ground or an endangered species, it should have the option of substituting another site for consideration, but the county would have to pay on its own the additional costs of conducting the work on that second site.
- ◆ The local developers will start talking to landowners and getting options lined up by the time their candidate sites are submitted for consideration, in order to give the selection team confidence that the site is in fact available and also to be able to estimate an effective land price for it.

➤ *Work with KTCG and site selection subcommittee to converge on a specific site (and a backup site) to recommend for the project.*

- ✓ Develop proposals for Community Development Block Grant and U.S. Economic Development Administration funding for engineering and other services related to the next phase of implementation.
- ✓ Write a request for proposals (RFP) for each of the counties to respond to with their nominated sites for the hub.
- ✓ Write an RFP for an engineering firm to determine the development issues for each nominated site and estimate the costs to provide infrastructure to the first shovel-ready site. Under the same RFP, procure an economic development advisory services firm to use the development cost estimates and other factors from the matrix to select the best site and a backup site for recommendation to the site selection subcommittee. Target date for decision: September 2004. Then the same firms will perform the other elements of site certification on each of the five sites.

- ✓ Establish a timetable for site selection related activities:

JANUARY 2004

- Write RFP to counties
- Write and distribute RFP for site selection and engineering contract

FEBRUARY 2004

- Firms respond by end of February

MARCH 2004

- Select contractor(s) for site selection and engineering

APRIL 2004

- Counties respond with their proposed sites, which are already under some local control
- Work begins on site selection and engineering (when grant funding is secured and a fee is negotiated)

SEPTEMBER 2004

- Contractor makes recommendation of best site

FALL 2004

- Work continues to get all five sites certified

Table 1: Initial Scoring Scheme for Site Selection of Hub

“Gate” criteria for any site to be entered for consideration as the hub:

- 1.) It CAN satisfy the requirements of a Certified Site (see list in attachments). In other words, there is no problem that might preclude development, such as a poor title to or judgment against the land, an endangered species, an American Indian burial ground, a floodplain, unstable soil or similar serious issues.
- 2.) It is at least 300 acres.
- 3.) It is under local control for at least two years (this is actually one of the sub-points of number 1), with an option to renew for five more years.

Scoring of criteria that will vary by site:

<p>A.) Estimated COSTS of site development, to the point of being “shovel-ready” at the first development property on the site. Land cost will be established by the economic developer proposing the site, and development costs will be estimated by a common engineering firm as part of the site certification process. First lot will be determined by engineer’s opinion based on road and infrastructure access.</p>	<p>Total points = 15</p> <p>Lowest cost site will receive 15 points, most expensive 3 points, and others receive points interpolated proportionally.</p>
<p>B.) Tract size larger than 300 acres and/or adjacent available land that could be added to the site.</p>	<p>Total points = 15</p> <p>The site with the largest <u>usable</u> land area, determined by site certification engineer, will get 15 points. A 300-acre site gets 0 points, and others interpolated proportionally.</p>
<p>C.) Greater local control of the land = more secure than the minimum requirement (see #3 above).</p>	<p>Total points = 10</p> <p>A site with local ownership would get 10 points, one meeting the minimum requirement would get 0, and a guaranteed option in between.</p>
<p>D.) Accessibility</p> <ul style="list-style-type: none"> • Proximity to 4-lane highway • Proximity to airports • Proximity to population centers 	<p>Total points = 40</p> <p>20 (within 1 mile = 20 points)</p> <p>5</p> <p>15 (within 2 miles = 15 points)</p>
<p>E.) Utility capacity. Ability (not cost, just feasibility) of the closest existing utilities to provide a specified “flow” (to be determined). The engineer will estimate the cost and timeline for utility service as part of site certification.</p>	<p>Total points = 10</p> <p>Highest capacity would get 10 points, others descending from there</p>
<p>F.) Current tier status of host county. This is simply a proxy for the economic condition of the county in 2004.</p>	<p>Total points = 5</p> <p>Warren and Vance would get 5 points, Franklin 1, Granville 2, and Person 3</p>

TASK 3:

Land use, facilities, and phasing

- *Specify principles of land use and infrastructure for the Hub.*
 - ✓ Focus primarily on smaller companies poised to grow.
 - ✓ If the five counties certify several large sites, one of the sites could be used for a large manufacturing facility that may be too large for the hub and still provide regional employment benefit.
 - ✓ Target is 20 companies of 25–50 employees each, or 500–1,000 employees, with a \$20 million salary base (assuming average annual wages of \$40k).
 - ✓ Land uses and overall design need to be flexible enough to help small businesses grow into new space on-site, as well as to be able to replace companies that leave.
 - ✓ May want to consider diversity of lot sizes within the hub — some in closer density, some wider open.
 - ✓ Total land area minimum of 300 acres. This is about enough for 12–15 buildings of 45,000 SF each. Some buildings are likely to house more than one company.
 - ✓ The chosen site will need to be under local control for longer than 2–3 years — require renewable option for five more years. Landowners will behave strategically once the site is identified. Structure purchase so the landowner gets a good capital gain. Can change zoning as needed.
 - ✓ Hub needs to be of a higher aesthetic visual appeal than the standard industrial park and adhere to cost-effective and environmentally responsible design principles.
- *Specify the types of building and common facilities to be developed by the park entity and/or private developers.*
 - ✓ OED reviewed several similar high-quality developments and found the following common elements:

- Green space — average 40+%
- University/college — on-campus or nearby — in this case, could be via remote connection and/or through presence of a Small Business and Technology Center (SBTDC) or Industrial Extension Service (IES) on-site.
- Height restrictions — five-story maximum
- Recreation facilities — at a minimum, on-site trails
- Conference center — range from conference boardrooms to convention-type facilities.
- Infrastructure — best available. Infrastructure development in the last 20 years has trended toward more streetscapes and clustered designs (Centennial and Carolina North) than the spread out campuses like the Research Triangle Park.
- Airports — municipal airports can be a good amenity for customers of small businesses (just-in-time delivery).
- ✓ Required features determined by the land use subcommittee:
 - At least one large boardroom with videoconferencing capabilities
 - Good access to transportation
 - Close to a town or retail center
 - Under local control for longer than 2–3 years — e.g., require renewable option for five more years.
- ✓ The hub will provide services that hub tenants share rather than having each to capitalize themselves; in this case, the shared services could be supercomputing access, laboratories or testing facilities, videoconferencing, conference center, public transportation, child care, recreational facilities, etc. With respect to shared services, it would run like a well-run incubator does, but for companies at a more advanced growth stage.
- ✓ For telecom, the governments may have to put in the infrastructure they want and lease it back to an Internet provider, if the private sector won't invest up front.
- ✓ Adjacent services required:
 - Public highways
 - Hotels & restaurants — if not nearby initially, they usually open after tenants come
 - Higher education — most research-based companies desire a university to be nearby, if not inside the park. Manufacturers like community college access.
 - Good local schools — technology-based company employees want the best education for their children

- ✓ Get outside expert opinion on how the project should be marketed or targeted and the enhancements necessary to make it successful. A panel that included five local experts was convened on November 25, 2003 to offer their advice, as summarized below.

Ted Abernathy, Executive Vice President, Research Triangle Regional Partnership

1.) Why the hub is a good idea:

- The project has a high profile
- The shared risk among five counties
- It will give the five counties a better product to sell than any has alone
 - There are eight million square feet of available space in Wake and Durham counties alone — so you need to differentiate, provide something better
 - Better product is what makes one region win while another loses
- The markets the hub companies will serve are probably the Triangle and Triad

2.) What it will take to succeed:

- On-site enhancements
- Clear incentives
- Flexible zoning
- Cost-value relationship for investors
- Recognition that many of the new products we'll be making in five years have not been invented yet, but they will be driven by research in universities and federal labs
- Focus on product for investors you can sell to
- The only way to predict the future is to invent it

Scott Daugherty, Executive Director,

Small Business and Technology Development Center (SBTDC)

1.) Why the hub is a good idea:

- The Kerr Tar region's location is ideal for a wide range of manufacturing, distribution, and packaging companies

2.) What it will take to succeed:

- Collaborate across jurisdictions
- Include competitiveness support services (as SBTDC and IES provide now):
 - Focusing with management on their strategy in the marketplace
 - How to stay innovative in manufacturing technologies (NC manufacturers have not done very well at this)
 - Operational excellence, getting all the productivity they can

- Investment in the atmosphere & in human capital development
 - Workers have to know how they contribute to success of company — energized, all participate
 - Seventy-five percent of innovation in manufacturing companies comes from the floor, not from outside consultant
- Differentiate the hub with a *manufacturing competitiveness center* there, which would be a collaboration among SBTDC, IES, community colleges, NCDOC and would work with existing industry in the participating communities, not just at hub site
- As early as possible, build a business accelerator at the hub site for new and emerging local companies, and include flex space in accelerator
- Target manufacturing companies within or related to the eight technology clusters identified by RTI for the regional competitiveness project of the Research Triangle Regional Partnership (RTRP)

Jay Tilley, Existing Industry Specialist, N.C. Department of Commerce

What it will take to succeed:

- All counties' continued participation after the site selection is done and the governance structure determined
- Shared investment and shared ownership
- NCDOC will play a role helping to bring client and producer together
- Differentiation: what the product is will determine who the client is
 - Prediction: first tenant(s) will be within 50 miles of here
- For manufacturing to survive, need vision and faith
 - Company example — 60 percent of its product didn't exist a year ago

Jim Nichols, Senior Associate, O'Brien-Atkins, and former recruiter for NCDOC

1.) Why the hub is a good idea:

- Location within a region with a lot of big names in the life sciences that have their only manufacturing plant for key compounds here — including Biogen, GlaxoSmithKline, Bayer, Wyeth, Novo Nordisk — and this part of the region is poised to be next
- If you don't build the hub, you will be lucky to get a trickle of that activity

2.) What it will take to succeed:

- It takes vision — which this region has demonstrated before (e.g. corridor along 501 in Person County, Bio-Work program first developed and offered at VGCC, Vance county site across from community college)

- ❑ Human infrastructure: community colleges, IES, K-12 system
- ❑ Physical infrastructure — right facilities, right location — shell facilities, accelerator
- ❑ Financial — get incentives and deals clear up front
- ❑ Marketing — with help from NCDOC, RTRP — e.g., need to compete with a new technology facility O'Brien Atkins is helping to design for South Boston, VA
- ❑ Good solid structure and agreements — e.g., with help from Ernie Pearson or other attorney

Charles Hamner, O'Brien Atkins and former CEO of NC Biotechnology Center

1.) Why the hub is a good idea:

- ❑ This is next logical growth place for Research Triangle: it has I-85, plenty of land, water and hard-working people
- ❑ It can focus on higher-tech jobs than what much of the labor force has now

2.) What it will take to succeed:

- ❑ Community support and partnership
- ❑ Need to connect with high-tech companies — which are in many related clusters
 - For example, IT and life sciences and environmental-related business on all sides are merging
 - To stay in manufacturing need to be high-tech: energy, photonics, DNA chips, nanotechnology
- ❑ Stay in close touch with technology centers throughout this project: SBTDC, N.C. Biotechnology Center, MCNC
- ❑ Consider biotechnology as a central focus:
 - NC is a national leader in all four of the critical ingredients for biotech: research, education, economic development, and state policy; most states only have two or three of these.
 - With a small investment NC could be in top two. We could spend \$15 million and get more bang for the buck than the \$20-50 million other states are spending
 - There are 30 new products/year being approved by the U.S. Food and Drug Administration (FDA), with nowhere to do their manufacturing
 - There are 49 bio-pharmaceutical products being made in 20 counties in this region
 - Need to develop a credit enhancement vehicle to help firms capitalize their production plants

To finalize the targeting and facilities plans, the next steps for the Hub Committee and its partners are to:

- ◆ Narrow down the targeted clusters that have a competitive advantage in Region K, using information from the regional competitiveness effort staffed by RTRP and consultations with OED and other technology cluster experts.
- ◆ Meet with companies in the targeted cluster(s) to help articulate the cluster-specific aspects of the facilities they would find attractive on-site.
- ◆ Use RTRP plan for supporting clusters to help specify on-site facilities. Review OED's report on best practices in cluster implementation at www.oed.unc.edu to identify cost-effective investments on similar projects.

The steps for OED related to land use in the next phase of implementation are to:

- ◆ *Project the demand for space over time; estimate costs over time and revenues from tenants over time. Involve private developers and real estate experts. Develop a simple financial model comparing sale, lease or gift of the property — look at pros and cons both to the owners/investors and to the prospective companies. Consider the likely life cycle of the targeted companies. County EDCs' typical expectations are for a return on local public investment in 5–7 years.*
- ◆ *Work with landscape architects and urban designers to develop a schematic, phased land-use plan for the site. (These are not construction/engineering drawings, but rather schematic plans and specifications that architects and engineers could use to develop final plans.)*

TASK 4:

External relations and fundraising

- *Prepare initial public relations materials about the project, to be shared with key local and state stakeholders, about the mini-hubs concept and its implementation in the Kerr-Tar region.*
 - ✓ Press releases were issued on May 28 and July 23, 2003 to print, radio, and TV media from around the region.
 - ✓ A one-page fact sheet about the project was developed and the KTCG distributed it to a broad list of interested parties.
 - ✓ A web site about the project was designed and launched — see www.kerrtarhub.org. It includes the fact sheet, press releases, meeting notes, and exploratory committee contact information, as well as links to partner web sites, the feasibility study report, and the RTRP competitiveness project.
 - ✓ A public-friendly PowerPoint presentation about the project was developed and is now being used to publicize the project with elected officials, civic groups, and others around the Kerr-Tar region.
 - ✓ Staff from the N.C. Department of Commerce — divisions of Business & Industry and Community Assistance — have taken an active interest in the project and attended specific meetings.
 - ✓ Staff from the Small Business and Technology Development Center (SBTDC) and the Industrial Extension Service (IES) have also participated in key meetings.
 - ✓ State senators and representatives have been supportive partners to the effort.
- *Help identify funds for various parts of the project from the U.S. Economic Development Administration, U.S. Department of Agriculture, the N.C. Rural Internet Access Authority, The Golden LEAF, and other possible sources.*
 - ✓ Staff at both the U.S. Economic Development Administration and the USDA have received initial briefings about the effort and have expressed strong

interest in it, as it is a good example of regional collaboration and innovation in a rural area.

- ✓ A collaborative team including staff of the KTCG, OED and the Research Triangle Regional Partnership developed a proposal to Golden LEAF on October 1 and a companion proposal to DCA/CDBG on October 8, 2003.
- ✓ The proposal team received letters of support from all five counties, their EDCs, community colleges, and regional and state partners.
- ✓ Golden LEAF, which funded the initial feasibility study of mini-hubs, has a continuing interest in the concept. Its board will be briefed about the findings of the study and the ongoing progress in Region K at a meeting in 2004. While it rejected an economic stimulus proposal submitted October 1, Golden LEAF encouraged the group to submit a grant proposal for the August 1, 2004 deadline.
- ✓ CDBG granted \$180,000 to the project, pending matching funds from other sources.
- ✓ A pre-proposal was submitted to EDA, which later invited the team to submit a full proposal (by end of February 2004) for \$250,000.
- ✓ Kerr-Tar staff and OED staff developed a phased grant-seeking plan. This includes cost estimates for project aspects to be funded, sources to approach for which aspects, and timing of grant cycles. Figure 1 illustrates the bigger-picture plan, and Table 2 shows the key elements of cost for 2004 and the sources from which funding is sought.
- ◆ The activities to be funded in 2005 include detailed site plans, financial projections, and memoranda of understanding about the roles of each county vis-à-vis the host county.

Figure 1: Big-Picture Timeline for the Kerr-Tar Hub: Five Phases

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Year	2002	2003	2004–05	2005–06	2007–
		Exploratory Phase	Pre-Construction Implementation Phase	Construction Phase	Operations Phase
Funding (actual to date & planned)	Golden LEAF, RTP	Kerr-Tar Council of Governments, in-kind from local govts., EDCs, colleges	NCDOC/DCA, CDBG, counties, Golden LEAF, Z. Smith Reynolds, Rural Center	U.S. EDA, local govts., utilities, other partners	Tenants, plus others specified in business plan
Key outputs	Conceptual model	Implementation plan	Detailed business plan, site prep and design, model to replicate	Infrastructure and buildings to market	Jobs and tax base

Table 2: Projection of Costs for Key Elements of Next Phase of Implementation

KTCCG’s direct costs as an administrator, grants manager, regional facilitator and convener	\$15,000
Ongoing strategic and management advisory services — UNC-Chapel Hill; includes elements of collaboration with each of the partners below, as well as holding briefings and community meetings with stakeholders	\$70,000
Engineering assessments of five sites to be certified, and site selection and certification advisory services: N.C. engineering firm and N.C. economic development firm	\$325,000
Legal services for establishing organization and developing preliminary MOUs among parties: N.C. law firm and/or N.C. law schools	\$25,000
Targeting and design advisory services (collaborative of SBTDC, IES, others)	\$18,000
Financial services (including North Carolina MBA students) to assist with financial plan for the hub	\$15,000
Public relations and marketing services	\$10,000

Potential funding agencies for the \$480,000 identified above are likely to be: HUD, through the Small Cities Community Development Block Grant (\$180,000); EDA (\$250,000); other grant sources (\$25,000); and the five counties (\$5,000 each).

An additional allocation will be sought from the Z. Smith Reynolds Foundation and Golden LEAF for early 2005, to include: focus groups with key stakeholder groups about the value of the hub and their participation in its success; design work on the site, specific to the chosen site; detailed financial projections, specific to the chosen site; and the development of a model for replication. The next round of (pre-construction implementation) funding can also be applied to the development of a phased marketing plan that would include milestones for press releases, briefing kits, web upgrades, and development of storyboards for future proposals and presentations to potential development partners.

Conclusion

In the past year, representatives from the five Kerr-Tar counties have met in good faith and advanced significantly the concept of a mini-hub, or collectively owned and operated, enhanced, mid-tech industrial park. Despite skepticism from observers who believed that the spirit of cooperation was not strong enough to overcome the historic competition among counties, the partnership has remained intact, even through some initial difficult decisions, and optimism about the “win-win” prospects for the project continues to run high.

This report marks the conclusion of a critical stage of planning, and confirms the feasibility of the concept. When the actions detailed here are taken, the mini-hub will have moved from concept to reality. Already, the progress of the Exploratory Committee has received national attention. We look forward to working with the Kerr-Tar community in the next stage, and to seeing the fruits of the committee’s labor ripen.

Report Attachments:

List of Requirements for NC Certified Site

Request for Proposals from Kerr-Tar Counties

Scopes of Work for Engineering and Economic Development Advisory Services

Enabling Legislation for Revenue-Sharing: HB1301

List of Requirements for N.C. Certified Site

1. Sponsor's letter of intent
2. County's letter of support
3. Municipality's letter of support (if applicable)
4. Documentation of ownership/control of site
5. Documentation of sales price, conditions of sale or lease
6. Letter of intent to bring site to required access standards
7. Topographic survey or analysis
8. Engineer's site development cost estimate
9. Site development plan
10. Map depicting location in relation to water bodies and 100-year flood evaluations
11. Engineer's certification regarding filled areas
12. Phase I environmental site assessment
13. Map and/or report depicting wetlands approximation, plan and costs for mitigation, if appropriate
14. Map and/or report depicting rare and endangered plant or animal species
15. Map and/or report depicting archaeological findings, historical sites or structures
16. Map indicating location of water bodies on site with estimated flow of such bodies
17. Geo-technical study
18. Letter from power supplier
19. Letter from natural gas provider
20. Letter from water provider
21. Engineer's cost estimate/time line for water service

22. Letter from wastewater provider
23. Engineer's cost estimate/time line for wastewater service
24. Documentation: rights of way, easements, judgments
25. Documentation: restrictive covenants
26. County tax map
27. Aerial photos showing site boundaries
28. Copy of present deed for property
29. Copy of boundary survey
30. Site data form
31. N.C. Dept of Commerce county profile

Request for Proposals

From Kerr-Tar Counties:

Consideration of sites for a regional technology hub

This RFP is being sent to the county commissioners and economic development commissions in Franklin, Granville, Person, Vance, and Warren Counties. Each county is invited to submit one (1) site for consideration as the first regional technology hub in rural North Carolina.

In addition to being considered for the hub site, each submitted site will undergo the process that the N.C. Department of Commerce has established for a Certified Industrial Site (CIS). CIS properties are given marketing preference by the State and are attractive to business clients because they are already shovel-ready for development.

The factors that will be used in evaluating each site submitted by the five counties are:

- Availability of the site for development — must have an option for at least two years, though three is preferred
- The size of the site, which must be at least 300 acres
- Accessibility to four-lane highways, airports and service amenities
- Costs of development of the site
- Availability of sufficient water and sewer capacity to support a large development
- Availability of labor within 30-minute commute
- Absence of Indian burial grounds, endangered species, or other environmental restrictions on development
- Qualitative factors, including curb appeal

The site selection subcommittee of the Kerr Tar Hub Exploratory Committee will meet with the consulting team that evaluates all sites to agree on the relative importance of each of these factors, but all will be important for the success of the hub.

To respond to this RFP, each county should submit the following information about the site it wishes to submit for consideration:

- The size of the tract in acres
- A map showing its location and the delineation of boundaries. Maps should include labels for boundary roads and other major roads nearby.
- An indication of the ownership status of the property. Sites submitted shall include property control for a minimum of two years, including copy of instrument used for property control. (Copy of option or deed if county owns the site or other instrumentality demonstrating site control for a period of two years.)
- A brief statement, no more than a page, about why it is the best site for a successful regional employment hub for the Kerr Tar region. All the factors listed above need NOT be addressed, as the consulting team will evaluate them.

Ten (10) copies of this information should be delivered, no later than April 16, 2004, 4 pm, to:

Neil Mallory, Executive Director
Kerr-Tar Council of Governments
P.O. Box 709, 510 Dabney Drive
Henderson, NC 27536

Materials should be submitted to the COG sealed, with the outside marked "Site for Regional Technology Hub."

Scopes of Work for Engineering and Economic Development Advisory Services

1. Interact with the economic developers in the five counties about their candidate sites.
2. Evaluate the physical elements that relate to the selection of the most viable hub site among the five sites submitted.
3. Provide information to the ED consultant relevant to the recommendation of a proposed site and alternate site.
4. Prepare Preliminary Engineering Report and Phase I Environmental Report for recommended site and alternate site.
5. Presentations as needed pertaining to Selected Site to the full Kerr-Tar Hub Exploratory Committee or the current governing committee in place at that time.

6. Conduct each of the engineering-related elements/activities for each County's submitted site to qualify each County's site under the Department of Commerce Certified Industrial Site (CIS) Program.
7. Coordinate with the Hub's selected Economic Development Firm in conducting all elements/activities of this Scope of Work.

Scope of Work for Economic Development Advisory Services:

1. Interact with the Kerr-Tar Hub Site Selection Subcommittee and/or full Exploratory Committee about the key factors to use in evaluating the sites, and in an ongoing way as the client, as the work proceeds in both site selection and certification.
2. Evaluate the administrative and qualitative factors, as well as the marketability factors related to the engineering work, that would be required to select the hub site and alternate site among the five submitted that has the greatest chances for success in the global market.
3. Recommend and justify the best hub site and alternate site to the Kerr-Tar Hub Site Selection Committee, the full Kerr-Tar Exploratory Committee, and/or the current governing committee in place at that time.
4. Conduct each of the non-engineering-related elements/activities for each County's submitted site to qualify each County's site under the Department of Commerce Certified Industrial Site (CIS) Program.
5. Coordinate with the Hub's selected Engineering Firm in conducting all elements/activities of this Scope of Work.

Enabling Legislation for Revenue Sharing: HB1301

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2003

HOUSE BILL 1301

RATIFIED BILL

AN ACT TO AUTHORIZE LOCAL GOVERNMENTS THAT ARE JOINTLY UNDERTAKING A DEVELOPMENT PROJECT TO ENTER INTO AGREEMENTS TO FINANCE THE PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. Part 1 of Article 20 of Chapter 160A of the General Statutes is amended by adding a new section to read:

“§ 160A-466. Revenue and expenditures for joint undertakings.

When two or more units of local government are engaged in a joint undertaking, they may enter into agreements regarding financing, expenditures, and revenues related to the joint undertaking. Funds collected by any participating unit of government may be transferred to and expended by any other unit of government in a manner consistent with the agreement. An agreement regarding expenses and revenues may be of reasonable duration not to exceed 99 years.”

SECTION 2. Article 2 of Chapter 158 of the General Statutes is amended by adding a new section to read:

“§ 158-7.3. Interlocal agreements concerning economic development.

(a) Any two or more units of local government may enter into contracts or agreements to execute undertakings pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes, under which each participating local government agrees to provide resources for the development of an industrial or commercial park or industrial or commercial site pursuant to G.S. 158-7.1. In consideration for that participation, the unit or units in which the park or site is located may agree to place the proceeds from some or all property taxes levied on the park or site into a common fund or transfer those proceeds to a nonprofit corporation or other entity. The proceeds placed into the common fund or transferred to the other entity may then be distributed among the participating local governments as provided in the contract or agreement.

(b) Any undertaking entered into pursuant to this section may be for that period that is agreed to by the participating local governments, up to a maximum of 40 years.

(c) Any undertaking entered into pursuant to this section is binding upon each participating local government for the duration of the contract or agreement. Any participating local government may bring an action to specifically enforce the contract or agreement."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of July, 2003.