

**Kerr-Tar Economic Development District  
Comprehensive Economic Development Strategy (CEDS)  
2011-2012 Update**

In March 1975, the Economic Development Administration (EDA) designated the geographic area served by the Kerr-Tar Regional Council of Governments (COG) as an Economic Development District (EDD). As the administrative body of the Kerr-Tar EDD, the COG receives economic development planning funds from EDA and is eligible to participate in the development and administration of EDA funded projects in the region. The COG is also responsible for the preparation and maintenance of the Comprehensive Economic Development Strategy (CEDS) for the EDD.

A CEDS is the result of a local economic planning process designed to guide the economic growth of a region. The purpose of the CEDS is to create a process that will “create jobs, foster more stable and diversified economies, improve living conditions, and provide a mechanism for coordinating the efforts of people, organizations, local governments and private industry concerned with economic development.”<sup>1</sup> A CEDS is necessary to qualify for EDA assistance.

During the winter and spring of 2011, staff members from the Kerr-Tar Regional Council of Governments continued the process of updating the CEDS document, but were delayed by exigent circumstances. The staff of the COG outlined to the COG (EDD) Board of Directors that the CEDS had had a major revision in 2006-7 and has had annual updates since then. One update was completed in 2008, another in 2009, and the third update in the five year cycle was completed in 2010. This rewrite of the CEDS is also needed because of the imminent renewal of EDA enabling legislation which revises the CEDS concept and requires revision of the process and the document. It was also pointed out that new regional economic development projects and programs have emerged since last year’s revision, and we need to have a process of appropriate evaluation and possible inclusion of those programs.

Chief among these has been the emergence of the “green” economy with its many implications for economic development. In a largely rural region such as ours, the various components of the still-new emphasis on “green development” can have an especially strong impact. In 2009-2010, with the assistance of a Rural Business Enterprise Grant (RBEG) from the United States Department of Agriculture, the COG has been able to implement a Green Revolving Loan Fund to assist struggling companies that are losing work to off-shore competition and who wish to move their production capacity into “green” products and processes in order to be more globally competitive and to retain the employment that is threatened by the off-shore movement of business. Early 2011 has also seen the initiation of the Interstate Bio-Economic Alliance, a community-based coalition of private and academic leaders which is focusing on the development of Green Technology projects and companies at multiple sites in and around our region. The company is focused on both bio-energy and food production projects. A major focus of the new 2011-2012 CEDS process will be to explore the best strategies for “green”

business development in our region, the best methods of accomplishing those strategies, and the best way to measure how well we have achieved those goals.

While past CEDS were composed of a series of analyses and development of “mini-CEDS” for each of the five counties in the region and then compiled into a composite plan, the emergence of rapidly expanding regional programs called for a revised look at economic development, which was implemented with the last CEDS. It was recommended to and approved by the Board of Directors that the Executive Committee of the Board be designated as the CEDS Strategy Committee and oversee development of the new, revised CEDS that focused on regional issues and challenges. This new process allows for a regional approach that provides guidance and involves counties and localities throughout the region, and provides a document that will guide the region. The regional CEDS also provides general guidance to each county and its municipalities in developing their local economic development focus.

This activity not only created the format for the document itself, but also set the stage for a more dynamic, on-going economic development review and revision process. We will also be working to establish a new level of review and involvement in the CEDS process, the introduction and establishment of a CEDS Advisory Committee which will broaden the membership of people involved in the planning and strategy process. Per EDA Guidelines, the first step taken to develop the CEDS was the formation of a CEDS Strategy Committee to oversee the process. EDA requires that a CEDS Strategy Committee “represent diverse interests to ensure that viewpoints of all components of the community are considered and to take advantage of local skills in program formulation and implementation.”<sup>iii</sup> As in the past, it was decided that the COG Board of Directors’ Executive Committee would serve as the CEDS Strategy Committee for the Kerr-Tar EDD because it includes a broad cross-section of citizens from across the region which exceeds the CEDS guidelines for diversity and private sector involvement, and allows an expanded, more direct role for those groups in developing the CEDS document itself. The revised membership of the COG Board of Directors and Executive Committee, the EDD Strategy and Planning Committees, put in place during the past three years, not only complies with EDA guidelines, but allowed the Kerr-Tar EDD to have a greater diversity in its ability to plan and implement projects that benefit the region. The advent of the CEDS Advisory Committee, with its broader base of representation will further expand the involvement of various components of the economic community in the region in the development of effective strategies.

Because a profile of demographic and economic conditions for the region was developed in 2007 by the Regional Development Institute (RDI) of East Carolina University for use in preparing CEDS documents, and because the COG Staff has extensive experience in demographic and economic analysis, it was decided that a continuing update of the profile of the Region would be prepared by staff. The work of the RDI not only included statistical analysis, but also included an extensive survey of needs distributed to nearly 200 community leaders throughout the region, with a nearly 60% response rate, a clearly valid sample. The updating process done by the COG staff included interviews to follow up on those surveys and to determine how much change in needs can be identified by a

round of personal interviews. In this way, the COG staff analysis not only helps to drive the development of the regional profile but also identify changing and emerging needs, goals and priorities throughout the region.

The CEDS planning process determined that, during the past year, economic conditions within the region have deteriorated even more steeply than the national trends. The staff update of data included use of ECU's RDI data results in a fully revised document, updated by COG staff, for the following reasons:

- Updated versions of the STF 1 & 3 (full count and sample) files from the last decennial United State Census are now available and have undergone more thorough analysis; those data are being supplemented by data collected and compiled by the Census Bureau's American Fact Finder (AFF) program. However, several of the region's counties are not yet included in the AFF, and continued use of 2000 census data will be used until 2010 data comes available in the coming year.
- Staff has available a broader sampling of data from the Bureau of Economic Analysis (BEA), the U. S. Department of Labor's Bureau of Labor Statistics, and the North Carolina State Data Center;
- During the coming planning cycle, all of this data will be supplemented by data specially derived for the CEDS process by the SAS Institute in conjunction with their involvement in NC Tomorrow Program, which will enhance and improve the CEDS process in this region and across the State of North Carolina.
- The revised data analysis process has allowed greater direct inclusion in ANALYSIS of regional economic conditions and also allowed the EDD and Strategic Planning Board to have more direct involvement in development of the VISION STATEMENT, which set the goals, objectives and priorities of the CEDS (rather than the former process of compiling a set of county visions);
- The planning process has also allowed the direct involvement of regional decision and policy makers in development of the ACTION PLAN for the region to achieve the Vision Statement. The process has been expanded to include not only the elected and appointed officials that are members of the various COG Boards, but also the Managers of the 16 municipalities and 5 counties of the region and the staff and directors of the Economic Development Commissions throughout the region. The Board has chosen to extend this process to include use during the coming year of a continuing process that will involve specific projects and programs to achieve the regional action plan, as well as commitments from responsible agencies, time frames, costs, and other factors needed to achieve the vision;
- The planning process is designed to initiate development of a fuller EVALUATION portion of the process into a functioning, meaningful process that more fully supports the overall planning process, as specific measurable evaluative criteria for the region have been developed and are included in this document; and

- The CEDS planning process is being accepted as an integral component of the region's development planning process, and greater participation of the policy-makers on the COG Board and the local governments is anticipated as a result.

The COG Executive Committee met in the spring and summer of 2011 to discuss changing conditions in economic development in the EDD, as well as the changing EDA requirements for membership in the regional Economic Development District Governing Board, (which is also the COG Board of Directors) and the CEDS Strategy Committee (which is now the Executive Committee of the COG Board of Directors). The membership changes in each group have been completed and are updated now only when the situation of members changes (i.e., leaves office, leaves company, or moves from area). The goal of the committee meetings was to review the new statistical profile that provide an overview of the economic conditions of the region and to review and analyze the results of the regional leadership meetings. That discussion was conducted by staff and became the foundation of the goals prioritization process (VISION) and the projects and programs (STRATEGIES) section of the Plan. The CEDS Plan was then reviewed with each county and its municipal units, and made available for public review and comment through a public notice published in the principal newspapers of the region as well as on the Kerr-Tar COG's Webpage ([www.kerrtarco.org](http://www.kerrtarco.org)). A copy of the plan was also forwarded to the North Carolina Department of Commerce for their review for content and compliance with State plans. The comments from all of those sources will become one of the foundations of the Action Plan's development.

The CEDS development process has therefore continued to include the following steps:

1. **ANALYSIS** – An updated profile of regional and local conditions was prepared and updated;
2. **VISION** – In an effort to review and revise the results of the regional leadership survey, the list of Needs and Priorities for the region in separate sections including government services, business and industry development, education and workforce development and quality of life, which in turn helped to create an overall vision of the economic future of the region. Because of the lack of change in the economic conditions within the region, little of the VISION or ACTION PLAN was changed;
3. **ACTION PLAN** - List of Projects, Programs and Priorities needed in each county and municipality to enhance economic development and/or quality of life. This portion of the CEDS include the initial effort at development of a series of projects that have been identified as being part of the Action Plan for implementation of the Vision and Strategy of the Region, and includes as much as possible, responsible parties, schedules, budgets, and jobs to be created; and
4. **EVALUATION** and tracking process which will become increasingly relevant to gauging the process and success of the region in implementing the CEDS; this is especially so because of the approval of an initial set of measurable evaluative criteria. Those criteria, because they are a first effort,

will be carefully reviewed and evaluated for their success in serving as a worthwhile measurement of process with the CEDS.

The revised CEDS document is being kept on file in the office of the Kerr-Tar Regional Council of Governments and is available for review at any time. This revised CEDS plan is the foundation on which activities throughout 2010-2011 is built, and will be the starting point for the 2011/2012 Action Plan, which will be a totally new document.

### **The Kerr-Tar EDD and its Economy**

The regional analysis identifies the economic conditions of the region, especially in employment trends by occupational and industrial sectors, characteristics of the unemployed, general demographic characteristics, especially age and gender cohorts, educational status, household and per capita income, and agricultural changes.

While the full CEDS document details the complete findings of the CEDS committees, a summary of the most common characteristics is available and known as Appendix B. "Economic and Demographic Characteristics of Region K". Some of the most obvious and most relevant trends include:

- ❖ Population continues to grow throughout the region; however it is still mainly concentrated in the southern portions of the region's counties. Southern Franklin, Granville, and Person counties are growing at well over 15% per decade, while the northern portions of those counties are remaining steady in population.
- ❖ Natural population growth in the region is being supplemented by growth of people working in the Triangle area but wishing to live in the small-town settings of Region K. In Franklin County, for example, approximately 62% of the workers residing in the county continue to work in another county. Often, those workers commute to work in the Triangle and then shop there, return home and demand a host of government services. A similar trend exists for southern Granville County, with many of its residents working and shopping in Wake County, and in southern Person County, with many residents living and shopping in Durham County. A similar trend exists for many of the workers from Warren County, who most often travel to the Triangle or to Rocky Mount for employment opportunities. The cost to government of growing residential development far exceeds the tax revenues being generated by their location in the Region. This imbalance causes severe difficulty for Region K governments in providing services and often reduces or eliminates 'discretionary' services such as economic development, recreation, etc.
- ❖ High proportions of families in many of the region's counties who are Medicaid eligible drastically reduces the ability of those governments to develop discretionary funding that can be focused on attraction and support of local business. In Warren and Vance Counties, the continuing high proportion of Medicaid-eligible families has forced those counties to devote at least 30% of their local tax revenues to paying the local share of Medicaid.
- ❖ The natural growth in the Region and the in-movement of residents working outside of the region continues to be offset by a steady out-migration of people,

(often including our younger generation of the “best and the brightest”) who move to other areas in search of better employment and a more highly developed quality of life. That out-migration has increased rapidly in the last year as economic conditions in the region have deteriorated. Employment must be developed that will allow those people to stay in our Region and contribute to economic growth.

- ❖ One of the foundations of the economy of Region K has been its agricultural activity, especially its strong showing in tobacco production over the years. However, prior to elimination of tobacco allotments, government quotas have been cut by nearly 65% in Region K over the past six years of the quota program, causing a loss of income in the Region that exceeds \$630 million during that period. Agricultural statistics continue to show that current agricultural policies and large carry-over capital debt prevent any switch to another crop that can bring in a profit. (For example, soybeans cost slightly more than they can be sold for.) This means that not only have the tobacco farms been downsized and employment lost there, but the host of suppliers and ancillary businesses dependent on those farms have also suffered; those can include greenhouses, farm supply and chemical suppliers, farm implement dealers, etc. The fallow farms and the people that worked them need assistance in developing a new economic focus, but they are reluctant to leave their historic life style or their farms. This puzzle is a key element in economic restructuring in Region K.
- ❖ The other foundation of the traditional economy of Region K has been its dependence on textile production and processing. While some textile firms in the Region have found a special niche market which has allowed them to survive, most of the textile companies have transferred their operations to Latin America and offshore. Not only are most of the textile workers in the region left unskilled or with specialized but unneeded skills and are struggling to find a new career, but also large, obsolete, abandoned plants remain, generating no tax revenues. Finding a new industrial focus for the Region, with appropriately focused workforce training, would allow the former industrial workers to return to productive employment.
- ❖ Many of the former employees of the large industrial facilities are using the skills they learned and applying those skills to starting up new, small businesses. Support and encouragement for those small businesses and for the entrepreneurial spirit being exhibited is essential to regional growth, as statistics prove that most employment growth comes from small business. Special attention needs to be paid to those nurturing those small businesses, including development of a stronger and more inclusive entrepreneurial support network.
- ❖ Because of the changes in the region’s economy, educational counselors are now experiencing problems in advising youngsters on career options and demands. A greater than ever need exists for stronger business/industry/education collaboration so that the Region’s young people prepare for the coming economy of the Region and can remain in the region as productive citizens enjoying a high quality of life.
- ❖ Several of the counties, including Vance and Person, and in a rapidly growing way, Franklin and Granville, are becoming retail centers and are attracting large retail outlets. However, those employers often provide little in the way of

employee benefits and pay low wages. The result is that the multiplier impact of those jobs is very minor. The largest employers in several of the Region K counties are now government and quasi-government groups, especially educational and medical services. Industrial and other sectors that show growth and a substantial multiplier impact are needed throughout the region.

- ❖ The community colleges serving the region have experienced rapidly growing demands for their services. As the proportion of high school graduates has nearly tripled in the last four decades, the role of the community colleges in providing early post-secondary education has grown dramatically. Community colleges have typically experienced growth of 5-10% annually as more students seek higher education. In addition, the community colleges have assumed a greater and more effective role in providing occupational and trade skills training, not only for displaced workers and women returning to the workplace, but for a wide range of persons seeking to enter the job market with a saleable skill. Piedmont Community College has experienced nearly 12% growth annually during this decade and Vance Granville Community College has had the highest rate of successful student transfers to four-year colleges and universities in the State. Both have developed strong, cutting edge occupational skills programs, and VGCC recently was recognized nationally for its “bioworks technician” program and for its innovative joint high school/community college program for first time college attendees.
- ❖ Several of the governments in Region K have recently begun their own local Revolving Loan Funds focusing on the needs of their local businesses and on smaller loans. While the City of Roxboro has had their own fund for many years, 4 other municipalities and counties have started their programs new in the last year.
- ❖ As traditional sources of employment have declined, unemployment and underemployment has continued to exceed state and federal levels throughout the region, with Vance and Warren Counties especially hard hit and Franklin and Granville County, with their more diversified economies, less affected. Vance County at one point had the state’s highest unemployment rate for nine consecutive months and for 13 of 15 months, and remains at least at 125% of the national average. Despite the fact that a majority of the substantial job declines occurred nearly a decade ago, Vance and Warren counties are both still in the state’s top-ten counties with high unemployment rates. Exacerbating the problem of those workers classified as unemployed or underemployed is the substantial number of workers who exhausted their unemployment insurance benefits and have become extremely long term unemployed citizens; those residents of our region are classified as “discouraged workers” and are not recorded in any statistical data reports.
- ❖ During the current recession, unemployment rates in the region have soared. Not only do the rates continued at near record levels, the rapid increase in UI rates has not been matched by a corresponding decline as the recession has “ended”. For the Kerr-Tar Economic Development District, this economic ‘recovery’ has been a **jobless recovery**. As you can see from the attached graphics, rates have moved from 7-9% range as recently as October 2008 to rates in the 10-15% range by

June 2010. That sudden impact left our region at least as unprepared for the onslaught of demands for ameliorative services as was the entire nation; the region has not seen a reduction in the rate as the economy has been described as improving. While the economy in the Triangle region has improved, the unemployment and income problems of our region have continued unabated.

- ❖ Another impact of the economic decline in the region has been Region K's slow rate of growth in per capita income. Per capita income (PCI) is perhaps a more important statistic since it affects every family and individual, not simply the unemployed or underemployed. The per capita income rate for Region K is less than 80% of the national or state average, and ranks as low as 58.5% in Warren County. While the Region's PCI continues to grow, its rate of growth is slower than either the state or the nation, and the gap between Region K and other areas has continued to widen, and the last year has seen the continuation of that trend. Higher paying jobs will help to close that gap.
- ❖ Governments throughout the region have either not been able to provide infrastructure needed for business development (such as water and wastewater systems) or they built those systems long ago when public sector economics allowed that investments. Those old systems are rapidly deteriorating and need repair or replacement. Many areas of the region that have no such utility services are attempting to attract businesses that will require that infrastructure before coming to that location. In addition, new government regulations are requiring substantial local government investment in stormwater programs. Finally, modern business targets markets in a much wider scope and needs to have infrastructure to reach those markets. The original "farm to market" road system needs revision so that it can more effectively move people and globally targeted products. That means greater demand for improved roadways and for greater availability of broadband connectivity. All of these challenges are being laid at the feet of governments facing declining revenues as a result of economic declines, and the decline of local government revenues has led to many local governments in this EDD including unpaid furloughs in the work plans for the coming year. In that economic environment, investment in economic development has become more "optional" than ever. This cycle needs to be interrupted by creative approaches and outside resources that can assist in development of those infrastructures.

It should also be noted that the development of the Kerr-Tar EDD's Comprehensive Economic Development Strategy (CEDS) has not occurred without consultation and coordination with other plans and planning processes, both in the region and also across the state.

- ✓ Several times per year, the Lead Regional Organizations, with their elected leadership and professional staff, meet across the state to discuss regional issues in a Joint Regional Forum. Economic issues most often dominate those discussions.
- ✓ Within the five-county Kerr-Tar region, regional transportation and workforce development boards coordinate their annual planning updates with the actions in the EDD CEDS.

- ✓ The CEDS Plan has been distributed through the elected officials on the EDD Board to all of the Counties and Municipalities throughout the region for citizen review and comment.
- ✓ The plans of the regional non-profit entity known as the Kerr-Tar Regional Economic Development Corporation, which owns and operates Triangle North, formerly known as the Kerr-Tar Hub, are also coordinated with the EDD Board and other regional planning entities. KTREDC has in the past engaged the University of North Carolina at Chapel Hill's Carolina Center for Competitive Economies (C3E) in an analysis of the most likely industrial clusters on which to focus their marketing efforts on attraction of companies to the region's Hub sites. At the same time, the Workforce Development Board also engaged C3E to conduct a parallel study of occupational clusters that would be needed to support the new Hub companies and to provide better employment opportunities for the region's employees.
- ✓ The Kerr-Tar EDD CEDS is also submitted to the North Carolina Department of Commerce for review and coordination with the state economic development plans, thereby assuring coordinated planning and actions.
- ✓ Following the new federal initiative to encourage multi-disciplinary development plans that include transportation, land use planning, economic development, health and mental health services, and environmental considerations, the Kerr-Tar EDD is cooperating in development of another sustainable communities grant application that includes the five (5) Kerr-Tar counties as well as the urbanized counties of the Research Triangle Region, to be submitted in August 2011.
- ✓ This sort of collaboration allows the EDD Board to insure the citizens of the region that the EDD is on the right track.

## **REGIONAL VISION STATEMENT**

### **Economic Development Goals, Objectives, and Priorities for the Kerr-Tar EDD**

As before, the Economic Development Goals and Objectives for the Kerr-Tar EDD were formulated by combining the results of the economic and demographic analysis and the regional leadership survey. The Committee was asked to identify needs and priorities in the areas of government services, business and industry development, education and workforce development and quality of life; therefore, the Economic Development Goals, Objectives, and Priorities for the Kerr-Tar EDD are grouped into these categories. The Economic Development Goals, Objectives and Priorities have also been prioritized into one of two categories: primary and long-range. Primary goals are goals that are targeted for accomplishment within two to three years and long-range goals will take longer than three years, and up to five years. A summary of the Economic Development Goals, Objectives, and Priorities for the Kerr-Tar EDD is included below, and a detailed narrative of the goals and objectives, as well as how they were formulated, is included in the full CEDS document.

## I. Government Services

The primary regional goal for government services continues to be both the further expansion of water and sewer infrastructure and the replacement of existing aging sewer and water infrastructure. An emphasis on natural resource conservation and management (including water quality and quantity, wastewater management, as well as newer requirements for stormwater management) as related to development should also be considered a primary goal. Three of our counties, Franklin, Granville, and Person Counties, have also been designated non-attainment areas regarding air quality and are facing difficult air quality restrictions regarding development. Long-range goals for local governments in the region include the continued development of a long-range general development plan that encompasses all phases of development, (expanded land use and related tools (such as zoning, subdivision regulation, etc.), transportation, workforce development, etc., as well as development of the tourism and hospitality industries, especially around the lakes in the region, and development of electronic and communication infrastructure throughout the region. Rural economic opportunities are needed for rural residents negatively impacted by agricultural decline especially in tobacco production, and retraining for that new employment has become an urgent enough issue to bridge all categories of this report. Another long-range goal for local governments also includes the improvement of capital planning and budgeting. The underlying long-range goal for all of this is the target of increasing the level of income and reducing the incidence of poverty for the residents of the region.

## II. Business and Industry Development

Primary regional goals for business and industry development include upgraded support and retention of existing small businesses and entrepreneurs within the region, continued development of industrial sites with requisite infrastructure and additional support and development of programs that assist businesses with start-up and expansion financing. A key long-range goal continues to be the development of a mid-tech regional network of hubs, which is known as Triangle North. Another goal for action during the coming year will be support for development of the Interstate Bio-Economic Alliance, the organization that is planning the introduction of "green Technology" businesses through a network of sites in and near the Kerr-Tar EDD, including one site at the Triangle North Warren campus. Long-range goals include further improvement to regional transportation facilities, including airports, and continued support for downtown and community revitalization efforts. Long range goals in business and industry development also include protecting the water resources of the region including development of tourism, eco-tourism and environmental stewardship programs, assisting in the revitalization of the agricultural and agribusiness sector of the region's economy and providing more funding to support existing and new small businesses.

### III. Education and Workforce Development

The primary goal for education and workforce development continues to be a highly trained regional labor force that is to be attained through the expansion of local Tech-Prep and WIA programs as well as continued support of local community colleges. Emphasis should be on trades and skilled occupations and on learning skills specific to the needs of in-coming companies and growing local businesses, possibly using programs such as the Work Keys program as a basis for training plan development. Initial experiences with Work Keys evaluations has identified a strongly prevalent problem of workers experiencing job loss following long term employment in textile or agricultural companies are demonstrating very low basic skill levels. The result of that finding is the identification of the need to remediate basic skills before retraining can begin. Increasing the skill levels of the region's work force will provide the framework of support necessary for the success of other business development efforts. Those increases in skill levels should include expanded human relations and working skills components, especially for those persons making transitions from one industrial sector to another. Expansion of industry-education partnerships to expand and improve career and occupational awareness, especially into the younger grade levels such as 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> grades, and expansion of tax credits to encourage worker training are the long-term goals of the region in the area of education and workforce development. The need to provide technical and operational support to budding entrepreneurs has become increasingly strong, and needs to be addressed in the next CEDS rewrite. Improvement of basic K-12 skills round out the long-range goals in this category.

### IV. Quality of Life

Expansion of housing options and recreational, cultural, and entertainment programs and facilities are the primary goals for improving quality of life in the region. Secondary quality of life goals include improvements in public safety efforts, health care facilities and options, services to the elderly and cultural facilities.

### Community and Private Sector Participation

The Kerr-Tar Economic Development District (EDD) has become notable for its extensive public-private partnerships that have started at the planning level and have been extended to program design and implementation with great success. The success of public/private collaboration has been especially prominent in the area of economic development. The approach of the public sector partners who initiated this collaboration is to ask the private sector their opinion on what economic development, workforce development and transportation developments are most needed in the private sector. In much the same way that you ask a professional plumber how to fix your water problem,

the public sector leadership has approached the private sector to identify what projects and programs are most needed for business to move into or expand in the region.

One key example is the development of the Kerr-Tar Regional Economic Development Corporation (KTREDC). When the Research Triangle Regional Partnership study from the University of North Carolina at Chapel Hill regarding Mini-Hub feasibility was produced, the civic leaders of the Kerr-Tar region consulted the business community to determine if the Hub concept would be successful in the Kerr-Tar Region. When the two groups joined together to examine the challenge and to determine the best course of action to maximize success, the formation of KTREDC as a governing and ownership entity was the key initial step, and each member county asked that two thirds of their members on the KTREDC be from the private sector, typically bringing to the table one aspect of expertise or another. From that notable beginning, KTREDC has planned, certified, and taken control of more than 2,100 acres of prime real estate on sites in each of the four member counties, and is moving ahead with business plan and marketing strategy development, and has broken ground on its first building in Franklin County. Infrastructure design and installation has also started in two of the sites.

The Interstate Bio-Economic Alliance has also developed as a private/academic community based and supported organization that has received public endorsement. The IBEA is a splendid example of true grassroots organization, especially when one considers that the major form of local fundraising is the offering and sale of "shares" in the Alliance. This offering has been very popular as thousands of shares have been sold and the Alliance has strong community support. As business start-ups are announced within the IBEA network of sites, and jobs are created, that support will grow and expand.

In another excellent example of public/private collaboration, the region's Workforce Development Board (WDB) has completely reorganized their membership by inviting to membership a set of aggressive private sector executives. Since that reorganization, the WDB has contributed to streamlining the client selection and assistance system, has revised the criteria for client service agency selection, and is moving to lead a transformation of the overall workforce preparation system for the region, starting from the K-12 system and working through various aspects of the system; a transformation that uses a guiding principle of most effectively preparing the workforce to meet the needs of new and expanding businesses in the region, and thereby expanding the opportunities for greater employment and greater income options.

Public/Private partnership has proved to be a valuable and effective tool for improvement of the services being provided through the Kerr-Tar EDD, and it is expected that the increased participation of the private sector in the CEDS planning and implementation process will continue that record of collaborative success.

### **Economic Development Strategy for the Kerr-Tar EDD**

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The Economic Development Strategy for the Kerr-Tar EDD outlines how the stated Economic Development Goals, Objectives, and Priorities (VISION) for the Region will be attained. The primary component of the Economic Development Strategy is a set of priority programs and projects that need to either be constructed or implemented in the Kerr-Tar EDD. Construction of the priority projects and implementation of the priority programs will allow the Kerr-Tar EDD to meet its Economic Development Goals, Objectives, and Priorities.

A summary of the priority projects and programs component of the Economic Development Strategy for the Kerr-Tar EDD is included below. The summary contains those projects and programs that were identified by the CEDS Strategy Committee as having the highest priority and most significant impact on economic development in the Kerr-Tar EDD. The listing includes the entity within the region most likely to be primarily responsible for the activity, an estimate of approximate cost, how the activity ranks in terms of priority within the CEDS, and the likely number of jobs that could result from the activity, in the long run. A detailed list and description of all the projects and programs to be included in the CEDS by the Board and its Executive Committee will be modified and clarified throughout the coming year as Evaluation of the Action Plan progresses. (The following projects are categorized in a way that allows greater relevance to EDA and its investment programs.) Examples of the projects likely to be included in the process include the following, and include a reference to which part of the VISION STATEMENT the project refers:

I. Public Works Projects and Programs

Expanded water and wastewater infrastructure development is needed in parts of all five counties in the region

- Vance County is nearing the start-up of a water system for those areas outside of Henderson not served by the Regional Water System. That project has a long-range completion date, well beyond the five-year window of the CEDS, and will include the towns of Middleburg and Kittrell. Preliminary engineering reports have are nearly complete and the costs of water are still being negotiated, but the County is has received a United States Department of Agriculture long range, low interest loan to pay for the project. In addition, the County is studying its options for bonding to meet its local matching requirements, especially until the water system enlists enough clients to operate at a break-even point financially. Inter-Basin Transfers are also being discussed with the State Division of Water Resources. While the project is residential in focus, mainly due to USDA requirements, the new service will open the availability of additional water services to companies throughout Vance County and outside of Henderson and its service area, and will in that way, promote economic and job growth.
- The South Granville Regional Water and Sewer Authority is also designing sewer and water service to serve the rapidly-growing southern Granville County area. Special service districts are being designed and initiated in several of the fastest growing areas of the south Granville County area. Long range bonding options are being considered for sewer and water arrangements as well as usage of USDA

loan funds, and local usage demands are anticipated to be enough to provide the local matching share. If current industrial prospects in southern Granville County decide to locate there, EDA funds will be sought to defray the cost of utility provision; it is expected that these projects could bring an additional 110 jobs to the County.

- In the City of Oxford, the City is implementing additional sewer and water service to Santa Fe Tobacco Company. The project cost is still being exactly determined, but will induce a \$29 million private investment and will add approximately 30 jobs over the next 2-3 years.
- The City of Roxboro, with the cooperation of the City of Yanceyville and Person County, has been the lead government in the formation of a regional water system. In 2002, an inter-local water agreement was executed by the governments and the project has proceeded until recently. The project is currently being studied by engineering consultants, and is being delayed due to changes in policy on the part of the State Department of Environment and Natural Resources (DENR) regarding their position on the complex issue of inter-basin transfers that impose much more stringent regulations for the IBT requesters. The Roxboro/Person County coalition is hoping that their engineering studies and cost estimates will be completed by the time DENR completes its policy review and revision process and the project will move ahead in 2012.
- Franklin County has engaged a study of expanded sewer and water service to its rapidly growing residential and industrial segments in the South Franklin and Youngsville area. This is a long-term study on which the County will take the lead, and anticipates use of a range of financing mechanisms. The initial project investment will be in the East Youngsville corridor, and will add sewer and water service approximately 1.3 miles east from Youngsville. The project will cost approximately \$1 million, and is being financed by Franklin County tax revenues, assisted by an economic incentive grant of \$600,000 from the NC Rural Economic Development Center. This could result in at least \$1 million in private investment and the creation of 25 new jobs.

The measure of success for these projects will be the development of a 20% expansion of water and sewer capacity the counties of the region and the resulting addition of approximately 100 new employment opportunities in the various projects within 2-4 years. That goal has been reached in 2010-2011.

Repair of existing sewer and water infrastructure is a major long-term priority for several of the city-based systems in the region that were constructed many decades ago. Problems of inflow and infiltration (I & I), increased population and resulting expanded service demand, and increased problems with contamination and decreased effectiveness of natural systems such as wells and septic systems have all added to demand at a time when those systems are experiencing major breakdowns. Some of the systems that need repair include:

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- The City of Henderson, which is the operating partner of the Kerr-Lake Regional Water System (along with its partners in the City of Oxford and

Warren County), has completed negotiation with the U. S. Army Corps of Engineers to receive a major increase in the draw of water from Kerr Lake, and at the same time are examining the engineering aspects of at least doubling the capacity of the system. That expansion would also repair parts of the system that are more than 30 years old and present constant maintenance problems. The resulting excess capacity is expected to be used for several Triangle North sites, for expanded business in Henderson, and for sale to other regional governments, which are short of water, such as Franklin County. The estimated cost of the expanded water production project exceeds \$20 million, and will use state and federal funds as much as possible, and will include EDA funding requests if expanded business is one result of the expansion. The Kerr Lake Regional Water System, owned by the City of Henderson, the City of Oxford and Warren County and managed by the City of Henderson, is planning an updated and expanded intake system on Kerr Lake. The intake system alone is estimated to cost \$3.5 million, and will be paid for through bonding which will be repaid by usage fees. This expansion will provide stable water intake and increase the availability of additional water supply. That expansion will allow greater allotments to projects such as the Triangle North Granville and Vance County sites; in that way, this project will assist in the addition of jobs in the region.

- The City of Henderson has completed the study of repairing and updating its wastewater processing system, especially with the growth in demand, which is nearly 5% annually. The current system was constructed in the early 1980's and is badly out of date. In addition, the processing plant floods regularly and is experiencing regular breakdowns in various components of the plant. Preliminary estimates place the cost of repair and upgrading at approximately \$32 million. Funding is expected to include state bond proceeds and grants, but will primarily be funded through City bond issuance.

Without expanding the current water and sewer capacity of the City of Henderson, which is nearly 100%, opportunities for residential and industrial growth are limited. A 10% reduction in I & I issues in the system and a 10% growth in the capacity of the system over the next 5 years is the goal to be accomplished.

Warren County has completed a study of repairing and updating the County's regional wastewater treatment facility operated by the Town of Warrenton. Constructed in the mid-1970s, it is outdated and experiences challenges for operators on a daily basis as much of the treatment process is conducted manually with little automated control. Possible future funding for the \$5 million upgrade will be sought from USDA – Rural Development Grant and Loan Program or a North Carolina SRF Loan. Rehabilitation of the existing facility will allow opportunities for residential and industrial growth as the system currently operates at 20-30% of its design capacity. The goal will be to have a 3-5% growth in system usage in the next 3 years.

Similar problems exist in Roxboro, Creedmoor, Oxford, Stovall, Louisburg, Franklinton, Warrenton, and Norlina throughout the region. The goals for those communities is 10% reduction in I & I problems and 5% growth in capacity over the next 5-7 years. Small

towns such as these are heavily dependent on state and federal funding to make these improvements, primarily because of their limited tax base.

Widening (often four-laning) and improvement of regional road systems, particularly major north-south routes in and out of the region are a major economic development priority, as is expansion and development of a four lane east-west highway (most likely Rt. 158) across the region. North-south routes, especially Route 401 through Franklin and Warren Counties, Route 15 through Granville County, and Route 501 in Person County need to be expanded arterial service that will better connect Kerr-Tar EDD counties to the rapidly growing Research Triangle Region to the south and links to Virginia on the North. The expansion of Route 158 through the region will allow an alternate east-west commercial traffic route through the region that avoids the traffic congestion of the Triangle area, thereby expanding opportunities for business in the region.

Transportation needs are coordinated in the region by the Kerr-Tar Rural Planning Organization (RPO), and is linked directly to economic development planning by its common staffing and support by the Kerr-Tar COG. Plans of both are also coordinated by the elected and appointed officials that advise both groups.

Since principal funding for highway expansion is provided through the federal and state Departments of Transportation, and all of the projects listed above are still being scheduled for activity beyond the current five-year horizon, the primary long-range goal for this area is to have those at least three of the above-noted projects included for active planning and design on the State Transportation Improvement Plan (TIP) within five years. That means that the projects will have a specific schedule and set of deadlines by DOT within five years. Currently at least one county, Franklin County, has prepared an application for ARRA (stimulus) funds under the Transportation Investments Generating Economic Recovery (TIGER), as well as an additional grant for funding under TIGER II. These funds are being sought as "off-TIP" funding that will not be subject to TIP equity formulae that can shift those funds out of the region.

While most of the Counties and several of the municipalities within the EDD have adopted an on-going capital planning and budgeting process, several others have not and the lack of continuity causes problems throughout the region. The goal of this segment of the CEDS is for all county and municipal units in the region to have in place a capital planning and budgeting system within five years.

The Kerr-Tar Regional Economic Development Corporation owns and operates Triangle North, the former Kerr-Tar Hub, a unique and innovative economic development project that includes sites in four counties within the EDD, and includes nearly 1,800 acres. The short range goals for the Hub are to achieve full ownership or control of all of the Triangle North lands within two years, and to begin Phase I infrastructure installation, that infrastructure will include water, sewer, stormwater systems, initial entrance roadways, and possible broadband service to the total cost of land control is estimated to be approximately \$12.5 million, and the cost of infrastructure is expected to be in the

\$15-18 million range, depending on detailed engineering studies. Funding is expected to come from a combination of sources, including state and federal appropriations, grants from DOT and the Department of Commerce' Commerce Finance Center, from USDA and from the Economic Development Administration (EDA), when companies come into the Hub sites. The short-range goal will be successful if all lands are controlled or owned, and at least 30% of the planned Phase I infrastructure is installed in two years. So far that goal is on schedule to be successful.

- Water and wastewater service is currently being built to the edge of the Granville, Vance and Franklin County sites, with plans in place to run service to individual sites as soon as companies commit to those sites. It is anticipated that a company will move into the Granville County site within the next year. Water and wastewater service to the company's site is still to be determined, but the cost of which will be borne through the revenue generated by the sale of land. That public investment is expected to generate approximately 200 jobs and \$60 million in capital investment over the next three years. Additional public investment, in the form of incentives and tax credits, are being negotiated between the company and State sources.
- Road service is being constructed in the Granville and Franklin County Triangle North sites. In Granville County, nearly a mile of roadway and storm-water services has been installed, at the expense of the private sector developer which owns the site. That construction, costing as much as \$2 million, also establishes the route of power lines and electronic service into the site. This initial investment is essential to development and sale of sites and to the attraction of the project noted above. In Franklin County, a mile of approach and entrance road is being designed and built at a cost of \$2.6 million, and will provide easy and direct access to the site. It is anticipated that the cost of this project will be borne through a grant from the NC Department of Transportation and an investment of \$1,742,000.00 from the federal Economic Development Administration through its Trade Adjustment Assistance to Communities program.
- Electronic infrastructure is also being considered in two of the Triangle North sites. Franklin County has developed an agreement with Century Link, the local communications provider, to install high-speed connectivity throughout its Triangle north site, with the county providing part of the funding and Embarq providing the majority as a public service contribution. In Warren County, with the assistance of a grant from the State E-NC Authority, the County is installing wireless high speed connectivity throughout the Triangle North Suite and in several other potential development sites. With the assistance of grants from the Golden LEAF Foundation and the federal economic stimulus program, broadband service is being installed throughout the five-county region, and will begin in the next 18 months.
- One company has announced location within the Triangle North Franklin site, Commodities Direct is constructing a 100,000 square foot building that will coordinate the compilation and export of multiple commodities to foreign lands, and will also result in the re-employment of several hundred farmers who will

produce those commodities. The private investment in the location is , and approximately jobs will be created on the site.

- Adjacent to the Triangle North Vance site, Semprius Inc. has announced an expansion of its operations by moving into a building and bringing 575 jobs to Vance County over the next five years, the advanced technology company, which produces highly concentrated photo-voltaic cells, will invest at least \$79 million in the site.

## II. Construction Projects and Programs

- Renovation and construction of new local government administrative offices and public works facilities is needed and each unit of local government has specific needs. The goal during the next year will be
  - a. Develop a listing of which governmental units need new buildings,
  - b. Identification of what sort of building is needed, along with a cost,
  - c. Develop an energy efficiency plan for major municipal buildings, and
  - d. Develop a commonly accepted priority listing of those projects,
- Industrial shell buildings and industrial parks for economic development purposes have been identified as a long-range goal. During the next two years, each municipal and county government, as well as the local Economic Development Commissions, Committees of 100, and other economic development support groups will be asked to develop a specific need statement along with cost and schedules, and all of the groups will be asked to develop and accept a single prioritized listing of those projects not yet completed. In the Franklin County Triangle North site, as 33,900 square foot shell building has been built with approximately \$1,000,000 in funding from the Franklin County Committee of 100 and from Wake Electric Membership Cooperative. Not only did the Shell building not cost Franklin County anything, but the site was purchased by a special subsidiary of Wake EMC prior to construction, and the County actually gained revenue from the project. That site is now a prime location for expansion within the site, a tenant in the building is expected within the next year, and a second shell building is being planned.
- As plans for new and expanded public parks and recreational facilities are developed and specific design plans emerge, all of the governments in the EDD will be asked to amass a single prioritized listing of all park and recreational projects and activities for the overall region. That listing will be completed within two years.
- With the rapid population growth, especially in the southern parts of the EDD and the deterioration of existing facilities, the need for new and/or expanded public schools and educational facilities is rapidly emerging as the single greatest financial challenge across the region. Every county has needs that exceed \$25 million, and the cost of that construction and later operation of those facilities will be covered by the counties, and be state and federal grant support. Development of a regional educational facility expansion plan (including a 10-15 year future projection) will be needed within five years. The potential economic impact of that construction and operation will have

major impact on economic development and completion of that facilities plan within five years is now an economic goal of the EDD.

### III. Other Priority Projects and Programs

- Land use master plans, a business plan and a marketing plan for Triangle North, were refined at the end of 2008 and implementation began in 2009, with assistance from a grant from the Golden LEAF Foundation. This short-range goal can be measured at the end of the first operational year. Matching funding for this activity will come from local county contributions to KTREDC, from interest earnings, and from contributions from private businesses throughout the region.
- Develop and expand Business/Industry/Education collaboratives, including more and broader opportunities for educational exposure to industry processes and needs, by both students and teachers. The structure of this short-range goal has been shifted to reflect comments of process participants. The project will be implemented by the region's school districts and community colleges with the cooperation of the COG and the Workforce Development Board over the next two years. The project will be funded with workforce development funds and COG economic development funds, including part of the EDA planning grant now in place. The measurable goal will be to design a workforce transformation plan during the next year and to initiate at least three activities from that plan within the second year.
- Plans for new and/or expanded downtown and community revitalization programs will be revised and updated within two years, using local merchants in cooperation with local downtown coordinators, and funded through municipalities and merchants groups as needed. The goal for this activity will be to have the goal revised within two years and to implement at least two revitalization programs within the following year.
- New and/or expanded housing rehabilitation and demolition programs will continue to be implemented using state Housing Finance Agency and CDBG funding, with every county and at least one municipality implementing a program within five years. The governmental unit will have primary responsibility for each program, usually with administrative assistance from the Kerr-Tar COG staff.
- Organizing of a regional tourism and hospitality industry task force will be accomplished within two years, and a regional tourism and hospitality development plan will be developed within three years. At least two activities from that plan will be implemented within five years. Primary responsibility for organizing the group and preparing a plan will be the COG and the Vance County Tourism department, using EDA funds, State Tourism grants, and occupancy tax revenues.
- Each County's plan for expanded broadband service and improved connectivity will be revised within two years, and a regional connectivity plan

will be developed within three years. The region's e-champions, the state E-NC Authority and local service providers will coordinate this activity.

The CEDS Committee of the region has agreed to development of a more sophisticated evaluation methodology, and this year will see the launch of several regional measurable evaluative criteria. The goals to be accomplished for each activity are listed at the end of each activity description. Review and development of the Economic Development Goals and Objectives, which will lead to a new action evaluation component and which should have lead to further refinement of the **STRATEGY** section of the CEDS in 2009-2010, but which has been postponed until 2010-2011 due to staff illness and extraordinary program oversight demands on the COG Board of Directors and its Executive Committee. The CEDS will have specific criteria that need to be met each year, and over the five year life of the CEDS cycle. The Executive Committee has agreed to initiate a process in the first quarter of 2010-2011, which includes the following:

- a) The members of the CEDS Committee will continue to meet with Economic Development leaders from the region's counties and each county's local economic development policy making group (EDC boards, Commissioners, chamber of commerce boards, etc.) That joint group will meet to review initial performance measurement criteria and whether they were met. In addition each criterion will be examined to assure that it measures the key progress for which it was designed.
- b) The groups in each county and across the region will review its county's revised measurement system and based on the review will recommend to the COG Board and Executive Committee possible changes in future criteria, so that the EDD can focus in on the most productive activities as well as the optimal measurement option. On an increasing basis, the natural progression will be to assign fuller agency responsibility for the programs assigned to achieve each performance standard, and create greater accountability.
- c) As the performance measurement standards are accepted and implemented throughout the region, new and revised project listings will be compiled based on updated CEDS evaluation, goal, and strategy revision.

The **EVALUATION** criteria for 2010-2011 include:

- The number of jobs in the region will remain stable for this year. This goal was met in 2010-2011
- At least one private investment in starting or retaining a business in at least three of the region's county will be achieved this year, and at least 50% of those total companies will be part of the four highest-paying industrial categories. This goal was also met
- The per capita income of families in the region will increase by at least 1% this year. It is too early to receive the data needed to judge the success of this criterion.
- In each county of the region, at least two public investments will be made to attract or retain companies into each county annually.

- Across the region, at least \$25 million in private investment will be made this year. This goal was also met in 2010-2011.

This CEDS document is unique in at least two ways. First, it is a reflection of the early stages of redevelopment of a full CEDS process, and as such it is an innovative move into a developing strategic planning process. Second and more importantly, this new CEDS process will serve the Kerr-Tar EDD as a blueprint for economic development efforts well into the millenium.

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<sup>i</sup> Comprehensive Economic Development Strategy (CEDS) Guidelines, U.S. Department of Commerce, Economic Development Administration (February 1999), Page 2.

<sup>ii</sup> Comprehensive Economic Development Strategy (CEDS) Guidelines, U.S. Department of Commerce, Economic Development Administration (February 1999), Page 7.

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