

CURRITUCK COUNTY
ECONOMIC DEVELOPMENT ADVISORY BOARD

June 24, 2010

Bank of Currituck, Grandy

Attendance: Elizabeth White, John Rorer, Peter Bishop, Ken Edgar, David Palmer, Ed Cornet, Tameron Kugler, Mike Painter.

Guests: Cindy Beamon, Chip Friedman, Ron Rose, Butch Petrey, Debbie Rorer

Item I. Call to Order

Chairman Palmer called the meeting to order at 7:10 PM. Chairman Palmer welcomed the guests at the meeting and introduced them to the EDAB members.

Item II. Approval of Agenda

Chairman Palmer entertained changes or deletions to the agenda. Chairman Palmer would like to add item IVa to allow Mr. Friedman to speak to the EDAB.

Mr. Cornet moved to approve the agenda with the noted changes. Mr. Edgar seconded the motion. Motion carried.

Item III. Approval of the March 25, 2010 and May 27, 2010 minutes

Chairman Palmer entertained a motion to approve the minutes. Mr. Cornet identified a typo on page 8 of the minutes in the agenda packet. Further, Ms. White identified the need to clarify the statement regarding the Carova Beach development project and the intent of the board. Mr. Bishop has noted the changes and will amend the minutes.

Vice Chairman White moved to approve the agenda with the noted changes. Mr. Cornet seconded the motion. Motion carried.

Item IV. Public Comment

No comment offered.

Item IV(a). Mr. Chip Friedman presentation of Moyock Wastewater proposal for expansion

Mr. Friedman provided a handout to the EDAB and guests and went over the evolution of his Moyock Wastewater expansion program, which started on land nearby the existing County-owned Moyock Commons plant, and has since moved toward the existing Eagle Creek subdivision.

Mr. Friedman stated that his company, Moyock 168 utilities LLC, is in the process of purchasing a 50% interest in the Eagle Creek plant; the other 50% owner is Sandler

Utilities at Mill Run, LLC. The purpose of this purchase is to service two development projects of Mr. Friedman's, South Ridge subdivision located along Survey Road in Moyock, The Commons subdivision located behind Moyock Commons, and North Ridge, a proposed subdivision near the Bank of Currituck in Moyock.

Mr. Friedman explained that the Eagle Creek plant is permitted for 350,000 gallons per day of treatment and disposal, and can add an additional 175,000 gallons within this permit. He further stated that only 82,000 gallons are currently being used. In discussions with the County, Mr. Friedman would sell an allocated amount of over 73,000 gallons for existing and potential future businesses and users.

Mr. Friedman stated that the County would only have to invest in a pipe to the Eagle Creek plant to tap into the excess capacity. He also stated that the County was also looking to purchase the facility themselves, and this was a new development. He stated discussions are just starting for this potential purchase.

Chairman Palmer asked about the NC Utilities Commission, and whether or not this project would be in their purview. Mr. Friedman stated that it was, and if the County would participate, Eagle Creek and subdivision would be included in the Moyock Commons sewer district. Upon follow up on the Eagle Creek plant from Chairman Palmer, Mr. Friedman said that his attorney has informed him that the County prefers to pursue their own purchase of the Eagle Creek system at this time.

Mr. Cornet asked for confirmation of the current usage of 82,000, and wondered if the additional capacity requested would be added on to this current usage. Mr. Friedman stated that this was correct, and confirmed that the current capacity today at the plant was 175,000 gpd.

Mr. Cornet further asked whether after additional capacity would be added, improvements and expansion investment would be required. Mr. Friedman stated that was correct, in addition to the required extension of a force-main to convey wastewater. The estimate provided for this extension is between \$400,000 and \$500,000.

Mr. Friedman also mentioned that if the County purchased capacity from the Eagle Creek system, it would be at the current rate of \$3,000 per residential unit equivalent, which is 240 gpd per unit. Mr. Rorer noted that utilization of this existing plant could utilize this standard, rather than the new NC DENR standard of 120 gallons per bedroom, per day, which would result in cost savings to buyers of capacity.

Mr. Friedman stated that his company has capacity available now for sale, an existing Non-Point Discharge permit from NC DENR, and a 168-acre golf course to spray effluent. Mr. Edgar asked where excess effluent would go. Mr. Friedman stated that there are 5 additional lakes designed to take additional effluent capacity for the system up to 500,000 gpd.

Mr. Edgar further asked about sludge disposal, run-off from the containment ponds, and existing environmental issues within the Currituck Sound. Mr. Friedman countered that the effluent is treated to re-use quality standards and operated by a licensed operator after several series of treatments.

Chairman Palmer asked about the two separate pipes laid within the highway recently. Mr. Friedman stated that the pump stations would allow for distribution of groundwater taken from areas to allow for infiltration of treated effluent.

Vice-Chairman White asked what criteria the County was using to make the decision between public and private systems. Mr. Cornet mentioned that it would be a somewhat simple analysis of costs for each system compared over time. Mr. Friedman said his belief is that the County is exploring purchasing the existing system to take advantage of the \$3,000 per REU rate rather than a much higher rate if the County builds its own plant.

In response to Vice-Chairman White, Mr. Rorer stated that he was not certain of specifics, but that he is compiling spreadsheets to compare costs, especially tap fee differences and costs for employees for a County-run system versus a private one. The data provided is from Arcadis states that a 350,000 gpd plant would cost \$7 million, while a 99,000 gpd plant would cost \$2.8 million. Tap fees for the \$7 million plant would be near \$7,500, and above \$10,000 for the 99,000 gpd plant.

Mr. Rorer further explained that the County would not be subject to NC Utilities Commission constraints on rates or tap fees, while a private system would, and the longer-term costs of creating additional county staff to operate it. To Mr. Rorer, the private system makes more sense.

Discussion continued in comparing the benefits and cost differences between a public or private system. Mr. Rorer noted that the system would be to serve commercial growth, not residential households. This would free up additional commercial land from septic systems to add value to development opportunities and density. Mr. Cornet noted that this subsidizes the commercial developer rather than the homeowner.

Chairman Palmer asked about the time difference between the existing Eagle Creek plant and construction of a new plant. The time difference was identified by Mr. Rorer as a few months for Eagle Creek versus 18-24+ months for a new system to get permits and construction completed. Mr. Friedman stated that within a few months, the County could get capacity for existing and new businesses.

Vice-Chairman White was concerned about the risk of buying more capacity than the market may bear, and where additional costs would go. Mr. Rorer mentioned that the County in the past had passed costs to the users, and charges fees up front, providing an example of Waterside Villages.

Mr. Petrey asked if there would be any requirement for residents in the district to connect, and Mr. Friedman stated that it is not a requirement.

Chairman Palmer asked Mr. Bishop if there were new businesses wanting wastewater in Moyock, and if a lack of wastewater was impeding their plans. Mr. Bishop confirmed that he has been in touch with a few potential businesses that would like to locate and would be in process if wastewater were immediately available. Chairman Palmer also asked about reusing the Moyock Commons plant at another site, and Mr. Bishop confirmed that indeed the plant could be reused.

Vice-Chairman White again wanted to understand the criteria in utilized by the County to make the final decision regarding private versus public ownership and operation of the system. Mr. Rorer stated his desire to keep the project private because of cost savings and legacy costs. Vice-Chairman White acknowledged those concerns, but without clear criteria, wondered what impact they have on the overall decision.

Mr. Cornet stated that the issue is likely more complicated and involved issues above the cost considerations, but foundationally, cost considerations would play a large

role. Mr. Cornet offered the resources of the EDAB to assist the Board of Commissioners in making this decision. Mr. Rorer stated his interest was to get a system with as many customers as possible at the lowest cost, and the means to come to that decision were comparisons of investment and cost per gallon for treatment. No longer-term analysis was done for example a discounted cash flow analysis of the amortized cost of improving a new plant versus an existing plant.

Chairman Palmer asked Mr. Bishop if he was going to remain involved and engaged in the process and report happenings to the EDAB, as the matter is of critical importance to economic development. Mr. Bishop confirmed that he would and provides the requested information as it became available.

Chairman Palmer thanked Mr. Friedman and Mr. Rose for their presentation.

Mr. Cornet wondered whether the Board of Commissioners would be supportive of receiving assistance of the EDAB in this and other general financial matters. Mr. Rorer felt that advisory board considerations were sometimes secondary to those of other interests.

Chairman Palmer responded that the purpose of Item V of the agenda and the incentives guidelines would help shape these investments. He agreed that the forming of a committee to assist with the analysis of projects, such as the Moyock sewer and other infrastructure investments, could possibly be helpful to the BOC.

Mr. Cornet would be interested in spearheading this effort along with Mr. Edgar and Vice-Chairman White. The committee will avail itself to the Board of Commissioners and Mr. Bishop will communicate the resource to the County Manager and Board of Commissioners.

Chairman Palmer recessed the meeting for 5 minutes.

Item V. EDAB Strategic Plan items

a) Incentives Guidelines & Policy: Review Work-session changes

Chairman Palmer introduced the topic. Vice-Chairman White provided the EDAB members an amended incentives guideline for the board to review.

Mr. Cornet will provide additional edits to the program, as will Mr. Edgar, who noted the existence of several small cemeteries throughout the County that should be identified.

The consensus of the board was to accept the document allowing for future edits of the above board members.

Vice-Chairman White moved that the EDAB approve the Geographic Visioning document including the edits from Mr. Edgar and Mr. Cornet. Mrs. Kugler seconded the motion. Motion carried.

The EDAB requested that Mr. Bishop circulate the document to Mr. Woody and the UDO committee and schedule a work-session with the Board of Commissioners to present and discuss the guidelines.

b) Strategic Plan Progress: Review & Update

Vice-Chairman White reviewed the progress of the plan. She noted the inclusion of Mr. Cornet's committee on analysis of infrastructure and other investments, as well as the addition of business incubation concerns as discussed at previous EDAB meetings.

The EDAB also identified the development of participatory events in cooperation with the Chamber of Commerce and Tourism department as a priority item.

The EDAB also wanted to know the small area plan progress for the Bridge Terminus points and off-road areas and requested the assistance of Mr. Bishop to help identify the next Small Area plan and a schedule for upcoming plans. Both Mr. Cornet and Vice-Chairman White felt that the oceanside communities could add a lot of valuable insight and energy into a productive process like the small area plans, and urged consideration to start them soon. Mr. Bishop confirmed that the Bridge Terminus SAP was waiting on the selected alternatives from the NCTPA before moving forward.

Mr. Bishop stated that the department and county still needs a functional, formulaic document related to the incentives policy outside of the existing, outdated form. Without developing a newer model, based on the Walden model and Geographic visioning document or other inputs, Staff and BOC will revert to the existing EDI program.

Mr. Bishop will resend the already completed documents back to the Advisory Board along with the proposed analysis and rubric models as presented for inclusion in greater discussion.

c) Business Incubator: Discussion of Options

Mr. Bishop began discussion by stating the white paper and research on a business incubator was not yet complete.

In building up to the report, Mr. Bishop described through discussions with practitioners, researchers and colleagues throughout North Carolina and the country that rural business incubators often fail to remain sustainable when grant funding and other subsidies run dry.

Several factors unique to Currituck contribute to why a business incubator may not remain sustainable over a long period of time:

- 1) Geographically linear business activity in the County along the Corridor, without strong clusters of activity or a centralized location for a facility;
- 2) There may be insufficient new targeted business activity (critical mass) to support such a facility or be appropriate;
- 3) Sustainability of funding after the receipt of grant funding or other subsidy;
- 4) Strong partnerships with locally-based educational and governmental institutions are cited in many success stories; without those support systems and the synergy they provide, an incubator support system could prove difficult;
- 5) Need for identified list of 20-25 experienced business people to assist the functions and the investment capital that some of these businesses will need;

6) Will the Board of Commissioners commit to a salaried position to operate a business incubator?

Mr. Bishop apologized for the pessimistic response, but noted that even given these challenges, providing similar services and assistance to small businesses virtually, or in partnership with other entities mentioned, could indeed be a possibility for Currituck County.

Mr. Cornet added that the without a facility offering shared services or in-house professional services, which also generate revenue and provide nearby counsel, would prove difficult for an incubator's development. Mr. Rorer continued that the lack of expertise available could be troubling because there is a sense that general counseling and guidance, provided in a controlled, subsidized setting could help weed out good ideas.

Mrs. Kugler further stated that the dedicated commitment of a strong group of advisors adds the value, and that private firms actually provide those services in the region. Chairman Palmer asked if there was funding available from the Northeast Commission to start an incubator. Mr. Bishop stated that there was not.

Mr. Cornet stated similar functions could likely be performed in a quarterly session format to assist them in general business management. Such a format could provide the needed background and information necessary to prevent business deaths and encourage strong start-ups.

Mr. Cornet, along with Vice-Chairman White, urged that the EDAB work quickly to set up some form of localized small business assistance. Mr. Edgar and Mr. Rorer echoed the comments and discussion continued on brainstorming for a quarterly business development series.

Mr. Painter agreed and discussed the needs for basic business fundamentals and access to capital, as well as a dynamic speaker or presenter to assist with the delivery of the message. Other members echoed these needs and the networking available for such sessions would be just as valuable.

Mr. Bishop confirmed that a quarterly business function, in cooperation with the Chamber and other related entities, was a reasonable and attainable goal of the EDAB and staff and would add value to existing and new business ventures in the County. Mr. Bishop also said that the development of online, virtual business services could also be completed within the budget year.

The EDAB, via Mr. Bishop will schedule a meeting with the Chamber of Commerce to set up topics and dates, as well as the goal of the sessions.

d) Director's Report

Mr. Bishop went over the Client Activity Report for June. Mr. Bishop announced that he will be attending the IFT Food and Process Show from July 18-20 in Chicago with the Northeast Commission.

Mr. Bishop announced the relocation of a small woodworking shop, Specialty Deck Supply, in the Fox Knoll center of Powells Point. The company has one full-time employee and two part-time employees, with anticipated expansion to 4 employees within 12 months.

Also, Alpha Energy of Annapolis, Maryland, will be hosting a landowner meeting related to community scale wind opportunities. The meeting will be held at Keefer's restaurant in Powells Point. Mr. Painter asked how many wind projects were active in the County. Mr. Bishop stated there are at least 4 projects in the works that he was aware of.

Regarding the recruitment of new businesses, Vice-Chairman White asked about what policies were in place to protect environmental resources related to a business that uses noxious chemicals or other dangerous substances. While there was no policy in place, Mr. Bishop stated that TRC, zoning review, as well as his own recruitment practices to not target companies that may pose a threat to local resources were existing ways to protect against contaminations or incompatible business operations.

Vice-Chairman White continued, pointing out the presence of sustainable and green values the Board of Commissioners passed in late 2009, and said these are strong points for marketing Currituck County to this type of business.

Mr. Bishop mentioned that Stuart Chamberlain and he were working on web content and marketing with a consultant.

Finally, at the NCEDA Conference last month, Mr. Bishop heard a great presentation from the NC DOT Rail Division and the NC Ports regarding intermodal facility development. This information dovetails with contacts made at the Virginia Maritime Association the previous month. Director will follow up with private and government interests to get the ball rolling on this project. Targeted property is along the C&A Rail line south of Moyock proper.

Item VI. Other Business & Announcements

a) July Calendar

Chairman Palmer announced that Mr. Cornet has accepted the EDAB position in the Sign Committee.

Vice-Chairman White requested an update on the UDO committee and rewrite.

Mr. Edgar is working with the state BIG program, a source of Boating Infrastructure dollars for large, non-trailerable transient boats. Mr. Edgar is talking about potential applicants and the Whalehead club.

Mr. Edgar also noted the Outer Banks Catch seafood promotion program and encouraged EDAB members to review it.

Item VII. Adjourn

Mrs. Kugler moved to adjourn. Mr. Edgar seconded the motion. Motion carried.