

**BEAUFORT COUNTY BOARD OF COMMISSIONERS' AGENDA**  
**MONDAY, FEBRUARY 25, 2013, 4:30 PM**  
**SPECIAL CALL MEETING**  
**ADMINISTRATIVE BUILDING, ROOM #111**  
**121 WEST 3<sup>RD</sup> STREET, WASHINGTON, NC**

- 4:30      Call to Order by Chairman Langley  
**Page 1      State Purpose of Meeting**
- 4:35      Bob Heuts, Economic Development Director  
**Page 2      Public Hearing #1**  
**Hear comments on proposal to enter into an agreement with Blue**  
**Goose (Pronamic Industries, Oak Ridge Metal Works) for**  
**economic development incentives**
- Page 3/4      Request Board Consider Resolution Authorizing Beaufort County**  
**to Participate in an Economic Development Project with Blue**  
**Goose (Pronamic Industries, Oak Ridge Metal Works)**
- Page 5      Public Hearing #2**  
**Hear comments on proposal to enter into agreement for the sale of**  
**5.84 acres of land as part of economic development incentive for**  
**Project Blue Goose**
- Page 6      Request Board Consider Resolution Authorizing Beaufort County**  
**to Offer 5.84 Acres of Land as a Part of Economic Development**  
**Incentive for Project Blue Goose**
- Discussion of Acceptance of One NC Grant and Community**  
**Development Block Grant**
- Page 7/14      Information on Projects**
- Adjournment by Chairman**

## Notice of Public Hearing

The Beaufort County Board of Commissioners will hold a public hearing at a special called meeting scheduled to take place at 4:30 p.m. on Monday, February 25, 2013, in the Commissioners Room located at 121 West Third Street in Washington, NC, on a proposal to participate in the cost of an economic development project pursuant to NCGS 158-7.1 et seq.

The project consists of participating in the cost of locating a manufacturing facility called Project Blue Goose (a metalworking company and a filter media company) in Washington, NC. The Board of Commissioners intends to consider sharing up to \$103,013 of the cost of the project with revenues from the County's General Fund. The project will stimulate the local economy, promote business development and result in the creation of jobs in the County.

All interested persons are invited to attend and present their views.

Sharon C. Singleton  
Clerk to the Board

**STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT**

**RESOLUTION AUTHORIZING BEAUFORT COUNTY TO PARTICIPATE IN  
AN ECONOMIC DEVELOPMENT PROJECT WITH  
BLUE GOOSE (PRONAMIC INDUSTRIES, OAK RIDGE METAL WORKS)**

**WHEREAS**, NCGS 158-7.1 authorizes a county to make expenditures for economic development projects that provide public benefit; and

**WHEREAS**, Beaufort County is interested in increasing investment and opportunities for new jobs for its citizens; and

**WHEREAS**, the Beaufort County Board of Commissioners has held a public hearing to consider whether to participate in an economic development project with Blue Goose (Pronamic Industries, Oak Ridge Metal Works) by reimbursing Blue Goose for some of the cost of developing the manufacturing facilities at the Beaufort County Industrial Park; and

**WHEREAS**, Blue Goose (Pronamic Industries, Oak Ridge Metal Works) proposes to invest up to \$9,400,000 and create as many as 100 jobs in Beaufort County; and

**WHEREAS**, the economic development project Blue Goose will stimulate and diversify the local economy by strengthening the tax base, promoting business, and result in the creation of a number of new, permanent jobs in the County; and

**WHEREAS**, the Beaufort County Board of Commissioners will fund the appropriation out of its general fund; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Beaufort County Board of Commissioners, this the 25<sup>th</sup> of February, 2013, as follows:

**Section 1.** The County is authorized to expend up to \$103,013 of County funds for Project Blue Goose.

**Section 2.** The contribution is contingent on Project Blue Goose investing up to \$9,400,000, thereby generating \$206,026 in new revenue over five (5) years to Beaufort County, creating a certain number of jobs and entering into an agreement which will specify that payments to Blue Goose (Pronamic Industries, Oak Ridge Metal Works) will be made after the proposed investment is verified on the tax books and jobs are created.

**Section 3.** The Chairman is authorized to execute a contract between the County and Blue Goose (Pronamic Industries, Oak Ridge Metal Works) after the document is drafted and presented to the Board for final approval.

**BEAUFORT COUNTY  
BOARD OF COMMISSIONERS**

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**Jerry Langley, Chairman**

**ATTEST:**

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**Sharon Singleton, Clerk to the Board**

## Notice of Public Hearing

Beaufort County proposes to convey land in the Beaufort County Industrial Park, owned by the County, for an economic development project pursuant to NCGS 158-7.1. The County Board of Commissioners intends, subject to public comment at the public hearing, for which notice is hereby given, to approve conveyance of a fee-simple interest in a 5.786 acre tract of land at the industrial park. This tract is Parcel 8 at the industrial park, as shown on a plat of the park that is available at the offices of Beaufort County Economic Development, 705 Page Road in Washington, NC. The conveyance will be made to Project Blue Goose, which consists of two companies, Pronamic Industries, a filter media manufacturer, and Oak Ridge Metal Works, a machining company. The Board of County Commissioners has determined that the value of the tract is \$15,000 per acre, for a total value of \$86,790.

The Beaufort County Board of Commissioners believes this project will stimulate and stabilize the local economy and result in the creation of new permanent jobs in the County. The Beaufort County Board of Commissioners will hold a public hearing on the County's proposed conveyance of this tract of land during the special called meeting beginning at 4:30 p.m. on Monday, February 25, 2013, in the Commissioners Room located at 121 West Third Street in Washington, NC. The Commissioners invite all interested persons to attend and present their views.

Sharon C. Singleton  
Clerk to the Board

**STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT**

**RESOLUTION AUTHORIZING SALE OF REAL PROPERTY  
FOR ECONOMIC DEVELOPMENT**

**WHEREAS**, Beaufort County is the owner of the Beaufort County Industrial Park, Parcel 8, which is an 5.78 acre tract; and

**WHEREAS**, Beaufort County and Project Blue Goose (Pronamic Industries, Oak Ridge Metal Work) have engaged in private negotiations for the conveyance of Parcel 8, to the end that Blue Goose may build a filter media and metalworking company next to or onto the tract, and have reached a tentative agreement on the terms for the conveyance; and

**WHEREAS**, the Beaufort County Board of Commissioners has held a public hearing to consider whether to approve conveyance of the tract to Blue Goose.

**NOW, THEREFORE, BE IT RESOLVED** by the Beaufort County Board of Commissioners that:

**Section 1.** The Chairman of the Beaufort County Board of Commissioners is authorized to execute the documents to convey to Blue Goose Parcel 8, 5.78 acres as shown on the Beaufort County Industrial Park map drawn by Mayo and Associates and filed in PC-G, Slide 51-10.

**Section 2.** The fair market value of the property, subject to the covenants and conditions associated with the Beaufort County Industrial Park, is \$86,790 based on other land sold at the Industrial Park.

**Section 3.** As consideration for the conveyance, Blue Goose will develop, on and next to the property, a manufacturing facility at a cost of \$9,400,000. The facility will generate property tax revenues over the next ten (10) years in an amount at least sufficient to return to the County the fair market value of the property.

Adopted February 25, 2013.

**BEAUFORT COUNTY  
BOARD OF COMMISSIONERS**

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**Jerry Langley, Chairman**

**ATTEST:**

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**Sharon Singleton, Clerk to the Board**

**Beaufort County and  
City of Washington**

*Project Blue Goose  
Pronamic Industries, Oak Ridge Metal Works*

<u>Total Investment</u>	<u>\$9,400,000</u>	<u>Total Jobs</u>	<u>100</u>
Building	\$2,000,000	Oak Ridge	35
Retrofit	\$2,100,000	Pronamic	65
Machinery	\$5,300,000		

Pronamic Industries

Producer of glass and other media used in the filter industry.

Oak Ridge Metal Works

Machining & tooling company

Proposed Incentives    \$ 97,183 City  
                                      \$103,013 County

(see attached property tax calculations over a five (5) year period based on proposed investment)

City

1. Request City to provide an incentive based on a 5-year, 50% deal, i.e. for five years, provide a grant based on 50% of taxes paid.
2. Request City to hold a public hearing prior to the end of February.
3. Attorney to develop contracts/agreement between the City and the company.

County

1. Request County to provide an incentive based on a 5-year, 50% deal, i.e. for five years, provide a grant based on 50% of taxes paid and to provide land.
2. Request County to hold a public hearing for a. the incentives and b. the conveyance of land prior to the end of February.
3. Attorney to develop contracts/agreement between the City and the company.

# Beaufort County and City of Washington

## *Project Blue Goose*

Real Estate -	\$4,100,000
Machinery -	\$5,300,000
Jobs -	100

### Real Estate

<u>County</u>		<u>City</u>	
95% =	\$3,895,000		\$3,895,000
	x \$0.0053 Tax Rate		x \$0.0050 Tax Rate
	\$20,644		\$19,475
	x 5 Years		x 5 Years
	\$103,218		\$97,375
x 50% =	\$51,609	x 50% =	\$48,688

### Machinery

<u>County</u>		<u>City</u>	
90% =	\$4,770,000	x \$0.0053 =	\$25,281
81% =	\$4,293,000	x \$0.0053 =	\$22,753
74% =	\$3,922,000	x \$0.0053 =	\$20,787
65% =	\$3,445,000	x \$0.0053 =	\$18,259
56% =	\$2,968,000	x \$0.0053 =	\$15,730
			\$102,809
		x 50% =	\$51,405
			\$96,990
		x 50% =	\$48,495

### Local Incentives

<u>County</u>		<u>City</u>	
Real	\$51,609	Real	\$48,688
Machinery	\$51,405	Machinery	\$48,495
	\$103,013		\$97,183

**TOTAL** \$200,196



Beaufort County Economic Development, the City of Washington, Beaufort County and the North Carolina Department of Commerce, in a combined effort, are pleased to work with Project Blue Goose in your efforts to start and expand your manufacturing facility in Washington, NC. We understand from our conversation that Project Blue Goose is considering a large building in Lancaster, SC as an alternate location.

The proposed project represents a potential total investment of \$9.4 million in building purchase and retrofit, tooling and equipment and a potential total of 52 jobs created in the next three years.

Please understand that Beaufort County Economic Development, along with its partners, will provide the following assistance in support of your intention to locate this project in our county. A summary of the funding is included in Attachment A:

- 1) The team will assist Project Blue Goose in qualifying for Investment Tax Credits and Job Creation Tax Credits under NC Article 3J, as amended, estimated at \$475,000 in a Tier 2 county, which is based on anticipated machinery and equipment investments by Blue Goose of \$5.3 million and the creation of 52 jobs over a three year period.
- 2) The team will work with Blue Goose to secure training services through Beaufort County Community College, estimated at \$1,200 per job based on eligible activities and availability of funds.
- 3) The team will work with the North Carolina Department of Commerce to secure a One NC Fund grant in the amount of \$150,000 to support the location of the project in Washington, NC. This grant will include commitments by the company for job creation, investment and clawbacks if the project does not move forward as planned.
- 4) The team will assist and support Project Blue Goose in its efforts to access funds from the CDBG program through the North Carolina Department of Commerce in the amount of \$750,000 for ProNamics and \$320,000 for Oak Ridge Metal Works. (Note: The amount of the award cannot exceed 50% of the total renovation amount and is in the form of a forgivable loan.
- 5) The team, in collaboration with the Employment Security Commission, will use our collective best efforts to secure recruitment screening services and Job Link training assistance on behalf of Project Blue Goose.
- 6) The team will provide (to the extent possible) assistance to facilitate the permitting for this project.
- 7) The team will work to obtain approval from the Board of County Commissioners for a grant valued at 50% of the county taxes paid for a period of five (5) years, estimated to be \$103,013.
- 8) The team will work to obtain approval from the Washington City Council for a grant valued at 50% of the city taxes paid for a period of five (5) years, estimated to be \$97,183.
- 9) The team will work to obtain approval of a 3-year option on the land adjacent to the Quick Start II building for future growth.

The following are guarantees required for the first two years of operations and will be incorporated into a final definitive agreement between the governments and the company:

- 1) Project Blue Goose must begin their operations in 2013.
- 2) Project Blue Goose must create a minimum of 52 jobs in Beaufort County within a three (3) year period.
- 3) The median average wage paid by Project Blue Goose shall be at or above the median average wage in Beaufort County, unless the company receives a wage waiver from the North Carolina Department of Commerce.

Attachment A

Incentives Summary

Incentive	Amount
One NC Fund	\$150,000
CDBG – ProNamics County Application	\$750,000
CDBG – Oak Ridge City Application	\$320,000
City of Washington Grant (proposed) (Based on project investment of \$9.4 million)	\$97,183
County of Beaufort Grant (proposed) (Based on project investment of \$9.4 million)	\$103,013
Training Services (52 jobs x \$1,200)	\$ 62,400
ESC Recruitment & Screening Services	TBD
<i>Total Grants/Loans</i>	<i>\$1,482,596</i>
3J Tax Credits	
Jobs Creation (100 jobs x \$5,000) potential	\$500,000
Machinery & Equipment (5%) potential	\$215,000
<i>Total Tax Credits &amp; Services</i>	<i>\$715,000</i>
<b>Grand Total</b>	<b>\$2,437,596</b>

## Blue Goose IMPLAN Impact

February 4, 2013

The anticipated addition of 65 employees to ProNamics will create a total of 159 jobs in Beaufort County and the addition of 35 employees to Oak Ridge will create a total of 86 jobs in the county, for a total of 245 jobs. This addition in employment will generate \$8.9 million in labor income, \$17.0 million in value added, and \$80.1 million in output generated in the county.

For the impacts, it was assumed that every employee made \$15 per hour and that each employee received an additional 20 per cent in benefits for employee compensation.

### New Employers

ProNamics				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	65	\$2,449,650	\$5,064,143	\$37,839,364
Indirect Effect	66.3	\$2,486,714	\$4,379,413	\$11,389,731
Induced Effect	28	\$834,686	\$1,613,735	\$2,831,286
<b>Total Effect</b>	<b>159.3</b>	<b>\$5,771,049</b>	<b>\$11,057,290</b>	<b>\$52,060,381</b>

Oak Ridge				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	35	\$1,319,042	\$2,726,846	\$20,375,044
Indirect Effect	35.7	\$1,339,000	\$2,358,146	\$6,132,933
Induced Effect	15.1	\$449,446	\$868,934	\$1,524,539
<b>Total Effect</b>	<b>85.8</b>	<b>\$3,107,488</b>	<b>\$5,953,926</b>	<b>\$28,032,515</b>

### Employer Summary

Summary Impact				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	100	\$3,768,692	\$7,790,989	\$58,214,408
Indirect Effect	102	\$3,825,714	\$6,737,559	\$17,522,664
Induced Effect	43.1	\$1,284,132	\$2,482,669	\$4,355,825
<b>Total Effect</b>	<b>245.1</b>	<b>\$8,878,537</b>	<b>\$17,011,216</b>	<b>\$80,092,896</b>

Summary Multipliers				
Impact Type	Employment	Labor Income	Value Added	Output
Total Area	2.45	2.36	2.18	1.38

### IMPLAN Terms

1. **Output** – The value of production or sales by industry for a given time period.
2. **Employment** – Total wage and salary employees as well as self-employed jobs in a region. It includes both full-time and part-time workers and is measured in annual average jobs.
3. **Value Added** – Consist of employee compensation, proprietary income, other property income, and indirect business taxes.
4. **Labor Income** – A component of value added but is provided separately so that wages and benefits earned by employees might be compared by industry.
5. **Direct effects** – The changes that occur in the industry immediately affected by the project or event.
6. **Indirect effects** – The changes that result as industries conduct business with one another.
7. **Induced effects** – Measure household spending as a result of wages earned from the direct and indirect effects.

### About IMPLAN

BBR used the economic modeling software IMPLAN (Impact Analysis for Planning), the most widely used impact software among research universities, to perform this analysis. IMPLAN is an input/output (I/O) software system created by the Minnesota Group, Inc (MIG), under the guidance of Scott Lindall and Doug Olson. I/O accounting is used to demonstrate how one or more changes in demand or production creates a series of changes to all other sectors of the economy. Data representing a change in production or employment, regional purchases, or household income is input into the model and IMPLAN then generates outputs that show the relationships of these changes to each industry in the region.

Data within the IMPLAN model comes from several different sources and is updated annually. The main data sources are BEA Covered Employment and Wages, BEA REIS data, BEA output data, National Income and Product Accounts, BEA Current Benchmark I/O Study and the Consumer Expenditure Survey. IMPLAN uses over 500 "sectors" based on the North American Industry Classification System (NAICS) to categorize industries and government agencies.

The basic foundation of any input/output model is the concept of multipliers. Multipliers are used to show the per unit relationship between the effect that a change in demand or production has on various economic sectors. The IMPLAN model incorporates three basic sets of multipliers; total industry output, employment and value added. Within each of these sets of multipliers are three different types of multipliers; direct, indirect and induced effects. Output multipliers measure the value of production or sales for a given industry. Employment multipliers measure the total number of full-time equivalent jobs created within each industry. Total value added multipliers represent wages, property income and indirect business taxes created by the industry. Direct effects are the changes that occur in the industry that is immediately affected by the project or event. Indirect effects, or supplier effects, are the changes that result as industries conduct business with one another. Induced effects measure household spending as a result of wages earned from the direct and indirect effects.

## Blue Goose IMPLAN Impact

February 4, 2013

### Construction

The proposed Blue Goose construction will result in 27 jobs in Beaufort County and 1 additional job in the surrounding counties, for a total of 28 jobs in the area. The construction project will generate \$825 thousand in labor income, \$1.2 million in value added, and \$2.9 million in output in Beaufort County and the contiguous counties.

Beaufort County				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	19.8	\$598,804	\$778,154	\$2,100,000
Indirect Effect	2.9	\$76,475	\$140,719	\$267,827
Induced Effect	3.8	\$106,036	\$219,011	\$361,797
<b>Total Effect</b>	<b>26.5</b>	<b>\$781,315</b>	<b>\$1,137,884</b>	<b>\$2,729,624</b>
Contiguous Counties				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0.4	\$17,142	\$27,192	\$55,300
Induced Effect	0.8	\$26,521	\$50,979	\$84,654
<b>Total Effect</b>	<b>1.3</b>	<b>\$43,663</b>	<b>\$78,171</b>	<b>\$139,954</b>
Total Effect				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	19.8	598,804.0	778,154.0	2,100,000.0
Indirect Effect	3.3	93,617.0	167,911.0	323,127.0
Induced Effect	4.6	132,557.0	269,990.0	446,451.0
<b>Total Effect</b>	<b>27.8</b>	<b>824,978.0</b>	<b>1,216,055.0</b>	<b>2,869,578.0</b>

The addition of \$5.3 million in new machinery was not included in the impact because it is assumed that the machinery would come from outside the impact area.