

6/9/09

Oconee County Council

Presentation by the
Economic Development Commission
June 2009



Agenda

- Review Mission
- Review Spec Building Opportunities & Options

The Oconee County Economic
Development Commission Mission

*Improve the Quality of life for citizens
of Oconee County by providing a
Diversified Economy that attracts
Industrial Growth and fosters
Industrial Retention*

Oconee Spec Building

- Oconee County needs product (buildings and industrial sites) to attract investments and jobs
- A building is as important for how many prospect visits it attracts as it is for its eventual sale.

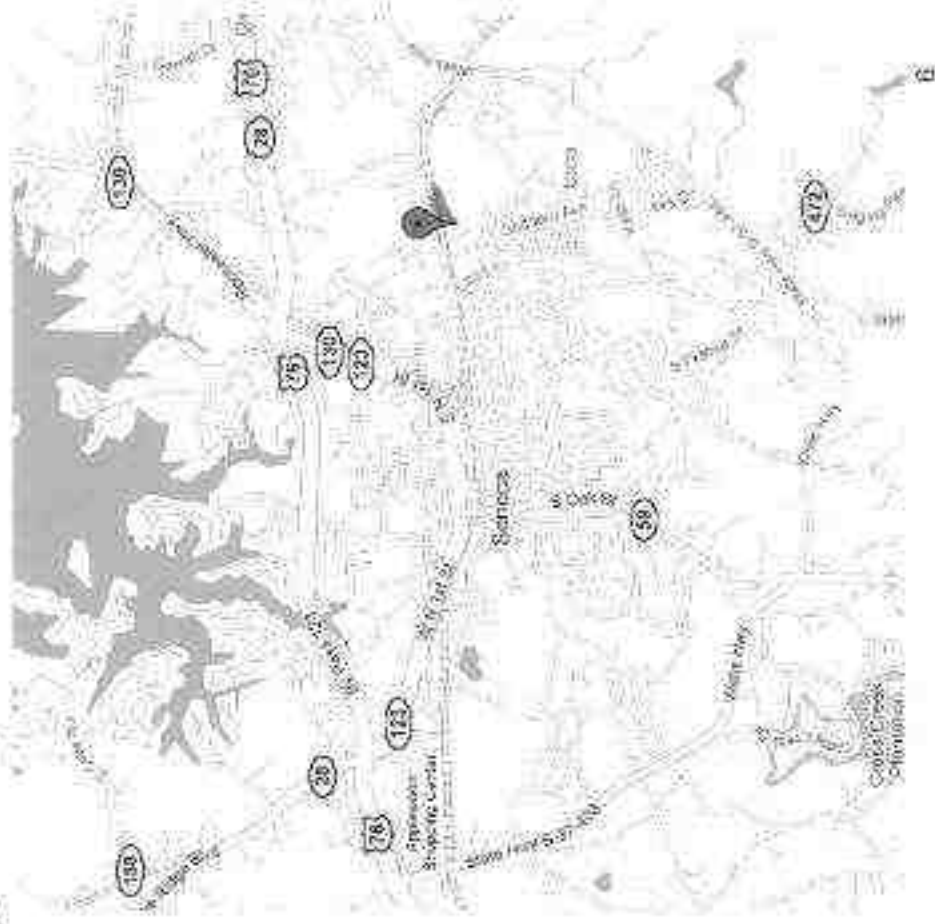
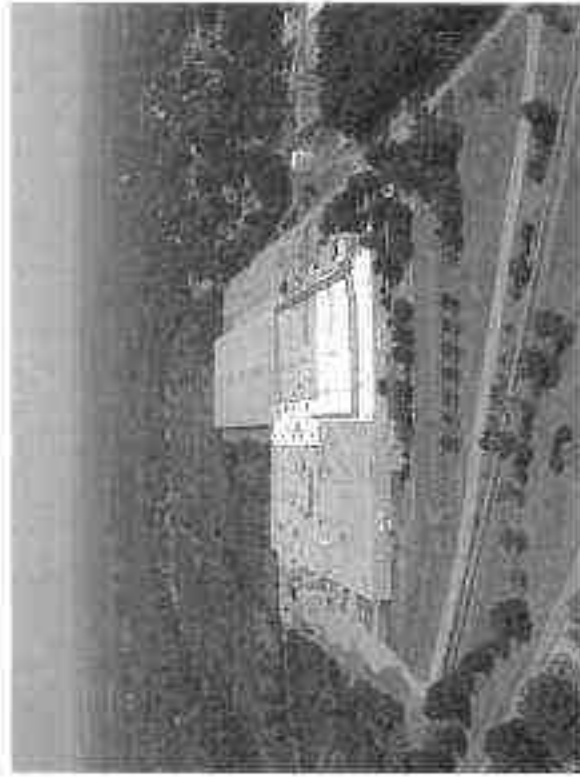
Oconee County Building “Products”

- Buildings currently available to Industrial Prospects are very limited:
 - Propex facility in Seneca, 423,000sf
 - Valenite on Highway 11, 21,500sf
 - Piedmont Home Textiles, Walhalla, 167,000sf

- All are “old” in the eyes of consultants and prospects and have very limited appeal. The County has no control over possible users but also no financial risk.

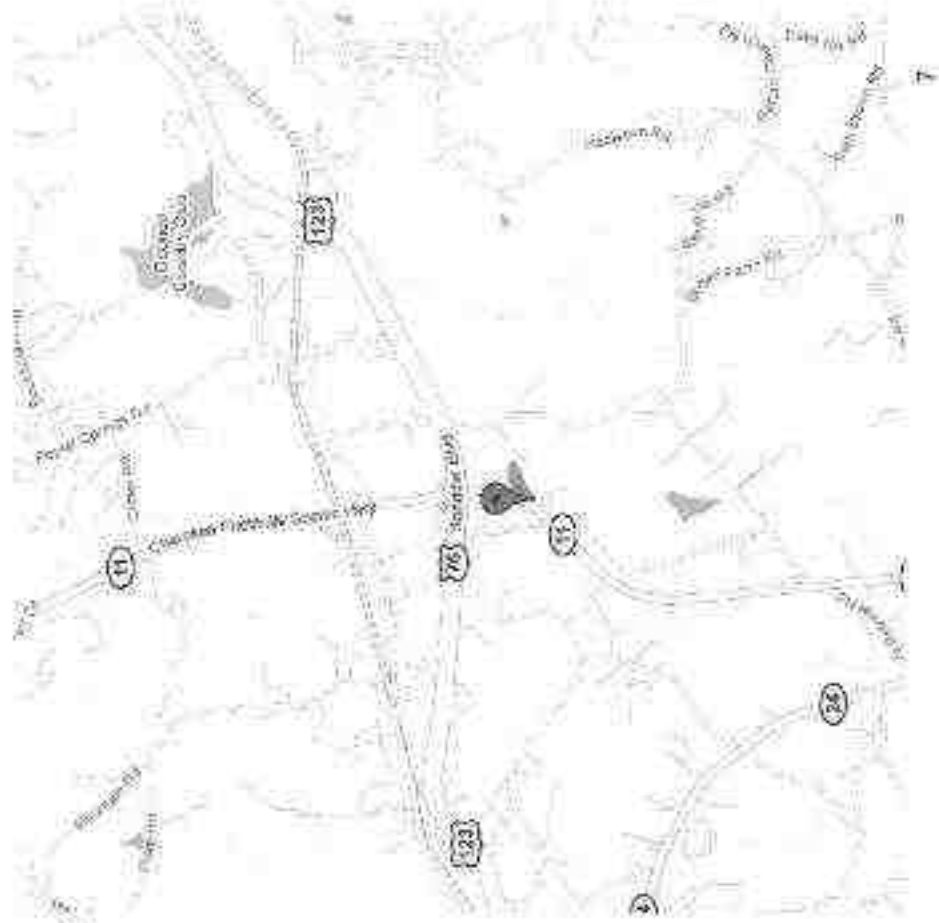
Oconee County Building “Products”

- Propex Building (Pending Sale)
- Located in Seneca
- 423,000sf
- Sale price \$2,975,000



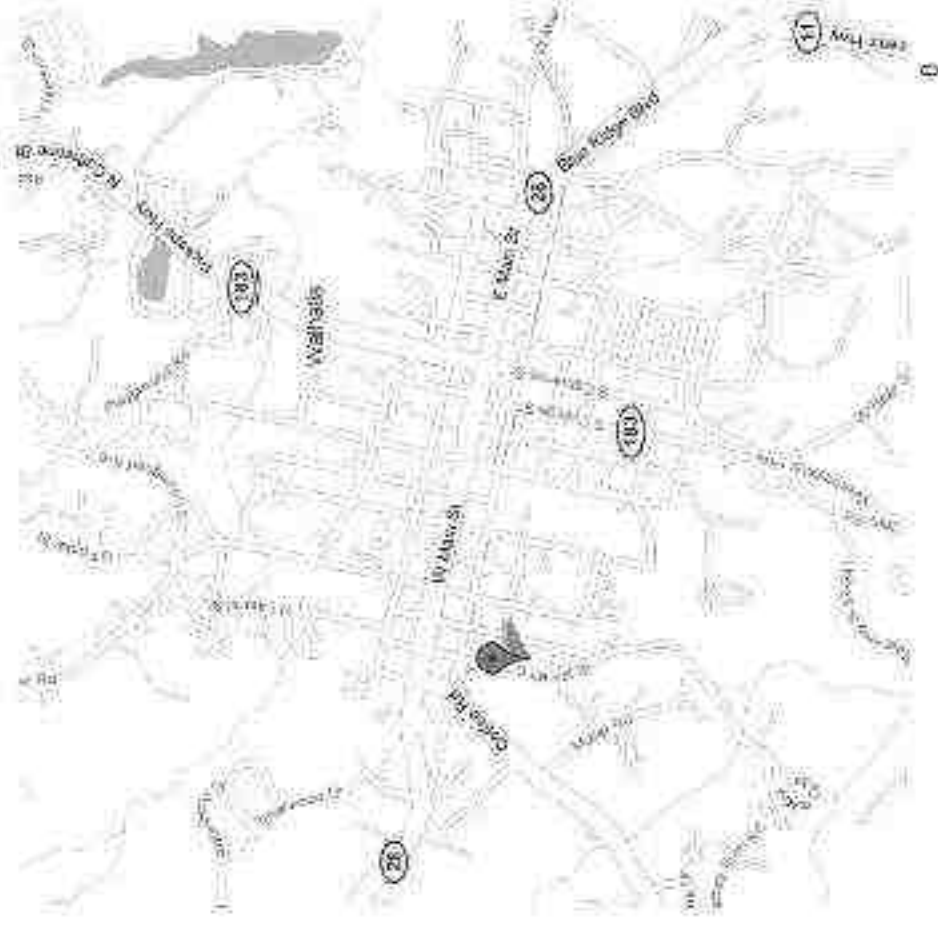
Oconee County Building “Products”

- Valenite (Pending Sale)
- Located near U.S. Engine Valve on Highway 11
- 21,500sf
- Sale Price \$579,000



Oconee County Building "Products"

- Piedmont Home Textiles
- Located in Walhalla
- 167,000sf
- Sale price \$700,000



Importance of Oconee County Commerce Center - Our First Industrial Park

- Jobs: Created/saved approximately 130 jobs that average approximately \$13/Hr
 - Approximately \$3.7M in wages/year
 - 50 more announced + \$1.5M in wages/year
- Investment: Approximately \$15.0M
- Taxes/Fees Paid:
 - ITT - \$61,975.05
 - Lift-Tek - \$14,666.26 (paid by Lift, LLC)

How Can We Provide Product?

- Buy an existing structure and upgrade
- Encourage a developer to build a facility
- Build a spec building
 - County Built and Owned
 - County carries risk
 - More control over user
 - Partner with Developer
 - Less risk if building sells quickly
 - Perhaps less control over user
 - County may have to purchase at some time point (2-3 years)

Oconee Spec Building Opportunities

- The base for financing a spec building in the Oconee County Commerce Center can best be accomplished using the proceeds of prior economic development successes.
- The building should be completed and sized so as to best attract potential projects to look in Oconee County.

Oconee County's First Spec Building

- ❑ Built in 2004
- ❑ 40,000sf
- ❑ 28 ft clear ceiling height
- ❑ 4 truck docks & 1-drive-in door
- ❑ Small paved parking area and limited landscaping
- ❑ On the market for approximately 23 months
 - National average 35 months

Oconee Spec Building- Then and Now

2004



2009



Oconee Spec Building Location

- ❑ Existing site location – 19 acres available
 - Close to shovel-ready
- ❑ Oconee County Commerce Center Hwy 11
- ❑ Infrastructure already available
 - Water – 8” line
 - Sewer – 8” line
 - Blue Ridge Electric Co-op service area
 - Fort Hill Natural Gas Authority service area
 - Paved and curbed road and lighting in place

Oconee Spec Building Parameters

- 50,000 sq ft (+/- 5000sf) expandable to 150,000 sq ft
- 32 feet clear under beam
- Tilt up concrete slab
- Level of construction
 - 3 truck docks & 1 drive-in door
 - Small paved parking area and limited landscaping
 - 4 walls & a roof, no floor (do not know final use)
- Approximate cost - \$1,800,000

Possible New Spec Building Site – OCCCC on Highway 11





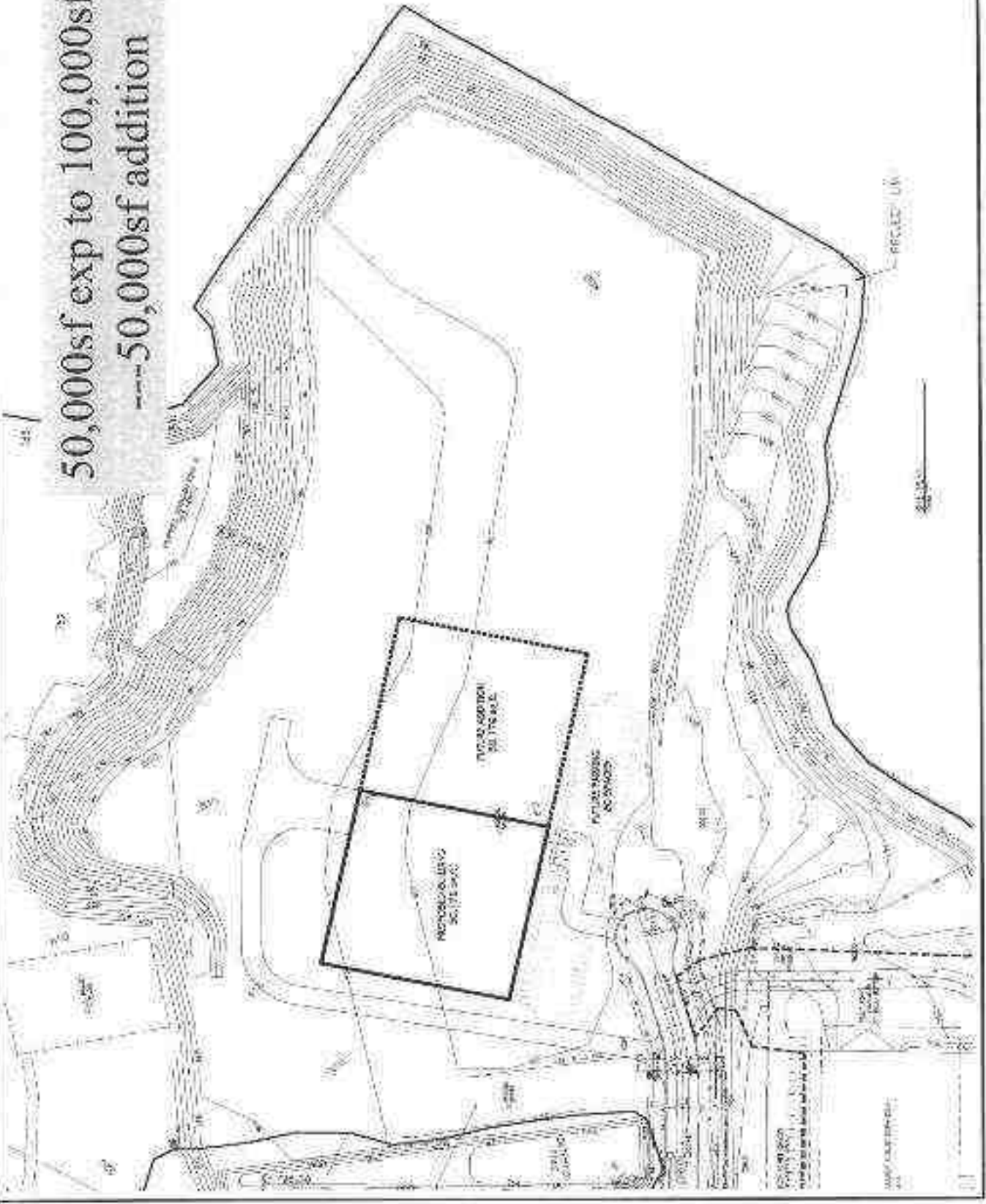
NO. 1	DATE	DESCRIPTION

PROJECT NO.	
DATE	

PROJECT 807
WESTERN NATURAL SOUTH CAMPUS, NC

DATE: 05/01/14
DRAWN BY: JRS
CHECKED BY: JRS
DATE: 05/01/14
AS-01.0

50,000sf exp to 100,000sf
 ---50,000sf addition



1/4" = 1'-0"

01

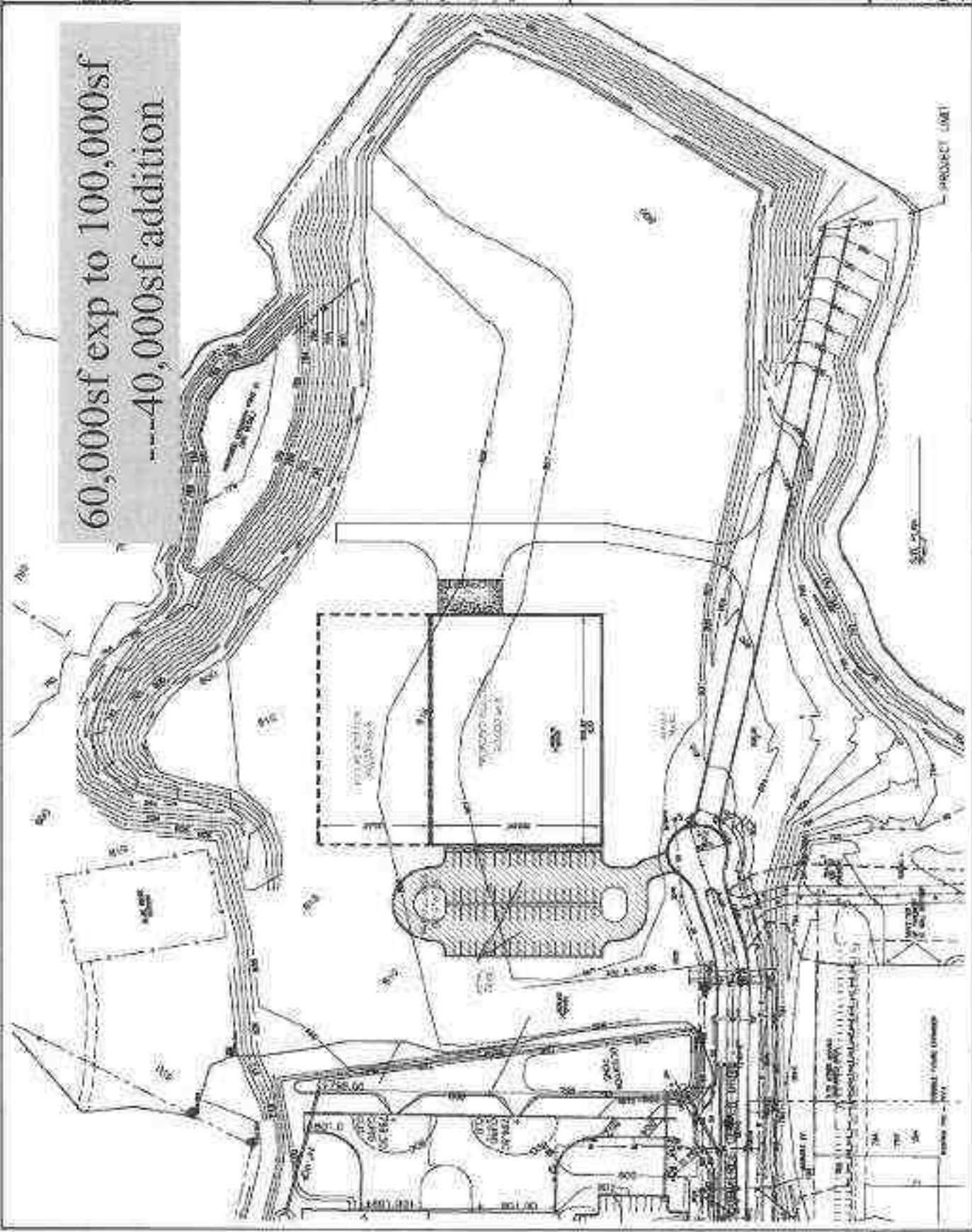


NO.	DATE	REVISIONS

WESTWIND SOUTH CENTER
 PROJECT 80

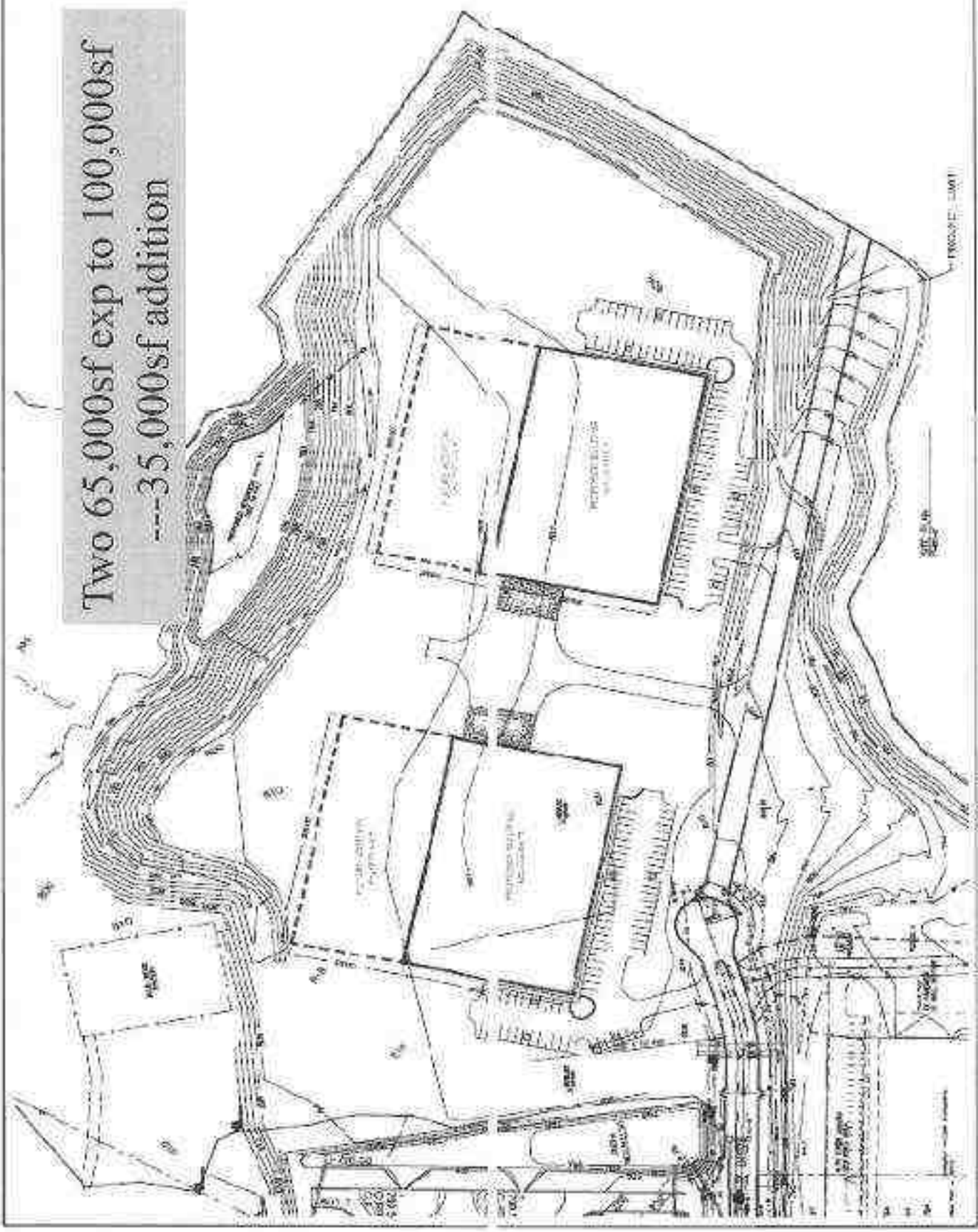
AS-01a
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60,000sf exp to 100,000sf
 ---40,000sf addition



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Two 65,000sf exp to 100,000sf
---35,000sf addition



PROPOSED LOT

PROPOSED LOT

PROPOSED LOT

PROPOSED LOT

PROPOSED LOT



PROJECT NO.	100-000000
DATE	10/10/00
SCALE	AS SHOWN
PROJECT	100-000000
DATE	10/10/00
SCALE	AS SHOWN

PROJECT NO. 100-000000
DATE 10/10/00
SCALE AS SHOWN

100-000000
AS-01
10/10/00

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Spec Building Funding Possibilities

- Prior Spec Building sale proceeds \$770,000
- A mix of Special Source Revenue Bonds, Utility Tax Credits, Local Bank Loans, Infrastructure Line Item Reserves \$1,030,000
- Total \$1,800,000

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Spec Building Funding

- Special Source Revenue Bonds
 - Paid from Fee-In-Lieu-Of-Tax (FILOT) revenue from prior successes
 - Proposal – base payments of 14% of the revenues for 10 years received from the recent Sandvik Valenite, Borg Warner, Itron, Lift-Tek, I TECH South, Johnson Controls and Timken Fee Agreements
 - If building sells before principal payments due, early payment of bond is possible.

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Spec Building Funding

Fees chosen are those not yet budgeted by the County.

- | | |
|--|---------------------|
| <input type="checkbox"/> Sandvik Valenite | \$135,000/yr |
| <input type="checkbox"/> BorgWarner | \$50,000/yr |
| <input type="checkbox"/> Itron | \$100,000yr |
| <input type="checkbox"/> Timken | \$102,000/yr |
| <input type="checkbox"/> Johnson Controls | \$52,500/yr |
| <input type="checkbox"/> Lift-Tek | \$72,500/yr |
| <input type="checkbox"/> I TECH South | \$30,000/yr |
| <input type="checkbox"/> Total | \$542,000/yr |
| <input type="checkbox"/> 14% of annual receipts equals | \$75,880/yr |

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Spec Building Funding Possibilities

- Public utilities can make grants to the County to acquire and establish Industrial Parks
 - Blue Ridge Electric Co-op, \$600,000 over 5 years, \$240,000 already in bank
 - AT&T, \$130,000 already in bank
- These grants should be used for construction of a spec building, and road, water or sewer extensions within the park

Developer Owned and Financed Spec Building – Option 1

	2009	2010	2011
Cost to Build	1,800,000		
Financing: Terms: 6.5%/year + 1.5%	1,800,000	1,800,000	1,800,000
Interest Accrued on Financing	118,800	149,705	275,386
Additional 1.5% Fee	27,000	27,000	27,000
Price to Purchase	1,945,800	1,976,705	2,105,386

Note: Utility Tax Credit monies cannot be used in this situation. This money must be returned or redirected to another economic development related project that is approved the utility providing the UTC funding.

County Owned & Financed Spec Building – Option 2

	2009	2010	2011	2012
Cost to build	1,800,000			
LTC Funds	370,000	120,000	120,000	120,000
EDC Infrastructure Line	240,000	440,000	440,000	30,492
Financing 4%	1,190,000	677,600	144,704	0
Interest Accrued on Financing	47,500	27,164	5,788	0
Total Financing	1,237,500	704,764	150,492	0
Sale Price to Recoup Cost	1,477,500	1,384,764	1,270,492	1,150,492
Profit If Sold @ 1.5M	302,400	415,200	529,500	649,500

County Owned Spec Building – Option 3

	2009	2010	2011	2012
Cost To Build	1,800,000			
EDC Infrastructure Line	1,450,000			
LTC Funds	370,000	120,000	120,000	120,000
Sale Price to Recoup Cost	1,450,000	1,310,000	1,190,000	1,070,000
Profit If Sold @ 1.2M	270,000	490,000	810,000	730,000

Oconee County Spec Building Fees

- Phase I - Schematic
 - No Cost (COMPLETED)
- Phase II - Design Development
 - \$3,000
- Phase III - Construction Documents
 - \$26,000 or 3% whichever is less
- Phase IV – Construction (6-8 Months)
 - 4%

Conclusion

- Proceed with next step in the contracting process to get “definite” cost.
- If cost is “reasonable” proceed with Option 3 which uses UTC funds and “saved” Infrastructure Line Item funds – a County funded Spec Building.
- Option 2 is also a contender by using loans from local banks, UTC funds and EDC Infrastructure Line Item Funds.
- Option 1 is not recommended at this time.

recycling



Johnson Controls Building Battery Recycling Plant in S.C.

By:

June 2006

URL: <http://www.recyclingtoday.com/articles/article.asp?ID=8240&CatID=&SubCatID=>

The Florence County (South Carolina) Economic Development Partnership and North Eastern Strategic Alliance announced that Johnson Controls plans to build an automobile battery recycling facility in Florence, S.C. The facility is expected to represent a capital investment of more than \$100 million and create 250 new jobs.

Johnson Controls' Power Solutions business supplies automotive batteries, provides hybrid battery systems, and is involved in closed-loop automotive battery recycling.

"The proposed Florence facility will be the most innovative battery recycling operation in the world," said Alex Molinaroli, president for Johnson Controls Power Solutions. "Our closed-loop system is state-of-the-art in terms of environmental controls, conforming well within all federal, state and local environmental regulations."

"In today's highly competitive global economy, our state's ability to attract new jobs and investment is critical. Today's announcement is certainly an indication of our success in that regard. As well, this news is a reminder of the importance of focusing our efforts on improving the business climate here with fundamental reforms that encourage economic growth. We remain committed to continuing these efforts to encourage growth and create opportunity for more South Carolinians while helping companies like Johnson Controls be more competitive during these challenging times," said Gov. Mark Sanford.

Johnson Controls' new facility in Florence will include plans to develop about 36 acres for its facility and parking, leaving the remaining acreage undeveloped. Portions of the site will be permanently protected through a conservation easement.