

ReBuild New Hanover County

*Bringing Water & Sewer
to the US 421 Corridor*

Beth Schrader

Lisa Wurtzbacher



April 23, 2015



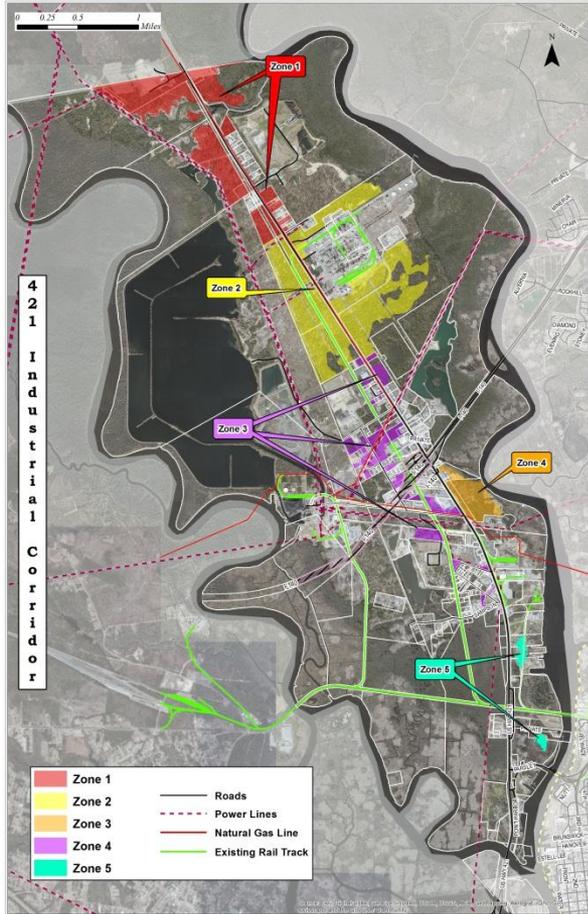
Administration – County Manager's Office
New Hanover County

Your Questions From Last Session

- 1) If we build it, will they come?
 - What could the projected development pattern look like?
 - When might we see sufficient investment?
- 2) Is there sufficient design capacity to meet the projected growth?
- 3) What options exist to pay for the project?



US 421 Corridor



Zone	Immediately Develop. Acres	Illustrative Industries
1	384 Acres	Food Processing; Precision Mfg.; Cold Storage
2	420 Acres	Distribution; Heavy Equip., Pet Food, Pharma, Chemical, Precision Mfg.; Injection Molding; Boat Bldg.
3	67 Acres	Tool & Die; Metal Fabrication; Cold Storage
4	98 Acres	High Value Office Ops. / HQ
5	13 Acres	Service Companies; Small Warehouse facilities; Boat Bldg.

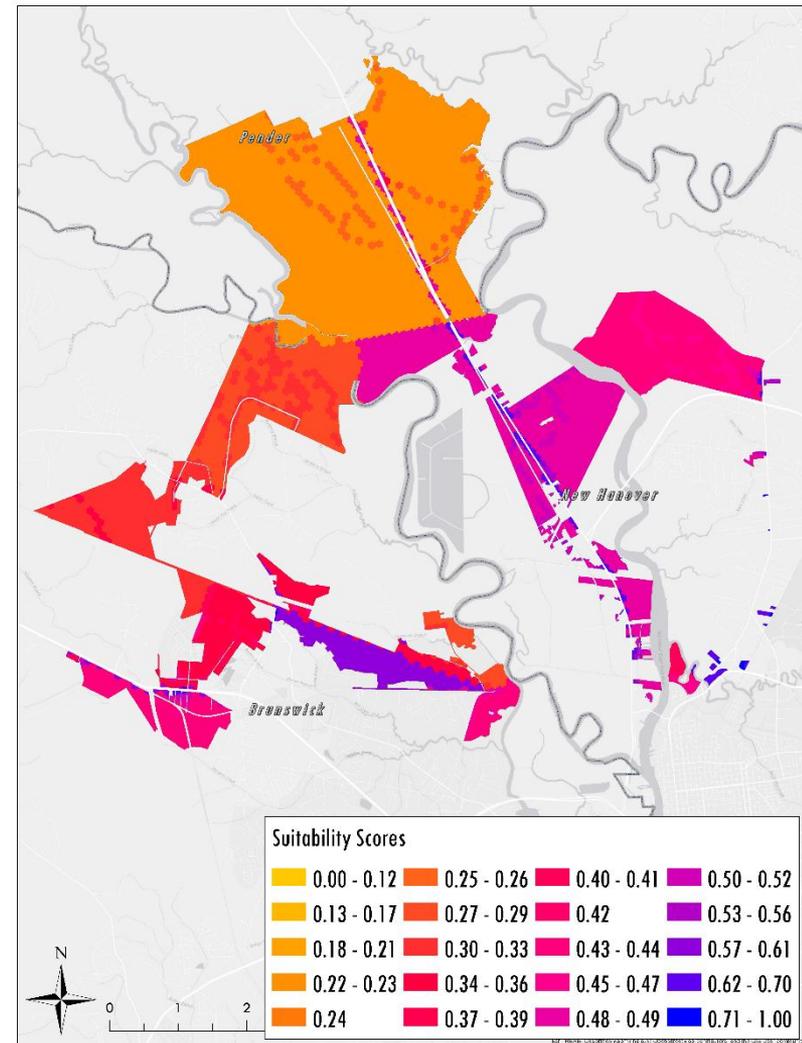
April 23, 2015

Slide 3



Model Assumptions

- Uses regional industrial forecasts from FOCUS project
- Weights suitability of 421 sites relative to other NHC, Pender and Brunswick sites
- Investment value estimated based on appraised value / acre and floor-to-area ratios



Administration – County Manager’s Office

New Hanover County

Model Limitations

- Reflects existing industry mix / project size
- Future investment valuations based on existing industry appraisals
 - Understated / excludes business personal property
- Employment projections at aggregate level
 - Quantity and quality
 - Not by specific industry



Quality of Jobs

Job Type	Illustrative Industries	Average Earnings/Job*
Lower skill / technology Industrial	Self- storage warehouse	\$29,485
	Automotive parts, accessories	\$32,931
Higher skill / technology Industrial	Professional /Scientific Instrumentation	\$45,313
	Boat & Ship Construction	\$66,172
	Chemical Manufacturing	\$111,963
Commercial	Legal Services	\$59,893
	Medical and Diagnostic Laboratories	\$68,406
	Insurance and Employee Benefits Funds	\$132,687

*Garner Economics *Competitive Realities Report*



Projected Development Through 2040

	Do-Nothing Scenario		Investment Scenarios					
			Conservative		Most Likely		Optimistic	
Square Feet	478,750		957,505		1,816,263		2,675,022	
Jobs by Type								
Lower skill Industrial	239	100%	110	10%	209	10%	308	10%
Higher skill Industrial	0	0%	771	70%	1,462	70%	2,153	70%
Commercial	0	0%	220	20%	418	20%	615	20%
Total Jobs	239		1,101		2,089		3,076	



Estimated Investment Horizon

- 10% land value increase associated with W&S install
- Level of tax base investment needed for ad valorem to support debt service occurs after ~15 years
 - High-value industries accelerate this timeline

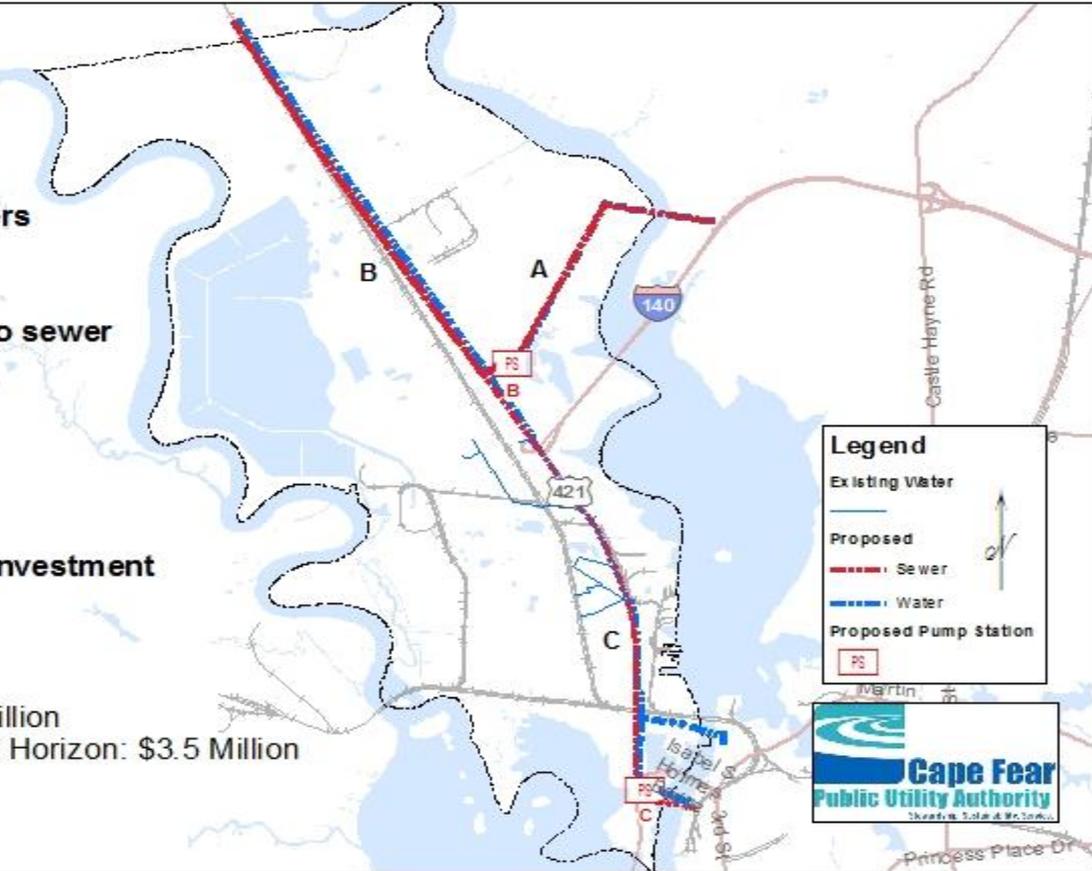
“Most Likely” Scenario

	Cumulative Assessed Tax Base (in millions)
Year 0	\$5.1
Year 5	\$48.0
Year 10	\$90.8
Year 15	\$133.6
Year 20	\$176.4



Primary Service Plan

- FM spine to serve customers by pressure connections
- Most parcels will connect to sewer via on-site private pumps
- Water spine to serve foreseeable demand
- Expandable with minimal investment for Buildout Horizon
- **Budgetary Estimate**
Primary Service Plan: \$12 Million
Future expansion to Buildout Horizon: \$3.5 Million



Estimated Project Cost

Leg A \$ 5.0 million (return loop)

Leg B \$ 4.5 million

Leg C \$ 2.5 million

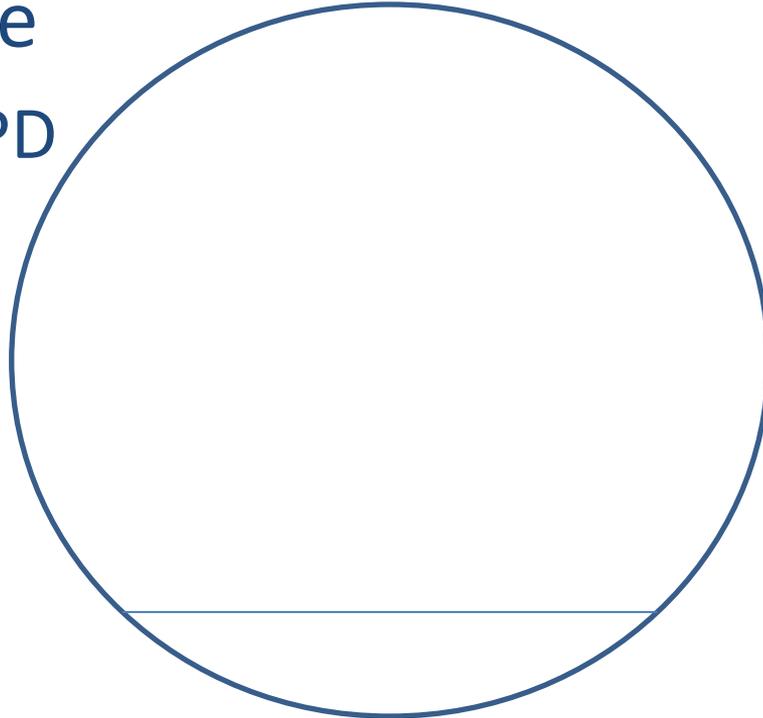
Total \$12.0 million



Is There Sufficient Design Capacity?

12" water line

- 1 million GPD



Existing Demand
~185,000 GPD

Available Capacity
815,000 GPD

Illustrative example:

- 400K GPD large chemical mfg.
- Four 60K GPD small or precision mfg.
- Six 20K GPD R&D or process design facilities
- Equivalent of 2,200 employees for warehouse, distribution and logistics, high value office, headquarters type operations



Other Funding Opportunities

Grants:

- Staff reviewed various grant opportunities
- Many not viable due to purpose of grant or requirement criteria of grant
- Possible opportunity for EDA grant

Loans:

- Other state loans available but most do not meet the needs for this particular project
- Will continue to search for possible low rate loan opportunities



Traditional Funding Option

Estimated Project Cost: \$12 million

Term: 20 years

	Limited Obligation Bonds (LOBs)
Est. Interest Rate	3.267%
Est. Total Debt Service	15,957,129
Annual Avg. Debt Service	\$797,856
Required Investment for NHC Property Tax to Cover Annual Avg. Debt Service	\$144,017,409



Traditional Funding Option

Impact on Debt Policy Limitations

	Estimated Impact	2016 Projected
Average Increase in Debt Service	\$797,856	n/a *
Impact on debt per capita	55	2,044
Impact on debt to assessed value	0.10%	1.5%
Impact on debt service to Operational Expenditures	0.3%	17.7%

* No impact in fiscal year 2016. No debt service expected until fiscal year 2017.

