

First Things First

► C100 FEATURED IN 2007 EDITION OF "LEE COUNTY LIVING" MAGAZINE. The Committee of 100 was featured in this year's edition of "Lee County Living," an annual



magazine published by The Sanford Herald and the Sanford Area Chamber of Commerce. Titled "ECON 100," the article focused on the group's educational mission.

Other features included a look at the Heart of Carolina Jazz Orchestra, firefighters training at a "live burn," students creating pottery and volunteers working behind the scenes on this year's Lee County Centennial. Copies are available from the Sanford Area Chamber of Commerce.

► EDC BOARD VISITS WATER AND SEWER PLANTS. Economic leaders toured the Sanford water and sewer plants in recent months to examine their current capacity and future needs. Given projected growth in the area, they were told, more water and sewer capacity will be needed by 2014, with a new or expanded plant.

Inside this issue

2 The idea that incentives simply give money to companies, says Donny Hunter, is an economic myth.

3 Area business expansion continues with Hydro Tube South moving to Sanford and Solus buying buildings.

No. 23 ■ SPRING 2007

100 Economic Indicators

The Incentive Game

They're one key to attracting investment and jobs

ASK MOST PEOPLE, even business recruiters, and you'll find frustration over incentives. Financial packages for new and expanding businesses may not be what everyone prefers, but they're how the economic game is played worldwide.

Incentives aren't the most important part of the location equation; the workforce, sites and market accessibility are more urgent. But when businesses are poised to invest millions of dollars in a community, receiving an incentive during those risky initial years can make or break the deal.

The Lee County Policy

Incentives vary from place to place, but local governments consider each project on a case-by-case basis.

To be considered at all, a company new to Lee County must make a capital investment of at least \$5 million in the community — or \$1 million for expanding local companies — and must create or retain jobs that pay *at least* the average wage for similar jobs in the county.

If they do that and meet several other requirements, they can be considered for an incentive package that typically has been valued at 50 percent of the property taxes actually paid for no more than five years.

But no offer is automatic, and no terms are set up front in stone.

Making Incentives Work

Though incentives can be confusing and frustrating, they also can help communities prosper. Over time, most companies return far more financially than they ever received in grants, and working to ease the burden on new and expanding companies helps create a favorable business climate that attracts even more investment and jobs.

John Daniel, president of the Lee County Economic Development Corp. points out that incentives are usually good for all.

"They're investments, not costs," he explains. "Costs are something that's written off and then the money's gone. That's not what incentives are at all."

"These are real investments that give returns on the money and improve life for all of us."





DONNY HUNTER

The Incentive Myths

A multi-million dollar company is considering locating in Lee County, creating hundreds of well-paying jobs, expanding our tax base, and boosting the overall county economy by stirring growth in construction, suppliers, retailers, restaurants and other service providers.

There's one catch: The company wants Lee County to refund 50 percent of the taxes it will pay over its first five years or it will not come.

Let's make it your call. What would you do?

It's a myth that companies receiving incentives are simply given money, and if they leave or fail, taxpayers are stuck with the tab. In fact, taxpayers are never at risk, because the company only gets back a portion of the new taxes it pays. If the company pays no taxes, it receives nothing in return.

It is *not* a myth that, to be competitive in today's business environment, keeping and attracting businesses requires granting incentives. Your EDC and your elected officials in Lee County, Sanford and Broadway would be happy to stop granting incentives. We will, if our competitors will.

The real choice we face is whether to grant incentives or sit on the sideline and watch others compete for companies we want *and need* here in Lee County.

I respect those who speak against incentives as a principled position, because they believe the government has no role in supporting private business. But that's not viable the way business currently works worldwide.

Still, we are *always* open to new ideas that keep our county firmly in the competition.

Donny Hunter is president-elect of Lee County Economic Development

Economic forecaster tells C100 growth is ahead for nation, state

Slow growth in the national economy so far this year will pick up steam in the coming months, and the United States should experience more than 3 percent growth in its gross domestic product next year.

Those were some of the predications made by economic forecaster James Kleckley, who gave his latest forecast to about 125 members and guests at the Committee of 100 luncheon on May 3 in Sanford.

Hitting a few high points in his analysis, Kleckley said that national spending will rise slightly, the employment rate will remain steady and trouble in the U.S. housing market may continue, but is close to bottoming out. If oil prices become stable, he believes, inflation will, too.

Other high points of his presentation:

▶ *Don't assume the local economy will act like the state and national economies.*

Though they're tied together, Lee County is structured differently from other counties, largely because of its manufacturing base. So, what you see on the news may not be what's really happening here.

▶ *Growth depends, in part, on what community leaders do to help their economies perform.* Knowing what competitors are



James Kleckley

doing and then adopting a "proactive" position to attract business can help counteract broader economic forces.

"What you have in a local area really is the ability to change things," Kleckley said. "We don't have the ability to affect interest rates. We don't have the ability to affect oil prices. But we do have the ability to affect what goes on around us."

Coming to C100 on June 20

Howard Lee, chairman of the North Carolina State Board of Education, will outline what expectations we should have for our students.

THE REGION AT A GLANCE

Good Fortune! When The Pantry Inc. moved into this year's Fortune 500 list of America's largest companies, it became the ninth member to have significant business operations in Lee County.

- 55 **Caterpillar.** Produces compact construction machines.
- 86 **Tyson Foods.** Prepares Mexican food specialties.
- 97 **3M.** Makes static shielding and moisture barrier bags.
- 113 **Wyeth.** Manufactures pediatric vaccines.
- 256 **Alltel.** Provides a variety of data and telecommunications services.
- 258 **Tenet Healthcare.** Operates Central Carolina Hospital.
- 294 **Fortune Brands.** Makes plumbing fixtures in its local Moen plant.
- 432 **Pilgrim's Pride.** Produces chicken products.
- 436 **The Pantry.** Operates a chain of convenience stores.

Economic Indicators

Economic Indicators is a quarterly newsletter of the Lee County Committee of 100, an organization of business men and women committing their time, energy and resources to enhance the economic well-being of Lee County and its citizens.

For information about membership, contact the Lee County Committee of 100 Inc., P.O. Box 4846, Sanford, N.C., 27331-4846. 919-774-8439 (phone). 919-775-5410 (fax). info@lcedc.com (e-mail). News and letters for *Economic Indicators* may be sent to the editor at news@lcedc.com.

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Hydro Tube South moving to Sanford

Hydro Tube South LLC, a company specializing in fabricating and bending metal tubes, has purchased the former Gaylord Building near U.S. 421 in Sanford and plans to relocate there from its existing facility in Pittsboro.

The move comes soon after Hydro Tube Corp., which also operates a flagship facility in Oberlin, Ohio, was purchased by Rhenium Alloys, a company based in Elyra, Ohio.

When the move is complete Hydro Tube South will have doubled its manufacturing space to 60,000 square feet. According to information published by the Chatham County Economic Development Corp., the company currently employs 18 people.

Its new owner, Rhenium Alloys, is a leading manufacturer of refractory metals and specialty fabricated products. It produces metal products, quartz halogen lamps, metallizing supplies and fabricated components.

More information about Hydro Tube South is available at www.hydrotube.com.

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Solus purchases Parkdale buildings

Solus, A System Plast Group Company, has purchased two buildings on U.S. 421 North in Sanford as part of its ongoing expansion project.

The two adjacent, red brick buildings were formerly used by Parkdale Mills, which continues to produce yarn in a separate facility across the highway.

Solus' expansion is expected to create 160 new jobs and include a local investment of \$4.25 million over the next

REVOLUTIONARY REMEMBRANCE



The remains of Revolutionary War Patriot Jacob Gaster were laid to rest outside the Lee County Courthouse on April 29 during a reinterment ceremony sponsored by the Committee of 100. Gaster, who was captured and held on a British prison ship during the struggle for American independence, is the only known Patriot veteran buried in Lee County. His grave was moved from a remote area of SouthPark with military honors provided by The Old Guard, an honor guard from Joint Force Headquarters National Capital Region, based in Fort McNair in Washington. The ceremony was held as part of this year's Lee County Centennial celebration.

three years.

The company manufactures conveyor components and industrial parts, and currently employs roughly a dozen people working on Watkins Avenue.

As part of its expansion, Solus will combine its local operations with others relocated from a facility currently operating in Aston, Pa.

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Annual HR conference scheduled for June 14

A professional development conference sponsored by the Central Carolina Society for Human Resource Management will be held June 14 at Chef Paul's Café and Catering in Sanford. It is open to the public.

The event features a keynote address on leadership by Stephanie Durden and seminars on common OSHA violations, the Incumbent Workforce Development Program and professional certification. HRCI certification credits are offered.

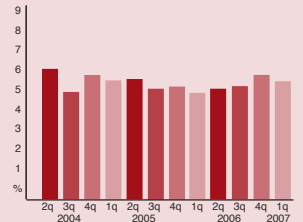
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Dianne Reid to direct Chatham County EDC

Dianne Reid has been named executive director of the Chatham County Economic Development Corp. and is scheduled to begin her new position in mid-June.

Reid currently leads the economic development effort in Orange County, where she has worked for eight years.

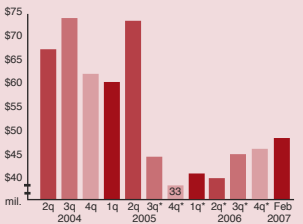
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unemployment



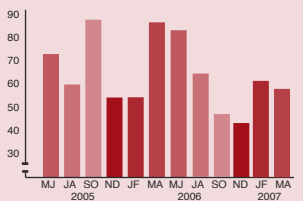
Lee County unemployment dropped to 5.3 percent in March, the most recent data available, marking the lowest rate since May of last year. The labor force estimate stands at 26,733. The statewide seasonally-unadjusted rate dropped from 5.0 in January to 4.5 percent in March and April. *Data listed from the last month of each quarter.*

retail or taxable sales



Taxable sales for Lee County was estimated at \$48.28 million in February, the most recent report, continuing a sustained and steady rise. For Sanford: \$40.44 million. *Figures reported from last month of each quarter. *Due to changes in the state reporting methods, figures through the second quarter of 2005 report gross retail sales, while later figures are for taxable sales.*

building permits



Lee County issued an estimated 58 building permits for new residential construction in March and April combined, after 61 for the previous two months. *Figures show total permits issued over a two-month period from Lee County and do not include apartment or commercial construction.*

area industrial closings

American Performance Industries Inc., Sanford, March 2007, 52 people affected.

June 2007

5 Downtown Sanford Inc. Board.
8 a.m. Lee County EDC Office, 226 Carthage Street, Sanford. Contact David Montgomery, 919.775.8332 or downtown@sanfordnc.net.

5 Ten Steps to Starting a Business.
Jess McLamb of the Roper Group of Raleigh gives essential, straightforward advice on how to start your own business. 6:30 to 9 p.m. Dennis A. Wicker Civic Center, Sanford. Contact Betty Pace, CCCC Small Business Center, 919.774.6442 or bppace@cccc.edu.

6 Lee Co. Economic Development Corp. 8 a.m. Monthly meeting features an “insiders” tour of Central Carolina Hospital. Lee County EDC Office, 226 Carthage Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

14 CCSHRM June Conference.
The annual half-day professional development conference on human resources management features a variety

of topics and offers HRCI certification credits. 8:30 a.m. Chef Paul's Café, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

20 Committee of 100. “Public Education for the 21st Century.” State Board of Education Chairman Howard Lee discusses how the global economy and technology are changing the dynamics of education and what expectations we should hold for students. noon. Chef Paul's Café and Catering, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

July 2007

2 THE CENTENNIAL BIRTHDAY CELEBRATION FOR LEE COUNTY.
Music, dancing, games for children and even a Robert E. Lee Look-Alike Contest help commemorate Lee County's 100th birthday. 5 to 9 p.m. Depot Park, Sanford. Contact Lynn Veach Sadler, 919.499.9216 or lvsadler@alltel.net.

**FOCUS on Industrial Sites**

Wide open space awaits in the former Redman Building, a 125,400-square-foot insulated metal structure with out buildings on 45.96 acres near the U.S. 421 Bypass now under construction. For other available sites in Lee County, visit www.lcedc.com, click on “Buildings & Sites,” and select either buildings or sites.

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