

AGENDA
CARRBORO BOARD OF ALDERMEN
TUESDAY, DECEMBER 8, 1998
7:30 P.M., TOWN HALL BOARD ROOM

Approximate Time*

7:30 - 7:40 A. REQUESTS FROM VISITORS AND SPEAKERS FROM THE FLOOR

7:40 - 7:45 B. CONSENT AGENDA

(1) **Approval of Minutes of Previous Meeting:** December 1, 1998

(2) **Release of Economic Development Funds to Triangle J Council of Governments**

The Board is requested to consider adopting a resolution releasing \$971.93 appropriated by the 1997 General Assembly to Lead Regional Organizations to assist local governments with grant applications, economic development, and community development, and to support local industrial development activities and other activities as deemed appropriate by their local governments.

(3) **Appointment to Animal Control Board of Appeals**

There are currently two vacant seats on the town's Animal Control Board of Appeals. These positions have been advertised and the Town Clerk has received an application from Jane Touhey expressing interest in serving on this board. The Board is requested to consider appointing Ms. Touhey to one of these vacant seats.

7:45 - 7:55 C. RESOLUTIONS, PROCLAMATIONS AND CHARGES

D. PUBLIC HEARINGS

7:55 - 8:15 (1) **Land Use Ordinance Text Amendment/Increase in Sidewalk Widths**
P/5

The purpose of this item is to receive a presentation on the 1998 Walkable Communities Conference, and to receive public comment on text that amends the land use ordinance to increase public sidewalk widths from four feet to five feet.

E. OTHER MATTERS

8:15 - 8:25 (1) **Open Space Tour**
P/5

The Board of Aldermen has requested a tour of open space areas within the jurisdiction of the Town of Carrboro. The Zoning Division wishes to hold a discussion with the Board to determine specific items which the Board wishes to take the tour. The administration recommends that the Board discuss this issue and advise the staff of its wishes.

8:25 – 8:40
P/5

(2) Carrboro Town Center Fees

In June, 1998 during consideration of the town's Miscellaneous Fees and Charges Schedule, the Board asked that the recommended fees for use of the Carrboro Town Center be removed and discussed separately at a later time. The purpose of this item is for the Board to consider the recommended fee structure and incorporate an acceptable fee structure in the Fees and Charges Schedule.

8:40 – 8:50
P/5

(3) Selection of Name for Town Center

The purpose of this item is for the Mayor and Board of Aldermen to select a name for the Town Center building.

8:50 – 9:05
P/10

(4) Incubator Study

The purpose of this item is to present to the Board the Incubator Feasibility Study prepared by the North Carolina Small Business and Technology Development Center on behalf of the N.C. Technological Development Authority.

9:05 – 9:15 BREAK

9:15 – 9:25
P/5

(5) Use of Town Commons

The purpose of this item is to respond to the Board's request to review the town's policy on the use of the Town Commons in light of the Recreation and Parks Commission's recommendation that no more continuous reservations for the Town Commons be granted in the future.

9:25 – 9:35
P/5

(6) Report on Payment-in-Lieu Funds

At its annual planning retreat, the Mayor and Board of Aldermen requested a discussion of payment-in-lieu for recreational areas and facilities and open space. A report will be presented.

9:35 – 9:40 F. MATTERS BY TOWN CLERK

9:40 – 9:50 G. MATTERS BY TOWN MANAGER

9:50– 10:00 H. MATTERS BY TOWN ATTORNEY

10:00 – 10:10 I. MATTERS BY BOARD MEMBERS – Closed Session/Continuation of Evaluation of Town Manager

BOARD OF ALDERMEN

ITEM NO. B(2)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Release of Economic Development Funds to Triangle J Council of Governments

DEPARTMENT: Administration	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: Letter from Triangle J COG, Resolution	FOR INFORMATION CONTACT: Robert Morgan, 968-7706

PURPOSE

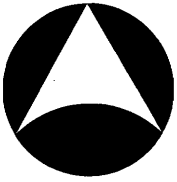
The Board is requested to consider adopting a resolution releasing \$971.93 appropriated by the 1997 General Assembly to Lead Regional Organizations to assist local governments with grant applications, economic development, and community development, and to support local industrial development activities and other activities as deemed appropriate by their local governments.

SUMMARY

Triangle J Council of Governments is requesting adoption of the attached resolution releasing funds from the N.C. State Budget Office that were appropriated to lead regional organizations by the General Assembly in 1997. These funds are to be used for economic development activities as determined by each Council of Government. The Town of Carrboro's share of these funds amounts to \$971.93.

ACTION REQUESTED

The administration recommends adoption of the attached resolution releasing the town's share of these funds to Triangle J Council of Governments.



TRIANGLE J COUNCIL OF GOVERNMENTS

W o r l d
C l a s s
R e g i o n

100 Park Drive, P.O. Box 12276
Research Triangle Park, NC 27709
919.549.0551 FAX: 919.549.9390

November 18, 1998

Mayor Micheal Nelson
Mayor of Carrboro
301 West Main Street
Carrboro, NC 27510

Dear Mayor Nelson:

The Triangle J Council of Governments has again received official notification that funds are available to assist the economic development programs of this and the other seventeen regions. Attached is a copy of the accomplishments for the past year with the work plan for this coming year. The General Assembly approved \$48,015 for each Council of Governments for each year of the biennium. Your government is asked to release its share (based on population) to the Council of Governments. A copy of the region's list of population and funds is attached as is a copy of Section 16.5 of Senate Bill 352, the 1998 ratified budget bill.

To this end you are asked to place on your next board agenda a resolution to release your share of the economic development monies from the State Budget Office to the Triangle J Council of Governments. You are reminded that just as with past years' economic development funds, money not released reverts to the general fund; it is not made available directly to local governments. The resolution to release funds is enclosed. When approved, please return the original, signed, sealed and fully executed document to the Council of Governments at the earliest possible date. Retain a copy for your files.

Should you wish a representative of the Council of Governments to attend the board meeting to provide additional information or respond to questions, please contact Charles Krautler at 558-9395. Your cooperation and continued support are gratefully acknowledged and appreciated.

Sincerely,

Winston Hester, Chairman
Triangle J Council of Governments

Enclosures

CC: Manager and Delegate

RECEIVED NOV 23 1998



**Triangle J Council of Governments
Economic Development Report to Local Governments
Summary of 1997/98 Accomplishments**

Strategic Economic Planning and Cooperation

1. Promoted regional cooperation among chambers and local governments and among other key groups involved in the Triangle Region's community and economic development efforts. Served with local economic development groups. Participated in the Wake County Economic Development Commission's planning process. Assisted communities and counties with planning exercises. Created in early 1998 and will maintain a coalition of businesses to support the Air Awareness program to help keep the Triangle from exceeding emissions limits established by the federal air quality program.
2. Made presentations to industrial clients for the State Department of Commerce, for various chambers and for county economic development commissions throughout the region and the state. Served on international trade and business development panels and programs throughout the state.
3. TJCOG provided staff support for the Greater Triangle Regional Council, a body whose purpose is to create the vision and assist in setting the direction for the Region's future. One of the key goals of the GTRC is to examine regional development choices as the population grows by another 600,000 over the next generation. The GTRC seeks to build on the recognized assets of the Research Triangle Park, Raleigh-Durham International Airport, and Umstead State Park. Planned and staffed the World Class Region Conference 1998. The conference was a successful undertaking that brought together over 650 regional leaders and citizens to consider development scenarios and options for the future.
4. Worked on the projects with the RDU International Airport staff including efforts to increase the number of airlines serving the area and the frequency and destinations of daily passenger and cargo departures. Worked on developing with IBM and RDU a prototype kiosk with inter-active computer to assist both domestic and international visitors.

Activities to Internationalize the Region's Economy

1. Served as the grantee for Foreign Trade Zone #93; made numerous presentations and conducted the meetings of the Rates, Tariff, and Legal Review Board. Responsible for the FTZ Subzones, the largest of which, #93 B, IBM was deactivated. Prepared several boundary modifications, both in the Triangle and around the state. Assisted #93 Operator, Longistics (formerly Long International Logistics Services, Inc.) in marketing the Zone to

international traders through out the world. Arranged seminars via the World Trade Center NC and the NC World Trade Association to promote understanding of the foreign trade zone program.

2. Increased the number and services of foreign trade zones throughout North Carolina. Lobbied the approval of a new FTZ subzone application for Unifi in the Triad. Continued contract with the State of North Carolina, Department of Commerce to serve as their "grantee representative" for their three (#57, #66, and #67) foreign trade zones in North Carolina. Worked local development officials in the Catawba Valley region to develop interest and plans for a zone expansion to serve that area. This will be a major boundary modification to be considered by the Charlotte FTZ Board Zone #57 and the NC Department of Commerce. Continue to provide information and support for the new foreign-trade zone #230 at the Piedmont Triad Partnership. Contracted with the Global TransPark to help them activate their recently approved FTZ #214. Worked with Arthur Andersen Company to develop a subzone application for Consolidated Diesel in Nash County.

3. TJCOG assisted the World Trade Center with executive and fiscal staffing and with an administrator for *Export 1999*. This is a program to increase cooperation among the state's International Trade Division, university programs and trade resource groups. The goal is to increase trade in environmental and telecommunications products and services from North Carolina to the Asean region and to Brazil. TJCOG staff members serve as the corporate secretary on the executive board and as an ex officio member of the Board of Directors. Also helped to lobby the NC General Assembly for \$200,000 in educational program funds for 1998/99. Assisted in obtaining other public support, served on nominating and membership committees. The World Trade Center North Carolina is located on Downtown Raleigh and has a branch office at the Piedmont Triad Partnership.

4. Maintained world trade contacts via the North Carolina World Trade Association, Elected State Board Secretary, 1993 through 1999 and Triangle Chapter President for 1995-97. Host for the NCWTA 1997 Annual Conference in Raleigh. Advisor for the State NCWTA Annual Conference each May. NCWTA has received the Presidential "EXPORT" Award.

5. Worked with various groups to increase the international flavor of the region, e.g. the Special Olympics World Games, and the US Open planners. Attended the annual conference of the National Association of Foreign Trade Zones.

Additional Activities Related to Economic Development

Solid Waste Staff

1. Managed, with a \$162,000 grant from the U. S. Environmental Protection Agency, a two-year project to identify potential cost-saving partnerships between existing and potential industries for the reuse of materials, water and energy.
2. Continued distribution of *WasteSpec* and of the Triangle Region Construction & Demolition Waste Recycling and Disposal Directory. These documents and the ten case studies of commercial and institutional construction projects that followed the *WasteSpec* have helped companies all over the US and the world to reduce construction waste without increasing project cost.

Land Use Planning, Data Center & GIS

1. Continued work on a cooperative demographic forecasting project for use in: Regional transportation planning; Regional water supply study; Economic development partnerships; and, Infrastructure, land use and environmental planning.
2. As staff to the Greater Triangle Regional Council we are involved in a "Regional Development Choices" project. This includes descriptions of alternative development pattern scenarios.
3. Working with the Town of Rolesville on a community plan that includes development codes, addressing such issues as telecommunications tower siting, billboard policy, water and sewer extensions, and issues such as super store impact on main.
4. Working with Chatham County on a land use plan that has identified six policy issues including the development of "economic centers" in the county.
5. Served as regional data center, improved regional GIS.

Updated 11/98

WATER RESOURCES PLANNING

1. Provided extensive staff support and technical services to the Upper Neuse River Basin Association, a cooperative partnership promoting long-term management and protection of the 770-square mile Upper Neuse River Basin (the Falls Lake watershed).
2. Continued efforts to develop a cooperative inter-local partnership for water quality monitoring in the Upper Cape Fear River Basin, and to develop an inter-local organization to coordinate water resources planning, management and protection efforts in the Upper Cape Fear River Basin
3. Continued to assist a number of local governments in their efforts to obtain water supply allocations from Jordan Lake.
4. Provided substantial technical assistance during preparation of the updated comprehensive water and sewer system master plan for Wake County.
5. Assisted several local governments in efforts to apply for grant funding assistance from the North Carolina Clean Water Management Trust Fund. Nearly \$3,000,000 in funding has been approved for those projects in which TJCOG has provided assistance.
6. Continued to manage the Triangle Area Water Supply Monitoring Project, an inter-local effort to coordinate drinking water supply water quality monitoring efforts, and achieve more cost-effective monitoring.
7. Provided extensive technical review and comments on the State's draft rules implementing the Neuse River Nutrient Sensitive Waters Management Strategy.
8. Obtained, compiled and analyzed information relative to water and sewer rates and fees, water and sewer facility capacities, and water and wastewater demands for Region J.

UPDATED 11/98

Triangle J Council of Governments 1998/99 Work Plan

Goals to Improve the Economic Competitiveness of the Region

Goal: Identify the key factors and pursue cooperative projects that will keep this Region economically competitive; promote actions on the part of local, state and federal governments that will strengthen the Region's economy.

- Pursue a regional economic forecasting model which builds on economic analysis, current state, national and international economic trends, and the effects of new public policies and social trends upon businesses and promote regional transportation planning.
- Pursue cooperative demographic forecasting.
- Identify long-term development alternatives and provide assessment of the costs associated with various development patterns.
- Promote the development and use of the Triangle J GIS and Regional Data Center.
- Continue regional water quality management strategies to protect water supplies in both the Neuse and Cape Fear River basins.
- Conduct a long-term study of water supplies.
- Determine with the Division of Community Assistance appropriate role for TJCOG in the CDBG Program.
- Explore regional planning role in providing affordable housing.
- With the Research Triangle Regional Partnership, assess the viability of the Regional Marketing Group.
- Update, publish and market the new Metro Map. Meet with the planners to explore expanding the distribution to include the Special Olympics and the US Open venues.
- Continue the regional biosolids composting effort.
- Expand the industrial eco-system project.

Goal: Further the Internationalization of the Region's Economy

- Support the World Trade Center North Carolina as corporate secretary and executive board member.
- Provide staffing assistance for the management of the World Trade Center and carry out the Export 1999 federal cooperator project with partners, NC Department of Commerce's International Trade Division and the Kenan Institute of Private Enterprise.
- Maintain world trade contacts via the North Carolina World Trade Association, re-elected, again, as state executive board secretary.
- Serve on the NCWTA Triangle Chapter executive board as past-president.
- Advisor for the NCWTA Annual Conference.

• **Foreign Trade Zone Administrator** Fulfill contractual and administrative responsibilities for Zone #93 and existing or potential subzones; help market the general purpose zone and develop new subzones as needed. • Provide training to developers on Zones and make public/civic presentations. • Meet the contractual responsibilities as the FTZ grantee representative for the North Carolina Department of Commerce, particularly with the Catawba Valley FTZ expansion project. • Work with the Global TransPark Authority to develop a subzone and help them to activate the general purpose zone. • Pursue other FTZ administrative contracts and develop other subzones.

Goal: Assist member governments, individually or collectively, to deliver cost-effective services to their citizens.

- Continue the push for an affordable, regional telephone system.
- Explore means for assisting local governments in the region to increase affordable housing. • Explore new sources for assistance to governments and business. • Seek alternative sources of funds for the COG and for the member local governments.
- Create and maintain a coalition of businesses to support the Air Awareness program to help keep the Triangle from exceeding emissions limits established by the federal air quality program.
- Lobby for the interests of the Region at the state and federal levels.

COUNCIL OF GOVERNMENT FUNDS

Section 16.5. (a) Of the funds appropriated in this act to the Department of Commerce, eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1997-98 fiscal year and eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1998-99 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand fifteen dollars (\$48,015) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

(b) The funds shall be allocated as follows: A share of the maximum forty-eight thousand fifteen dollars (\$48,015) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

REGION NAME IS TRIANGLE J COG		AMOUNT	PERCENT	POP 97
GOLDSTON	CHATHAM	\$ 23.61	0.05	368
PITTSBORO	CHATHAM	\$ 132.95	0.28	2072
SILER CITY	CHATHAM	\$ 356.70	0.74	5559
RURAL + SMALL TOWNS	CHATHAM COUNTY	\$ 2895.63	6.03	45127
CHAPEL HILL(PART)	DURHAM	\$ 90.92	0.19	1417
RURAL + SMALL TOWNS	DURHAM COUNTY	\$ 2481.89	5.17	38679
BENSON	JOHNSTON	\$ 237.67	0.49	3704
CLAYTON	JOHNSTON	\$ 471.56	0.98	7349
FOUR OAKS	JOHNSTON	\$ 114.79	0.24	1789
KEHLY(PART)	JOHNSTON	\$ 110.37	0.23	1720
MICRO	JOHNSTON	\$ 30.61	0.06	477
PINE LEVEL	JOHNSTON	\$ 91.18	0.19	1421
PRINCETON	JOHNSTON	\$ 101.83	0.21	1587
SELMA	JOHNSTON	\$ 364.40	0.76	5679
SMITHFIELD	JOHNSTON	\$ 718.28	1.50	11194
WILSON'S MILLS	JOHNSTON	\$ 47.61	0.10	742
RURAL + SMALL TOWNS	JOHNSTON COUNTY	\$ 6620.74	13.79	103181
BROADWAY(PART)	LEE	\$ 69.56	0.14	1084
SAHFORD	LEE	\$ 1380.73	2.88	21518
RURAL + SMALL TOWNS	LEE COUNTY	\$ 3103.66	6.46	48369
CARRBORO	ORANGE	\$ 971.03	2.02	15133
CHAPEL HILL(PART)	ORANGE	\$ 2730.02	5.69	42560
HILLSBOROUGH	ORANGE	\$ 330.14	0.69	5145
MEBANE(PART)	ORANGE	\$ 36.70	0.08	572
RURAL + SMALL TOWNS	ORANGE COUNTY	\$ 6880.62	14.33	107231
APEX	WAKE	\$ 773.08	1.61	12048
FUQUAY-VARINA	WAKE	\$ 400.98	0.84	6249
GARNER	WAKE	\$ 1143.51	2.38	17821
HOLLY SPRINGS	WAKE	\$ 359.14	0.75	5597
NIGHTDALE	WAKE	\$ 257.56	0.54	4014
MORRISVILLE(PART)	WAKE	\$ 144.50	0.30	2252
ROLESVILLE	WAKE	\$ 48.45	0.10	755
WAKE FOREST	WAKE	\$ 598.41	1.25	9326
WENDELL	WAKE	\$ 238.96	0.50	3724
WEBULON	WAKE	\$ 292.47	0.61	4558
RURAL + SMALL TOWNS	WAKE COUNTY	\$ 13363.85	27.83	208269
TOTALS		\$ 48015.01	100.01	748290

IGNORED ***** CARY. DURHAM. RALEIGH.

The following resolution was introduced by Alderman _____ and duly seconded by Alderman _____.

**A RESOLUTION RELEASING \$971.03 IN ECONOMIC DEVELOPMENT FUNDS
TO TRIANGLE J COUNCIL OF GOVERNMENTS
Resolution No. 19/98-99**

WHEREAS, in North Carolina the Lead Regional Organizations, as voluntary organizations serving municipal and county governments, have established productive working relationships with the cities and counties across the state; and

WHEREAS, the General Assembly continued to recognize this need through the appropriation of \$864,270 to help the Lead Regional Organizations assist local governments with grant applications, economic development, community development, support of local industrial development and other activities as deemed appropriate by their local governments; and

WHEREAS, these funds are not intended to be used for payment of members' dues or assessments to a Lead Regional Organization or to supplant funds appropriated by the member governments; and

WHEREAS, in the event that a request is not made by a unit of government for release of these funds to our Regional Council, the available funds will revert to the State's General Fund; and

WHEREAS, in Region J funds in the amount of \$48,015 will be used to carry out the economic development plan approved by the COG Board of Delegates and especially to improve the economy of the counties and towns of the Region by strengthening ties to and consequently benefits of the Research Triangle Park.

NOW, THEREFORE BE IT RESOLVED that the Town of Carrboro requests the release of its \$971.03 share of these funds to the Triangle J Council of Governments at the earliest possible time in accordance with the provisions of Section 16.5 of Senate Bill 352, the 1997 ratified budget bill.

The foregoing resolution, having been submitted to a vote, received the following vote and was duly adopted this 8th day of December, 1998:

Ayes:

Noes:

Absent or Excused:

BOARD OF ALDERMEN

ITEM NO. B(3)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Appointment to Animal Control Board of Appeals

DEPARTMENT: n/a	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: Application from Jane Touhey	FOR INFORMATION CONTACT: Sarah Williamson, 968-7705

PURPOSE

There are currently two vacant seats on the town's Animal Control Board of Appeals. These positions have been advertised and the Town Clerk has received an application from Jane Touhey expressing interest in serving on this board. The Board is requested to consider appointing Ms. Touhey to one of these vacant seats.

SUMMARY

The town's Animal Control Board of Appeals consists of three members, in addition to an alternate member. Alderman Hilliard Caldwell is currently a member. Alderman Jacquelyn Gist is the alternate member.

The Town Clerk has advertised these vacancies, and has received an application from Jane Touhey.

An appeal is pending at this time and a meeting of the Animal Control Board of Appeals will be necessary by December 21, 1998. In order for the Board to have a quorum for this meeting, an additional member is needed.

ACTION REQUESTED

The Board is requested to consider appointing Jane Touhey to one of the vacant seats on the Animal Control Board of Appeals.

TOWN OF CARRBORO



Application for Membership on Advisory Board

NAME: JANE TUOHY DATE: 12-03-98

ADDRESS: 306 N ESTER DR N-8

IS THIS ADDRESS LOCATED WITHIN THE CORPORATE LIMITS OF THE TOWN OF CARRBORO? YES

TELEPHONE: [HOME] 919 969 7021 [BUSINESS] 919 942 8541 DATE OF BIRTH: 9-26-57

RACE: WHITE SEX: F OCCUPATION: PROG. ASSIST. TOWN OF CARRBORO

ARE YOU A REGISTERED ORANGE COUNTY VOTER? Y LENGTH OF RESIDENCE IN ORANGE COUNTY: 1 YR TOWN OF CARRBORO 1 YR

COMMUNITY ACTIVITIES/ORGANIZATIONAL MEMBERSHIPS:

SPECIAL OLYMPICS VOLUNTEER

I wish to be considered for appointment to the following advisory board(s):

<input type="checkbox"/> Board of Adjustments	<input type="checkbox"/> Planning Board
<input type="checkbox"/> Appearance Commission	<input type="checkbox"/> Transportation Advisory Board
<input type="checkbox"/> Cable T.V. Committee	<input type="checkbox"/> Recreation & Parks Commission
<input type="checkbox"/> Human Services Commission	<input type="checkbox"/> Cemetery Commission
<input type="checkbox"/> OWASA Board of Directors	<input type="checkbox"/> Downtown Development Commission
<input type="checkbox"/> Orange County Econ. Devel. Com.	<input type="checkbox"/> Environmental Advisory Board
<input type="checkbox"/> Budget Review Committee	<input checked="" type="checkbox"/> Arts Committee
	<input checked="" type="checkbox"/> Other <u>Animal Control Board of Appeals</u>

If you apply for membership on more than one advisory board, please indicate your preference by number, with "1" being your first choice (please limit your selection to two (2) boards). Please note that membership is limited to one advisory board at a time. You shall not be considered for appointment to another board unless you resign before filing an application or you are in the last six months of your current term.

EXPERIENCE TO AID YOU IN WORKING ON THESE ADVISORY BOARDS:

I AM AND HAVE ALWAYS BEEN A PET OWNER, AND
I CARE FOR ANIMALS AND RESIDENTS RIGHTS.

REASON(S) YOU WISH TO BE APPOINTED:

I AM INTERESTED IN PARTICIPATING IN CARRBORO'S
GOVERNANCE

HAVE YOU EVER SERVED ON ANY TOWN OF CARRBORO ADVISORY BOARD? IF "YES", WHICH ONE(S) NO

RECEIVED DEC 3 1998

BOARD OF ALDERMENITEM NO. **D(1)****AGENDA ITEM ABSTRACT****MEETING DATE: December 8, 1998****SUBJECT: Public Hearing for Land Use Ordinance Text Amendments - Increase in Sidewalk Width**

DEPARTMENT: PLANNING DEPARTMENT	PUBLIC HEARING: YES <u>X</u> NO _____
ATTACHMENTS: Land Use Ordinance Text Amendments Walkable Communities illustrations for sidewalks Chart showing impervious surface cover comparisons based on sidewalk width Memorandum from Public Works Illustrations showing five-foot sidewalks Planning Board Recommendation TAB Recommendation	FOR INFORMATION CONTACT: Kenneth Withrow, 968-7714
THE FOLLOWING INFORMATION IS PROVIDED: (x) Purpose () Action Requested (x) Analysis (x) Summary (x) Recommendation	

PURPOSE

The purpose of this agenda item is for the Board of Aldermen to: (1) view a brief presentation on the May 28 – 29, 1998 Walkable Communities Conference held in Raleigh, and (2) receive public comment on text that amends the Carrboro Land Use Ordinance to increase public sidewalk widths from four feet to five feet

SUMMARY

The Carrboro TAB Chair briefly addressed the Board of Aldermen during the Board's June 2, 1998 meeting. The topic that he addressed was improving pedestrian facilities; which was an element of the Walkable Communities Conference held on May 28 and May 29, 1998 in Raleigh, North Carolina. The TAB also requested that the Board amend the land use ordinance text to expand minimum sidewalk widths from four feet to five feet. The Board of Aldermen responded by directing the Agenda Planning Committee to schedule a discussion for the Land Use Ordinance text amendment request.

ANALYSIS

The staff compared Carrboro's current standards to other municipalities in the Raleigh-Durham-Chapel Hill Metropolitan Area (i.e. Cary, Chapel Hill, Durham, Garner, and Raleigh). All five of the noted municipalities require minimum sidewalk widths of five feet. Similar requirements are presented within the Federal Highway Administration's Planning Design and Maintenance of Pedestrian Facilities. Their guidelines are presented in the table below.

PLANNING DESIGN AND MAINTENANCE OF PEDESTRIAN FACILITIES**FHWA GUIDELINES**

LAND USE/ROADWAY CLASSIFICATION/DWELLING UNIT	FUNCTIONAL	NEW URBAN AND SUBURBAN STREETS
Commercial & Industrial outside of a central business district		Five feet wide with two-foot planting strip, or six feet wide with no planting strip.
Residential areas outside of central business district		Minimum five feet wide with minimum two-foot planting strip.
Arterial & Collector Streets		Minimum five feet wide with minimum two-foot planting strip.
Residential/Local Streets - more than 4 units per acre		Minimum five feet wide with two-foot planting strip.
1 to 4 Units Per Acre		Minimum four feet wide with two-foot planting strip.

The Federal Highway Administration's publication also states, "Variations in development density, spacial distribution of activity centers, the lack of and problems with forecasting pedestrian volumes and the absence of quantified safety benefits combine to make establishing a strict set of sidewalk installation warrants difficult".

The attached chart from the Walkable Communities Handbook outlines four illustrations that address the location, design, necessity, and features of sidewalks. An additional chart from the book Site Planning for Urban Stream Protection illustrates the amount of impervious cover created by typical residential sidewalk standards. Impervious cover is increased by between six to 12 percent when sidewalk widths are increased from four to five feet.

The Public Works Department memorandum addresses the increase in sidewalk width from four to five feet. The memorandum also addresses the need for expanding the minimum width of grass strips from 18 inches to three feet. The drawings that follow the Public Works' memorandum illustrate the effects of increasing the sidewalk and grass strip width along street classifications that require sidewalks. The increases in widths for both the sidewalk and grass strip can be accomplished within the existing right-of-way widths for those street classifications that require sidewalk facilities.

The Planning Board and TAB were requested during the November 17, 1998 Board of Aldermen meeting to review the proposed Land Use Ordinance text amendments for sidewalk widths. Both the Planning Board and TAB recommend that sidewalk widths be increased to five feet; however, the TAB also recommends that the grass strip be increased to a minimum width of four feet. The TAB believes that a minimum grass strip width of four feet will provide room for street plantings.

RECOMMENDATION

The administration recommends that the Board of Aldermen amend the Land Use Ordinance to expand minimum sidewalk width requirements for public sidewalks only from four feet to five feet; with the inclusion that minimum grass strip widths (Section 15-216, subsection j) be increased to three feet.

The following ordinance was introduced by Alderman ____ and duly seconded by Alderman ____.

AN ORDINANCE AMENDING THE LAND USE ORDINANCE
TO INCREASE THE WIDTH OF SIDEWALKS
FROM FOUR FEET TO FIVE FEET

[Handwritten signature]

THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO ORDAINS:

(Amended) 43

Section 1. Subsections 15-216(g), and ~~15-221(f)~~ are amended by rewriting the phrase in the first sentence that reads: "The sidewalks required by this section shall be at least four feet wide..." to read "The sidewalks required by this section shall be at least five feet wide..."

Section 2. Appendix C, Section C-12 is amended by rewriting the third sentence that reads: "All sidewalks shall be constructed at least 4 feet in width", to read "The minimum width of sidewalks shall be constructed to standards as addressed in Article XIV".

Section 3. Subsection 15-216(j) is amended by rewriting the phrase "at least 18 inches in width" to read "at least three feet in width."

Section 4. All provisions of any town ordinance in conflict with this ordinance are repealed.

Section 5. This ordinance shall become effective upon adoption.

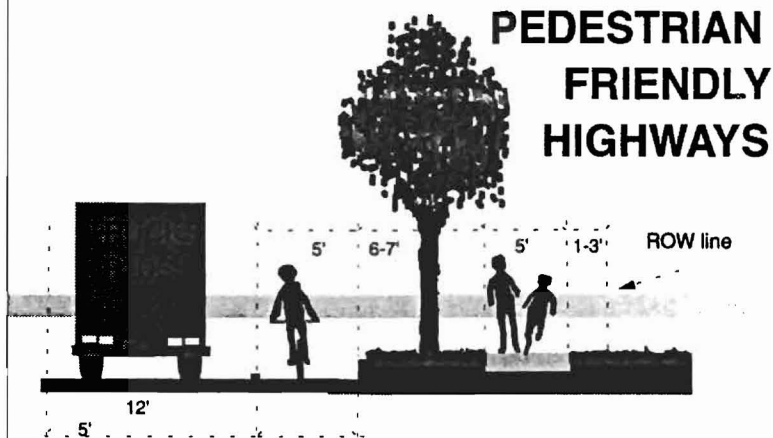
The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this ____ day of _____, 1998:

Ayes:

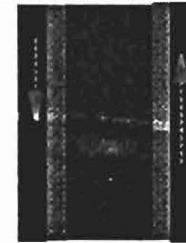
Noes:

Absent or Excused:

A place for every person



FOOTPATHS (SIDEWALKS)



Sidewalks are needed on both sides of all urban streets and highways.



When sidewalks are not provided on both sides, crossing conflicts occur.



When sidewalks are not provided at all, pedestrians use the street for movement and play and get killed and injured.

SIDEWALK DESIGN

Place to Walk Sidewalks (1) provide pedestrians a space to walk away from motor vehicles, (2) provide a clear and predictable space to anticipate pedestrian activity, (3) help keep sight triangles clear, (4) help define crossing points of driveways and intersections and (5) protect the right of way line.

Buffer A nature strip and on street parking provide the physical separation between the motor vehicle and pedestrian. Bike lanes help provide a buffer.

SIDEWALK FEATURES

- Width (minimum 5'), ADA
- 6 feet if at back-of-curb (AASHTO)
- Crossfall 1:50
- Pedestrians need a 2 foot wide buffer to all edges, curb, buildings, bridge railings etc.
- Buffer to motor vehicles (4-10'), nature-strip 7 feet wide to plant trees
- Street lighting, shade
- Pavers can be used for enhancement

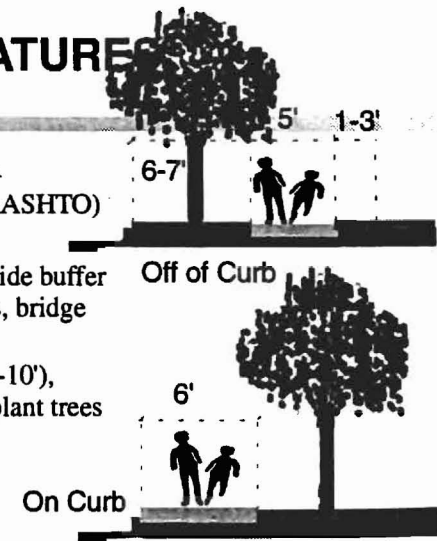
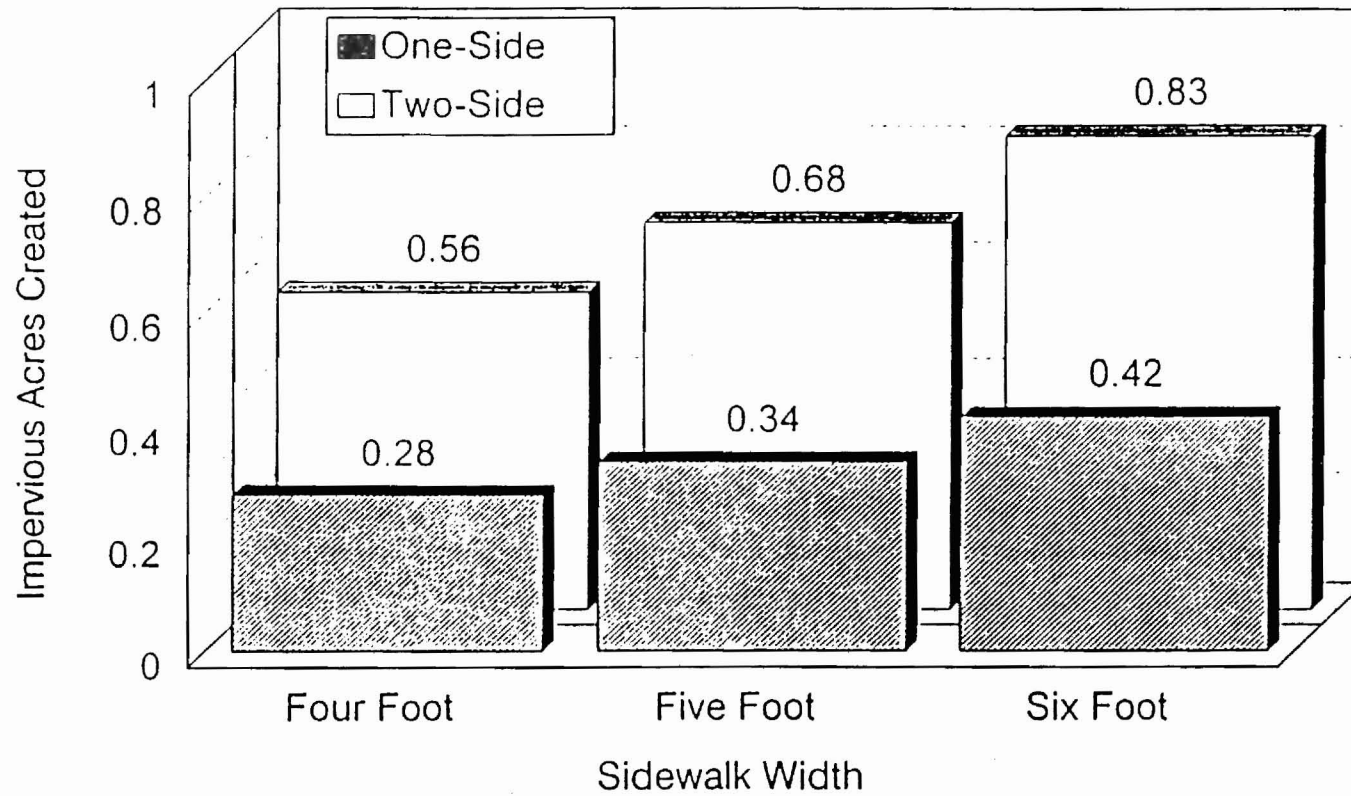
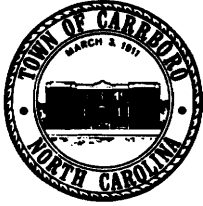


FIGURE 40: IMPERVIOUS COVER CREATED BY TYPICAL RESIDENTIAL SIDEWALK STANDARDS



Subdivision requirements on both the width and number of sidewalks can create almost an acre of impervious cover in a 50 acre residential subdivision.



TOWN OF CARRBORO

NORTH CAROLINA

Wednesday, December 02, 1998

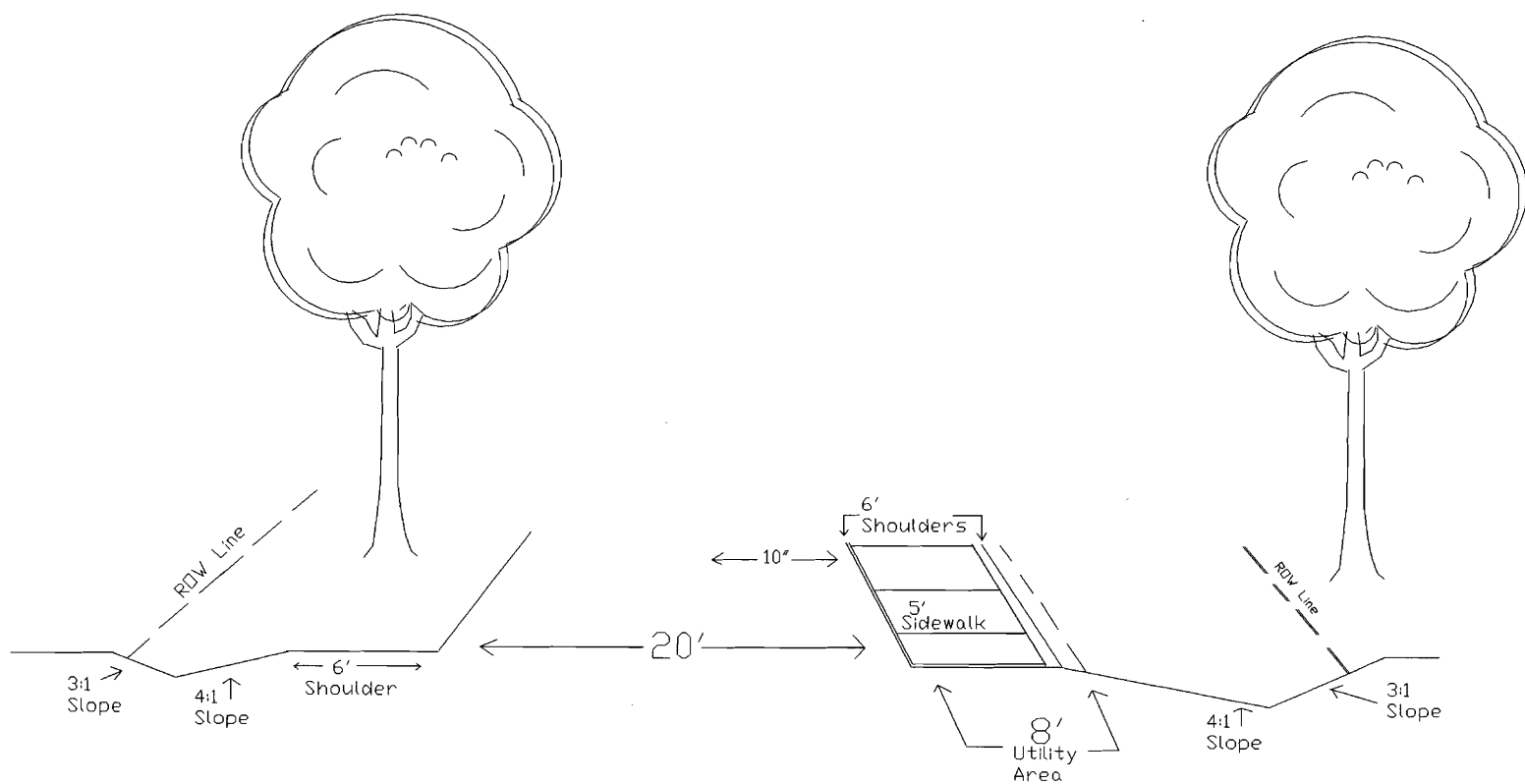
TO: Kenneth Withrow, Transportation Director
FROM: *M. Christopher Peterson*
M. Christopher Peterson, Director of Public Works
DATE: Tuesday, December 01, 1998
SUBJECT: Five-Foot Width Sidewalks on Residential Streets

I enthusiastically support the concept that all sidewalks on all residential streets be a minimum of five feet in width. However, the decision to increase the present width from four (4) feet to five (5) feet should be implemented with a very close look at how this may effect the infrastructure of a street and its right of way. For instance, in all residential subdivisions being built presently, the mailboxes are located in the eighteen-inch grass strip between the curb and the sidewalk. This narrow eighteen inch grass strip where the mailboxes are situated usually leaves the mailboxes hanging out over the gutter portion of the streets. The mailboxes prevent the Public Works Department from using the street sweeper at these locations that in return causes debris to continue to accumulate. The minimum width for the grass strip needs to be no less than three (3) feet to accommodate the overhang for the mailboxes. There are probably other areas that others might be aware of that Public Works has not directly been affected by that need to be accounted for prior to making the change on paper to widen the sidewalks by the one (1) foot width.

Thank you.

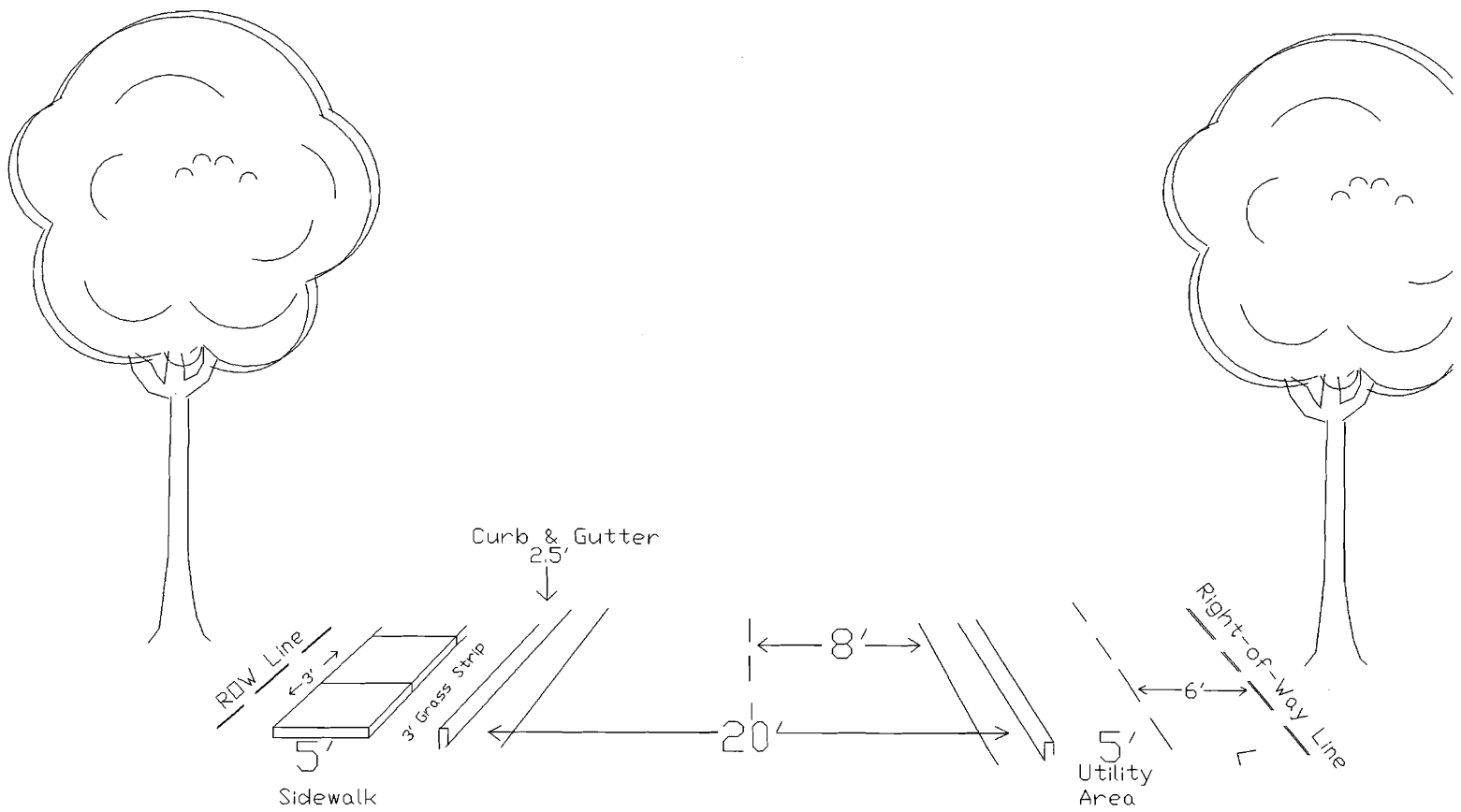
cc: David Poythress, Street Superintendent

LOCAL STREET with SWALES



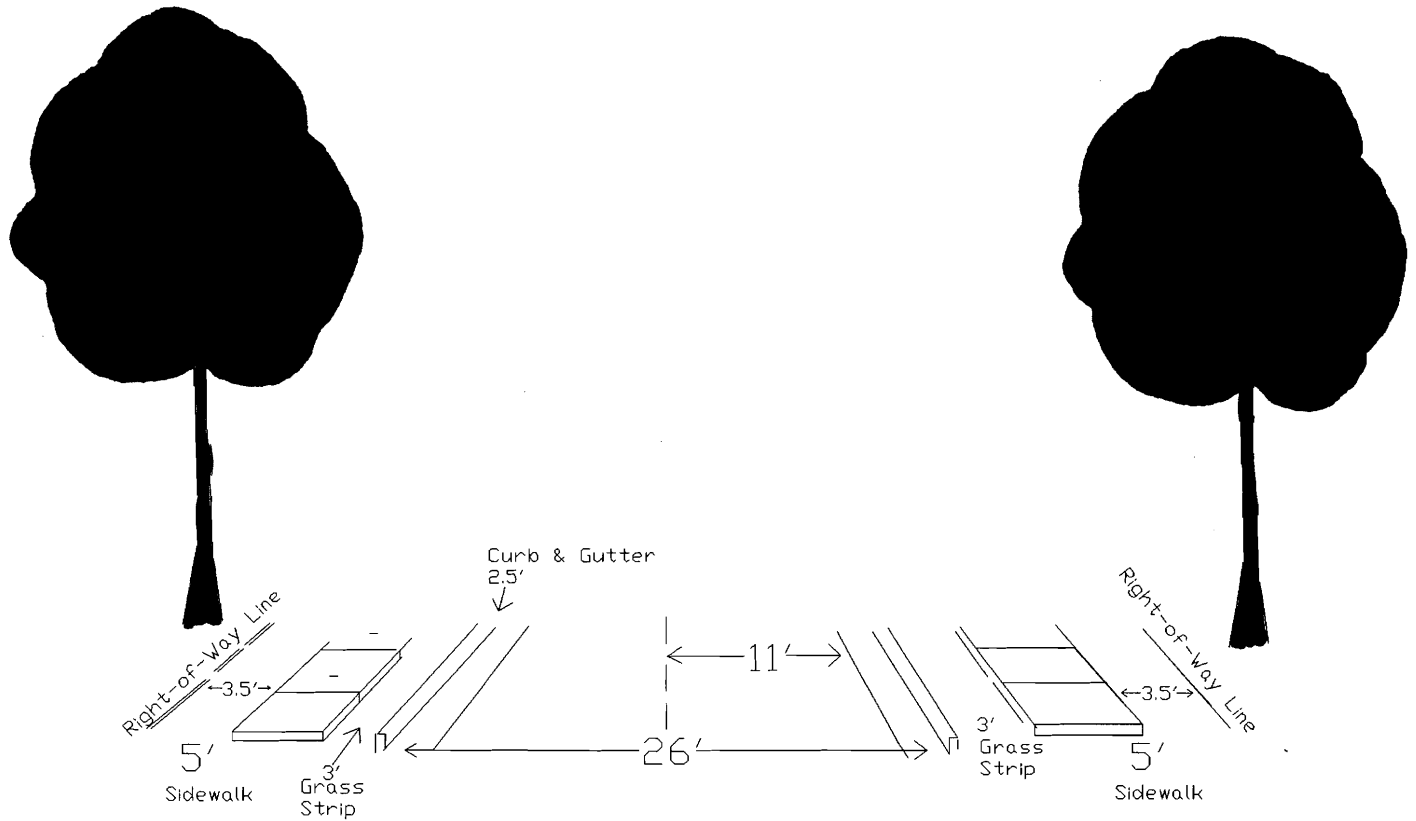
47' Right-of-Way

LOCAL STREET



43' Right-of-Way

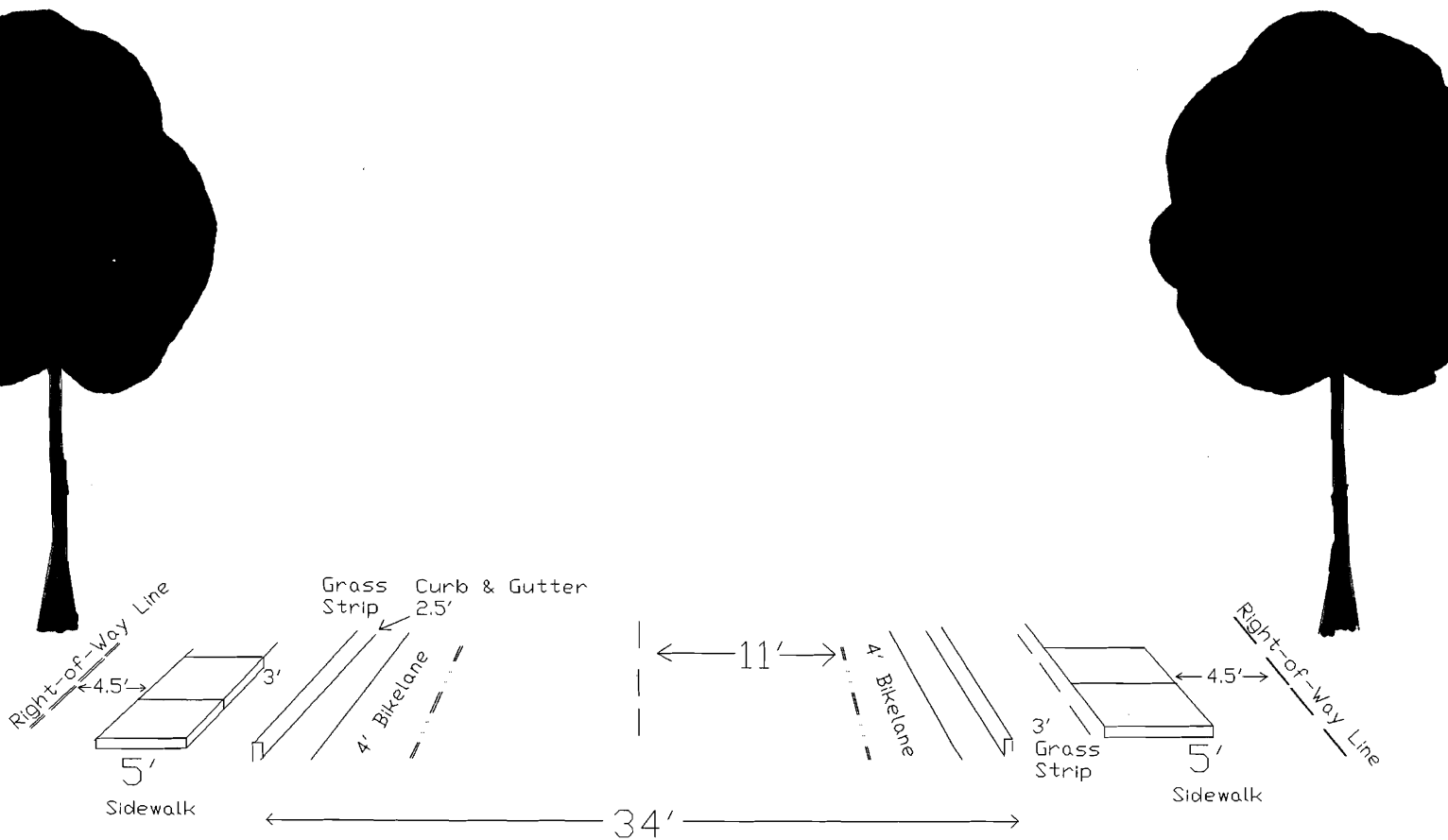
SUBCOLLECTOR STREET
Curb & Gutter with Sidewalk



Parking on one side by permit

50' Right-of-Way

COLLECTOR STREET
Curb & Gutter with Sidewalk



Parking on one side by permit

60' Right-of-Way



TOWN OF CARRBORO

PLANNING BOARD

301 West Main Street, Carrboro, North Carolina 27510

R E C O M M E N D A T I O N

December 03, 1998

LAND USE ORDINANCE TEXT AMENDMENT: SIDEWALK WIDTHS

MOTION WAS MADE BY M.C. RUSSELL AND SECONDED BY STAN BABISS THAT THE PLANNING BOARD RECOMMENDS THAT THE BOARD OF ALDERMEN ADOPT THE ORDINANCE ENTITLED "AN ORDINANCE AMENDING THE LAND USE ORDINANCE TO INCREASE THE WIDTH OF PUBLIC SIDEWALKS FROM FOUR FEET TO FIVE FEET". VOTE: AYES 7 (Russell, Rodemeir, Searing, Cheek, Presler, Babiss, Poulton); NOES 1 (Cohen); ABSENT/EXCUSED 2 (Bateson, Marshall).

Andrew B. Cohen / *12/4/98*
ANDREW B. COHEN, Chairman (date)

TRANSPORTATION ADVISORY BOARD

RECOMMENDATION

December 3, 1998

Motion: Following the Walkable Communities' Guidelines, the TAB recommends that the Board of Aldermen amend the Land Use Ordinance to expand minimum sidewalk width requirements from four feet to five feet, with the inclusion that the minimum grass strip widths be increased to four feet, and that street plantings be done within that strip.

Moved: Ms. Shirley Marshall

Second: Mr. William Robinson

VOTE: Ayes (Elliott, Lane, Marshall, Mochel, Perry, Robinson), Noes (None)

Neal G. Mochel 12, 8 1998
TAB Chair DATE

The following ordinance was introduced by Alderman _____ and duly seconded by Alderman _____.

AN ORDINANCE AMENDING THE LAND USE ORDINANCE
TO INCREASE THE WIDTH OF SIDEWALKS
FROM FOUR FEET TO FIVE FEET

THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO ORDAINS:

Section 1. Subsections 15-216(g), and ~~15-221(d)~~ ¹⁵ are amended by rewriting the phrase in the first sentence that reads: "The sidewalks required by this section shall be at least four feet wide..." to read "The sidewalks required by this section shall be at least five feet wide..." SYET

Section 2. Appendix C, Section C-12 is amended by rewriting the third sentence that reads: "All sidewalks shall be constructed at least 4 feet in width", to read "The minimum width of sidewalks shall be constructed to standards as addressed in Article XIV".

Section 3. Subsection 15-216(j) is amended by rewriting the phrase ^{first sentence} "at least 18 inches in width" to read "at least three feet in width." ^{Thereof to read as follows:}

Section 4. All provisions of any town ordinance in conflict with this ordinance are repealed.

Section 5. This ordinance shall become effective upon adoption.

The foregoing ordinance having been submitted to a vote, received the following vote and was duly adopted this ____ day of _____, 1998:

Ayes:

Noes:

Absent or Excused:

~~15-216(d)~~ ^{15-216(j)} The sidewalks required by this section along streets with curb and gutter shall be constructed with a planting strip ~~which is~~ of ~~at least three feet in width~~, unless the permit issuing authority allows the strip to be omitted or constructed at a lesser width upon a finding that such deviation from the presumptive standard is warranted to avoid environmental damage or to promote public safety.

The following ordinance was introduced by Alderman Alex Zaffron and duly seconded by Alderman Allen Spalt.

**AN ORDINANCE AMENDING THE LAND USE ORDINANCE
TO INCREASE THE WIDTH OF SIDEWALKS
FROM FOUR FEET TO FIVE FEET
Ordinance No. 8/98-99**

THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO ORDAINS:

Section 1. Subsections 15-216(g), and 15-221(f) are amended by rewriting the phrase in the first sentence that reads: "The sidewalks required by this section shall be at least four feet wide..." to read "The sidewalks required by this section shall be at least five feet wide..."

Section 2. Appendix C, Section C-12 is amended by rewriting the third sentence that reads: "All sidewalks shall be constructed at least 4 feet in width", to read "The minimum width of sidewalks shall be constructed to standards as addressed in Article XIV".

Section 3. Subsection 15-216(j) is amended by rewriting the first sentence thereof to read as follows:

"The sidewalks required by this section along streets with curb and gutter shall be constructed with a planting strip at least three feet in width, unless the permit issuing authority allows the strip to be omitted or constructed at a lesser width upon a finding that such deviation from the presumptive standard is warranted to avoid environmental damage or to promote public safety."

Section 4. All provisions of any town ordinance in conflict with this ordinance are repealed.

Section 5. This ordinance shall become effective upon adoption.

The foregoing resolution having been submitted to a vote, received the following vote and was duly adopted this 9th day of December, 1998:

Ayes: Hilliard Caldwell, Diana McDuffee, Jacquelyn Gist, Michael Nelson, Allen Spalt,
Alex Zaffron

Noes: None

Absent or Excused: None

BOARD OF ALDERMEN

ITEM NO. E(1)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Open Space Tour

DEPARTMENT: PLANNING	PUBLIC HEARING: YES ___ NO <u>X</u>
ATTACHMENTS: Open Space Map (will be available on Monday evening)	FOR INFORMATION CONTACT: Keith Lankford--968-7712
THE FOLLOWING INFORMATION IS PROVIDED: (X) Purpose (X) Analysis () Summary (X) Recommendation	

PURPOSE

The Board of Aldermen has requested a tour of a sampling of open space areas within the jurisdiction of the Town of Carrboro. The Zoning Division wishes to hold a discussion with the Board of Aldermen to determine specific items which the Board wants to see during the tour and to determine a date upon which the Board wishes to take the tour. The Administration recommends that the Board discuss this issue and advise the staff of their wishes.

ANALYSIS

Section 15-198 of the Land Use Ordinance defines open space as land that (1) is not encumbered with any substantial structure, (2) is not devoted to use as a roadway, parking area, or sidewalk, (3) is not part of any privately owned lot that is used or intended for use for residential purposes, and that (4) is legally and practicably accessible to the general public or to the residents of the development where the open space is located.

This section also indicates that narrow strips of land within developments shall **generally** not be regarded as open space (1) unless they are at least 50 feet in width **and** capable as functioning as a substantial visual buffer and (2) are configured and/or improved so as to be conducive to actual use for passive recreational purposes by the development's residents (e.g.—a walking trail).

This section goes on to indicate that utility easements which are located outside of street rights of way and pre-existing cemeteries can be regarded as open space if they meet items (1), (2) and (3) of the open space definition listed above.

The open space areas can be privately held and maintained or dedicated to the public.

Open space areas vary from development to development and can be open fields or heavily wooded, steeply sloped or relatively flat.

Open space areas may be areas shown on the natural constraints map such as bodies of water, floodplains, stream buffers, wetlands, steep slopes, or hardwood forests.

The Administration is recommending that the Board of Aldermen identify specific items that they wish to see or discuss during the open space tour and to determine a suitable time and date for the tour.

RECOMMENDATION

The Administration recommends that the Board hold the open space discussion on Tuesday, December 8, 1998.

BOARD OF ALDERMEN

ITEM NO. E(2)

AGENDA ITEM ABSTRACT MEETING DATE: December 8, 1998

SUBJECT: Carrboro Town Center Fees

DEPARTMENT: Recreation and Parks	PUBLIC HEARING: YES ____ NO <u>XX</u>
ATTACHMENTS: Facility Fee Comparison, Town Center Revenues	FOR INFORMATION CONTACT: Richard E. Kinney 968-7703

PURPOSE

During the consideration of amending the Town's Miscellaneous Fees and Charges Policy last June, the Board of Aldermen asked that the recommended fees for use of the Carrboro Town Center be removed and discussed separately at a later time. The purpose of this item is for the Board of Aldermen to consider the recommended fee structure and incorporate an acceptable fee structure in the Fees and Charges Policy.

SUMMARY

To provide for projected budget revenues, the Town Administration had to project revenues for the upcoming fiscal year (1988-99). This was based on an earlier Town Center opening date of January 1999. This date was subsequently moved to May 1999, and the Board felt that this gave ample time to delay the consideration of setting fees for the facility. This abstract provides the revenues predicted on the initial recommended fee level on an annual basis (twelve-month operation) and a comparison of fees charged for similar facilities.

The fees that are recommended are for all users, regardless of type (profit vs. non-profit). It is recommended that the Board of Aldermen establish a "base" price for use of the facility. Any other special considerations can be a reduction of this base price, which in effect would mean that the Town is subsidizing any user receiving a reduced fee.

ANALYSIS

The fees established are based somewhat on a comparison of organizations similar to the Town of Carrboro (Orange County, Chapel Hill, etc.). Although these fees seemed to vary widely for a number of factors, the recommended fees are within a comparable range.

In considering demand, it is recommended that the Town charge a higher fee for weekend use for the large multi-purpose room. The only basis for this recommendation is that demand should be higher and the potential user may be able and willing to pay a higher user fee. This may or may not prove to be a valid assumption. The following chart describes the recommended fee structure and the revenues are based upon the same fee level:

ITEM	PROPOSED FEE
TOWN CENTER	
Community Room (3-hr time block) (Each additional hour pro-rated at the set charge	
Weekday Use: Day Use	\$100.00
Night Use	\$150.00
Weekend Use: Day or Night Use	\$250.00
Meeting Room (2-hr time block) (Each additional hour pro-rated at \$20.00 per hour	
All Times	\$ 40.00
Kitchen (3 hr time block) (Each additional hour pro-rated at \$25.00 per hour)	
All Times	\$ 75.00
Deposit (all areas)	\$100.00

ACTION REQUESTED

That the Board of Aldermen establishes a “base” fee structure and amend the Town’s Miscellaneous Fees and Charges Policy to accurately reflect the adopted policy. The Recreation and Parks Commission will meet on December 7, 1998 and revisit this fee structure to provide a more updated recommendation to the Board of Aldermen.

RECREATION FACILITIES FEES AND CHARGES

FACILITY TYPE	CHAPEL HILL*	MECKLENBURG COUNTY	ORANGE COUNTY	KENAN CENTER	ARTSCENTER	CARRBORO WEEKDAY	CARRBORO WEEKEND
Conference/ Classroom (small)	\$24 per 2-hr. (\$12 each addt'l hr.)	\$60 per 3 hr. (\$20 each addt'l hr.)	\$30-\$40 per 2 hr. (\$15-\$20 each addt'l hr.)	\$100 per day	\$50 per 2 hr. (\$25 each addt'l hr.)	\$40 per 2 hr. (\$20 each addt'l hr.)	\$40 per 2 hr. (\$20 each addt'l hr.)
Major Community Room (large)	\$20 for gym	\$120 per 3 hr. (\$40 each addt'l hr.)	\$65 per 3 hr. (\$200 each addt'l hr.)	\$300 per day	\$350 per 2 hr.	\$100 per 3 hr. day use \$150 per 3 hr. night use	\$250 per 3 hr. use
Kitchen	None	\$90 per 3 hr. (\$30 each addt'l hr.)	None	\$200 per day	\$ 75 per 3 hr.	\$ 75 per 3 hr.	\$ 75 per 3 hr. (extra hr. prorated)

*Chapel Hill Recreation Department requires a \$100 deposit for all rentals

*Orange County Recreation requires a \$50 deposit for all rentals

TOWN CENTER REVENUES

(Based upon the premise of fifty week operation per year)

1. Upstairs Activity Room (rented at three hour time blocks*): \$46,250 Total

Sun. – Thur. Average 5 block uses per week - \$31,250
 $5 \times 50 \text{ wk} \times \$125 \text{ av.} = \$31,250$

(The \$125 av. is based on a fee of \$100 for day use and \$150 for night use)

Fri. – Sat. One use per week plus an additional projection of 20% - 15,000
 $1 \times 50 \text{ wk} \times \$250 = \$12,500 \text{ plus } \$12,500 \times 20\% = \$2,500$

*(All fees are predicated upon the three hour time block. Extra hours or any portion of an hour are pro-rated at the hourly weekend or weekday rate.)

2. Resource Center (Not calculated at this time due to type of user unknown)
3. Meeting Rooms (Rented at two hour time blocks): \$14,000 Total

(No differential charge set for weekday versus weekend use.)

Mon.-Thur. Average 5 uses per week-\$10,000
 $5 \times 50 \text{ wk} \times \$40 = \$10,000$

Fr. – Sun. Average 2 uses per week-\$4,000
 $2 \times 50 \text{ wk} \times \$40 = \$4,000$

4. Kitchen (rented at three hour time blocks): **\$3,750 Total**

Average 1 use per week - \$3,750
 $1 \times 50 \times \$75.00 = \$3,750$

Annual Revenues total \$64,000

Notes: The Town will have a cost of \$8.00 for a Facility/Supervisor at each hour of rental, so this direct cost must be subtracted from the hourly rate to begin perceiving the actual charge to users. The time blocks are based upon the projected average use of the spaces coupled with the understanding that in many cases the large meeting room might have to be heated and/or cooled for a specific user and a one hour use and charge is economically unrealistic. Also, when meetings and other activities are over, users tend to congregate and occupy space beyond purposeful use. The Town will incur charges for utilities and personnel even if user is not paying for their occupation of the building.

Carrboro Town Center Fees

The Recreation and Parks Commission passed the following recommendations with the added wording as outline below in the shading area on bottom of the chart.

ITEM	PROPOSED FEE
TOWN CENTER	
Community Room (3-hr time block) (Each additional hour pro-rated at the set charge)	
Weekday Use: Day Use	\$100.00
Night Use	\$150.00
Weekend Use: Day or Night Use	\$250.00
Meeting Room (2-hr time block) (Each additional hour pro-rated at \$20.00 per hour)	
All Times	\$ 40.00
Kitchen (3 hour time block) (Each additional hour pro-rated at \$25.00 per hour)	
All Times	\$ 75.00
Deposit (all areas)	\$100.00
For purpose of clarification, the 2 hour and 3 hour time blocks are the minimum times that each room area may be rented. Less time than the minimum will result in the full charge as listed above. Example: meeting room rented for one and one-half hour will still result in a \$40.00 fee. Times over the minimum block will be charged at fifteen minute intervals pro-rated from the hourly rate.	

BOARD OF ALDERMEN

ITEM NO. E(3)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Selection of Name for the Town Center

DEPARTMENT: Administration	PUBLIC HEARING: YES ____ NO <input checked="" type="checkbox"/>
ATTACHMENTS: Suggested Names for Town Center	FOR INFORMATION CONTACT: Robert Morgan, 968-7706

PURPOSE

The purpose of this item is for the Mayor and Board of Aldermen to select a name for the Town Center building.

SUMMARY

On August 25, 1998, the Board of Aldermen approved a process for naming the Town Center building. That process involved a contest whereby citizens would submit written suggestions for possible names to the Town Clerk. The person recommending the name chosen and approved by the Mayor and Board of Aldermen would receive a \$100 gift certificate to a Carrboro business of their choice.

Those suggestions were passed along to the Design Review Committee (attached). The Design Review Committee is recommending that the building be named "Carrboro Town Center."

ACTION REQUESTED

To choose a name for the Town Center building.

SUGGESTED NAMES FOR TOWN CENTER BUILDING

Suggestion #	Suggested Name
1	The Eleanor Kinnaird Community Center
2a	The Corner Stone
2b	Town Centre
2c	Tom Lloyd Memorial
3	The Carrboro C.A.R.E. Center (Community, Arts, Resources, Education)
4	Kinnaird City Center
5a	West End Community Center
5b	Elie Kinnaird Community Hall
5c	Elie Kinnaird Community Center
5d	Elie Kinnaird Civic Center
6	Carrboro Community Center
7	Carrboro Town Center
8	Carboroplex or Carboplex
9a	Carrboro POP Center (The P.O.P. Center) (Paris of the Piedmont Center)
9b	The Carrboro Community Center and C.O.P. Shop (Carrboro Officers on Patrol)
9c	The Carrboro C.O.P./P.O.P. Shop
9d	The Carrboro Community Diversity Center
10	Carrboro Police Department and Community Center
11a	Eastside Community Center
11b	Carrboro East Town Center
11c	East Town Center
11d	Carrboro Town Center Community Center
11e	Carrboro Town Central Community Center
11f	Mill Central Community Center
11g	Carrboro Community Central
12a	Deacons Hall
12b	Deacons Walls
12c	The Deacons Bench

BOARD OF ALDERMEN

ITEM NO. E(4)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Report on the Incubator Study

DEPARTMENT: Community and Economic Development	PUBLIC HEARING: YES NO <u>X</u>
ATTACHMENTS: Copy of the Incubator Study	FOR INFORMATION : James Harris 968-7700
THE FOLLOWING INFORMATION IS PROVIDED: (x) Purpose (x) Action Requested (x) Analysis (x)(x) Recommendation	

Purpose :

The purpose of this item is to present to the Carrboro Board of Aldermen the Incubator Feasibility Study prepared by the North Carolina Small Business and Technology Development Center on behalf of the North Carolina Technological Development Authority, Inc. (TDA). TDA commissioned the study on behalf of the Town, at a cost of \$6,000.

Analysis:

In an effort to further support the development of small businesses in the Town of Carrboro, former Alderman Hank Anderson, Alderman Alex Zaffron and James Harris (Director of Community and Economic Development) attended the annual North Carolina TDA conference to determine what benefit an incubator could provide the Town of Carrboro. After witnessing the excitement of participants about the incubator programs, that TDA helped establish in their communities, it was decided that Carrboro might benefit from an incubator. The Board of Aldermen authorized staff to have TDA do a study to determine if there is a need for an incubator in Carrboro.

Much of the analysis in the Carrboro Incubator Feasibility Study focused on the healthy economy in Carrboro and Orange County, both of which are supportive of entrepreneurial activity. The study suggests that there is a lack of commercial space in the county to house new businesses. While there is limited commercial space in Carrboro at this time, it does not preclude the Aldermen from rezoning land for commercial use in the future. Carrboro also has a history of reusing existing buildings for new businesses. These two factors, in addition to input from businesses at the Carrboro Business Forum, demonstrate that a business incubator is a logical economic strategy to accommodate new business starts in Carrboro. The Small Business Technology Development Center (SBTDC) recommended in the Study that the Carrboro Incubator Task Force consider two possible scenarios for pursuing this initiative. The

recommendations are not listed in order of priority. One recommendation was to develop a full fledged incubator specializing in one or more of the areas such as technology, retail, or manufacturing. The type of incubator has not been determined at this time because of the two options proposed by the SBTDC. The second proposal is to establish a virtual incubator that would focus on existing business development programs in Carrboro. A Virtual incubator is also known as an Incubator Without Walls. This structure works more as a business center, whereby a new business can utilize shared services provided at the site for a fee and benefit from the assistance given by the incubator manager or referrals to professional business experts.. This type of program would not provide space for entrepreneurs, however it would still provide technical and business assistance resources at a centralized place-including securing appropriate space for the new business. The town and other business support services already provide many of these services. This proposal would give an opportunity for providers of the services to develop a more cohesive and shared plan for disseminating information to individuals that would like to help small businesses.

The role of an incubator in the economic development of a community goes beyond fostering entrepreneurship. An incubator has the potential to play an active role in the four economic development activities of:

- new business creation
- attracting existing businesses from other communities
- retaining existing businesses
- expanding existing businesses

The aforementioned activities are not very different from the activities provided by the Town of Carrboro Department of Community and Economic Development , therefore an incubator would complement and strengthen the department's program. At this time a traditional incubator may not be what is needed in Carrboro. The provision of commercial space can be provided in the market as the need for such space may arise.

If the Virtual Incubator proposal, which is the consensus of the I Incubator Task Force, is accepted the next step would be for the Incubator Task Force to meet with the existing resources and programs in the area that serve small businesses to determine the feasibility of such a proposal. An informal discussion with the majority of the groups suggests that there is a willingness to do so, as the town already has a working relationship with most of the services. An inventory of the services to be coordinated is listed on pages 24 and 25 of the study. Virtual incubators are not as expensive to start as the traditional incubator but there are expenses. The TDA, which paid for the incubator study, is still interested in working with the town . A proposal for the virtual incubator needs to be written and submitted for consideration for funding. The SBTDC has expressed an interest to continue to work with the Town on the project at no charge.

Grant money is still available from TDA to support incubators, including the virtual incubator discussed in the study. TDA also remains committed to supporting an incubator in Carrboro.

Action Requested:

It is requested that the Board of Aldermen accept the report and direct the staff to proceed with the actions required to establish a virtual incubator.

Recommendation:

It is recommended that the Board take the action requested by staff.

original

SBTDC



CARRBORO INCUBATOR FEASIBILITY STUDY

Draft Revised in November, 1998

Prepared by:

NC SMALL BUSINESS AND TECHNOLOGY DEVELOPMENT CENTER

On behalf of:

NC TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

North Carolina Small Business and Technology
Development Center (SBTDC)

333 Fayetteville Street Mall, Suite 1150

Raleigh, NC 27601

Tel: 919/715-7272

Fax: 919/715-7777

Carrboro Incubator Feasibility Study

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Appendices:

Appendix A - Carrboro Business Forum

Appendix B - Sample Financials from Buncombe County

Carrboro Incubator Feasibility Study

1. Introduction

On behalf of the North Carolina Technological Development Authority (TDA), the North Carolina Small Business and Technology Development Center (SBTDC) conducted a feasibility analysis for a proposed business incubator to be located in Carrboro, North Carolina.

This preliminary feasibility study identifies and describes the key information that will assist in determining the potential for developing a successful incubator facility in Carrboro, in Orange County. Specifically, the report addresses:

- trends in the incubator industry at the national and state level,
- the experiences of other incubator facilities,
- the proposed services and operational guidelines of the Carrboro incubator,
- the local support necessary to sustain the development and operation of the incubator,
- some local business needs,
- the strengths and weaknesses of the county economy,
- the community development and business resource networks,
- potential risks associated with an incubator facility, along with mitigating factors, and
- funding sources for the construction and operation of an incubator facility.

A number of outside sources has been relied upon to guide us through the feasibility analysis and ensure that this study accurately reflects the current local and regional situation. These sources include community and business leaders, government officials, and a number of economic development reports and studies. (Please refer to the list of References on page 34 for resources consulted.)

2. Incubator Concept

Economic development strategies in North Carolina have historically focused on industrial recruitment, and these efforts have been successful in many communities. More recently, strategies have been expanded to include a more diverse approach to economic development that fosters indigenous entrepreneurial development. This is largely because it has been recognized that small businesses play a critical role in the economy. For instance, small businesses (firms with fewer than 500 employees) provide most of net new jobs, represent 99.7% of all employers, employ 53% of the private work force, contribute 47% of all sales, provide 55% of innovations, and account for 51% of the private GDP¹. In North Carolina, small businesses created all of the net new jobs between 1992 and 1996, and very small businesses (less than 20 employees) created 69% of this growth².

An effective small business development strategy has been the business incubator, and the growth in the number of business incubators nationwide between 1980 (12) and 1998 (550) reflects the shift in investments to small business development initiatives. North Carolina has advanced this strategic approach through its funding assistance to the TDA. The TDA is committed to providing entrepreneurial support, through its North Carolina business incubators program and sponsorship of the North Carolina Business Incubator Association. The first TDA incubator project was the Small Business and Industry Center in Waynesville in 1985; the total number of

¹ "The Facts About Small Business, 1997". U.S. Small Business Administration, Office of Advocacy, 1997.

² "1997 Small Business Profile, Small Business: Backbone of the North Carolina Economy." U.S. Small Business Administration, Office of Advocacy, 1997.

incubators in the state that have received assistance from the TDA to date has grown to 25 – 19 operational and 6 under development.

The Incubator Concept

Business incubators are designed to encourage the development of entrepreneurial businesses by offering an assortment of business support resources and services that are developed and delivered by incubator management. These resources are offered to tenants in the incubator and to other businesses associated with the incubator. The main objective of a business incubator is to produce successful businesses that will graduate from the facility as a freestanding business. Incubator graduates will ideally strengthen the local and national economy by creating jobs, revitalizing neighborhoods, commercializing technologies, and offering new products and services. Critical to the success of a business incubator program is the management structure, which provides the necessary business and technical assistance to young businesses.

In addition, the incubator facility provides clients with rental space (often expandable) and flexible leases, shared business services and equipment, technology support, and assistance in the management and growth of the business³. Exposure to a network of other professional services, such as accountants, lawyers, and marketers, is also provided.

In addition to the value-added services, another unique feature of the incubator is that businesses are expected to "graduate" from the facility within 2 to 5 years. This creates opportunities for new start-ups to take advantage of the facility and its nurturing environment. An exception to the graduation concept is the "anchor" tenant. An incubator may have one or two anchor tenants that remain in the facility - typically these tenants pay closer to the average market rental rates.

Incubators are generally classified into three categories: **industry specific** incubators focus on one particular industry group, such as light manufacturing or services. A technology incubator, for example, would house companies involved in technologies such as software, medical and biotechnology. **Mixed-use** incubators accommodate a variety of business sectors, and may include service, distribution and light technology firms that do not fit into any one niche. Finally, **empowerment/microenterprise** incubators are usually located in communities facing economic challenges, and they tend to focus especially on low-income, minority and women-owned businesses⁴. Regardless of the type of incubator, TDA maintains that "the primary focus of the incubator is to foster the attraction and creation of jobs and wealth at a local level, becoming an integral part of the overall economic development plan for the community..."

How A Business Incubator Fits Within Economic Development Strategy

An incubator's role in the economic development of a community can go beyond fostering entrepreneurship. An incubator has the potential to play an active role in the four economic development activities of:

- new business creation
- attracting existing businesses from other communities
- retaining existing businesses
- expanding existing businesses.

In addition to providing services to incubator tenants, the incubator can also reach out to the community to build businesses and increase commerce. Because the incubator will require strong community support, both in spirit and financial support, it is vital that community leaders visualize the incubator's role in Orange County's economic development strategy.

The National Business Incubator Association (NBIA) has recently completed a comprehensive study of business incubators nationwide, Business Incubation Works. In surveying 50 business

³ Business Incubation Works. NBIA Publications 1997.

⁴ ibid p. 4.

incubators, the study has drawn the following conclusions, which highlight the role of incubators as an important economic development strategy:

- Business incubation programs help companies create new jobs. In 1996, incubators reported on average that their firms had created 468 direct and 702 total jobs.
- Business incubation programs create new jobs for a low subsidy cost and a substantial return on investment. The estimated public subsidy cost per job created was \$1,109.
- Incubator companies experience healthy growth: the average annual growth in sales per firm was \$239,535.
- Business incubation programs produce graduate firms with high survival rates: 87% of all graduates are still in business.
- Most graduating firms (84%) remain in their local communities.
- Most incubator firms provide employee benefits.
- Incubation programs improve local community image⁵.

Perhaps most importantly, the study concludes that incubator firms contributed significantly more dollars to a community than the cost to subsidize the incubator program.

3. Incubator Overview

3.1 Incubator Industry Overview

The National Business Incubation Association's (NBIA) Tenth Anniversary Survey of Business Incubators, 1985-1995: A Decade of Growth defines the changing roles and growth of business incubators. The survey results also reiterate the economic impact of incubators in the ten-year period⁶.

- North American incubators are surviving, thriving and creating jobs.
- Both suburban and rural incubators have experienced steady growth in numbers during the decade, while the growth rate of urban programs has declined in the past five years.
- Technology and empowerment/microenterprise incubators have increased more rapidly in the past five years, while mixed-use incubator respondents were more frequently represented from 1985 to 1989.
- Survey respondents included mixed-use incubators (42%), technology incubators (30%), light manufacturing (13%), service (9%), and empowerment/microenterprise (7%).
- The average number of start-up firms per incubator is 17, and the median is 10.
- Forty-eight percent of the sample reported serving anchor tenants, mature businesses that include graduates of the incubator program. The average number of anchor tenants served is 4; the median is 2.
- Ninety-five percent of the sample (175 incubators) reported that current tenants had created an average of 72 jobs; median 38.
- Average aggregate revenues for tenants per incubator were \$4.3 million; the median was \$1.5 million.
- On average, incubator clients stay with the incubator program 2.3 years prior to graduation; 30% of clients graduate each year.
- Services most frequently offered include: space rental (100%), general management advising (97%), business planning and implementation (85%), office services (85%), assistance obtaining financing (84%), marketing assistance (79%), financial and accounting services (65%), technology consulting (50%), legal and intellectual property assistance (44%) and other services (10%).
- Over 13,000 clients, incubator programs have served affiliates and graduates.

⁵ ibid. p. 6.

⁶ Statistics and facts cited with permission of the NBIA., <http://www.nbia.org/facts.htm>

3.2 North Carolina Incubator Statistics

According to the TDA, the common mission of incubators across the state is to better enable the commencement of entrepreneurial activities by lowering initial capital requirements and increasing the probability of success of incubated companies⁷. Another function of small business incubators is to "foster the attraction and creation of jobs and wealth at a local level, becoming an integral part of the overall economic development plan for the community and the state."

A 1995-1996 survey of North Carolina incubator graduates by TDA reflects that incubators in the state help small businesses survive longer than national averages. Survey respondents reported survival rates in the third year exceeding the national average for small businesses by 13%. In years 4-6, respondents reported rates exceeding the national average by 20-23%, and in year 7 survival rates for North Carolina graduates responding to the survey were 35% higher than the national average for small businesses. Incubators typically help companies combat two common causes of business failures: lack of management skills and limited start-up capital.

In addition to the national statistics and information, the TDA has provided the following data specific to North Carolina incubators⁸:

Incubator Statistics

- Since 1985, the TDA has committed funds to assist and start up a total of 25 small business incubators. 74% of those are in rural communities, which are defined as areas with 25,000 residents or fewer.
- Over 400,000 square feet of office and laboratory space targeting entrepreneurs is available or under construction.
- 80 companies will graduate each year, employing about 500 people annually.

Graduate Statistics

- The average stay in a TDA incubator is 2.6 years.
- 59% of graduates are service companies; 41% are manufacturing companies; 38% of the businesses are women- or minority-owned.
- The number of employees per company has increased from 2.4 when entering the incubator, to 5 when graduating, to a current average of 16.4 employees.
- 86% of tenants stay in the community (within 30 miles).
- The average annualized sales of graduates is \$1.1 million.

Real Estate Impact

- 69% of incubator managers say their neighborhood is in better condition than before the incubator opened; 77% of the managers feel that their incubator has positively affected their neighborhood.
- Property values have increased in 62% of all neighborhoods, with 63% of increases attributed to the presence of the incubator.
- Incubators have stimulated building renovations or development in more than ¾ of communities.
- Vacancy rates have decreased in 54% of the neighborhoods.

3.3 Experiences of Other Small Incubators

To develop the best possible structure for this incubator, seven incubator facility managers in North Carolina have previously been interviewed about their services, facility, key success factors and pitfalls. The profile information also incorporates data from NBIA and TDA sources. The incubator sites interviewed include Dunn, Waynesville, Goldsboro, Marion, Whiteville, Ahoskie, and Littleton.

⁷ North Carolina's Business Incubators. North Carolina Technological Development Authority. 1996.

⁸ Ibid.

The Incubator Profile

Incubator managers

- Typically there is an incubator manager at each facility who assists tenants with a wide range of activities from reviewing business plans to obtaining financing. They are also active in the recruitment of businesses to the facility and the management of the physical building. One of the most important roles for the incubator manager is that of “networker” and relationship builder. It is vital that the manager is skilled in these areas so that meaningful relationships can be established among citizens, businesses, and tenants. Many times incubator managers serve in dual roles and wear many hats. For example, they may be the facility manager or the small business center director at the community college.

Facility Size

- In North Carolina, total square footage for all facilities is 400,000; the average square feet per incubator 16,000.

Tenant Number

- The facility managers interviewed reported that the average number of tenants per facility is 9.43, with a median of 9.
- Four of the seven respondents (57%) said they are either not able to break even at their current capacity, or that they are required to maintain a “full house” to break even. Two of these four incubators are in buildings owned by the county and are not required to pay rent. One incubator owns the building.
- The remaining three managers interviewed (43%) said their facilities are able to at least break even. In two of the three cases, no rent is paid on the building.
- According to NBIA, the average number of tenants nationwide is 17 with a median of 10. Past studies have found that an incubator operating with less than 30,000 square feet does not provide an adequate base to spread the cost of shared services. A manager of a smaller facility stated that operations with a low number of tenants might realize cash flow problems should a tenant abruptly terminate the relationship. Smaller facilities also reported that their tenant base did not generate adequate rental revenue to break-even.

Module size (Mixed Use)

- For North Carolina incubators included in our interviews, the average square footage per tenant is 1,150. This amount can vary widely depending on whether the client is oriented toward manufacturing, service, retail, or distribution.
- Across the country, many incubators upfit individual modules to suit the client's needs. While this provides a needed service to the entrepreneur, it can also result in a cash flow problem for the facility's sponsors. A manager of a light industrial incubator outside the state reported that a recent upfitting for an 8,000 square foot space exceeded \$70,000.

Occupancy

- According to a 1987 NBIA survey of incubator managers nationally, the following occupancy ratings were recorded: 15% leased on opening day, 35% by month 6, 50% by month 12, and 70% by month 24.

Space for Common Area and Shared Services

- In general, 70% of the incubator will be leasable space for businesses, and 30% will be shared/public space.

Common Management & Support Services

- Business consulting, financial consulting, mentoring support, flexible space, receptionist, conference room, copier/fax services, computer, mail services, security, Internet access.

Rental and Utility Charges

- Forging the Incubator, an NBIA publication, does not recommend operating a facility below market rent.
- Five out of seven (71%) of the incubator managers interviewed reported rental rates below, or well below the market rate. One of the other managers said their rates were just under market rates. All of those interviewed reported that utilities are a separate expense for the tenants.
- Three out of seven (43%) of the interviewees reported that utilities are paid individually by the tenants. Two of these three specified that there were individual meters for their tenants.
- Two other managers interviewed (28.5%) reported charging pro-rated amounts for each tenant for utilities.
- The remaining two managers (28.5%) said they charge a set amount each month for utilities.

Incubator Type

- Most of the managers interviewed said their facilities were comprised of a mix of businesses. Two reported a light manufacturing/service mix, and one reported a light manufacturing/distribution focus. The remaining four are mixed-use facilities.
- Rural incubators tend to operate mixed-use facilities which allows the greatest flexibility for tenants and management. Geographically, most of the light industrial incubators are located in cities of 200,000 or more.

Key Success Factors and Challenges/Pitfalls

The incubator managers surveyed were asked what factors led to their success in running the incubator, and what challenges or pitfalls they encountered. Below are their responses.

Key Success Factors

- A waiting list of potential tenants, community support and feedback.
- Volunteer-based assistance, good success stories, strong community support.
- Flexibility with start-ups.
- Office is set up as a one-stop assistance location for the county.
- Cooperation with the community, partnership with the county.
- Full house - entire facility must be occupied to break even.
- Town owns the building and doesn't charge rent.

Challenges/Pitfalls

- Location in town, lack of exposure and traffic.
- Attracting tenants; recruitment.
- Recruitment - build waiting list to fill or expand incubator.
- Disagreement with town over maintenance of building.
- Lack of financial/budget support.
- Lack of aggressive support services for the incubator tenants (i.e., access to Internet, computers, etc.).

3.4 The Carrboro Incubator Project

Origins and Objectives

The Town of Carrboro initiated the investigation of a business incubator facility in Carrboro. Upon approaching the TDA to fund the feasibility study, a Task Force was organized in fall 1997 to oversee the incubator development process. The Task Force is comprised of representatives from the towns of Carrboro and Chapel Hill, Alderman Alex Zaffron, local businesses, Empowerment Inc., The Women's Center, the Chapel Hill/Carrboro Chamber of Commerce, and the Orange County Economic Development Commission.

The SBTDC made two presentations to the Task Force: the first (December 1997) to introduce the incubator concept and to discuss the feasibility study, and the second (February 1998) to present demographics, employment, industry and business trends for the area. A presentation of the incubator concept was also made to the Chapel Hill/Carrboro Chamber of Commerce. A Focus Group was organized in April 1998, to gain business and community input on issues such as the needs of start up companies, factors influencing location decisions, suppliers and services lacking in the community, and the services to be provided by an incubator. The remaining data were collected and compiled, and the final study presented to the Task Force and the TDA in July 1998.

The objectives for the Carrboro business incubator are as follows:

1. Foster the development and growth of small businesses in the Town of Carrboro and in surrounding Orange County.
2. Create job opportunities for residents of Carrboro and Orange County.
3. Encourage the economic growth and development of Carrboro and Orange County. This will be accomplished by working with the broader economic development plans of other entities in Orange County, in order to both start up and attract high growth enterprises that will create jobs and generate revenues for the county, in addition to contributing to the local economy.

4. Economic Development Strategies

The business incubator concept fits well with most of the other economic development strategies and plans for the area that were provided to the SBTDC. The Task Force should continue to work within the guidelines of these plans, and keep the respective groups apprised of the progress on an incubator in Carrboro. A brief description of each follows.

Orange County Economic Development Commission Strategic Plan "Sustaining a Quality Community through Balanced Economic Growth"

This plan, which originated in 1988 and was updated in 1995, is comprised of seven components, one of which is Business Assistance, Retention, and Creation. The purpose of the plan is to "ensure the desired quality of life in Orange County by encouraging economic development through investment in human resources, the expansion of existing businesses, and the creation of diversified and environmentally-safe businesses".

The plan is a guideline for Orange County's economic development activities. The OCEDC is committed to encouraging the start-up, retention, recruitment, and expansion of businesses, especially small businesses. To that end, the OCEDC is committed to service and advocate on behalf of new business starts.

Town of Carrboro "Year 2000 Task Force Policies"

This document is an effort to develop a guiding framework for Carrboro's growth through 2000. The creation of these policies was commissioned by the Board of Aldermen in 1985, and continues as policy for Carrboro. Although nonbinding, the policies are intended to be considered when planning for growth and development for the Town.

Section 3.0 addresses Economic Development, and 3.72 specifically recommends that "new office, retail, and industrial development should be encouraged so as to diversify the tax base". In addition, development should minimize environmental change, emphasize appropriate buffering, must not be a major use of water, and must maintain the integrity of Carrboro's neighborhoods.

"Shaping Orange County's Future"

In 1993, the Assembly of Government's sponsored a conference, Shaping Orange County's Future, which focused on the growth pressures affecting the county. While there is no formal plan in place, this is a growth strategy that involves developing a vision and growth strategy that proactively guides the growth process. Ideally, a vision will be developed that incorporates the interests of everyone in Orange County. Goals, and a set of recommendations for achieving them, will be outlined. Once complete, the goals will serve as a policy base for governing bodies of Carrboro, Chapel Hill, Hillsborough, and Orange County.

Economic Development is one topic in the plan. While the vision and goals have not been articulated to date, it will be important for the Task Force to uphold those goals as the business incubator progresses.

Midway Business Center

Empowerment Inc. is a nonprofit community development corporation located in Chapel Hill. The organization, which focuses on community organizing and developing affordable housing, is proposing a business incubator that will serve the needs of Chapel Hill's Midway Business District. The Midway business district is a traditionally black business district that connects Chapel Hill and Carrboro; the proposed incubator consists of two adjacent buildings, facing Graham Street and Merritt Mill Road. The incubator will target women- and minority-owned businesses, but will not exclude other businesses⁹

UNC – Chapel Hill

The University of North Carolina at Chapel Hill is in the process of determining the feasibility of an incubator facility to house technology-based companies as spin-offs from faculty research. The facility would be university-based, and would be located on the University's Horace Williams site. The feasibility study is being conducted by the SBTDC, in conjunction with the Office of Graduate Studies and Research and the Office of Technology Development. The draft study will be complete in fall 1998.

5. Economic Feasibility

This section presents some of the salient economic and demographic factors that will help determine what type of incubator facility would best serve this area. The analysis has been conducted at two different geographic levels: Orange County and the town of Carrboro. Most secondary government data is available only at the county level, and Orange County is considered the larger regional economy served by Carrboro. Data for Carrboro and neighboring Chapel Hill are also presented, based on availability. As will be seen from this analysis, it is important to understand the broader economy that the incubator will serve. It is also essential to understand the local economy of Carrboro, its fit into the broader economy, and the specific needs of the town that the incubator can address.

⁹ Midway Business Center: Market Overview and Operating Plan. Empowerment Inc. 1993.

5.1 County Summary

County Economic Development Outlook¹⁰

In April, the NC Department of Commerce, Management and Information Services Division releases the North Carolina County and Regional Economic Development Scans. The 1997 publication contains a wealth of knowledge about each county including:

- Key Trends and Rankings Against the Other Counties
- Economic and Demographic Data, and
- Transportation Access, Infrastructure, and Resources.

The ranking information is indicated by a score of 1 to 100. The county with a score of '1' indicates the county with the lowest performance, while a score of '100' indicates the county with the highest performance.

The 1996 version of the Economic Development Scans also lists the major strengths, weaknesses, opportunities and threats. The strengths of Orange County are listed as a highly educated labor force; cultural amenities; access to interstate highway system; University of North Carolina at Chapel Hill; and zoned land on interstates. The weaknesses are listed as a tight labor market; a mismatch between available jobs and labor force skills; a lack of available buildings and development sites; and a high cost of living. Opportunities mentioned include location within Research Triangle and a balanced growth. Threats are listed as a lack of funds for infrastructure and a lack of training funds to support existing businesses.

Orange County ranked higher among the other counties in:

• Unemployment Rate	100
• % of Adults with College Education	100
• Average Wage	97
• Per Capita Income	95
• Fiscal Capacity	94
• Population Change	87

The County ranked below the other counties in:

• Business Failure Rate	25
• Employment Change	44
• Surplus Wastewater Treatment Capacity	45
• Average Plant Age	48
• Poverty Rate	57

Based on some of these rankings, it is not difficult to understand why Orange County is considered one of the more vigorous localities for business activity and residents, in North Carolina and the nation.

5.2 Population Characteristics of Carrboro and Chapel Hill

The demographic trends for Carrboro and Chapel Hill largely reflect those of Orange County. In general, the population tends to be young and rapidly growing, well educated, and highly employed with good incomes. The following tables demonstrate some of these trends.

¹⁰ 1997/1996, North Carolina County and Regional Economic Development Scans: Comprehensive Strategic Economic Development Plan, NC Department of Commerce, Economic Policy Unit.

The population for Carrboro and Chapel Hill shows an increase in growth rates for the 1980 and 1990 decennial censuses, recent estimates (1996), and projections (2001). Between 1980 and 1990, Carrboro grew an average of 4% per year while Chapel Hill's growth rate averaged 1.6% each year for the same period. Growth rates for each town have since leveled out to about 2.6% per year through 1996, and are estimated to continue at 3% annually through 2001¹¹.

Population Trends, 1980-2001

<u>Trends</u>	<u>Chapel Hill</u>	<u>Carrboro</u>
Total Population		
1980 Census	33,239	8,217
1990 Census	38,719	11,553
1996 Estimate	44,253	13,345
2001 Projection	51,037	15,588
Change in Population		
1980 to 1990 (%)	16.5	40.6
1990 to 1996 (%)	14.3	15.5
1996 to 2001 (%)	15.3	16.8

Median household income in Carrboro in 1996 was \$27,872 and \$45,844 for Chapel Hill¹². In Chapel Hill, two thirds of households had a median household income of \$25,000 or more; in

Household Income, 1996

	<u>Chapel Hill</u>	<u>Carrboro</u>
Total Households	16,585	7,002
\$0 to \$15,000	3,110 19%	2,259 32%
\$15,000 to \$25,000	2,355 14%	1,173 17%
\$25,000 to \$35,000	1,742 11%	861 12%
\$35,000 to \$50,000	1,829 11%	862 12%
\$50,000 to \$75,000	2,701 16%	983 14%
\$75,000 to \$100,000	1,748 11%	380 5%
\$100,000 to \$150,000	1,951 12%	373 5%
\$150,000 and over	1,149 7%	111 2%
Median Household Income:	\$45,844	\$27,872

Carrboro, the percent of similar households is fifty percent, probably reflecting the large student population. As a comparison, the national median income is \$35,492. Per capita incomes for Carrboro and Chapel Hill are \$20,326 and \$32,477 respectively, compared with the national average of \$18,139.

In 1990, a majority of the population in Carrboro and Chapel Hill was white (79% and 83%), with a black population of 17% and 12%; the Hispanic population was 2% in both towns. These percentages are approximately the same for 1996 estimates and 2001 projections¹³. Asians and Pacific Islanders are the only populations estimated to increase by 2001.

¹¹ Orange County Planning Department. PCensus Project, EQUIFAX National Decision Systems WEFA.

¹² *ibid.*

¹³ *ibid.*

Race, by Year

	<u>Chapel Hill</u>	<u>Carrboro</u>
1990 Census Total		
Population	38,719	11,553
White	31,970 83%	9,092 79%
Black	4,777 12%	1,916 17%
Asian/Pacific Islander	21 0%	3 0%
American Indian	121 0%	36 0%
Other	180 0%	86 1%
Hispanic	598 2%	191 2%
1996 Estimated		
Population	44,253	13,345
White	35,505 80%	10,188 76%
Black	5,763 13%	2,323 17%
Asian/Pacific Islander	2,573 6%	656 5%
Other	413 1%	179 1%
Hispanic	812 2%	273 2%

Both towns have a young and well-educated population. In 1990, the median age in Chapel Hill was 30.4 and 27.9 for Carrboro, compared to 32.8 for Orange County. Similarly, the populations are highly educated: 57% of adults in Carrboro and 71% in Chapel Hill have a college education, compared to 46% for Orange County and 17% for the state of North Carolina. The drop out rate for grade 7 to 12 in 1996 was 1% for Chapel Hill/Carrboro schools, compared to 3% for Orange County.

While the demographic indicators for Carrboro depict a healthy overall picture, it is important to recognize that the aggregate statistics mask some of the issues at the level of the census tract. Poverty is concentrated geographically in census tract 113, which borders the downtown of both Carrboro and Chapel Hill. This area as a historically black neighborhood has had higher unemployment rates, and lower education and income measures than the town as a whole. In 1990, 50% of the residents in the tract were African American, 36% lived below the poverty level, and per capita income was \$8,864¹⁴. For the county overall in 1996, 14% of the residents and 22% of black residents were below the poverty line, compared to 12.4% for all of North Carolina¹⁵. Clearly there are parts of the county that are not sharing in this prosperity.

5.3 Economic Analysis

Economic indicators for Orange County also demonstrate that much of this area is experiencing prosperity and growth. It is important to note that the economy in the southeastern part of the county, where Carrboro is located, is largely dominated by service and government industry sectors, such as the University of North Carolina at Chapel Hill and UNC Hospitals. The employment base reflects this fact, in that it is a highly educated workforce with decent incomes, as illustrated in 5.2. The rest of the county differs somewhat from this composition, with more reliance on manufacturing and industrial employers, which may explain the high poverty rate in Orange County overall.

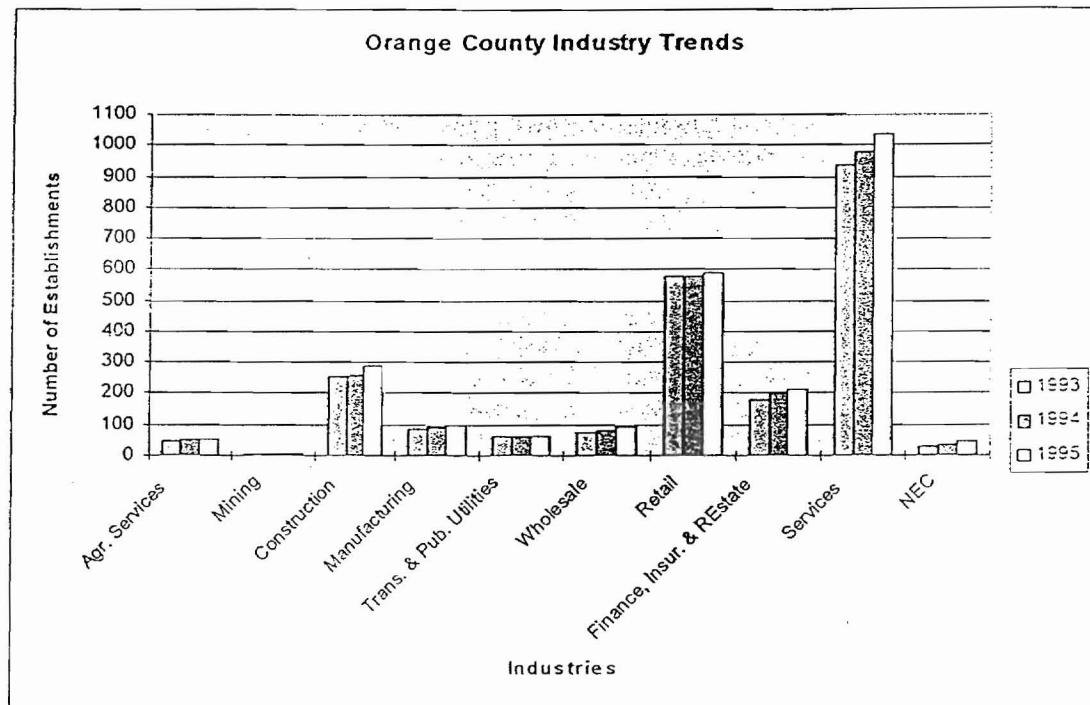
This section will specifically examine current industrial, employment and business trends for Orange County, and for Carrboro and Chapel Hill where information is available.

Industry Trends

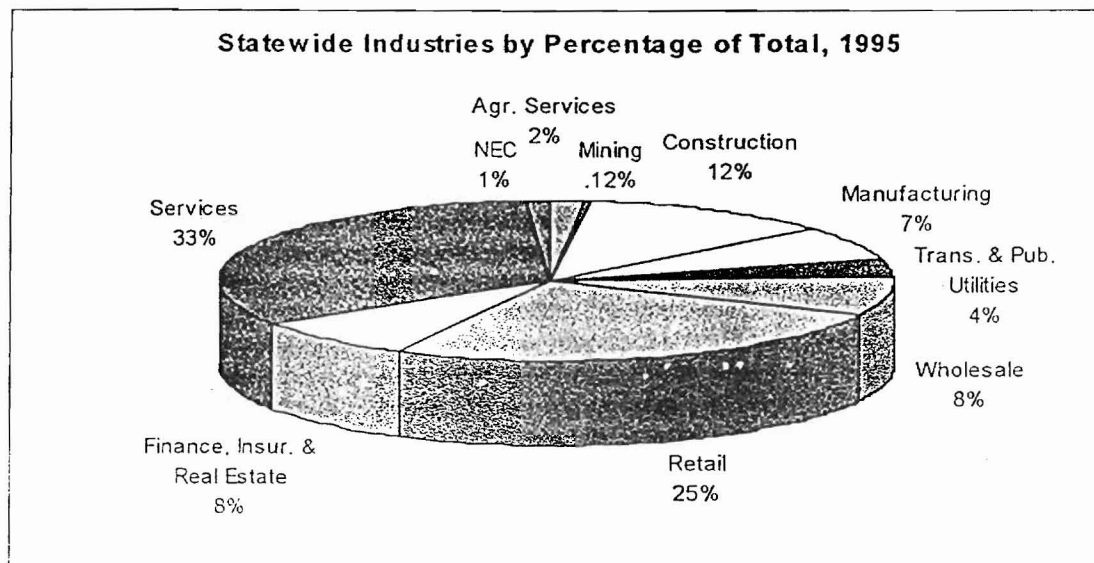
¹⁴ Midway Business Center: Market Overview and Operating Plan. Empowerment Inc. 1998. p. 9.

¹⁵ <http://www.nando.net/insider/1997/september/insider0930.html#INDEX13>

Information from the 1995, 1994, and 1993 County Business Patterns, published by the U.S. Bureau of the Census, has been combined to show statistical trends for industry groupings in Orange County¹⁶.



When comparing the breakdown of industry sectors in Orange County with those of North Carolina, the percentages of Orange County largely reflect the state averages. The Orange County economy exceeds the statewide average with any significance only in services¹⁷.

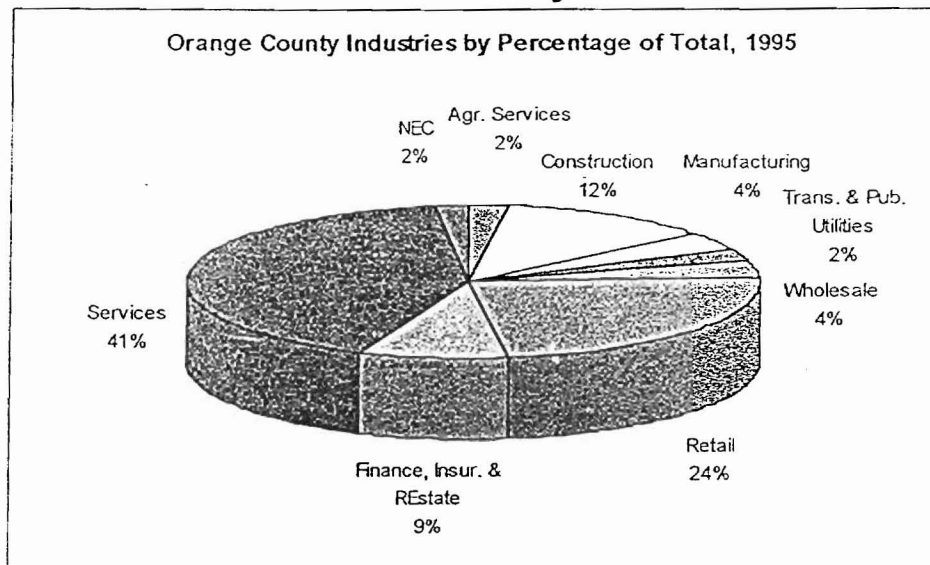


¹⁶ U.S. Bureau of the Census. County Business Patterns 1993, 1994, 1995, 1996, 1997.

¹⁷ U.S. Bureau of the Census. County Business Patterns 1995, 1997.

Over 80% of business establishments in Orange County in 1995 are classified as services, retail trade, construction, and finance/insurance/real estate (FIRE)¹⁸.

Business Activity in Orange County



The service sector singularly had the largest number of business establishments in Orange County in 1996, at 1,345. Within the service sector, the breakdown of subsectors with the greatest number of establishments in 1996 includes:

- private households – 291 establishments
- business services – 217 establishments
- engineering and management services – 205 establishments
- health services – 183 establishments

Other industry sectors with a significant number of establishments include retail trade (605 establishments), construction (326 establishments), and finance, insurance, and real estate (224 establishments)¹⁹.

The service-oriented economy in Orange County is evidenced by the list of the top employers compiled annually by the Orange County Economic Development Commission²⁰. The top twenty employers in Orange County in January 1998 were primarily located in Chapel Hill, although there are some in Carrboro, such as the Chapel Hill-Carrboro City Schools, Harris Teeter, and the Post Office. Most of these employers are in the service, retail, and government industry sectors, and the future economic growth for Orange County is likely to be tied to these three industry sectors. It should be noted that this list is not directly comparable to the Census' County Business Patterns, because County Business Patterns does not include government establishments, except for liquor stores and wholesale liquor establishments operated by state and local governments, and all hospitals.

¹⁸ *ibid.*

¹⁹ *Insured Employment and Wages in North Carolina by 2-digit SIC Industry for 1996*. NC Employment Security Commission. Labor Market Information Division. <http://www.esc.state.nc.us/lmi/>

²⁰ Orange County Economic Development Commission. 1998. Orange County Major Employers: A Publication of the Orange County Economic Development Commission.

Top 20 Employers in Orange County, 1998

<u>Employer</u>	<u># of Employees</u>
University of NC at Chapel Hill	9,335
U.N.C. Hospitals	4,850
Blue Cross/Blue Shield of NC	2,547
Chapel Hill-Carrboro City Schools	1,300
General Electric Co., Inc.	1,060
Orange County Board of Education	977
Orange County Government	590
Town of Chapel Hill	565
Harris Teeter, Inc.	502
Food Lion	391
PHE, Inc.	339
Carolina Dining Services (Marriott)	325
A Southern Season	300
Carol Woods Retirement Ctr.	300
Eurosport	300
Mebane Packaging Group	300
U.S. Postal Service	250
Columbia Homecare North Carolina	225
FGI	225
Wellspring Grocery	220

Employment Trends

Business activity by industry sector has approximately the same breakdown when measured by establishment and by employment. Over 85% of persons employed in Orange County work in the services, retail trade, construction, and the FIRE industries²¹.

Business Activity in Orange County by Number of Persons Employed, 1995

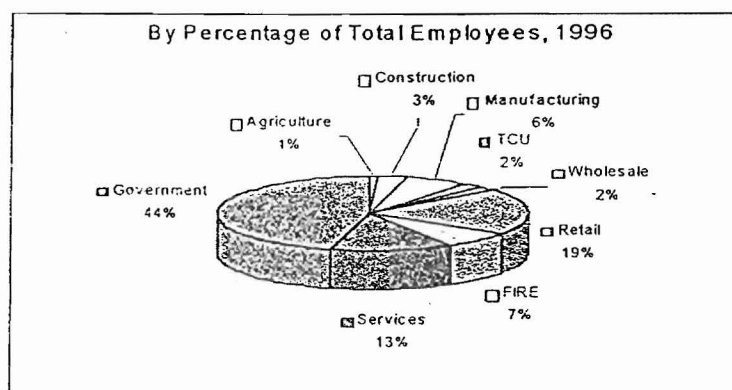
Major Industry Sectors	Number of Persons Employed	% of Total Persons Employ.
Services	14,005	45.1%
Retail Trade	9,586	30.9%
Finance, Insurance and Real Estate	3,132	10.1%
Manufacturing	1,619	5.2%
Construction	1,204	3.9%
Transportation and Public Utilities	587	1.9%
Wholesale Trade	530	1.7%
Agricultural Services	286	0.9%

The NC Employment Security Commission (ESC) includes government as a category when tracking employment in North Carolina. According to their statistics, the largest industry sector

²¹ U.S. Bureau of the Census. County Business Patterns 1995. 1997.

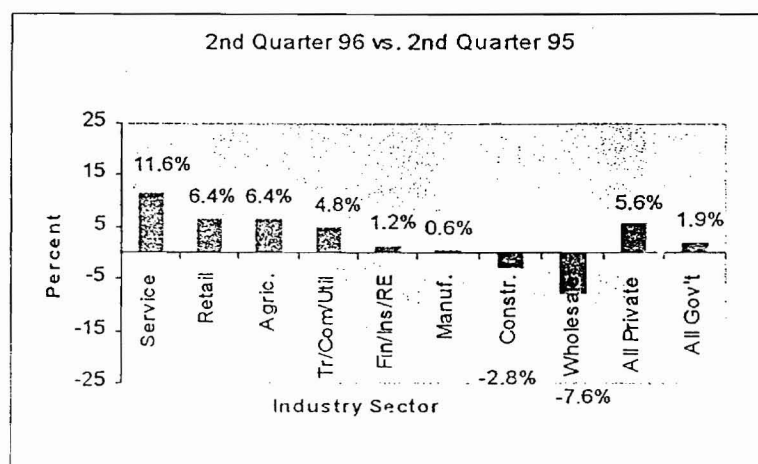
measured by employment in 1996 in Orange County was government (44%), followed by retail (19%), and services (17%)²².

Orange County Industries



By examining changes in employment over the one-year period between 1995 and 1996 (comparing second quarter of each year), it is evident from ESC data that the service industry has grown the most quickly of all industry sectors, at 11.6% for the county. Retail and agriculture (6.4% each) follow this. Declines were experienced by the construction and wholesale industry sectors; employment in manufacturing remained essentially even over the course of the year²³.

Change In Employment, Orange County

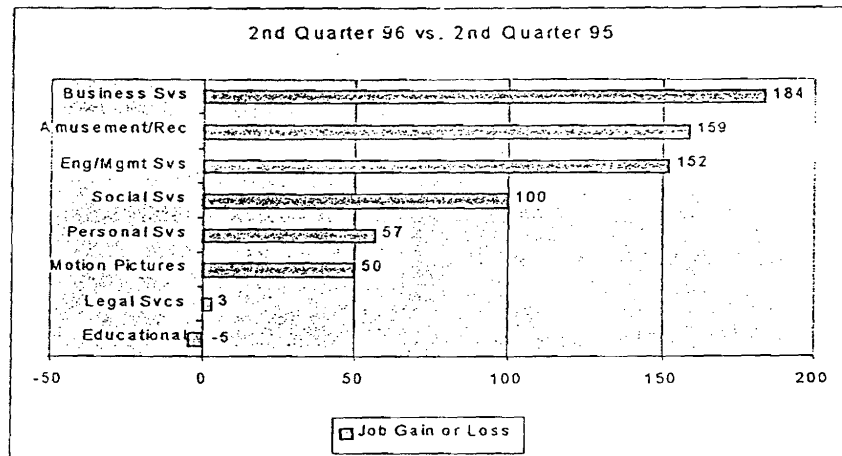


²² NC Employment Security Commission. Website: http://www.esc.state.nc.us/news/rate_cur.htm

²³ information provided by the Orange County Economic Development Commission.

A closer look at the subsectors within the services sector during this same period for Orange County shows that most jobs were gained in business services (184), followed by amusement and recreation (159) and management services (152). Educational services lost 5 jobs²⁴.

Service Sector Employment, Orange County



Between 1980 and 1995, the labor force and employment base has consistently increased in Orange County, while unemployment and unemployment rates have decreased steadily during the fifteen year period²⁵. The unemployment rate in Orange County as of April 1998 was 1.1%²⁶, which is the lowest unemployment rate in the state. This is well below the national unemployment average of 4.5% and the state average of 3.0% (as of June 1998)²⁷.

Orange County Labor Force, 1980 to 1995

Year	Civilian Labor Force	Unemployment	Employment	Unemployment Rate
1980	44,080	1,840	42,240	4.2%
1985	46,660	1,170	45,490	2.5%
1990	53,063	1,276	51,787	2.4%
1995	59,160	1,120	58,040	1.9%

²⁴ *ibid.*

²⁵ *ibid.*

²⁶ NC Employment Security Commission. *News Release*. May 29, 1998.

²⁷ NC Employment Security Commission. http://www.esc.state.nc.us/news/rate_cur.htm. July 15, 1998.

Business Trends

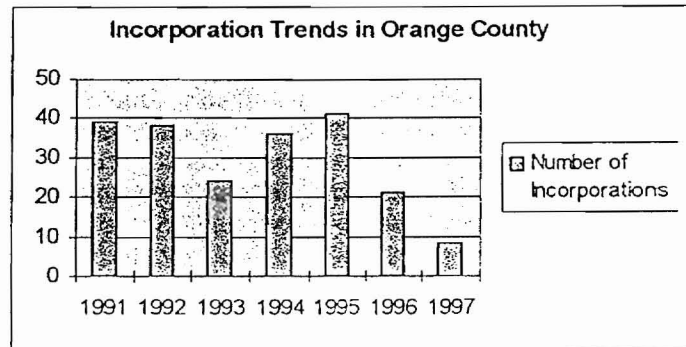
Retail sales, new business incorporations, and business starts are several ways to measure the growth and stability of a local economy. Retail sales for Orange County, Carrboro and Chapel Hill have grown dramatically between 1990 and 1997: 45%, 42%, and 65% respectively in the seven-year period²⁸. This reflects the increase in retail establishments and a growing population in the county, with more disposable income.

Retail Sales, 1990-1997
(in thousands)

Year	Orange County	Chapel Hill	Carrboro
1990-91	\$640,743	\$349,458	\$ 89,035
1991-92	\$638,895	\$373,892	\$ 91,867
1992-93	\$698,037	\$420,319	\$ 98,874
1993-94	\$770,782	\$460,058	\$103,806
1994-95	\$846,809	\$499,089	\$112,568
1995-96	\$867,151	\$530,759	\$122,405
1996-97	\$931,515	\$576,197	\$126,554

Business incorporation information also was gathered through Dun & Bradstreet (D&B) - Dun's Market Identifiers database. It is important to note the differences in data between the D&B numbers and the other data used throughout this area demographics summary. Dun's Market Identifiers covers U.S. business establishment locations of all sizes and types, including public and private companies, government agencies and contractors, schools and universities. Data is collected and maintained by business analysts through daily in-person and telephone interviews; county, state, and federal government sources; third party sources; and large-volume mailings.

A search was performed in the database to attempt an accurate reading of the number of corporations formed in Orange County in 1991, 1992, 1993, 1994, 1995, 1996, and 1997. The database was searched to (1) find all businesses listed in the directory for Orange County and (2) narrow businesses found by entering the year of incorporation.



The search on the county and the state resulted in the retrieval of 4,298 business establishments in Orange County (as of mid-1998). Again, these figures for total business establishments differ significantly from those found in the most recent County Business Patterns (1995). From the County Business Patterns, total business establishments for Orange County in 1995 were 2,484, which does not include most government establishments (see explanation on previous page).

The results of the search showed that in Orange County, new incorporations were high in all years except for slight decreases in 1993 and 1996. Please note that it is probable that not all data for 1997, and perhaps even 1996, has been completed. (Business incorporations in 1991=39, 1992=38, 1993=24, 1994=36, 1995=41, 1996=21, 1997=8)²⁹.

²⁸ NC Department of Revenue. Tax Research Division. Information provided by the Orange County Economic Development Commission.

²⁹ Data collected from D&B - Dun's Market Identifiers, July 16, 1998.

The Orange County Economic Development Commission also provided information on new businesses for 1996 and 1997. According to their records, there were a total of 34 new retail establishments, 50 service establishments, and 39 restaurants for the two years in Carrboro and Chapel Hill. These new business starts reflect that the growth trend in service and retail industries in Orange County described above is also occurring in the towns of Carrboro and Chapel Hill. New businesses totaled 68 in 1996 for the two towns and 78 in 1997, excluding home based businesses and business expansions. Carrboro and Chapel Hill register home-based businesses in their towns, as required by local ordinances. It is estimated, however, that over half of these businesses do not register with their town³⁰. This population would be an obvious target for incubator tenants.

New Businesses in Carrboro & Chapel Hill*, 1996 and 1997

<u>1996</u>	<u>Service</u>	<u>Rest.</u>	<u>Retail</u>	<u>Office</u>	<u>Medical</u>	<u>Other</u>	<u>Total</u>
Chapel Hill	21	18	10	4	3	1	57
Carrboro	2	2	6			1	11

Orange County Total: 111

<u>1997</u>	<u>Service</u>	<u>Rest.</u>	<u>Retail</u>	<u>Office</u>	<u>Medical</u>	<u>Other</u>	<u>Total</u>
Chapel Hill	23	17	12	1		3	55
Carrboro	4	2	6			1	13

Orange County Total: 99

It is difficult to compare the data gathered from County Business Patterns, Dun & Bradstreet, and from the OCEDC because of their respective definitions of business establishment. It is safe to say that the new business starts do not correlate directly with incorporations. However, when examined separately, the three sources do show evidence of new business activity in the county and in Carrboro, especially in government and services. The most recent business rate information from the NC Department of Commerce confirms this: the 1995 New Business Rate for Orange County was 15.7%, which is higher than the state average of 14.8%³¹.

5.4 Issues of Start-up Companies in Carrboro

Focus Group

In an effort to gain a clear understanding of the concerns of start-up companies in Carrboro, a focus group was held with members of the business community who had started their businesses in the area. The purpose of the meeting was to identify: 1) the needs of companies at start-up; 2) roadblocks faced when starting a business; 3) factors that influenced the entrepreneurs' decision to locate in Orange County, specifically Carrboro; and 4) potential needs for suppliers and/or business services in the community.

Twelve people attended the focus group meeting, which was held at the Carrboro Town Hall on Monday, April 27th 1998 from 8 to 10 a.m. Participants included members from the business community, service providers, and government officials. The meeting was facilitated by Andy Sachs, from the Orange County Dispute Resolution Center, and three representatives from the

³² Midway Business Center, Market Overview and Operating Plan. Empowerment Inc. 1998. p. 14.

³¹ NC Department of Commerce, Economic Policy Unit. 1997 North Carolina County and Regional Economic Development Scans: Comprehensive Strategic Economic Development Plan. Website: <http://www.ospl.state.nc.us/econscan/orange.pdf>.

SBTDC were also present. A full transcription of the session is included in Appendix A at the end of the study.

Needs of Start-up Companies

- Writing a business plan
- Understanding and accessing sources of financing
- Technical assistance, in the areas of zoning, licensing requirements, the regulatory environment, and town review process
- A training period to establish the business
- Issues of accounting, including tax reporting, internal bookkeeping and accounting principles, purchasing accounting software
- Establishing contacts, networks, and support people
- Assistance with marketing, and knowing who the market is
- Secretarial services

Roadblocks for Start-up Companies

- Financial planning, including cash flow and how to leverage equity
- Not having a business plan, and not sticking to the business plan if there is one
- Becoming too dependent on one client/customer
- Lack of knowledge about business regulations and industry-specific regulations
- Isolation; getting feedback from business peers
- Learning how to prioritize tasks
- Getting business assistance at each stage of growth
- High rents in Carrboro and Chapel Hill
- Not enough vacant space

Factors Influencing Location to Carrboro

- Location - finding space in a mall that had a lease available
- Access to a shopping center, and customer access
- Lived here
- Attractive overall community
- Supply of graduate students as temporary workers
- Proximity to inputs, professional services, customers and clients – central location
- Infrastructure, especially roads and loading docks
- Availability of parking
- Space that doesn't require upfitting
- Location is convenient to both Carrboro and Chapel Hill – can reach both populations easily

Advantages to Locating in Carrboro

- Growing population, with disposable incomes
- Students, in addition to the permanent population, ensure high volume of sales for certain goods and services
- Highly skilled workforce; temporary workers and part time workers available because of UNC
- Progressive town government; pro-business atmosphere
- Presence of business and technical assistance providers that are visible and active in the community
- Vibrant downtown and commercial district; very few vacancies
- Access to major transportation routes, including I-40 and Hwy 54
- Professional services available for new businesses

Local Needs for Suppliers and Services

- Management consulting services
- Office supply stores
- Building supplies
- Big box stores, with more general merchandise

The overall reaction of the focus group participants to the incubator concept was favorable. There was quite a bit of discussion generated around space, since there is so little vacant commercial space in the Carrboro and Chapel Hill area available for businesses. When a business graduates from the incubator and then must leave Orange County to find adequate space, the tax dollars generated by the company are not returned to the county. There must be space for incubator graduates in Orange County, which will require a planning effort on the part of the town in conjunction with other local governments in Orange County.

The discussion concluded with some comments about the types of businesses that should be targeted for the incubator. One suggestion was to target an industry or two that has good growth potential, which will grow and continue to add to the economic base with increased jobs and tax revenues. Some of these may include high tech or biotech firms that are spin-offs from the University, and Internet-based companies, which are already clustering in downtown Carrboro. The music industry is another recent industry to enter the area, with the success of Mammoth Records. Another argument was made to target industries that are more labor intensive and fit the skill-match of lower income residents in Carrboro. Examples of these types of industries would be janitorial/home cleaning services, construction contractors, clerical and office services, and home-based day care services. The Task Force will need to determine their priorities for targeting businesses, and possibly industry sectors, for the incubator. If certain industries are targeted, this will impact the type of incubator space sought, and considerations such as zoning, industry regulations, square footage available to tenants and configuring the space appropriately.

5.5 Real Estate Supply and Demand

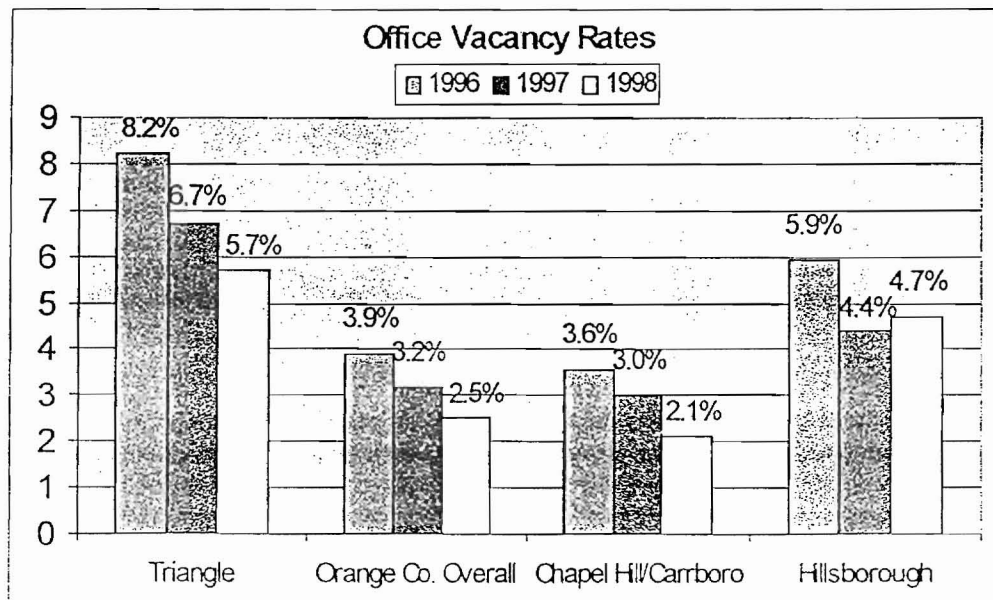
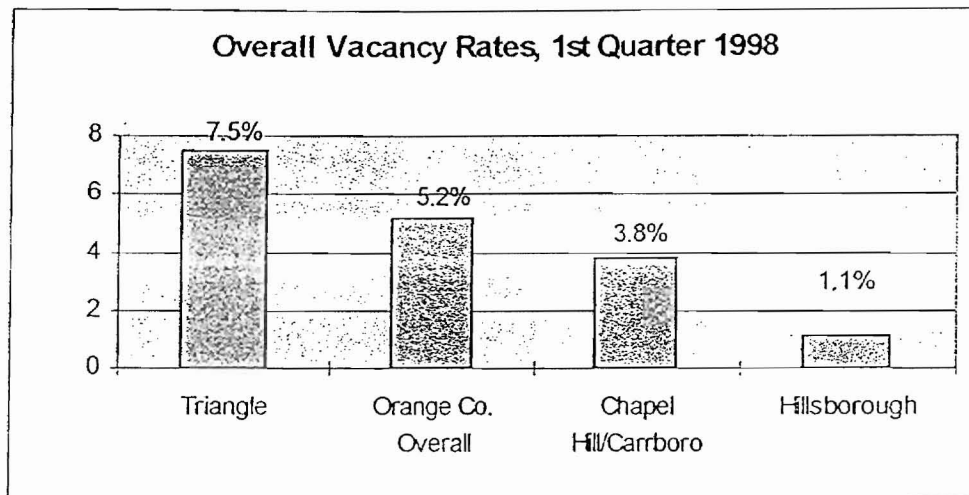
As has been mentioned throughout this study, the availability of real estate for businesses in Carrboro is extremely limited. Affordable space for entrepreneurs, and ultimately for incubator graduates, is especially difficult to come by in this current economy in Orange County: many small business start-ups require less square footage than is typically available (often, more than 1,000 square feet), and the market rates are unaffordable for anything more than the space that is absolutely necessary for this phase of the business. For this reason, affordable real estate presents a road block faced by many new businesses. Average rents for real estate in Orange County in 1998 are cited as follows:

Rent for Commercial Space, Orange County³²

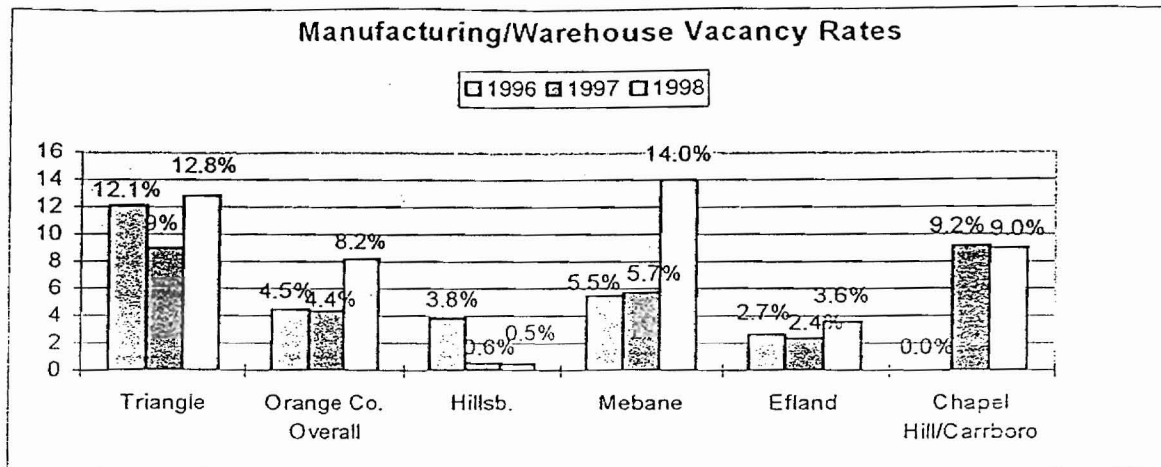
	Chapel Hill/Carrboro	Hillsborough/Efland/Mebane
Light Industrial/Warehouse	\$5 to \$6 average per square foot	\$4 average per square foot
Office	\$16 average per square foot	\$14 average per square foot
Retail	\$16 average per square foot	\$13 average per square foot

³² Orange County Economic Development Commission, telephone conversation with Greg Payne, 6/98.

The following tables demonstrate the dearth of space in the area in the last several years³³.



³³ Data for 1996 and 1997 is for 2nd Quarter; data from 1998 is for 1st Quarter. Source: For Triangle data, telephone conversation with Matthew Burns of *Triangle Business Journal*, 7/98. For Orange County, Orange County Economic Development Commission.



A real estate market study for the Carrboro/Chapel Hill area has recently been completed by a team of Master's students from UNC's Department of City and Regional Planning. This type of study examines historical demand and supply of real estate, rents, and vacancy rates, as well as the projected demand for these same metrics. This type of study will be helpful in planning an incubator facility in Carrboro, because it can serve as a guide to understanding the local real estate market for the area based on empirical assumptions. Some of the findings include:

- Between 1998 and 2010, demand for office space is projected to increase from 1,653,000 square feet, to between 2,243,000 and 3,076,000 square feet.
- During this same time period, average rents are projected to increase from \$17.30 to \$22.40.
- Occupancy rates are expected to vary between 89% and 98%³⁴.

Vacancy rates for all types of commercial real estate in Carrboro and Chapel Hill have hovered at or below the averages for the Triangle for the last several years and show no signs of receding as the economy continues to prosper. With the supply of real estate not meeting the demand for commercial space, especially affordable space for small businesses, it will not be difficult to justify the need for an incubator. According to Joel Harper, President of the Chapel Hill/Carrboro Chamber of Commerce:

"An incubator is important, and you'll fill an incubator tomorrow. My concern, is once they leave the incubator, where are they going to go?"

Attracting tenants to an incubator facility will not likely be difficult; the challenge will lie in finding appropriate space in the near future for incubator graduates so they can remain and grow in Carrboro, Chapel Hill, or Orange County.

6. Recommendations, Guidelines, and Next Steps

6.1 Recommendations

Much of the analysis in this study has focused on the healthy economy in Carrboro and Orange County which is supportive of entrepreneurial activity; there is also an obvious lack of commercial space to house new businesses. These two factors, in addition to input from businesses at the Carrboro Business Forum, demonstrate that a business incubator is a logical economic development strategy to accommodate new business starts in the area. The SBTDC recommends that the Carrboro Incubator Task Force consider two possible scenarios for pursuing this initiative. These are not listed in order of priority.

³⁴ ELMM Development Group, *Kroger Site Office Development Market and Marketability Study*, March 1998. Excerpted from *Midway Business Center: Market Overview and Operating Plan*. Empowerment Inc. 1998. p. 15.

I. Develop A Business Incubator in Carrboro

If the Carrboro Incubator Task Force determines that fostering entrepreneurship and business development is their main objective and that it is in their best interest to pursue an incubator, the following considerations must be given thought by the Task Force before specific recommendations can be further elaborated by the SBTDC:

- **What are the Town's goals for the incubator?** The market study presented here concludes that an incubator makes sense for the area economically because there is the demand for space and its services. However, a political decision will determine the specific economic development goals of Carrboro and will better guide the process of its development. Political support on the part of the Town may also pave the way for a commitment of funding from the Town, if the project becomes a priority.
- **The Task Force must also decide the priorities that will serve as guidelines for developing the incubator.** The group must determine the mission, objectives, and goals of an incubator. Will this be an industry-specific incubator, or a general small business incubator? If the incubator is targeting high tech businesses, will this also meet the objective of serving minority and women-owned businesses? Will it compete with the proposed technology-based incubator at UNC? Significant attention must also be given to the Operating Plan, which articulates these objectives and the steps to achieve them. These types of issues will require consensus by the Task Force, and a commitment from each organization to be involved in the early stages of the incubator's development.
- **Who will "champion" the incubator project?** It is a very time consuming undertaking and will require commitment to oversee the details of coordinating all the pieces of starting the facility. The Task Force may want to designate a member on the Task Force who will become the central contact, and can commit the time to initiate and manage the project from start to finish.
- **Securing space may be one of the most difficult tasks for the Task Force.** Once a building is identified, the facilities and space must be appropriate for the operations of incubator businesses. Likewise, a long-term strategy for locating incubator graduates in Orange County is necessary from the onset, if the incubator is to be successful.
- **Site specific financials must also be completed by the Task Force to determine whether the finances are sufficient for the project.** Costs will include those of immediate acquisition and upfit of the building, start-up of the incubator (hiring staff, recruiting tenants, marketing the facility) and on-going operating expenses. Financing may be problematic with a neighboring incubator if both incubators are serving a similar population. The SBTDC can assist the Task Force in completing these financials similar to those attached in Appendix B, once a site has been identified.

II. Develop a "Virtual" Incubator by Focus on Existing Business Development Programs in Carrboro

A second option that the Carrboro Incubator Task Force may want to consider is strengthening the existing business development resources in the region by promoting the idea of a virtual incubator, or an "incubator without walls". This type of structure works more as a business center, whereby a new business can utilize shared services provided at the site for a fee (ie, FAX machine, Internet connections, conference room, copier), and benefit from assistance given by the incubator manager or by referrals to professional business experts. This type of program would not provide space for entrepreneurs, but would still provide technical and business assistance resources at a centralized place – including securing appropriate space for a start-up. By creating an inventory of

the existing business assistance programs in the Triangle region, and perhaps eventually initiating a new one, the Task Force may accomplish their objective without incurring some of the costs or investing extensive resources affiliated with constructing or renovating a physical structure.

For example, two of these programs that are specifically targeted to encouraging entrepreneurs and and skill development for new businesses include:

- The Revolving Loan Fund, created by the Town of Carrboro in 1986 with CDBG funding to provide financing for projects that will result in the creation or retention of jobs for low and moderate income persons. Projects include, but are not limited to, the construction or renovation of a building, purchasing existing buildings, the acquisition of equipment, the extension of utilities or streets to new sites, parking lots, and inventory. To date, 22 loans have been made and four are in the pipeline.
- The Orange County Skill Development Center in Chapel Hill will "provide adequate training and employment services so that all Orange County citizens can be self-sufficient". The building is currently being rehabbed on West Franklin Street, near Carrboro, and is expected to open by the fall of 1998. The Task Force could work with the Skill Center to tailor a training program for industry-specific skills that the Task Force has identified as a growth industry in Carrboro.

This second option will necessitate the Task Force coordinating and strengthening existing resources and programs in the area that serve small businesses. This will include coordinating services among providers, making referrals to these programs, and working with the providers to expand their services. An inventory of area services that the Task Force should consider working with is provided on pages 24 and 25.

6.2 Shared Services/Business Development Resources

Description of Incubator Services

The support and shared services offered by an incubator are designed to foster the survival and growth of a start up business during the stage when it's most vulnerable to failure. Services provided to incubator clients will focus on developing the management skills of the entrepreneur and strengthening their financial position. Other types of assistance include those services that may be unattainable or unaffordable for start-ups. Some of these services include³⁵:

- flexible space
- reception services
- accounting services
- telephone answering services
- secretarial/clerical services
- word processing services
- facsimile services
- mailing and postage services
- conference rooms
- Internet access
- business counseling
- financial counseling
- review of marketing plans
- mentoring support
- training seminars
- library and information centers
- professional building management
- parking
- building security

³⁵ North Carolina's Business Incubators, North Carolina Technological Development Authority, 1996.

- janitorial service
- relocation assistance

The incubator manager will provide expertise and guidance for the incubator clients. In addition, there are agencies and organizations in Orange County and the Triangle area that offer specific types of technical assistance to small businesses. The incubator manager should work closely with these organizations and encourage incubator clients to utilize their expertise, services and resources³⁶.

Small Business and Technology Development Center, as an extension of the University of North Carolina, offers free, confidential, one-on-one counseling in the areas of creating a business plan, analyzing a business idea, researching markets, locating sources of funds, and increasing revenues and profits for businesses.

NC Biotechnology Center is a state-sponsored initiative to develop the biotechnology industry in the state. This includes recruitment activities, education and training, and limited financing for emerging biotechnology firms.

NC Technological Development Authority is also a state-sponsored organization that supports the formation and success of NC's entrepreneurial, innovation-oriented ventures by providing assistance to small business incubators. It accomplishes this by offering a computer-based learning environment; business seminars, conferences and training programs, and maintaining a capital formation program.

Council for Entrepreneurial Development is a non-profit membership organization that offers formal educational training on business issues and access to free consultation programs. CED sponsors business roundtables and holds an annual conference, which highlights investment opportunities and new technologies to venture capitalists.

Good Work is a nonprofit organization that offers micro loans, technical assistance, and peer support networks to small businesses.

Durham Technical Community College Small Business Center offers seminars and courses on small business development for new and existing businesses. Specific classes can also be created for businesses, based on interest. In addition, counseling is available to individuals.

Service Corps of Retired Executives (SCORE) is a business assistance program sponsored by the U.S. Small Business Association and hosted by the Chapel Hill-Carrboro Chamber of Commerce. Retired businesspersons offer free counseling to businesses on issues such as management and finance.

Orange County Economic Development Commission provides small business owners with a wealth of free information and assistance, on topics including:

- Demographics and statistics for the county and region
- Available office, retail, warehouse, and industrial space
- Available land for non-residential construction
- Understanding local government regulations and procedures in Carrboro, Chapel Hill, Hillsborough, Mebane, and rural portions of Orange County
- Contacts for small business counseling and financing

Kenan Institute of Private Enterprise Urban Enterprise Corps (UEC) recruits and trains MBA graduates to provide technical and managerial assistance to inner-city businesses through

³⁶ Midway Business Center: Market Overview and Operating Plan. Empowerment Inc. 1998.

community- based economic development organizations. UEC links new and under-performing minority businesses with market opportunities in the local, national, and global economies.

North Carolina Institute for Minority Economic Development (NCIMED) offers technical support, research and information to develop businesses, communities, and leaders. NCIMED's work has focused on building communication, collaboration, and partnerships between low-wealth communities in North Carolina and the larger population. The Management and Technical Assistance Program is offered with the Kenan Institute of Private Enterprise, which matches entrepreneurs with staff in a long-term counseling partnership designed to promote the growth of the business.

Orange County Women Business Owners' Roundtable (WBOR) provides business growth and development for established and aspiring women business owners. Activities are focused in the areas of educational programs and resources, networking opportunities, promotional activities, and mentoring. A conference is held annually, providing workshops and networking opportunities.

Chapel Hill – Carrboro Chamber of Commerce is a membership organization for businesses in Chapel Hill and Carrboro, and offers small business roundtables, membership gatherings, seminar series, free listing on the Chamber home page, and competitive rates on group health insurance plans and workers' compensation.

Orange County Skill Development Center in Chapel Hill will provide training and employment services for Orange county citizens, to promote self-sufficiency. The Center will open in the fall of 1998.

6.3 Incubator Management

One of the most critical ingredients to the success of the business incubator will be its management structure. While it is not the purpose of this feasibility study to discuss in-depth the management component, an outline of some necessary considerations are provided as a guide for that stage of incubator development.

Management Responsibilities: When the business incubator is operational, an incubator manager will oversee the operations of the incubator. The duties of this role range from tenant recruitment, providing business assistance, and property management. The position can be part-time or full-time, depending on budget constraints and responsibilities of the manager. The incubator manager will ideally understand the operations of business in order to run the incubator as such, and will also be connected with the network of other business assistance providers. The manager will simultaneously be an administrator, trainer, mentor, counselor, and PR person.

Typical technical assistance and professional services that businesses will need during their tenure at the incubator will include business planning; financing; bookkeeping, accounting and financial analysis; marketing and market research; selling skills; and hiring, supervision, and payroll tax issues³⁷. The primary outside providers of technical assistance for the incubator tenants are listed in 6.2.

An Advisory Board should also be created, to provide expertise, community involvement, and guidance on the long-term operations of the incubator.

Operating Plan: An operating plan will serve as the road map to managing a successful incubator. Some of its components will necessarily include:

1. Mission of the incubator
2. Measurable goals to accomplish the mission

³⁷ Midway Business Center: Market Overview and Operating Plan. Empowerment Inc. 1998. p. 32.

3. A statement of how the business incubator fits within the broader economic development plans and strategies of the town, Chapel Hill, and Orange County
 4. The types of businesses that will be assisted and/or targeted
 5. Tenant recruitment and selection criteria (see 6.4), and
 6. Financial statements for the facility. Appendix B includes a set of financials for the proposed Asheville Business Incubator, complete with the assumptions underlying those numbers. Financials must balance the risks, costs, and revenue so the incubator will break even.
- The Operating Plan should be evaluated each year to determine the accomplishment of goals and to incorporate any changes in mission or goals as the incubator matures.

Typically there are three stages of incubator development that the manager should be aware of in order to develop strategies and effectively utilize his/her resources:

1. The start-up phase, which lasts from 1 to 3 years and begins with the initiation of the incubator as part of an overall economic development strategy. Achievements include completing a feasibility study, securing a site and funding, and preparing the facility for tenants. The manager during this stage is most focused on developing the incubator property and filling it with qualified tenants.
2. The business development phase, which lasts about 2 years, allows the manager to shift from filling vacant space to addressing needs of the tenants.
3. The maturity phase, which occurs 5 to 7 years after beginning the project (or, may never be reached), is achieved when the incubator is operating at full capacity and there is the possibility of expanding incubator space, or starting up another one in the community³⁸.

6.4 Tenant Recruitment

According to the TDA, incubator management must ensure a continuing flow of qualified tenants. The goal, of course, is to have full occupancy and a waiting list of potential tenants to fill the space left by graduating firms. Usually incubator space is leased to new businesses that are moving into commercial space for the first time. Some other criteria that are used to select tenants include:

- type of business venture
- reputation, integrity, and commitment of business owner
- business management ability (or potential)
- future growth and employment prospects of the business
- evidence of adequate capitalization
- willingness to comply with incubator guidelines, rules, and regulations
- plans to locate business in that community upon graduation from the incubator
- compatibility with other incubator tenants
- contribution to the economic well being of the community³⁹.

To ensure that these criteria are being met by incubator tenants and potential tenants, the Operating Plan should also contain policies on the application process. The plan needs to include criteria on how the application will be reviewed and rated; leasing policies and terms that are made explicit to the tenants and signed; and a policy for graduating and exiting the incubator. The exit policy should be somewhat flexible, so that emerging businesses in good standing are not forced to leave the facility unprepared.

While it does not appear that recruiting tenants to the incubator will be difficult, there should be a strategy for outreaching to as many qualified tenants as possible. Some mechanisms to recruit applicants include referrals from any of the organizations listed in 6.2, in addition to other financial institutions (banks, credit unions); advertising in local newsletters, on the radio, and in newspapers; and mailings to home-based businesses that have registered with the towns of Carrboro and Chapel Hill⁴⁰. Considerations for the types of businesses to fill the incubator should examine

³⁸ <http://www.unc.edu/depts/dcrpweb/courses/261/grinnell/develop.htm>

³⁹ North Carolina's Business Incubators. North Carolina Technological Development Authority. 1996.

⁴⁰ Midway Business Center: Market Overview and Operating Plan. Empowerment Inc. 1998. p. 22.

business needs that are not being met locally, demographic and economic trends creating niches for new business opportunities, and matching the skills of residents in the community to these types of businesses.

The incubator manager and Advisory Board may also want to consider allowing existing businesses in the community and incubator graduates (non tenants) to utilize services and facilities at the incubator for a reduced fee. This will provide an extra source of funding for overhead costs and will increase the network of business affiliated with the incubator.

6.5 Funding Options

Research has recently been conducted by the SBTDC on possible sources of financing for business incubator facilities, including funding for both bricks and mortar and operating expenses. The research was done specifically for the proposed Asheville incubator site on AB Tech's campus in Buncombe County, but much of the information is useful for incubators throughout North Carolina. This listing includes federal and state level government agencies that were contacted by telephone in February and March 1998. The Task Force should also pursue local government agencies at the county and town level, and other private and nonprofit organizations committed to economic development initiatives when seeking funding for the Carrboro incubator.

Appalachian Regional Commission

202/884-7774

<http://www.arc.gov>

Description of Program: Incubators have been funded in the past in NC, especially for site preparation work (water, sewer, access roads). A federal agency must be involved to receive ARC funds for construction of the incubator; no federal agency is needed for operating funds.

ARC funding is allocated via the NC Department of Administration. This department submits a plan to ARC indicating the priorities in programmatic areas that ARC works with, and then submits an annual Investment Strategy which details how the ARC plan will be implemented. The state must match ARC funding at 50%. From the state, the funding is then channeled to the city or county as the grantees. See NC Department of Administration for contact information.

US Department of Agriculture

Rural Business – Cooperative Service

919/873-2040

<http://www.rurdev.usda.gov/rbs/index.html>

Description of Programs:

1. Rural Business Enterprise Grants – Grants to facilitate development of small and emerging business enterprises in rural areas. Use of grant funds may include acquisition and development of land and the construction of buildings, equipment, access roads; technical assistance and training; working capital, etc. Grant amount is based on need and available appropriated funds; contact State Office for application.
2. Rural Economic Development Grant Program - Provides grants to Rural Utilities Service borrowers to promote rural economic development and job creation projects. Grants are used to establish revolving loan funds to provide infrastructure or community facilities in rural areas that will lead to economic stability. Maximum of \$330,000 per grant application may be requested; contact State Office for application.
3. Various loan programs, including Rural Economic Development Loan Program and Intermediary Relending Program.

US Department of Commerce
Economic Development Authority
803/765-5676

Description of Program: Public Works and Development Facilities Program provides grants to help distressed communities attract new industry, encourage business expansion and generate private sector jobs. Business incubator facilities are included as a project type for this grant. Project must be located within EDA-designated Redevelopment Area or Economic Development District. Average FY 94 Grant was \$986,308.

Must demonstrate that adequate local funding is committed to the project. Eligible applicants should contact the above representative to receive guidance in preparing a proposal for EDA consideration; submissions will then be screened for invitation for formal applications.

US Department of Housing and Urban Development
910/547-4006
<http://hud.gov/core.html>

Description of Program: A certain amount of CDBG funding is allocated to North Carolina cities each year, and each city submits a plan to HUD proposing projects for this allocation. One component of the plan is Economic Development initiatives, including job creation and assistance to businesses; an incubator is eligible for CDBG funding if the city supports the project. CDBG funding is also tied to job creation for lower income people.

Tennessee Valley Authority
423/632-4882
<http://www.tva.gov>

Description of Program: The Business Incubator Program helps fund business incubators (construction, capital, equipment, renovations) and technical assistance for the facility on a one-time basis. The average grant is \$250,000, with a 3:1 match required. A proposal is submitted to the local field office (Knoxville), and requires a feasibility study by an outside consultant. No application is necessary.

However, since the TVA no longer receives federal funding for this program, they are limited to those areas where they provide power service: there are no appropriated funds to extend outside these areas.

NC Department of Administration
919/733-6371
<http://www.DOA.state.nc.us/DOA/>

Description of Program: The Department of Administration works with city and county level governments in NC to design the implementation plan and budget to be submitted to the ARC (see above). Construction or operating costs for a business incubator will be considered, but not both.

The maximum amount of funding is \$200,000 or 30% of the total project, whichever is less. Construction funding is available only as a supplement to a federal grant (known as the "last dollar" dollar); another federal agency or authority must be secured. For construction funding, the applicant must have 12 tenants signed up to locate in the facility. There will be restrictions in Orange County, based on ARC appropriations of funding in the Appalachian region.

NC Technological Development Authority
919/990-8558
<http://www.nctda.org/>

Description of Program: Provides a one-time loan of up to \$200,000 for construction or operations of incubator facility. A 1:1 match is required (cash, real estate, in-kind contributions); other components include capital budget, operating expenses, cash flow; applicants must demonstrate a need in the area. Life of the loan is 10-20 years with a variable interest rate. This is a competitive bidding process: RFPs are issued in the fall and spring.

Internet Access Grants are also available for incubators designed as Internet training facilities. Up to \$5,000 is available; proposals are submitted to the TDA.

In addition to these government sources, there is a wide range of options for the Task Force when attempting to secure funding for the incubator. General options for funding include:

- In the beginning stages, focus on grants or contributions (from public and private sources), not loans.
- Enlist the help of prominent business people in the fundraising effort.
- Expand the concept of fundraising to include contributions of services or time (e.g. arrange to have an architect donate plans to build or renovate the facility.)
- Do not waste capital on things that might be donated or bought at low cost (e.g. office furniture, fax machines, etc.)
- Do not scale back funding needs as the fundraising efforts come to a close - in other words, do not let potential contributors talk you out of the raising the final funds needed to meet your goals.
- Use volunteers or temps to stretch staffing budgets.
- Speak to community organizations and the local media - these efforts can add up as free advertising and will help stretch marketing dollars.

Sources for information about grants available to non-profits include:

1. The Foundation Center (212/620-4230)
2. The Corporate 500 Directory (415/896-1900)
3. Gifts in Kind America (703/836-2121)
4. Partnership Umbrella (800/654-2704)
5. The International Reciprocal Trade Association (703/237-1828)

6.6 Financial Feasibility

It should be noted that this study does not include an assessment of the financial feasibility of a specific incubator facility because a site has not yet been identified. Determining the financial feasibility of a site or alternative sites must be done before project initiation. This will be the most critical factor underlying the successful establishment and on-going operations of an incubator facility in Orange County.

The SBTDC has created a financial model that can be used to establish the necessary financials for the community once a specific site has been identified. This model has been used previously to create financials for a proposed incubator facility in Buncombe County. The financial model contributes to successful planning by establishing a realistic view of how the incubator might function and what kind of funding mix will be necessary to sustain the project's start-up and on-going success. The value of the financials depends on the accuracy and the detail of information supplied by representatives of the community.

Please refer to Appendix B for the projected financials for Buncombe County. The SBTDC will be available to work with the Task Force to develop the financial feasibility of a specific facility when a site in Carrboro is identified.

6.7 Risks

Risk: The lack of affordable space for incubator graduates to remain in Orange county. With tight real estate markets, such as those of Carrboro and Chapel Hill, commercial and industrial space is at a premium. There is the risk that graduates from the incubator will move outside of Orange County for more affordable space, to northern Chatham County, for example. If graduates leave the county, the business, potential job creation, and tax revenues will be lost from the local economy.

To Mitigate Risk: The incubator facility manager must work closely with economic developers and local governments in Orange County to identify appropriate and affordable space for incubator graduates. A database of available real estate should be created and maintained by the manager for this purpose. Coordination of the business incubator with other economic development strategies and plans is also essential, to ensure that fostering new business growth is a priority for all local jurisdictions.

Risk: Need to identify sustainable support to operate incubator. With the Midway Business Center underway that is also community-based and serving a similar area and population, there may be competition for funding a business incubator.

To Mitigate Risk: Identify and secure sources of realistic and sustainable support for the first several years of operation. There must be assurances that the incubator can survive without external support after a given period of time.

Risk: The possibility that the assumed funding is not received.

To Mitigate Risk: A variety of funding sources in the form of Federal/State grants, donations, and/or private money must be identified before undertaking the incubator. Diversifying funding sources, by combining government support with private funds (i.e., foundation grants), is also more attractive (and may be required) when seeking funds, since it is viewed as "matching" public and private dollars.

Risk: As the project develops, broad community support needs to be in place. There is some local awareness of and support for an incubator, but as the process progresses, the planning team needs to include the appropriate stakeholders in Orange County.

To Mitigate Risk: Increase strength and broaden community support. Better utilize existing business resources and open up planning process to include other pertinent stakeholders, such as other town governments and chambers of commerce in Orange County. The incubator facility managers who were interviewed about their experiences stated a key success factor was strong local support. The incubator needs to be viewed as a community initiative.

Risk: Initial tenants dependent on a small range of clients in the area.

To Mitigate Risk: Work with companies to increase client base. Realize broader marketing potential outside of Orange County.

Risk: Need for the community to clarify long-term view of future development. It is important for the incubator to be seen as part of a larger plan and strategy for economic development.

To Mitigate Risk: Developers need to think about how the incubator fits into this desired outcome, and how to make the incubator work to help this happen. Economic developers and community leaders should spend some time determining how the incubator fits into the larger vision of serving the small business community.

6.8 How to Make the Incubator Work

General tips for increasing the chances for success of the incubator are:

- Arrange for the building and/or land for the incubator to be donated to the county, or some other group through which the incubator could use the space. In some cases the manager has use of the facility at no or low cost. (i.e. \$1 rent per month, rent-free in return for maintaining the physical facility, etc.)
- Focus the advantages of the incubator on the services offered, not the low rental rate.
- Keep the rental rates for tenants within the market range, perhaps at the low end. Do not assume that the rates must be lower than the local market.
- Fund the incubator facility manager's position through another source, such as the community college, chamber of commerce, economic development groups, etc. Consider a part-time receptionist and/or facility manager.
- The incubator manager must be someone who manages time wisely, is organized and well rounded with a good business sense, and is a skilled networker.
- Build strong community support for the incubator - with political leaders, citizens, and business leaders. This can be aided by emphasizing the long-term benefits of the incubator to the community, which is the economic impact of incubator graduates. Ways to reach out to the community in the short-term include offering seminars and workshops to the general business community, hosted at the incubator for a nominal fee - these might include business planning, starting a business, marketing, etc. Another way to build support is to include bankers, and other private sector leaders on the advisory board.
- Expect time to build the tenant base and see results. An incubator can make significant contributions to a community but it cannot be expected to solve all challenges facing a region.
- Keep expectations realistic: it may take 2 to 5 years for companies in the facility to become freestanding and viable.
- Arrange sustained support from the community for 3 to 5 years. Time will be needed to get the incubator started and resources must be leveraged to cover this time period.
- Focus on a mixed-use facility, especially in the beginning, and then develop a specialty focus if patterns of businesses materialize.
- The incubator must be run as a business and operate within the cash flow. This will require an effective management strategy. An assumption must be made from the beginning that the facility will operate on tight margins.
- A marketing and evaluation strategy needs to be developed that will include customers, competition, mission, marketing and performance goals and objectives.
- The NBIA recommends being able to demonstrate that a facility will break even at 67% occupancy or less.
- Develop complete financials that will guide the establishment and operation of the incubator for at least three years. The SBTDC staff will be available to help with the development of specific financial projections for an identified facility.

Many economic development strategies in North Carolina are focused on attracting and retaining businesses in the region, while business incubators are focused on creating new businesses and jobs. The trend of business starts has been accelerating through the 1990s, but it is important to distinguish between the success of starting a new business and staying in business. The purpose of a business incubator is to address both of these objectives: to provide an environment which fosters new business starts, and to assist these businesses in becoming sustainable once they have graduated from the facility. In order for an incubator to fulfill this twofold mission, its management structure must determine from the onset the types of businesses that will best flourish in this environment, what types of assistance needs will be most effective, and hiring staff to coordinate and deliver these services. Finally, guidelines need to be in place which will help graduate self-sufficient businesses into the community that are prepared to expand and contribute to the local economy.

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APPENDIX A – Carrboro Business Forum

Carrboro Business Incubator Forum

Carrboro Town Hall

April 27th, 8 to 10 a.m.

Attendees:

Angela Annas – Annas Resources, Inc.
Loryn Barnes – Town of Chapel Hill
Marty Belin – Self Help
Alpheus Davis – Good Work
Patricia Glover – Video City
Rich Griffith – SBTDC
Joel Harper – Chapel Hill/Carrboro Chamber of Commerce
Rob Inerfeld – Empowerment Inc.
Cynthia Liston – Regional Technology Strategies
Laura McGlamery – TDA
Myles Pressler – Empowerment Inc.
Mary Speight – SBTDC
Alex Zeffron – Carrboro Town Council

Organized by:

James Harris – Town of Carrboro
Virginia Hopley – SBTDC

Facilitated by:

Andy Sachs – Orange County Dispute Resolution Center

I. Needs of Start-ups

Andy: What types of services would have been beneficial to existing businesses as you got started up, and for those of you thinking of starting a business, what types of services would be beneficial?

James: When small businesses come to me, first of all, they need someone to help them develop a business plan. Second thing on the list would be a location. Third thing would be a source of funds. Those three things are the priority issues when they come to me.

Alpheus: Before looking at the business plan, I would take one step back and say from my experience, technical assistance – looking at the feasibility of the business. Before you actually get to the business plan, they have to look at the zoning, licensing requirements, the regulatory environment, town review process.

James: That's a good point, because they want to know how to get through the town's review process.

Patricia: I would say a training period to establish that business. If you don't have all the information or knowledge about that particular business; if you lack something, a place you can ask about first steps, business plans, and things like that.

Joel: You just alluded to a great need, which is, after you started up, not all businesses are experts in personnel law. They may not know about advertising, or marketing. Getting to know the local media. So that on-going handholding is helpful, especially to the novice.

James: Learning about tax reporting. What I find is that people want to jump right into business, but they don't know anything about setting up books. They don't know about reporting sales taxes and paying them on time, because if you ever get behind on your taxes, you're out of business, between the penalties and interest. It's a big problem.

Myles: Accounting systems in general are a challenge. They need to decide at the outset what types of accounting software, for instance, will help you grow in the next 3 or 4 years, how to afford it, and stuff like that. And internal bookkeeping.

Angela: One thing that can be very helpful for all those things that I was very fortunate to have was really good contacts and good networks and support people. Good advice from the SBTDC led me to some really cracker jack people who were really helpful in setting up the business, like accountants and professional services.

Alpheus: They need assistance with marketing, someone to help them get established and then move to the next level. They have to know that they have a market even before they open their door, because if there's no market for your services or goods...

Joel: A proper business plan will tell them that.

Mary: Speaking on accounting and record keeping, when entrepreneurs go into business and they're supposed to have a CPA or an accountant, that's the end of it: hire them, and they're supposed to do everything for you. Lack of knowledge about what to expect from the accountant. And then what happens is that, a year or two later, because they assumed that with the accountant everything was taken care of, they run into some surprises. The entrepreneurs don't seem to grasp that; they assume that the CPA is hired to make sure things are filed on time. That's not true – the entrepreneur is responsible. So educating them about basic book and record keeping, and accounting principles – understanding enough about it, when things are due, when do you need to get things to your CPA or accountant.

Myles: Depending on the types of businesses, I've talked to a lot of businesses, especially small craftsmen, and I talked to an electrician yesterday, whose business is booming, but he doesn't have time to imprint everything into the computer, return all the phone calls. So, depending on the business type, sharing some type of secretarial assistance. Just a few hours a week would be helpful to some, especially home-based businesses.

Angela: I think to network with others, people who are in the same business. There's a need for this, when starting up.

II. Roadblocks for start-ups: what are some of the difficulties facing a start-up business?

Andy: Those of you who have started small businesses, or know of people who have started small businesses, what were some of the challenges or difficulties that are faced when a business is first getting off the ground?

Angela: Cash flow.

Mary: Cash flow, and often times, how to leverage equity. Oftentimes, making that decision on how to spend so that the bank or institution will look at you favorably. And so it's part of that whole financial planning. Even planning when I'm going to need this additional financing, do you have accounts receivable? It's to get in there and understand how to leverage that which you have, with the banks; not just having the money, but what to do with it. After you start up, to phase two and phase three. Each level has another injection of resources; what you need when is part of the planning.

James: Wouldn't you say this goes back to the business plan? If you do the business plan well enough, you should have all those steps taken care of. It's your road map for doing business. And a lot of people don't understand that.

Mary: Because when that business starts coming in, often times, you're going to be letting money out until that money starts coming in, unless you have retail. Cash flow: being able to shift gears without a crisis.

Cynthia: Becoming too dependent on one customer, or maybe two. Maybe that's why they got into business in the first place, and maybe something you should ideally think through in your business plan, because they become too vulnerable. They might have had enough business at the time, so they can meet that contract, but they're so busy that they can't seek out new contracts. Over-dependence on one client or customer.

Alpheus: I would say lack of knowledge of the small business regulations, or industry specific regulatory environment. If there are other requirements, or new requirements.

Andy: So, basic regulations, and industry-specific regulations.

Alex: Just to follow up on what was discussed earlier about focus and the ability to switch gears midstream, a lack of focus or ability to stick with a business plan. If you hit a rough patch and things aren't going so well, that they feel that they're on their own and floundering. So they start looking for something to improve the situation, which causes it to become worse.

James: This emphasizes sticking to the business plan, which outlines what your business is going to do. And if you keep changing what you're going to do, you really can't do business.

Cynthia: And I would say, building on Angela's point, isolation is a key a problem. If you hit some rough spots, if you don't have people you can go to who understand what you're trying to do, to give you objective feedback...if it's only your family and friends who don't know what you're talking about, they're just going to tell you what you want to hear.

Mary: There's another misconception among small businesses, that once they get started, somehow they think they'll know everything they need to know to operate, to the point that someone will get started and operating. You'll talk to them in three months or six months to follow up, to see if things are going according to plan. But somehow, they think that everything they need to know is there. It's a perception that businesses know what they're doing. All the way. And they don't ask until it's too late. They don't put that preventative in place, to the point that as a counselor, you almost feel like you're intruding when you call for follow up to see how they're doing, how they're progressing, are things going according to plan. You just feel that they think they're supposed to know everything that they're supposed to know to operate successfully. And that they don't have challenges that they need to talk over. A business plan: you're planning and thinking through as much as possible, but seldom does it go exactly as planned. And if you've thought it out well enough, it's not going to be that devastating. There are new challenges there at each stage and there's a need for assistance at each stage. It's a sense of admission of failure to ask.

Patricia: In my case, I knew that I needed help but you get so bogged down that you don't have time to ask. You have to do everything: your books, people who call a hundred times a day, selling you something. Taking care of your junk mail, paying your bills, deciding which to pay first. You really don't have time to say this is a critical thing that needs to be taken care of. Knowing what priorities to give things.

III. Location and Operations Factors

Andy: For those of you that have businesses, what are those factors that led you to be where you are now? What services attracted you to your place of business?

James: A lot of times when people come to see me, they will have driven down the street and they'll see a vacant building, and they'll run to me and say "I want to start a business and I have a location, without any problems". No regard to the traffic patterns, to the people they hope to serve in the area, whether or not there are other businesses near them that will support what they do. They just see a location, and they don't see past that. And the first I tell them is that if that's their location, it will be there when they finish their business plan. If not, they need to find another location.

Andy: What they must consider is traffic, support services, and cost.

Angela: Shared resources. I'm renting a couple office spaces in a suite where I have access to a copy machine and a conference room.

Patricia: The store that I got was my video store. I went there to inquire about something else. I wished I had been here a year ago, because I could have really benefited from some of these things. I sat down to work out the plan, even though I did get some help; I got in too quickly. There's this line that you've got to do it right now. The lease was expiring, and someone needed to take it over and I just fell into it like that. That's how I got into this. I bought the line that his lease was up, and he didn't want to renew. But I had to do it right away. Everything was a rush. Perhaps if I had taken two months to think about it, I wouldn't be at that location (in Carrboro Plaza).

Andy: What would you advise others about location, based on your experience?

Patricia: The shopping center where I'm at now seems very busy, but you have to look at your spot. The spot I have, it's like the best room in the house. But I have four overhangs so people don't really see that I'm in the corner. So that was one of the big shockers, that it was not a visible spot.

James: Actually, access into the shopping center. You have to go around buildings, go down inconvenient little ways to go out. It's just not a good shopping center to locate. I wouldn't advise you to go there. Make sure those folks will buy if you locate there. You have to look at the market very carefully in Carrboro.

Andy: Customer access to that site is important, whatever the site is.

Angela: Location is important; what we need is traffic from applicants, graduate students. Also, proximity to services and customers and clients, so that we're centrally located.

James: Resources. If you're a water user, if you need transportation for folks who deliver things to you, you need to be on a major highway or something like that. You don't need to be off in the boon docks, because for every extra mile, they charge you.

Andy: So infrastructure – roads, water, depending on what you need for your business.

Angela: Parking.

Alex: Tax rates are higher in urban areas. Is it important to be in an urban area where taxes are higher?

Joel: It's not the make or break by any means. It's important, certainly. Folks who come to me all want access to the university. It must be all the bars and restaurants. How can I get to Franklin Street? Residents look at taxes far more than businesses do. Parking, loading docks – those are much higher priority for business people – for people, deliveries and inputs.

Mary: Upfit costs – depending on how much the landlord is willing to do – it can be almost cost prohibitive. For example, if you're going to have a restaurant, it's important that if that building was used for something else, then you've got to have access to outlets, water, and power. Having this accessible instead of having to refit it. This should be something that the landlords provide, even if they want to spread it out over the cost of the lease to make it more cost effective in the start up phase. Also, with respect to the lease, you can try to negotiate with the landlord for a couple months free rent. It used to be a few years ago that this was prevalent. But now, especially in Orange County...

James: One more thing. People need to understand that lawyers have a purpose, and before you sign any lease, you should have someone knowledgeable about the lease read that document. Because that lease is a legally binding document, and unless you have a real amenable landlord...

IV. Local Needs for Suppliers and Services

Andy: What products or services would you like to purchase locally? Are there products or services that in your businesses you would really like to buy locally, but they're just not available? If none, why? What are those non-local suppliers satisfactory?

Patricia: Videos to be purchased locally.

Alpheus: Some of the small subcontractors who are involved in the construction trade. How can they get some of the university construction contracts? Also, management consulting services.

Angela: Office supplies. I end up going all the way across 40 to Office Max. There is one tiny office supply store on Franklin Street.

Joel: New Hope Commons – that's why they (residents) all go there. It has everything they want: shoes, clothes, suits, florists, ice cream parlors, and more restaurants.

Alex: Here, there is a lack of inexpensive, general merchandise. The big box retailers do that. They supply everything. Where do you go to get a dish rack? Things as diverse and everyday as that, are hard to find around here. There's a dollar store in Carrboro Plaza, which has a limited selection, but it's one of the only ones around. To find everyday, junky items...you go to Durham to get it. And it's usually just an everyday item. In the same building, you can get birthday cards, a box of pencils, a roll of paper towels.

Patricia: School supplies, computer disks.

Joel: Everything that's been said is available in Orange County. It's part perception and part reality – I can go to five different stores and get five different things. They are available in our community. Or, I can go to New Hope Commons and park once, and get everything and probably buy twenty more items I didn't think I wanted at that time. I'm going to buy this thing because I see it.

Alex: It depends on where you live. If you live near University Mall, you can go to Roses. But if you live in Carrboro, you've got to fight traffic, take the bypass and hop all the way around. And it's very difficult if you don't drive in this part of the county to get that kind of stuff. You've got to get on the bus, change over in downtown Chapel Hill. I'm sure not going to spend an hour and a half to get a box of pencils.

James: Local would be within Orange County, where the tax revenues would go to our schools. I'm conscious about that – if I can buy in Orange County, then I will, if I can buy close to my house I'd rather do that. But often, you have to leave the county to get what you want.

Andy: What kinds of businesses not present in Orange County would contribute to our growth?

James: Technology spin-off businesses.

Joel: Light manufacturing, assembly, warehouse.

James: These would generate new jobs, which would give people the ability to purchase more goods and services in Orange County.

Cynthia: I think because of Mammoth Records, there's an opportunity for more music-related businesses.

Patricia: I started a video store, and carry sheet music because we got rid of the XXX section. I just heard that BlockBuster is doing this, so I got a little upset. They carry sheet music for the Titanic. We carry sheet music for students, teachers, and all that. We hope to go into more instrumental, such as flutes. I've got a company that is willing to send me one piece at a time, rather than sending (?). Otherwise, sheet music isn't available in Orange County and you have to go to Durham to get it. People come from Chapel Hill, because we have an ad in the Yellow Pages for the sheet music. This is a need we're filling, in addition to videos. Students come for it.

Alex: Building supplies. We do have building supplies available in Orange County, but some of the larger building supply retailers are wholesalers located outside the county.

Cynthia: One suggestion I would have is some kind of analysis of what kind of industry, other than retail, is needed in Carrboro and Chapel Hill, and see what kind of market niches are really out there. For example, I know with Regional Technology Strategies, there are a number of Internet-related companies out there. And I don't know how cognizant city and town leaders are of these clusters, industries so to speak. And there may be others we don't even know about. And that's the thing, as far as an incubator, if you do any kind of targeting, such as trying to attract certain kinds of companies, because you can offer services to help them grow more than if they were in isolation.

Andy: What are the concentrations of like businesses, or clusters in Orange County?

James: We designed our downtown as an entertainment district, so we have that cluster in the downtown. We're getting more and more music – Mammoth Records, restaurants, bars, that kind of thing. This goes back to 1983, when we paid \$25,000 for a study to decide how our downtown should be set up, and we decided that it should be an entertainment district. And then we zoned it that way so that we could do that.

Joel: This was an astute move. The whole economy is entertainment in Chapel Hill and Carrboro. The free market will bring what we don't have: if we don't have it, there's a reason. It's not because no one was smart enough to bring it here. We don't have it because there's not space here, or the business definition of market is different from our definition of market. Whether it's Home Depot or whoever, they draw their line, and they'll draw it Durham and Orange County and say that if we have a store there, then we'll cover that market. That political boundary, which is Orange County or Carrboro, is not material. Sometimes it's difficult to recruit what we want, because they're already here, it's just that they didn't choose our side of the border – they chose someone else's side of the border. New Hope Commons is a classic example: they wanted to locate on our side of the border, but we said no. They said we would still be in their market if we go where they are now.

Andy: What else should be considered for incubator businesses?

Joel: The most important thing that I've said today is this: an incubator is important, and you'll fill an incubator tomorrow, full-blown. My concern, is once they leave the incubator, where are they going to go? I see them right now, if we don't change something, at best they'll go to Hillsborough. So the county still benefits from the incubator.

Virginia: They'd go to northern Chatham County before they'd go to Hillsborough, I think.

Joel: And then we've lost the taxes. But the businesses are interested in the market, and if they're in northern Chatham, they've still got that market. You've got to have a place for them to go.

James: Exactly. And northern Chatham is attractive. What we need to figure out is where to put these people once they leave the incubator. And you have to have a plan. I think Chapel Hill is looking at developing a plan of some kind for the downtown. And you have to have thought through it. We know what it is we want to do. We know what kind of businesses we want to attract. So when people come for the Revolving Loan Fund, I have to see if they fit what it is we're talking about. You either fit into that plan or you don't. The zoning is tied to that as well. So things don't just happen. You have to have a plan.

Alex: Just to follow up – that's important, for two reasons, not just where people are going to go once they leave the incubator. But if you're going to serve as many people as possible, you have to move people out of the incubator so you have space for the new ones coming in. And so if you have that situation where people don't have a place to go, then it's hard to enforce any sort of provision, which would be, you know, two years and then you're out. Then people who you're serving could say, "great, then where?" Then you haven't really served your original purpose if you don't have a place to send them. And then you can't serve other people who you want to bring into the system. Joel's point is well taken. We need to look at the downtown to provide some opportunities for additional square footage, because that's where it's going to go.

Andy: Are there other thoughts on the need for an incubator in Orange County, and services to be provided? What are some other general thoughts about that?

James: Once again, we have to find the right location dependent on the type of incubator. I have a lot of fledgling businesses coming in, wanting to get started, but they can't afford to pay. I'm hearing \$20/sq.ft. for some of these; about six months ago, the highest rent was about \$16 a square foot. And now it's \$20. It's whatever the market will bear.

Andy: So high rents are what are driving the need for an incubator?

James: Yes. Because when you sit down and do your business plan to calculate what you can afford to pay, and you're paying everything out in overhead, you're not in business because you won't be making anything. If you can't make a living and pay your bills, then you're not in business. People don't realize that until they're in business about two years and they realize they're not making any money.

Alex: It's been a while, but from experience, I worked for a caterer, and she's operating out of her kitchen but she didn't have any of the other infrastructure that you need. So she cranked out a great product but had no idea what was coming, where it was going. When she's in the kitchen she can't answer the phone – just some basic infrastructure for businesses that are one person shows. They don't need their own secretary, but they need some system of shared services provided in some fashion that will help them grow their business and help them concentrate on what they do. The "front office", if you will.

Andy: Last thoughts on the need for an incubator in Orange County?

Cynthia: I have some broader level questions that should probably be thought about as this process moves forward. First, we have to remember with an incubator there's a difference in serving people who are self-employed and people who are entrepreneurs. I've seen a lot of incubators where they get on the path of people who are just selling their labor, in essence. They're not building a business that will hire more people necessarily. If you're talking about the wisest use of resources, someone who will come in with a business plan and will hire more people.

Something else that will need to be addressed is what kind of margin of risk we're looking at. Are we targeting firms that have an 80% chance of survival, or those that have a 15% chance of survival and move their chances up to 50%? Or move the 50% firms up to 85%? And that's just a policy question that has to be answered.

Angela: I could really benefit from an incubator. My business is not even finishing it's second year and I have a 45-day lease that's going to be up soon. I feel like in the past I could have benefited.

Mary: Looking at the criteria for what an incubator is, would it primarily be for startups? Would there be a maximum number of years you could stay in the incubator? Sales, once you reach a certain sales level you have to move on? Could the incubator be set up so the business could graduate and move to different levels around in the incubator? Where do they go from there, once they grow? If you're talking about space...I know there are lots of businesses around looking for affordable space in getting started. Location is important for volume of sales needed. There are lots of businesses that could benefit from an incubator, hopefully paying less for square foot, with support services there. I'm thinking about an incubator where it's not just for start-ups, and where there is some level of growth within the incubator for businesses. That may require a further study.

Myles: It's a commitment that we make, that we want to see certain types of activity in our local economy. And once we make that decision, we make that happen. And it seems pretty clear from the experience in Chapel Hill, there's a real dearth of solid economic development proposals coming forward and that's why we continue to sink \$200,000 a year into rehabbing public housing instead of seeking out new sources of funds because we're not all competing and really raising the stakes (?) here. And that's the point I would make, that it's a commitment and we make a decision and just see it through. It could look to a new role for local governments and a new way of investing and using local governments together to leverage economic development.

Rich: I agree with Joel, that you could fill an incubator quickly. Finding a location for businesses is a big challenge. When you look at an incubator, you also have to look at what types of businesses you have coming into the incubator. When you're talking about growth for Orange County, and Chapel Hill and Carrboro, all the businesses that have growth potential and can grow significantly, whether they be high tech or biotech, you certainly want to have some other space available for some retail or some other services that would contribute to the incubator, that may be a captive audience for similar services. Have a target – have an industry or two that has pretty good growth potential, that can go off and continue to grow and add to that economic base.

Virginia: So you're suggesting an industry-specific incubator, with some other businesses there?

Rich: Yes, simply to balance out. Having a targeted industry or two would be beneficial, especially when thinking about how to add to the economic base.

Alpheus: I would say that leaning toward specific industries should be considered, but I would say from a public standpoint that industries that will generate more jobs, that are more labor intensive and will provide job opportunities. For example, a janitorial service will generate more jobs, and jobs that will help increase the skills level of the residents in Carrboro.

Loryn: On the financial side, there is a lot of money available in this county for economic development type activities that haven't really been tapped into. So, this conversation that we just had could happen on a broader scale, and that may assist opening up the possibility of an incubator in this county. We need to educate people on the idea and concept of an incubator, and how it can fit into plans, downtown area plans.

Joel: While an incubator should be a part of broader policy objective, incubators are business welfare, and business welfare is not popular public policy decision. The public doesn't like to see

money go to greedy, rich business people. There will be a lot of debate on sinking a whole ton of money into business people. I think that's unfortunate, but that's a reality in Orange County. If you set up a high tech incubator, and get me 48 hours notice, I'll get you one hundred Hewlett Packard wannabes who will pay \$2 a square foot. They'll pay pretty much market rent, but they don't have social skills. They need secretaries – they don't want to deal with that. They want to write software all day. So, you can have that kind of incubator, or you can have the Art Center type of incubator, businesses that can only pay \$2 a square foot for a long time. There are different types of incubators that will do different things for your community.

Marty: I would say pick one or two things that you want to do. That may make it harder, in terms of policy or selling it. You won't be able to find people that can do all 52,000 things that are all worthwhile goals, but you've got to choose a couple and do them well. Otherwise, you'll just get scrambled eggs.

**APPENDIX B - SAMPLE FINANCIALS FOR PROPOSED INCUBATOR IN
BUNCOMBE COUNTY (ASHEVILLE)**

ASSUMPTIONS TO PROJECTED INCUBATOR FINANCIALS

Total Sq.Ft. of space to be leased		30,000	
% of space for Facility manager	225	0.75%	
% of space for conference room	760	2.53%	
% of space for Secretary/Receptionist	200	0.67%	
% of space for mail/copy/break/restroom/common ar	6,815	22.72%	
% For service leasing space	18,000	60.00%	
% For office leasing	4,000	13.33%	
Lease rate for service space		\$7.00	
Lease rate for office space		\$12.00	
Lease rate for Service space used as warehousing		\$3.50	
% (peak) of occupancy (both service, office)		80.00%	
Projected occupancy of service space at opening (9,000	30.00%	
Projected occupancy of office space at opening. (2,000	6.67%	
Unit size of future service spaces (sq.ft.)	400		
Unit size of future office spaces. (sq.ft.)	225		
No. of additional Industrial spaces leased/qtr		1	
No. of additional office spaces leased/qtr		1	
Cost of facility manager		\$40,000	per annum
Cost of secretary/receptionsist		\$20,000	per annum
Cost of office equipment/furniture		\$34,460	
Cost of build-out of office space, per sq.ft	\$0.00	\$0	
Cost of buildout for service space, per sq.ft	\$0.00	\$0	
Depreciation rate - equipment		20.00%	
Depreciation rate - building *		3.33%	
% revenue /sq.ft re copier		\$0.0200	per.sq.ft.
% revenue /sq.ft re postage		\$0.0044	per.sq.ft.
Mark-up on services		5.00%	
Cost of purchase of Asheville Incubator Building		\$3,000,000	
Combined City/County tax rate **	\$0.00		
1998 tax valuation		\$0	
Year 2 and 3 Cost of living increases		4.00%	
All tenants pay their own (metered) utilities			
Employee benefits as % of payroll	25.00%		
Water and sewer; annual charge*****	\$1,800		
Travel & Training initial visits	\$5,000		
Travel & Training annual costs	\$3,000		
Grant monitoring fee	\$0		
Landscape services; annual cost	\$0		
Dumpster rental/removal; annual cost	\$0		
Fire Alarm monitor; annual cost	\$0		
Security ; annual cost	\$0		
Insurance cost	\$0		
Advertising	\$4,500		
Utilities	\$12,000		
Telephone	\$6,000		
Equipment rental	\$0		
Operating Reserve	\$30,000		
Building Maintenance Reserve	\$0		
Architect/Legal/Accounting pre start - up	\$25,000		
Accounting	\$0		
Legal Retainer	\$0		
Office Supplies	\$1,255		
Default rate of tenant's rent payments	2.00%		
% of utility cost recovered	90.00%		

Asheville Incubator Project
Year 1

	PRE START-UP	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL	Total Revenue
CASH ON HAND		(123,260)	(122,963)	(121,765)	(120,568)	(119,004)	(117,491)	(115,977)	(114,097)	(112,216)	(110,336)	(108,089)	(105,842)	(123,260)	
CASH RECEIPTS															
Rents collections - service space		5,250	5,250	5,250	5,483	5,483	5,483	5,717	5,717	5,717	5,950	5,950	5,950	67,200	50,854
Rents collections - office space		2,000	2,000	2,000	2,225	2,225	2,225	2,450	2,450	2,450	2,675	2,675	2,675	28,050	21,224
Rents collections - warehouse space		2,100	2,100	2,100	2,007	2,007	2,007	1,913	1,913	1,913	1,820	1,820	1,820	23,520	17,801
Utility costs recovered (90%)		0	900	900	900	900	900	900	900	900	900	900	900	9,900	7,454
Copier		220	220	220	233	233	233	245	245	245	258	258	258	2,863	2,174
Postage		48	48	48	51	51	51	54	54	54	57	57	57	630	0,484
GRANT														0	
TDA Grant	200,000													0	
Other Grants	2,800,000													0	
TOTAL CASH RECEIPTS	3,000,000	9,618	10,518	10,518	10,899	10,899	10,899	11,279	11,279	11,279	11,659	11,659	11,659	132,165	
TOTAL CASH AVAILABLE	3,000,000	(113,642)	(112,444)	(111,247)	(109,670)	(108,106)	(106,592)	(104,698)	(102,818)	(100,937)	(98,677)	(96,430)	(94,183)	9,905	
CASH PAID OUT															
Gross Wages (Excludes withdrawals)	20,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000	45,404
Payroll taxes (FUTA/FICA/SUTA)	1,800	450	450	450	450	450	450	450	450	450	450	450	450	5,400	4,094
Other Employee benefits	5,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	11,354
Travel & Training cost	5,000	250	250	250	250	250	250	250	250	250	250	250	250	3,000	2,274
Grant monitoring fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Landscape services		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Dumpster rental/removal		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Fire Alarm monitor		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Supplies (office & operating)	500	105	105	105	105	105	105	105	105	105	105	105	105	1,255	0,954
Advertising	1,500	375	375	375	375	375	375	375	375	375	375	375	375	4,500	3,404
Copier		198	198	198	209	209	209	221	221	221	232	232	232	2,379	1,854
Postages		44	44	44	46	46	46	49	49	49	51	51	51	567	0,434
Dues and Subscriptions		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Locksmith						50	50	50	50	50	50	50	50	400	0,304
Utilities	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	9,084
Telephones	0	500	500	500	500	500	500	500	500	500	500	500	500	6,000	4,544
Water		150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,364
Insurance		0												0	0,000
Accounting		0												0	0,000
Legal		0												0	0,000
Equipment rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Security		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
Taxes - city and county														0	0,000
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0	0	0	0,000
SUBTOTAL	33,800	9,321	9,321	9,321	9,335	9,385	9,385	9,399	9,399	9,399	9,412	9,412	9,412	112,501	85,124
Capital Purchases														0	0,000
Purchase of building	3,000,000													3,000,000	2,49,884
Equipment	34,460													34,460	26,074
Upgrade building & Grounds	0													0	0,000
Architect/Legal/Accounting	25,000													25,000	19,924
Operating Reserve	30,000													30,000	22,704
Building Maintenance Reserve														0	0,000
Non payment of rents Reserve													2,643	2,643	2,004
TOTAL CASH PAID OUT	3,123,260	9,321	9,321	9,321	9,335	9,385	9,385	9,399	9,399	9,399	9,412	9,412	12,056	115,144	87,124
CASH POSITION	(123,260)	(122,963)	(121,765)	(120,568)	(119,004)	(117,491)	(115,977)	(114,097)	(112,216)	(110,336)	(108,089)	(105,842)	(106,239)	(106,239)	
ESSENTIAL OPERATING DATA (NON CASH FLOW)															
Depreciation		8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	106,792	
Cumulative Service space leased		9,000	9,000	9,000	9,400	9,400	9,400	9,800	9,800	9,800	10,200	10,200	10,200		
Cumulative Office space leased		2,000	2,000	2,000	2,225	2,225	2,225	2,450	2,450	2,450	2,675	2,675	2,675		
Cumulative Service space leased as warehousing		7,200	7,200	7,200	6,880	6,880	6,880	6,560	6,560	6,560	6,240	6,240	6,240		

original

SBTDC



CARRBORO INCUBATOR FEASIBILITY STUDY

Draft Revised in November, 1998

**Prepared by:
NC SMALL BUSINESS AND TECHNOLOGY DEVELOPMENT CENTER
On behalf of:
NC TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.**

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Carrboro Incubator Feasibility Study

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Appendix A - Carrboro Business Forum

Appendix B - Sample Financials from Buncombe County

Carrboro Incubator Feasibility Study

1. Introduction

On behalf of the North Carolina Technological Development Authority (TDA), the North Carolina Small Business and Technology Development Center (SBTDC) conducted a feasibility analysis for a proposed business incubator to be located in Carrboro, North Carolina.

This preliminary feasibility study identifies and describes the key information that will assist in determining the potential for developing a successful incubator facility in Carrboro, in Orange County. Specifically, the report addresses:

- trends in the incubator industry at the national and state level,
- the experiences of other incubator facilities,
- the proposed services and operational guidelines of the Carrboro incubator,
- the local support necessary to sustain the development and operation of the incubator,
- some local business needs,
- the strengths and weaknesses of the county economy,
- the community development and business resource networks,
- potential risks associated with an incubator facility, along with mitigating factors, and
- funding sources for the construction and operation of an incubator facility.

A number of outside sources has been relied upon to guide us through the feasibility analysis and ensure that this study accurately reflects the current local and regional situation. These sources include community and business leaders, government officials, and a number of economic development reports and studies. (Please refer to the list of References on page 34 for resources consulted.)

2. Incubator Concept

Economic development strategies in North Carolina have historically focused on industrial recruitment, and these efforts have been successful in many communities. More recently, strategies have been expanded to include a more diverse approach to economic development that fosters indigenous entrepreneurial development. This is largely because it has been recognized that small businesses play a critical role in the economy. For instance, small businesses (firms with fewer than 500 employees) provide most of net new jobs, represent 99.7% of all employers, employ 53% of the private work force, contribute 47% of all sales, provide 55% of innovations, and account for 51% of the private GDP¹. In North Carolina, small businesses created all of the net new jobs between 1992 and 1996, and very small businesses (less than 20 employees) created 69% of this growth².

An effective small business development strategy has been the business incubator, and the growth in the number of business incubators nationwide between 1980 (12) and 1998 (550) reflects the shift in investments to small business development initiatives. North Carolina has advanced this strategic approach through its funding assistance to the TDA. The TDA is committed to providing entrepreneurial support, through its North Carolina business incubators program and sponsorship of the North Carolina Business Incubator Association. The first TDA incubator project was the Small Business and Industry Center in Waynesville in 1985; the total number of

¹ "The Facts About Small Business, 1997". U.S. Small Business Administration, Office of Advocacy. 1997.

² "1997 Small Business Profile, Small Business: Backbone of the North Carolina Economy." U.S. Small Business Administration, Office of Advocacy. 1997.

BOARD OF ALDERMEN

ITEM NO. E(S)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Use of the Town Commons

DEPARTMENT: Town Manager's Office	PUBLIC HEARING: YES ____ NO <input checked="" type="checkbox"/> ____
ATTACHMENTS: Excerpt from 1/6/98 Board of Aldermen Minutes, Memo from Recreation & Parks Commission Chair dated 1/6/98, Carrboro Town Commons Guidelines, Section 14 -20 of the Town Code	FOR INFORMATION CONTACT: Robert W. Morgan, Town Manager

PURPOSE

The purpose of this abstract is to respond to the Mayor's and Board of Aldermen's request of 1/6/98 to review the Town's policy on the use of the Town Commons in light of the Recreation and Parks Commission's recommendation that no more continuous reservations for the Town Commons be granted in the future.

ANALYSIS

At its Board meeting of January 6, 1998 the Mayor and Board of Aldermen authorized a continuous reservation of the Town Common by the Grass Roots Arts, Inc. for the first Sunday of the month April through December, 1998 from 1:00 PM until 5:00 PM. At the time of negotiating this contract. Grass Roots Arts, Inc. indicated that in the future it may wish to expand to two Sundays a month.

The Recreation and Parks Commission at the time it reviewed the request from Grass Roots Arts, Inc. wrote a memorandum to the Mayor and Board of Aldermen stating that it recommended the approval of the Arts and Craft Market with certain understandings and further recommended that no more continuous reservations be granted in the future.

The guidelines for use of the Town Commons state: "Except for Town Sponsored Events, no person or organization may reserve the Town Commons earlier than twelve months in advance or more than twice during any twelve month period. The Farmers' Market and the Arts and Craft Market are currently the only two uses that occur more than twice a year as permitted by Town Code. The Administration's reasoning for originally recommending this limitation on use was in consideration of neighbors adjacent to the Town Commons and also to give the Town maximum flexibility to plan Town events.

It is the Town Administration's opinion that it is not necessary to change the current guidelines or ordinance on the use of the Town Commons. The current guidelines and ordinance are clear on this matter. However, just as Grass Roots Arts, Inc. approached the Board for multiple reservations of the Town Commons, so could others. As in the case of the Arts and Craft Market, the ordinance had to be amended by the Board to allow it to take place. Future Boards need the flexibility to make decisions on use of the Town Commons as the needs of the community change.

- Once the bandstand is constructed, it is the Town Administration's hope that more events can be planned for the Town Commons.

RECOMMENDATION

The Town Administration recommends no changes to the Town Code or guidelines on use of the Town Commons.

RESERVATION OF TOWN COMMONS FOR AN ARTS AND CRAFTS MARKET

The purpose of this item was to consider a request from Monnda L. Welch, President of Grass Roots Arts, Inc. to operate an Arts and Crafts Market on the Town Commons the first Sunday of each month from 1 PM to 5 PM.

Mr. Morgan stated that the administration recommended the Mayor and Board of Aldermen authorize the reservation of the Town Commons by Grass Roots Arts, Inc. on the first Sunday of each month during 1998 under the following terms:

- that the market carry sufficient liability insurance and list the Town as an additional insured,
- that a market manager be provided instead of paying for a facility supervisor,
- that the maintenance fee be set at \$50 per use during 1998,
- that either party can withdraw from this arrangement with 30 days notice,
- that no activity of this market will conflict with the use of the Town Commons for a Town sponsored event,
- that the Town will take reasonable steps to make as much parking as possible available in Town Common lots unless needed to provide Town services or programs,
- that this reservation does not obligate the Town to a renewal of the reservation for future years, and
- that the Arts and Crafts Market agrees to all other terms for using the Town Commons as specified in Town Policy or ordinance.

In addition, it is necessary to amend Section 14-20 of the Town Code (Commercial Activity Restricted on Town Property) to allow the Arts and Crafts Market to operate.

Doris Murrell, Chair of the Recreation and Parks Commission, stated that the Recreation and Parks Commission recommended approval of the request by the Arts and Crafts Market as stipulated and recommendations of the Town Manager, excepting the concern that it be clear the statement "That no activity of the market will conflict with the use of the Town Commons for a town-sponsored event" be all inclusive and non-negotiable for present and future programs of a recreational nature or other town needs. Given the primary recreation focus of the Town Commons, it is the recommendation of the Commission that no more continuous reservations be granted in the future.

Monnda Welch, with the Grass Roots Arts, Inc., stated her support for working with the town on conflicts, but expressed concern that advanced notice is given of conflicts.

MOTION WAS MADE BY JACQUELYN GIST AND SECONDED BY ALEX ZAFFRON TO AUTHORIZE THE RESERVATION OF THE TOWN COMMONS BY GRASS ROOTS ARTS, INC. ON THE FIRST SUNDAY OF THE MONTHS OF APRIL THROUGH DECEMBER, 1998 FROM 1:00 P.M. UNTIL 5:00 P.M. UNDER THE FOLLOWING TERMS:

- that the market carry sufficient liability insurance and list the Town as an additional insured;
- that a market manager be provided instead of paying for a facility supervisor;
- that the maintenance fee be set at \$50 per use during 1998;
- that either party can withdraw from this arrangement with 30 days notice;
- that no activity of this market will conflict with the use of the Town Commons for a Town sponsored event;
- that the Town will give the market 6-month's notice of any conflicts in scheduling;
- that the Town will take reasonable steps to make as much parking as possible available in Town Common lots unless needed to provide Town services or programs;
- that this reservation does not obligate the Town to a renewal of the reservation for future years; and

- that the Arts and Crafts Market agrees to all other terms for using the Town Commons as specified in Town Policy or ordinance.

THAT THE TOWN STAFF REVIEW THE TOWN'S POLICY ON USE OF THE TOWN COMMONS IN LIGHT OF THE RECREATION AND PARKS COMMISSION'S RECOMMENDATION THAT NO MORE CONTINUOUS RESERVATIONS FOR THE TOWN COMMONS BE GRANTED IN THE FUTURE.


VOTE: AFFIRMATIVE ALL

ALEX ZAFFRON AND SECONDED BY ALLEN SPALT THAT THE ORDINANCE ENTITLED, "AN ORDINANCE AMENDING SECTION 14-20(b) OF THE CARRBORO TOWN CODE," BE ADOPTED.

VOTE: AFFIRMATIVE ALL

MEMORANDUM

TO: Mayor and Board of Aldermen

FROM: Doris J. Murrell, Recreation and Parks Commission Chair 

SUBJECT: Continuous Reservation Request of the Town Commons

DATE: January 6, 1998

The Recreation and Parks Commission met last evening and discussed the request for an arts and crafts market to reserve the Town Commons one Sunday per month for the next year. In discussing this request, the Commission did not take issue with the purpose for the request, arts and crafts, but were concerned with the eventual inundation of the facility by continuous, single purpose activities that would preclude other activities. After much discussion, the following motion was approved.

“That the Commission can recommend approval of the request by the Arts and Crafts Market as stipulated and the recommendations of the Town Manager excepting the concern that it be clear the statement “That no activity of the market will conflict with the use of the Town Commons for a town sponsored event” be all inclusive and non-negotiable for present and future programs of a recreational nature or other town needs. Given the primary recreation focus of the Town Commons, it is the recommendation of the Commission that no more continuous reservations be granted in the future.

If the Board approves of the above concerns, then it should be noted that this would preclude operation of the Arts and Crafts Market to operate two Sundays per month.”

Motion Made: Kempe
Second: Nicholson
Ayes: Murrell, Odom, Hall, Nicholson, Kempe
Noes: Boone

I will attend the Board's meeting and be available to answer any questions you may have in regards to the above action. Thank you.

CARRBORO TOWN COMMONS GUIDELINES

The Carrboro Town Commons is operated as a public facility to serve the citizens of Orange County. The intent of this facility is to provide a community meeting place for recreation activities, community events and markets, but only to the extent that such activities and events can be held during times that do not interfere with the normal operation of Town Hall and under circumstances (in time of frequency of use and manner of operation) that do not impose an unreasonable burden upon adjoining businesses and neighborhoods.

DEFINITIONS

Town Commons: The parcel of land owned by the Town of Carrboro lying adjacent to the Carrboro Town Hall, bounded on the west by Bim Street, on the north by the town hall parking lot, on the east by Laurel Street and on the south by private property.

Town Commons Reservation Form (TCR Form): A form available from the Town of Carrboro to be used for reserving all or a portion of the Town Commons for an Assembly or for providing notification of an Assembly.

Assembly: A planned or prearranged meeting, performance, rally, demonstration, speech, social function, or similar event, whether or not open to the general public, attended by a group of 25 or more persons engaged or organizers, participants, or spectators.

Town Sponsored Event: An assembly or other event or activity sponsored by and conducted under the authority and control of the Town of Carrboro.

USE OF TOWN COMMONS

- A. Use of the Town Commons shall be subject to the provisions of Chapter 14 of the Town Code. Among other relevant provisions, Section 14-20 limits commercial activity.
- B. The Town Commons shall be open to use from 9:00 a.m. to sundown every day, except as otherwise provided herein.
- C. The Town Commons shall be open for use by Assemblies only on Saturdays and Sundays from 9:00 a.m. to sundown. Not more than two Assemblies per month shall be allowed. However, these limitation do not apply to Town sponsored events.
- D. The Town Manager may determine that it is necessary to keep persons temporarily off the lawn area of the Town Commons for the purpose of maintaining, improving, or preventing damage to the same.
- E. Electronic amplification of sound shall be allowed only if and to the extent reasonably necessary to reach or communicate a message to the target audience within the boundaries of the Town Commons. In other words, electronically amplified sound shall be directed, and the volume controlled, such that the audience within the Town Commons can be reached without creating a disturbance beyond the boundaries of the Town Commons.
- F. No reservation shall be required for spontaneous Assemblies occasioned by news or affairs coming into public knowledge within three days of such Assemblies.

RESERVATION OF TOWN COMMONS AND PAYMENT OF FEES

- A. The Town Commons or any portion thereof, may be reserved on a first come first served basis by any person or organization that resides in or has a place of business in Orange County. Requests for reservations must be submitted to the Town Manager on the TCR Form supplied by the Town and shall be submitted at least ten days prior to the date requested. In submitting the application, the applicant agrees to pay all applicable fees and abide by all rules in using the Town Commons. Applications shall be approved by the manager if the applications are consistent with the provisions of these guidelines.
- B. Reservations are not required to use the Town Commons except for Assemblies. However, reservations entitle the party reserving the facility, or portion thereof, to exclusive use during the period reserved. See Section 14-5 of the Town Code.
- C. Whenever the Town Commons is reserved, the Town will require a facility supervisor employed by the Town to be present to insure facility is available for the exclusive use of the party reserving it and to insure that it is used properly. The charge for this service will be \$50 for up to four hours, (including set-up and clean-up time) and \$25 for every portion of two hours thereafter.
- D. Whenever the Town Commons is reserved, the applicant shall also pay a facility use and maintenance fee based upon the number of people expected to participate in the sponsored event, as follows:
- | | |
|-----------------------|-------|
| 0 to 100 people | \$ 50 |
| 101 to 500 people | \$100 |
| 501 to 1000 people | \$150 |
| More than 1000 people | \$200 |
- E. Whenever the Town Commons is reserved by a non-profit organization that wishes to sell goods or merchandise at the event sponsored or conducted by such organization, the applicant shall pay an additional fee of \$25.00.
- F. The manager may require the organizers of events expected to draw more than 100 vehicles to the area of the Town Commons to provide parking attendants to protect adjoining properties from improper parking.
- G. The person or organization reserving the facility shall be responsible for cleaning it prior to leaving the premises. All trash must be placed in the dumpster. Failure to clean the site, parking areas and adjacent streets will result in the Town charging the responsible person or organization for the direct cost of cleaning the site.
- H. The person or organization reserving the facility may request, and the Town may provide at the requesting party's expense, off duty police officers to assist in crowd and traffic control.
- I. Except for Town Sponsored Events, no person or organization may reserve the Town Commons earlier than twelve (12) months in advance or more than twice during any twelve (12) month period.

Section 14-20 Commercial Activity Restricted

(a) Subject to subsection (b), no person may engage in commercial activity on town property. For purposes of this section, commercial activity means any activity conducted by any person (other than the Town of Carrboro) for the purpose of collecting admission charges or fees of any kind in excess of the costs of the activity, as well as any sale, attempted sale, or advertisement of sale of any goods, merchandise, equipment or services.

(b) The provisions of subsection (a) shall not apply to:

- (1) Sales of goods, merchandise and services by persons authorized by the same at town sponsored events such as the annual Fourth of July celebration.
- (2) Sales of goods and merchandise by vendors at the Farm and Craft Market operated by the town.
- (3) Sales of goods and merchandise by persons acting as agents of the town at Wilson Park, the Carrboro Community park, and other town property.
- (4) Sales by nonprofit organizations of merchandise that bears a statement or statements carrying a religious, political, philosophical or ideological message, so long as such sales take place within or on town property that is subject to a reservation system pursuant to the provisions of Section 14-5. (Amend. 7/9/91)

BOARD OF ALDERMEN

ITEM NO. E(6)

AGENDA ITEM ABSTRACT

MEETING DATE: December 8, 1998

SUBJECT: Discussion of Payment -In - Lieu for Recreation and Open Space

DEPARTMENT: Town Manager's Office	PUBLIC HEARING: YES ____ NO <input checked="" type="checkbox"/> ____
ATTACHMENTS: Section 15-203 of the Town Code, Schedule of Fees Collected	FOR INFORMATION CONTACT: Robert W. Morgan, Town Manager

PURPOSE

At its annual planning retreat the Mayor and Board of Aldermen requested a discussion of payment-in-lieu for recreational areas and facilities and open space.

ANALYSIS

Attached is Section 15-203 of the Town Code "Fees in Lieu of Active Recrational Areas and Facilities or Useable Open Space".

Also attached is a breakdown of payment-in-lieu fees that have been collected and the interest earned on these fees. The collected fees have been grouped by general geographical areas and proposed facilities. In consultation with the Town Attorney, two uses of the fees and earned interest have been proposed. First, it has been proposed that these collected fees be spent for recreation facilities or open space near the subdivision that generated the fees. Second interest on these fees are proposed to be used for the Town Center for general recreational facilities.

With the exception of earmarking the interest earnings for use on the Town Center, the Mayor and Board of Aldermen have taken no official action on the use of these collected fees. It is the Town Administration's intent to present to the Board in May a Capital Improvement Plan that specifically addresses the use of these funds.

RECOMMENDATION

The Administration recommends that the Board review the attached material.

Art. XIII RECREATIONAL FACILITIES AND OPEN SPACE

- (2) The association or similar legal entity has clear legal authority to maintain and exercise control over such common areas and facilities;
- (3) The association or similar legal entity has the power to compel contributions from residents of the development to cover their proportionate shares of the costs associated with the maintenance and upkeep of such common areas and facilities; and
- (4) The association will establish a capital fund for the maintenance and upkeep of common areas and facilities and a method of contributing to that fund which will spread the costs of said maintenance and upkeep to the residents over a number of years. (AMENDED 11/26/85)

Section 15-202 Flexibility in Administration Authorized.

(a) The requirements set forth in this article concerning the amount, size, location and nature of recreational facilities and open space to be provided in connection with residential developments are established by the Board as standards that presumptively will result in the provision of that amount of recreational facilities and open space that is consistent with officially adopted town plans. The Board recognizes, however, that due to the particular nature of a tract of land, or the nature of the facilities proposed for installation, or other factors, the underlying objectives of this article may be achieved even though the standards are not adhered to with mathematical precision. Therefore, the permit issuing body is authorized to permit minor deviations from these standards whenever it determines that: (i) the objectives underlying these standards can be met without strict adherence to them; and (ii) because of peculiarities in the developer's tract of land or the facilities proposed it would be unreasonable to require strict adherence to these standards.

(b) Whenever the permit issuing board authorizes some deviation from the standards set forth in this article pursuant to subsection (a), the official record of action taken on the development application shall contain a statement of the reasons for allowing the deviation.

Section 15-203 Fees in Lieu of Active Recreational Areas and Facilities or Usable Open Space.

(a) When the permit-issuing authority determines (upon the recommendation of the recreation director) that the recreational needs of a development required by Section 15-196 to construct active recreational areas and facilities could also be adequately met by facilities constructed on town property that is located close enough to such development to reasonably serve its residents, the town may authorize the developer to pay a fee to the town's open space and recreational facilities fund in lieu of providing on-site facilities. For purposes of this subsection, "town property" means property that is owned by the town or that the town has made plans to acquire within a reasonable time. (AMENDED 2/20/90)

Art. XIII RECREATIONAL FACILITIES AND OPEN SPACE

(b) With respect to residential developments that are exempt from the requirement of providing on-site active recreational areas and facilities under Subsection 15-196(d) or exempt from the requirement of providing usable open space under Subsection 15-198(j) and that choose not to provide such facilities or open space, the town shall accept and the developer shall pay a fee to the town's open space and recreational facilities fund if the permit-issuing authority determines that the town has acquired or has made plans to acquire within a reasonable time the necessary land to provide usable open space or a site for recreational facilities that can be expected to benefit or serve such developments.

(c) The minimum amount of the fee paid under this section in lieu of active recreational areas and facilities shall be determined by multiplying the amount of recreation points that would otherwise be required of the development under Section 15- 196 by the dollar value per point established in the town's miscellaneous fees and charges schedule. However, nothing herein shall prevent a developer from paying a fee that exceeds the minimum fee established pursuant to this subsection, and the town's willingness to allow a payment of fees in lieu of on-site provisions of facilities or open space under subsection (a) may depend upon the developer's agreement to pay fees in excess of the minimum.

(d) The minimum amount of the fee paid under this section in lieu of usable open space shall be determined by multiplying the square footage of open space that would otherwise be required of the development under Subsection 15-198(c) by the dollar value per square foot established in the town's miscellaneous fees and charges schedule.

(e) With respect to any development that is authorized or required by this section to pay a fee in lieu of providing recreational facilities or usable open space, no use may be commenced, lot sold, or building occupied unless the fee has been paid. If a development is intended to be sold or occupied on a phase-by-phase basis, payment of the fee relating to each phase must first be made.

Sections 15-204 through 15-209 Reserved.

PAYMENT-IN-LIEU

SECTOR A: SOUTH OF NC54 (UNDESIGNATED)

- | | |
|-----------------|---------|
| 1. Weather Hill | \$3,068 |
| 2. Teal Place | \$5,190 |
| 3. Richardson | \$6,271 |

TOTAL \$14,529

SECTOR B: CENTRAL (FAIR OAKS-SPRING VALLEY-HORACE WILLIAM PARK)

- | | |
|-----------------------|----------|
| 1. Fair Oaks | \$30,584 |
| 2. Quarter Path Trace | \$94,493 |
| 3. Cates Farm | \$48,168 |
| 4. Cates Farm II | \$50,745 |

TOTAL \$223,990

SECTOR C: DOWNTOWN (UNDESIGNATED) (IDEA: ADD OPEN SPACE TO OLD CEMETERY AND CARR COURT PARK AND BIKE PATH)

- | | |
|-------------------|----------|
| 1. Roberson Place | \$15,239 |
|-------------------|----------|

SECTOR D: NORTH OF HOMESTEAD (UNDESIGNATED)

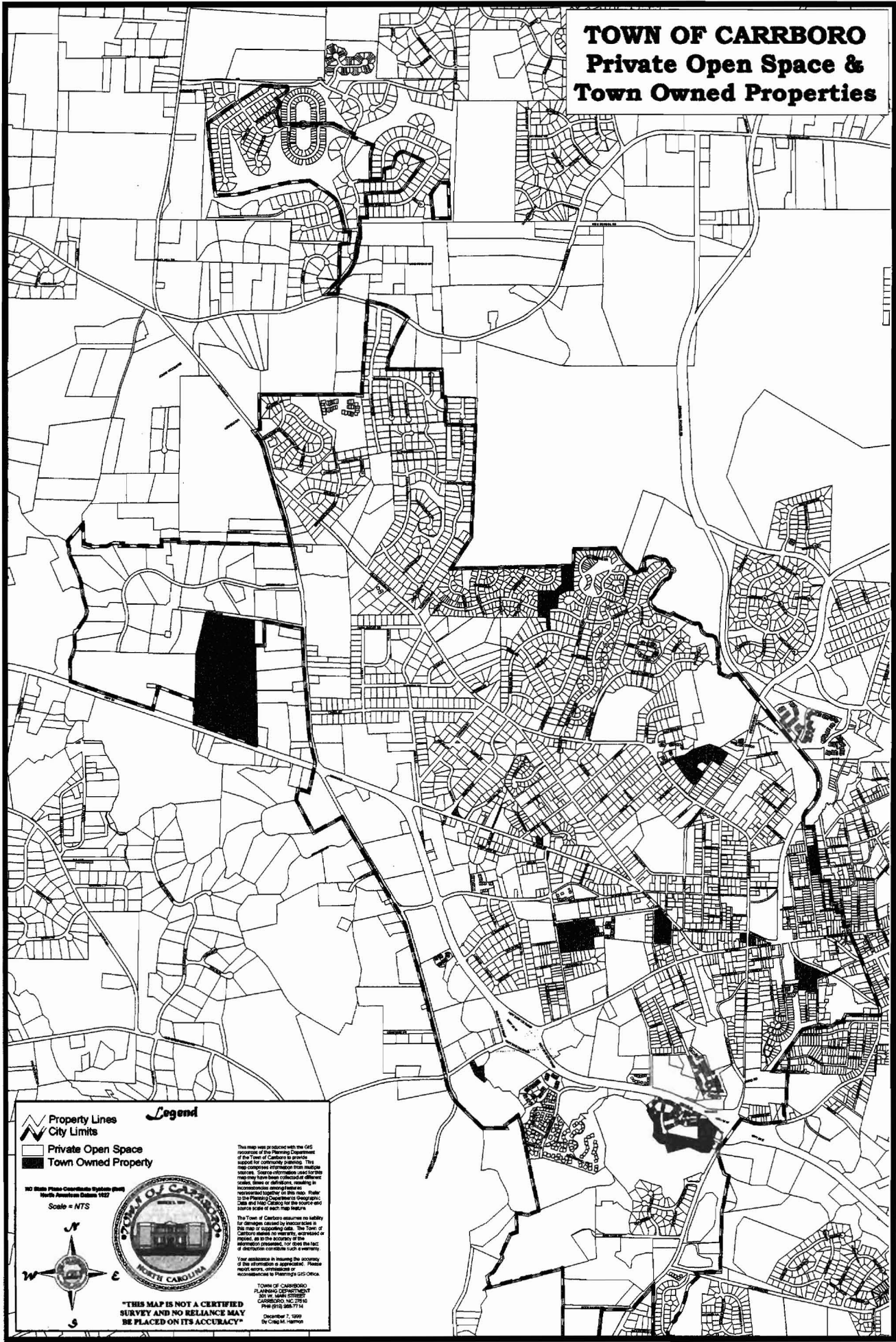
- | | |
|---------------------|----------|
| 1. Highlands | \$25,114 |
| 2. Meadow Run | \$13,699 |
| 3. Highland Meadows | \$26,761 |
| 4. Tupelo Ridge | \$9,959 |

TOTAL \$75,533

OPEN SPACE \$28,063

INTEREST \$100,000 DESIGNATED FOR TOWN CENTER

TOWN OF CARRBORO Private Open Space & Town Owned Properties



Legend

- Property Lines
- City Limits
- Private Open Space
- Town Owned Property

NAD 83 State Plane Coordinate System (feet)
North American Datum 1983
Scale = NTS

"THIS MAP IS NOT A CERTIFIED SURVEY AND NO RELIANCE MAY BE PLACED ON ITS ACCURACY"

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TOWN OF CARRBORO
 PLANNING DEPARTMENT
 301 W. MAIN STREET
 CARRBORO, NC 27514
 PHN (919) 985-7714
 December 7, 2009
 By Chris M. Hamer