



# ***Accelerate*CRAVEN**

2015-2019 CASE FOR INVESTMENT

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## **Executive Summary**

The Craven County Committee of 100 was founded in 1975 as the private sector partner of Craven County's economic development effort. Since its inception, the Committee of 100 has used the financial support of its members to complement the county government's efforts to attract, retain, and expand industry and other commercial enterprises. Craven County government was not able to dedicate public monies to such enterprises at the time, but encouraged and welcomed the private investment. The reorganization of economic development in Craven County started in spring of 2012 when the County dissolved the Economic Development Commission and the Committee became an independent resource for the County.

In June of 2013, a strategic work group collaborated with outside consultant firm RKG Associates to produce a comprehensive strategic plan that would energize economic development for Craven County and provide a "road map" for future work. The plan was finalized and adopted in September 2013.

The new Craven 100 Alliance (C1A) is a public/private, non-profit organization providing the lead on economic development initiatives for Craven County. Four Craven County entities – the Committee of 100, Craven County, the City of New Bern, and the City of Havelock – joined together to form the new organization in December of 2014. It is governed by a 21-member Board of Directors and a staff of two. The Board is comprised of 11 members from the business and industry community and 10 members appointed by the government entities, which include the county and city managers.

Convergent Nonprofit Solutions, the Committee of 100, and the County's Economic Development Director began discussions in 2014 on the steps and process to structure an aggressive five-year economic development work plan. This plan formed the basis for a prospectus document that was presented to potential investors throughout the county for review and comment. Knowing the work plan goals would require private sector funding, the C1A engaged Convergent to assess the feasibility of a fundraising campaign. The Convergent mission included an analysis of the proposed five-year work plan via community input, the gauging of financial support to fund the plan, and the identification of campaign leadership should a campaign be recommended. The final five-year plan reflects the feedback received from Convergent's Opportunity Analysis throughout the Craven County area.

As the C1A Executive Director stated in December 2014, "this is a new chapter for economic development in Craven County."

The only thing that awaits is the successful attainment of the \$1,200,000 goal. The Craven 100 Alliance needs your help.

## **Background**

Craven County offers a superb quality of life to its residents. Living in the region means being able to get outdoors for boating, fishing, tennis, biking, golf, and site-seeing most of the year; and mild winters the few remaining months. In addition to the climate, other activities such as the arts, dining, and festivals add to the appeal of the area.

Craven County is an appealing place to live for families of all types and retirees as well. Access to exceptional health care offers convenience and security. It is not unusual to find that once one family member discovers Craven County others follow.

CarolinaEast Health System houses centers of excellence that include state-of-the-art diagnosis and treatment, and offers an impressive array of services with the latest in medical technology and equipment. The Craven 100 Alliance is poised to assist in the growth of healthcare jobs.

Workforce Development is a key component for relocation of companies to Craven County. Craven Community College offers preparation and testing for the Career Readiness Certificate (CRC), part of a national job skills assessment system measuring “real world” core communication, problem-solving, and interpersonal employability skills that employers believe are critical to job success.

Craven County has many positive attributes to promote in the recruitment of new companies as well as the expansion of current employers. However, a comprehensive Five-Year Work Plan is necessary to create a proactive business climate that will leverage all resources, foster an entrepreneurial environment, enhance the sustainability of MCAS Cherry Point, and diversify the county’s industrial base. These are among the many goals the Craven 100 Alliance seeks to achieve. This plan will serve as a guide for resource allocation towards long-term growth for Craven County.

## **Mission**

### *Who we are*

The Craven 100 Alliance is the lead economic development organization for Craven County and represents a public/private partnership for long-term planning and implementation of economic development projects.

### *What we do*

The purpose of the C1A is to improve the quality of life for Craven County residents through the six initiatives of the Five-Year Work Plan:

- Product Development

- New Business Recruitment
- Business Retention and Expansion
- Small Business and Entrepreneurial Development
- Education and Workforce Development
- Investment Growth and Communication

## Preparing for the Future

The Craven 100 Alliance Five-Year Work Plan now reflects the study’s key findings from interviews with 59 local community and business leaders.

- Community leaders believe there is a need for an organization such as the C1A to accelerate economic development efforts and interviewees (93%) indicated the need for an organization like the C1A.
- Respondents overwhelmingly (73%) do *not* feel enough growth is occurring to maintain or accelerate the quality of life in Craven County and are looking for the implementation of this plan to “jump start” the local economy.
- Although the numbers ranked high, the comments from interviewees made it clear that *communication, accountability, and transparency* are needed to demonstrate results and provide *measurable outcomes* that are desired from the C1A.
- There are outstanding opportunities for economic growth for the region. Potential investors indicated a willingness to support the C1A’s five-year work plan because they understand that implementation will:
  - *Improve regional average incomes and consumer expenditures;*
  - *Increase job opportunities;*
  - *Enhance competitiveness for attracting business;*
  - *Improve the tax base; and*
  - *Enhance quality of life for all who live, learn, work, and play in Craven County.*

## Purpose of Case for Investment

Providing the Craven 100 Alliance Five-Year Work Plan with \$1.2 million over five years will enable the full implementation of this comprehensive work plan. The purpose of this “Case for Investment” is to provide prospective investors and supporters with answers to the following questions:

- What are the *outcomes* of the new five-year work plan of the C1A?
- What *resources* are required by the C1A to achieve the stated objectives?
- How will the *effectiveness* be measured by the C1A and its investors?

- What are the *benefits* to its investors, companies, Craven County, and the community at large?

In progressive communities across the country, companies, foundations, government entities, and community-minded individuals are funding programs with targeted objectives and specific deliverables. Thus, program *relevance*, *measurability*, and *accountability* have become key factors in the design of any successful community initiative.

The six initiatives and their associated budgets are listed in detail below. The C1A is a non-profit, 501(c)(3) public/private entity and will receive public funds in addition to private sector investments.

## **Five Year Strategic Initiatives 2015-2019**

### **Initiative 1: Product Development**

**Goal: To have available product for prospects through identification and preparation of 10 or more sites and/or buildings.**

**Objective #1: Prepare all remaining development pads at the existing industrial parks.**

- Identify remaining pads and perform all necessary pre-development analyses (i.e. infrastructure, environmental, etc.), and perform all site preparation work to ensure they are “shovel ready.”

**Objective #2: Identify and invest in new development sites in order to spur increased job creation.**

- Identify a range of opportunity sites located in the county that meet prospect requirements that are currently unavailable, which will allow us to offer a wider range of sites with a variety of attributes.

**Objective #3: Construct a speculative shell building based on market demand.**

- Identify interested partners, identify potential financial and grant support, and gather relevant market data to validate demand.
- Work with stakeholders to develop the necessary plans and partnerships to construct a 100,000 – 150,000 square foot shell building.

**Objective #4: Develop off-base product to support F-35 suppliers.**

- Work with Lockheed Martin F-35 subcontractors to identify their potential off-base needs.
- Discuss needs of suppliers that will focus on proximity, building, and infrastructure.

<i>Projected Five-Year Budget:</i>	<i>\$1,200,000</i>
<i>Private Sector Funds:</i>	<i>\$300,000</i>

## Initiative 2: New Business Recruitment

**Goal: To recruit and assist 5 targeted new companies.**

**Objective #1: Develop and produce customized, professional marketing materials.**

- Create marketing collateral for prospective companies in order to educate them on the benefits and advantages of doing business in Craven County.

**Objective #2: Conduct recruitment trips to and from Craven County.**

- Develop targeted outreach for prospect identification and development.
- Conduct strategic recruitment visits and host site visits for prospects.

**Objective #3: Develop a local Job Development and Investment Grant program.**

- Establish a local incentive program that is based on job creation and investment.
- Aggressively promote our grant program to local companies.
- Appoint a C1A committee to oversee allocation of funds and program criteria.

**Objective #4: Create and implement a direct marketing effort for targeted industries.**

- Develop communication to directly attract specific targeted industries (product manufacturing, aerospace manufacturing, and food processing). Our process will begin with direct mail and conclude with a face-to-face meeting.

**Objective #5: Coordinate with the agriculture cooperative and State of NC to recruit/develop agribusiness.**

- Define market opportunities in collaboration with agricultural extension and State of NC.
- Nurture and grow agricultural sector spinoffs.
- Identify potential processing and/or research initiatives.

*Projected Five-Year Budget:                   \$425,000*  
*Private Sector Funds:                           \$375,000*

## Initiative 3: Business Retention and Expansion

**Goal: Assist 20 existing companies with expansion and operational needs.**

**Objective #1: Formalize an existing business retention program.**

- Develop and coordinate an existing industry outreach effort focused on operational, workforce, and regulatory/policy needs.
- Maintain a centralized industry database accessible to strategic partners.
- Identify workforce, infrastructure, regulatory, and other solutions with business needs survey.

**Objective #2: Develop and implement an existing industry supply chain prospect recruitment strategy.**

- Work with existing industry to determine which elements of supply chains could/should be brought locally to increase efficiency and reduce supply chain costs.

**Objective #3: Establish a local (B2B) purchasing program to leverage purchasing power of large institutions and industries.**

- Work with partners to implement a program that encourages local companies to purchase goods and services locally from suppliers within the county.

**Objective #4: Develop an Existing Industry Growth Fund**

- Establish a local incentive program that is based on job creation and investment for existing companies in Craven County.

*Projected Five-Year Budget:*                      \$300,000  
*Private Sector Funds:*                              \$250,000

**Initiative 4: Small Business and Entrepreneurial Development**

**Goal: Assist local entrepreneurs with business development and ongoing support.**

**Objective #1: Develop and market a small business and entrepreneur (SBE) program.**

- Partner with key stakeholders to develop an innovative SBE program.
- Program elements include:
  - Physical space;
  - Angel Investor & Opportunity funds; and
  - Business planning and mentoring.

**Objective #2: Implement SBE plan, physical space renovation, and hiring of staff for an entrepreneur development center.**

- Oversee the implementation of the SBE plan, space, and staff needs for an entrepreneur development center.

**Objective #3: Open and operate The Entrepreneur Center of Craven County.**

- Through a collaboration between the C1A, Craven County, Craven Community College, the Small Business Center, and other local stakeholders, establish and operate the Entrepreneur Center. The Center will depend on in-kind support from local partners as well as private sector sponsorships.

*Projected Five-Year Budget:*                      \$175,000  
*Private Sector Funds:*                              \$50,000

## **Initiative 5: Training and Workforce Development**

**Goal: To assist key stakeholders and partners with Workforce Development programs that address long-term training needs for local industries.**

**Objective #1: Assist Craven Community College and Eastern Carolina Workforce Development Board with expanding workforce readiness programs.**

- Partner with Craven Community College and the Eastern Carolina Workforce Development Board to sustain current workforce programs as well as expand workforce readiness opportunities.

**Objective #2: Create Advanced Manufacturing Pathway**

- Work with Workforce Development Board, Craven County Schools, and local companies to develop and implement an Advanced Manufacturing Pathway for high school students.

*Projected Five-Year Budget:*                      \$100,000  
*Private Sector Funds:*                                \$25,000

## **Initiative 6: Investment Growth and Communications**

**Goal: To implement monthly and quarterly investor and public communications.**

The Craven 100 Alliance will communicate progress of our Five-Year Work Plan, our successes, and our accountability to our investors and the public.

To keep investors and the general business community fully informed, we will:

- Host an annual countywide economic development event (celebration of successes);
- Conduct a semi-annual meeting to update C1A investors on our Five-Year Work Plan outcomes and progress;
- Issue frequent media releases and briefings and communicate accomplishments to the public and stakeholders;
- Conduct a comprehensive capital campaign to secure private resources to broaden the base of support, solidify our public-private partnership, and fund our work plan;
- Create an “investor oversight committee” made up of top investors to oversee program implementation and maintain program accountability and progress (meet at least twice each year and receive special updates as needed);
- Continue to engage the Craven County business community in future years; and
- Annually audit financial processes and report to the investor oversight committee.

*Projected Five-Year Budget:*                      \$200,000  
*Private Sector Funds:*                                \$200,000

## Craven 100 Alliance Five-Year Work Plan

### Proposed Five-Year Private Sector Budget Summary

<u>Initiatives</u>	<u>Annual Budget</u>	<u>5-year Budget</u>
Product Development	\$60,000	\$300,000
New Business Recruitment	\$75,000	\$375,000
Business Retention and Expansion	\$50,000	\$250,000
Small Business/Entrepreneurial Development	\$10,000	\$50,000
Education and Workforce Development	\$5,000	\$25,000
Investment Growth and Communications	\$40,000	\$200,000
<b>Total Projected Five-Year Budget:</b>		<b>\$1,200,000</b>

### Measurability

The *Five-Year Work Plan* has been developed as a targeted approach to allow Craven County to better compete in the arena of business attraction, retention, and expansion. Implementation of the plan will improve the overall quality of life for Craven County residents and provide more diverse and long-term employment opportunities. For each of the initiatives, numeric goals have been established so that progress can be measured and appropriate action taken to accomplish these goals.

The plan is centered on the premise that a more proactive approach is needed to step up the process of planned economic growth and community development. Opportunities will be seized to attract and grow higher earning jobs in the health care, corporate operations, and manufacturing sectors.

This *Five-Year Work Plan* requires a five-year investment from the private sector of \$1,200,000 (\$240,000 annually). The plan spans from 2015-2019.

### Making an Impact

Craven County's business and entrepreneurial recruitment, retention, and expansion initiatives target manufacturing and health care industries as well as technical, research, consulting, and corporate operations.

This will increase *primary jobs* by 1,500 with an average wage at \$22.97 resulting in 746 *indirect jobs* for a *total job growth* of 2,246 jobs.

With a job target of 1,500 among the various categories of industries, the average annual salary was weighted at \$47,771 (\$22.97 per hour). These are high quality jobs that pay 39% higher than the current countywide average wage of \$34,482.

Based on the earnings level of the targeted jobs, estimated consumer expenditures of \$50,028,944 will generate total sales tax revenue of \$1,504,245 and local sales tax revenue of \$633,366 *annually* for the public sector.

<b>Annual Personal Consumer Expenditures of</b>	<b>\$50,028,944</b>
<b>will generate total annual sales tax revenue of</b>	<b>\$1,504,245</b>
<b>and local annual sales tax revenue of</b>	<b>\$633,366</b>

## Return on Investment Summary

Convergent's Outcomes Lab has developed a Return on Invest (ROI) summary that represents *direct and measurable increases* for Craven County with estimates for job creation, capital investment, consumer expenditures, sales tax, and a banking deposit model.

Multipliers representing the jobs targeted by the Craven 100 Alliance were aggregated to arrive at the employment and earnings multipliers used in the model shown below.

The program is targeting	<b>1,500</b>	primary jobs which will create
an additional	<b>746</b>	secondary jobs.
The primary jobs are expected to pay	<b>\$22.97</b>	an hour (on average).
This economic activity is expected to generate	<b>\$90,507,040</b>	in annual total earnings
and	<b>\$50,028,944</b>	in annual area consumer expenditures,
resulting in	<b>\$7,820,592</b>	in potential annual deposits for area banks.

In order to present the total impact in a more meaningful format, these numbers have been translated into annual Net Personal Consumption Expenditures, or the actual amount of money that will be spent in the local economy once these jobs materialize.

## Personal Consumption Expenditures

*How the money will likely be spent based on earnings level of target jobs-*

<b>Area Expenditures</b>	<b>Annual Amounts</b>
Housing	\$17,760,276
Food	\$6,903,994
Transportation	\$9,405,441
Personal Insurance and Pensions	\$3,952,287
Health Care	\$3,952,287
Entertainment	\$2,201,274
Apparel and Services	\$1,500,868
Education	\$550,319
Personal Care Products/Services	\$600,347
Miscellaneous	\$650,376
Cash Contributions	\$1,600,926

## Program Funding

The Craven 100 Alliance is a public/private nonprofit corporation that receives some operational funding from Craven County. This funding covers staff, overhead expenses, and other project-related expenses such as marketing, workforce development, and product development. The Cities of New Bern and Havelock also provide funding, which is designated for non-operational, project expenses.

Resources generated by the *Accelerate Craven* capital campaign will go directly to the C1A's Five-Year Work Plan and its goals for Craven County. Since the C1A is a 501(c)(3) organization, pledges are tax deductible.

## Accountability

Investors look to the Craven 100 Alliance to produce measurable results that have a positive impact and provide a defined **Return on Investment (ROI)**. As described above, implementation will provide such an impact and the ROI described above can be delivered with full funding and implementation of the program.

Availability of working capital is crucial to the C1A as it is to any business, and five-year pledges of financial support will provide that capital. Being able to break from the annual "search for money" cycle will enable staff and its board to focus on the mission of economic

development, rather than spending considerable time each year in an ongoing effort to secure necessary private funding.

Investors expect a fair return on their investment and the C1A is committed to providing its investors with that return. It is vital that leading companies, business leaders, and other key stakeholders in the community join in making a significant investment over the next five years, ensuring the program has the resources necessary to deliver the desired results.

### Governance, Investors Council, and Investor Relations

Governance of the Craven 100 Alliance will continue under the direction of a 21-member board of directors comprised of 11 private sector members and 10 public sector members, including the County Manager and the two city managers. A seven-member executive committee is elected by the board of directors.

Commencing in late 2015, additional financial reporting, investor relations, goal achievement, and implementation oversight will be the responsibility of a new *Investors Council*. Each individual corporation, partnership, or other person or entity investing \$5,000 or more will become a member of the program's *Investors Council*. They will remain a member of the *Investors Council* so long as their pledge commitment is in good standing. There will be at least two general meetings of the *Investors Council* each year at which the C1A Executive Committee and staff will present a complete briefing on activities and accomplishments and solicit input on programs and progress. The *Investors Council* will provide any recommendations and concerns to the C1A Board of Directors so that the board may deliberate and implement any action they feel is in the best interest of the organization.

## **So What Is Next?**

Work began in April 2015 with the quiet phase of the campaign. A public kickoff is targeted for July with efforts to secure the needed support for the plan continuing through September 2015.

## **Conclusion**

The Craven 100 Alliance is focused on securing appropriate investment for the future to enable full implementation of proven strategies for economic development that creates prosperity and strengthens quality of life through the six key initiatives of:

- Product Development;
- New Business Recruitment;
- Business Retention and Expansion;
- Small Business and Entrepreneurial Development;

- Education and Workforce Development; and
- Investment Growth and Communications.

The *primary five-year goal* of the C1A is to boost primary jobs in the targeted industries by *1,500 with an average annual wage above \$47,000. This will result in the creation of 746 additional jobs* and will generate the following economic activity:

- **\$90,507,040** in total earnings
- **\$50,028,944** in area consumer expenditures
- **\$7,820,592** in deposits for area banks

With appropriate funding to enable implementation, these are achievable outcomes. Through public/private partnerships and committed leadership we can build on our foundation and accelerate economic growth for Craven County and its residents.

The strategic planning phases are complete, the feasibility study is done, and leadership is needed to fund the Five-Year Year Work Plan in order for the Craven 100 Alliance to deliver this economic activity to the people of Craven County.

Your support is needed and appreciated.