

ANNUAL REPORT

2006 - 2007



*NORTH CAROLINA'S
EASTERN REGION*



LETTER FROM THE CHAIRMAN

North Carolina's Eastern Region Development Commission has undergone many changes in the last two years. In late 2005, the Board of Commissioners was re-organized to become more nimble, responsive and engaged in the region's business. The new 19-member board – one member appointed by each of the 13 member counties, 2 members appointed by the Governor, 2 members appointed by the Speaker of the House, and 2 members appointed by the President Pro Tempore of the Senate – wasted no time in getting down to the hard work of revamping and redirecting the work of the Eastern Region Partnership. The change in the board's structure, the region-wide effort to develop a vision plan, and the opportunity to bring on a new president and chief executive officer afforded the Eastern Region the chance for a fresh start and a new direction.

After a nationwide search, the Board selected Al Delia as the new president and chief executive officer and charged him with implementing a new vision for the Region, establishing management systems that would restore faith in the efficiency and transparency of the organization, and earning back the trust and confidence that had been lost in the Eastern Region Partnership among many in the region and across the State.

I am very pleased and proud to report the decisions made by the Board less than two years ago have proven to be the correct ones for both the Eastern Region Partnership and the Region's economy. Although it is too soon to claim success in the task we have committed ourselves to – transforming the region's economy and improving the quality of life and standard of living of all of our residents – it is not too soon to know that we are on the right path.

In order for our Region to successfully navigate the path we have set upon – a path that leads to a brighter economic future for ourselves and for our children – your active support and participation is required. I ask you to find ways to become involved in improving our Region. Whether that involvement is big or small does not matter. What does matter is that we all have a stake in the future of eastern North Carolina and we must all become actively interested and engaged in making our home an even better place.

Sincerely,



Calvin Anderson
Chair

North Carolina's Eastern Region Development Commission



NCER MISSION

Promote Economic Development by

Creating Growth:

Low Interest Loans
Grants
Business Recruitment
Business Expansion
Entrepreneurship
Tourism

Expanding Capacity:

Marketing
Public Relations
Research
Partnerships
Develop New Assets
Build Relationships

TARGET BUSINESS CLUSTERS

- A. Advanced Manufacturing
- B. Marine Trades
- C. Life Science (Biotech/Pharma/Healthcare)
- D. Agriculture & Food Products (Emphasis on packaged/processed foods)
- E. Tourism/Retiree Attraction
- F. Defense (Related Industries)

LETTER FROM THE PRESIDENT/CEO

Since becoming President of NCER, I have consistently highlighted two vital requirements necessary for successful transformation of our economy and our region: unity of vision and power of partnering. No matter what the challenge or opportunity we face, we can achieve our goals if we work together. I hope you will recognize those dual themes in everything we do. If you do not, let me know and we will do better.

For unity and partnership to be effective, there must be a common vision and a well-developed action plan. Thanks to hundreds of people representing dozens of public and private organizations and institutions throughout the region, NCER developed a vision plan for our 13 counties. It truly is your plan! The NCER Board adopted the plan, which was required by the NC Legislature and developed by the stakeholders of North Carolina's Eastern Region, in October 2006.

What often comes to mind when thinking of economic development are efforts to recruit new companies and new jobs to an area – growth. However, what is often forgotten is the need to improve and increase the capacity of an area to create and attract sustainable growth. While NCER continues its strong commitment to economic growth, our approach is different and smarter than what we have done in the past.

The Vision Plan identifies industry clusters in which our region has real strengths and in which we can compete and succeed in the recruitment of new industry, both domestically and internationally. Although this approach is more targeted than what we have pursued in the past, it is not enough. NCER is doing much more.

For the first time, NCER is committed to expanding existing industry within our region and working to create opportunities for new businesses here at home. Understanding that most new jobs are created by the expansion of existing companies, the NCER Board committed up to \$750,000, over a three-year period, to improve the workforce for our existing industry, thereby removing barriers to expansion. In addition, the NCER Board approved \$300,000 to invest in a fund established specifically to provide capital to early stage companies in our region, thus growing the economy.

Growth activities must be supported by the capacity of a region to sustain that growth. To achieve this, NCER is partnering with leaders in higher education and the public schools; the military; federal, state and local government organizations; private companies and non-profit organizations; foundations and environmental organizations; foreign countries and institutions; chambers of commerce; elected officials and many others to unify our efforts in eastern North Carolina. Together, we are transforming our economy. As a result, we will improve our lives, and the lives of our children and grandchildren.

I am pleased to report that much has been accomplished in North Carolina's Eastern Region in the last two years. In this publication, you will read about some of those accomplishments. More importantly, you will learn about initiatives under way in which you may become involved, including the expansion of Marine Corps and Air Force bases in our region. As I look forward to the work ahead, one thing is certain – our organization – the Eastern Partnership – cannot succeed by itself. Success will require partnership and unity. I ask you to join us in creating a successful eastern North Carolina transformation.

Sincerely,



Albert A. Delia
President/CEO
North Carolina's Eastern Region Development Commission

STRATEGIC PRIORITIES

I. Knowledge Capacity “The region faces a real human capital deficiency.”

- Established working partnerships with K-12, Community Colleges, and University leaders.
- Supported K-12 construction in region's legislative agenda.
- Sponsored academic programs & competitions (Blue Heron Bowl, ECU Engineering Day, Project Thrust).
- Supported Edgecombe County Community College, simulated Hospital project.
- Committed \$250,000/yr. for 3 years to Work Keys Workforce Development Projects.

II. Innovation “Innovation is the solution to replacing lost jobs.”

- Partnered with NC SBTDC to create Inception Micro Angel Fund (IMAF) East.
- NCER committed up to \$300,000 to the IMAF East Venture Fund.
- Partnered with ECU Entrepreneurship Initiative.
- Created Bio-East Alliance (Pitt, Wayne, Wilson, Nash and Edgecombe). Won NC Biotech Center \$70,000 grant to create Life Sciences Strategic Plan.
- Led statewide effort to create NC Marine Biotechnology Center of Innovation.
- Chaired UNC System Task Force on Marine Sciences.

III. Global Image and Competitive Location “Eastern Region has no clear identity outside the Region or State.”

- Created new marketing image, logo and collateral materials.
- Implemented Foreign Direct Investment project to identify advanced manufacturing and life science prospects in 20 countries on four continents.
- Established permanent Environmental Advisory Council.
- Participating in Environmental Academy block of instruction for elected officials.
- In partnership with environmental groups, developing Low Impact Development LID Workshops.

IV. The Third Place “Refers to the amenities that residents and workers enjoy.”

- Established Regional Tourism Advisory Group.
- Created tourism rack brochure for NC Welcome Centers.
- Committed \$143,000 to development of “first in the nation” GIS based tourism website.
- Teamed with Eastern Carolina Council to explore retiree recruitment.
- Supported legislation to establish regional tourism coordinator position.
- President/CEO serves on Executive Board of American Association of Retirement Communities.

V. Connectivity “Three priorities require the most immediate attention from regional leaders: highways, waterways, and broadband access.”

- Provided financial support to the Highway 70 & 17 Action Groups.
- Legislative agenda supported highways, water/sewer and waterway improvements.
- Opposed legislation barring communities from establishing broadband access.

VI. Governance “Changes in the economy and the need for greater regional collaboration are compelling the NCER to take a stronger leadership role.”

- Developed strong relationships with legislative leaders and key allies.
- Became administrative coordinator for NCER Chambers of Commerce.
- Led efforts to establish regional legislative agenda.
- Established comprehensive internal policies and procedures and controls.
- Implemented formal employee evaluation process.
- Partnered with Golden Leaf Foundation to create innovative incentive package.
- Established comprehensive list of metrics to measure regional growth.
- Leading Military Growth Task Force – MGTF to plan for military-related population growth of 60,000+ in the next 3 years.
- Closed out FY 2006-07 under budget.

MEASURING REGIONAL PROGRESS

The Region commissioned Angelou Economics, an internationally recognized economic development consulting firm, to identify a comprehensive set of metrics to help the Commission:

- Understand what is happening in the region
- Measure progress
- Guide development projects and policies

Regions can no longer gauge their success by counting leads, visits and announcements. Although important, these factors address only the short-term growth aspect of economic development. To track and measure a comprehensive program, as defined in the Region's Strategic Vision, a more comprehensive set of metrics is required. In fact, there is growing consensus that these “capacity building factors”, as illustrated below, are more important to track because they are the foundation for long-term economic success.

What follows is a summary of some of the new measures NCER will be using to gauge progress. The complete report is available at NCEAST.ORG.

Entrepreneurship

- New business starts
- Growth in Total Business Establishments and Total Employment
- Employment in Firms with Less than 10 Employees

Innovation

- Science & Engineering graduates

Demographics and Economics

- % population of young people age 25-44
- Per Capita Personal Income and County Rank in State
- Median Household Income by County

Education & Workforce Development General

- Educational attainment: % less than HS, at least HS diploma, BA degree or higher

K-12

- SAT scores
- % of Students taking the SAT Test

Community College

- Community College Enrollment
- CC Enrollment by Curriculum Program

4-Year University

- ECU Graduation Rate

Quality of Life

- Air Quality measures
- Violent Crime
- Property Crime
- Tourism Tax Receipts and Expenditures
- Cost of Living

Target Industry Metrics

- County Tax Rates and growth
- Mass Lay-Off Data
- New and Expanding Industries

Target Industry Specific Metrics

- Average Employment per Target Industry
- Average Establishments per Target Industry
- Average Wage per Target Industry
- Total Average Wage (All Industries)

GRANTS

Along with restructuring of the Board and staff came restructuring of the region's grant programs. Previous programs that were narrow and restrictive in focus were expanded to include funding for regional initiatives as well as business locations and expansions. In the fall of 2006, the Board adopted guidelines to establish three grant programs.

The Flex-Cap Local Grant provides funding up to a maximum of \$20,000 to the region's member counties for project assistance and product development.

Since its initiation, NCER has allocated Flex Cap Local Grant funds to assist Duplin, Greene and Lenoir counties with project expansions that will create over 100 jobs and provide more than \$25 million in investment. In addition, Edgecombe County used this funding source to assist with site development work, and Jones County has used the program to assist with up-fit costs for its business incubator.

The Flex Cap Regional Grant is available to any organization within the NCER region, and there is no pre-determined maximum. The intent of the program is to provide funding for proposals that impact multiple counties within the region or have region-wide benefit.

Flex Cap Regional Grants have been awarded to Jones and Greene counties to assist with the location of three companies that will bring another 100+ jobs and more than \$8 million in investment to the region. Organizations promoting completion of the upgrade of US Highway 17 and the re-routing of US Highway 70 have also received regional grant support. The Military Growth Task Force was awarded \$100,000 to begin the work of planning for the explosive growth that will come about from the expansion of Marine Corps installations in the region.

The third grant program initiated by the Board, Technical Upgrade Grants, is available to the NCER county Economic Development Commissions and the state's Department of Commerce regional office. This program provides funds otherwise not available to cover the cost of hardware, software, and equipment needed to effectively carry out economic development activities.

Since its inception, two counties, Craven and Lenoir, have utilized these funds to upgrade equipment in their EDC offices.

To summarize, since the beginning of FY 06/07, NCER has provided financial support to its member counties totaling \$100,775 in Flex Cap Local Grants, \$275,000 in Flex Cap Regional Grants, and \$9,549 in Technical Upgrade Grants, for a total of \$365,324.

LOANS

Unique to the regional economic development partnerships in the state, North Carolina's Eastern Region has established a revolving loan trust fund, available to the counties in the form of low-interest loans to assist with economic development projects.

The \$22,343,907 fund was initiated in 1994 with a one-time State appropriation and collections from a five-year \$5.00 motor vehicle tax imposed on the region's thirteen counties. Each county's tax collections are separately allocated, along with an equal portion of the State appropriation.

In FY 06/07, three loans were closed totaling \$807,000: \$250,000 for Jones County to assist with a business location, \$457,000 and \$100,000 for Wilson County to assist with the purchase and up-fit of a building to house its business incubator.

So far in FY 07/08, two additional loans have closed totaling \$900,000; \$760,000 for Edgecombe County to purchase property for development of a mega-site; \$140,000 for Greene County to assist with a business expansion.



BOARD OF DIRECTORS

Douglas W. Harris	.....Carteret County
Lonnie Pridgen	.....Craven County
Earl Brinkley	.....Duplin County
Calvin C. Anderson	.....Edgecombe County
Denny Garner	.....Greene County
Larry Meadows	.....Jones County
George W. Graham, Jr.	.....Lenoir County
Tommy May	.....Nash County
Joseph R. McLaughlin	.....Onslow County
Vacant at this time	.....Pamlico County
Edward B. Bright	.....Pitt County
Wilber E. Anderson	.....Wayne County
R. S. Boyette	.....Wilson County
John M. Bell	.....Governor's Appointee
Robert E. Barnhill, III	.....Governor's Appointee
J. Richard Futrell, Jr.	.....Senate Appointee
Leigh Harvey McNairy	.....Senate Appointee
John D. Chaffee	.....House of Representatives Appointee
Billy Wooten	.....House of Representatives Appointee

STAFF

Albert A. Delia	.....President/CEO
Leonard D. Kulik	.....Vice President
Sylvia J. Nesbitt	.....Chief Financial Officer
Kathy P. Howard	.....Associate Vice President
Erin F. Eatman	.....Client Development and Special Projects Manager
Aletha M. Magyaros	.....Research and Community Relations Specialist
Melissa H. Grady	.....Administrative Services Coordinator

PARTNERS

- NCER Chambers of Commerce
- NCER Environmental Advisory Council
- NCER Community College Presidents
- NCER K-12 Superintendents
- NCER Workforce Development Boards
- NCER Councils of Government
- NCER Economic Development Advisory Group
- NCER Tourism Advisory Group
- NCER Military Growth Task Force
- Bio-East Alliance
- North Carolina Marine Biotechnology Center of Innovation
- UNC School of Government Environmental Academy Initiative
- NCER Retiree Attraction Program
- North Carolina Partnership for Economic Development
- Friends of North Carolina
- NC Biotechnology Center, Advanced Medical Technologies Center Planning Initiative
- NC Biotechnology Center; Economic Development, Marketing and Asset Inventory Synthesis Team
- Tryon Palace Strategic Planning Working Group

CONTACT US:

North Carolina's Eastern Region
 Highway 58 North, Kinston, NC 28504
 Toll-free: (800) 474-8499 • Phone: (252) 522-2400
 Fax: (252) 523-9017
 Email: info@nceast.org
 Website: www.nceast.org

