

# 2024 Groundhog Day Economic Summit



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# Welcome

# GHD 2024



# Patrons

BDO Accounting

Fifth Third Bank

Hargett Electric

Johnstone Supply

Lawrence & Associates Surveying

Myers & Chapman Construction

Seamon Whiteside Civil Engineers

Shelco Construction

State Utility Contractors

Truist Bank

Wingate University

# 2024 Groundhog Day Economic Summit

Mr. Ben Kinney

**BUSINESS**  
NORTH CAROLINA

**CHATTER**  
with BNC

Mr. Dan Gerlach

**DAN GERLACH**  
**LLC**

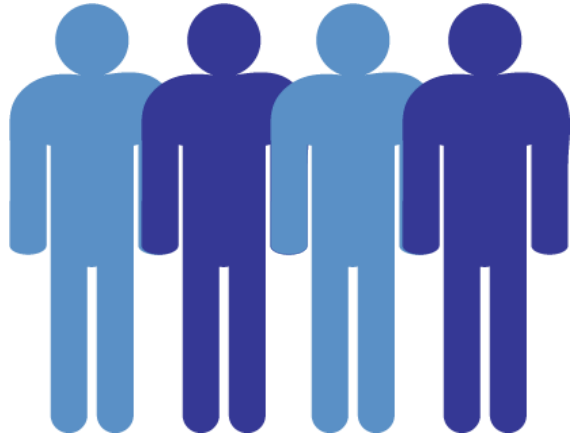
## Presenters

# **GHD 2024**



# **UNION COUNTY'S ECONOMIC DEVELOPMENT OVERVIEW**

# GHD 2024



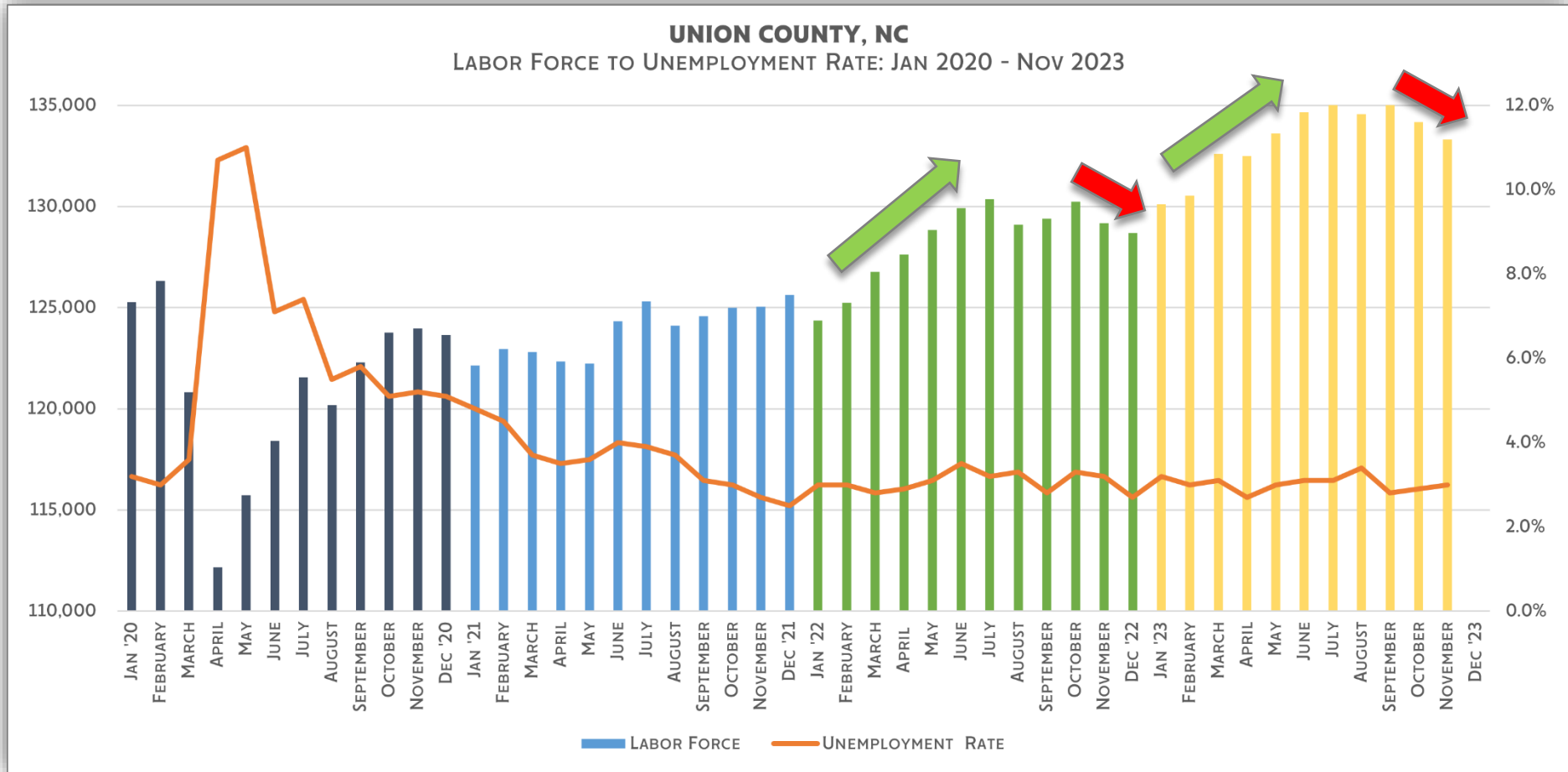
**Laborforce +9,000**

*since Jan '22*

**Unemployment 3.0%**

*as of Nov '23*

# GHD 2024





# GHD 2024

## Existing Industry Make-Up

54%

**precision mfg**  
manufacturing is still the cornerstone of the local economy for the county. It represents a significant portion of our workforce and is responsible for the significant increase in the overall earnings our citizens have enjoyed over the last decade. Prospects from this area remain the primary targets for new investment for the next few years.

**agri-business**  
agri-business is a critical component of Union County's economic fabric. It literally touches every corner of the county. The county ranks as one of the top agriculture areas not only in NC, but the entire United States. Union County is also blessed with a huge basket of timber for processing and the NC's largest equine population.

28%

logistics allows for the capitalization of Union County's location and abilities in the movement of materials, information, and processed goods to the world marketplace. Capacities in all utilities, the future Expressway to I-485 and an international executive airport provide strong advantages over the Regional competition.

**logistics**

commercial is based in the location of the county and its proximity to assets throughout the South, creating a demand for this non-traditional economic development activity. Union County is adjacent to I-485, providing many opportunities to develop office parks, entertainment areas and a stronger retail presence in the Region.

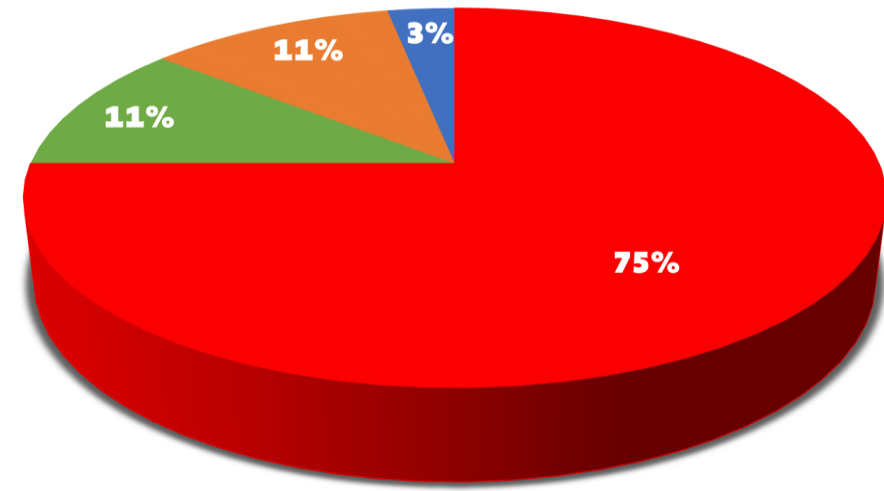
**commercial**



11%

7%

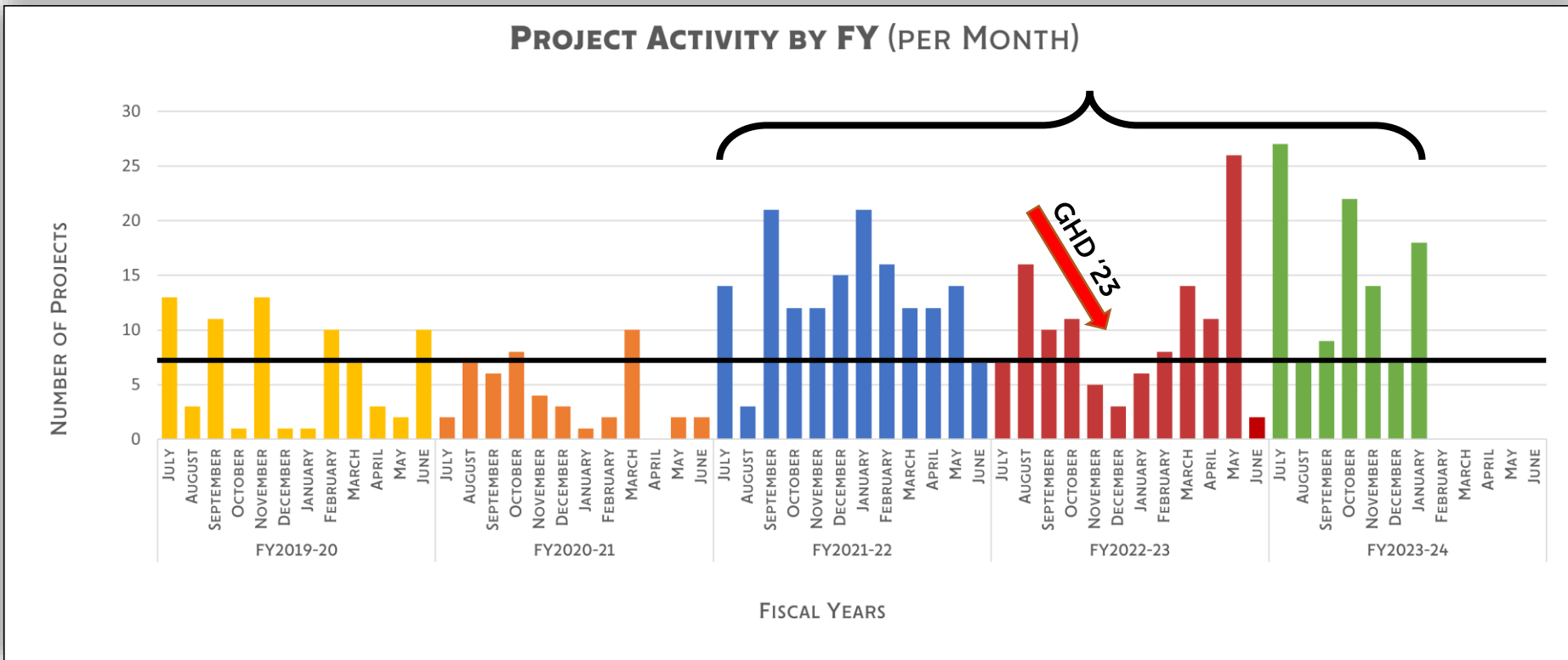
## Active Project Pipeline



■ Precision Manufacturing ■ Agri-Business / Food Systems ■ Logistics ■ Commercial



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July 2021-today:

**23 projects won**

**\$0.54 billion**

**1,881 jobs created**

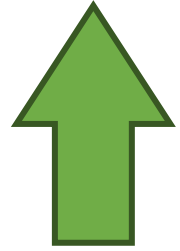
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## Since 2013:

- 116 projects won
- \$1.4+ billion announced
- 4,159 jobs created
- \$165+ million in new annual payroll
- 2 spec buildings have been built
- 2 new industrial parks being developed
- Unemployment rate dropped by 61%
- Food Systems Initiative Funded

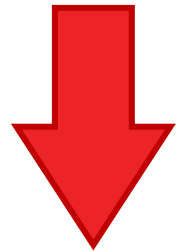
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**Commercial Tax Base**



**Labor Supply**



**Ready Commercial Land**



**Utility Infrastructure**

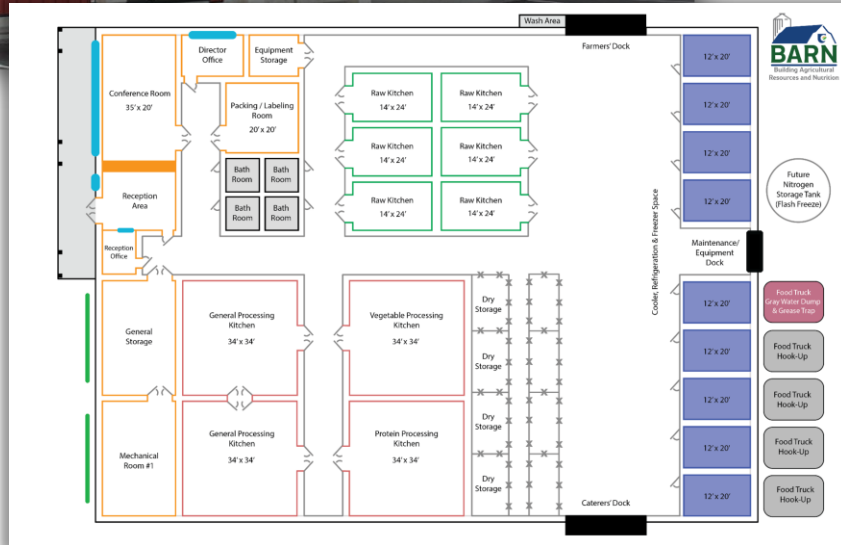
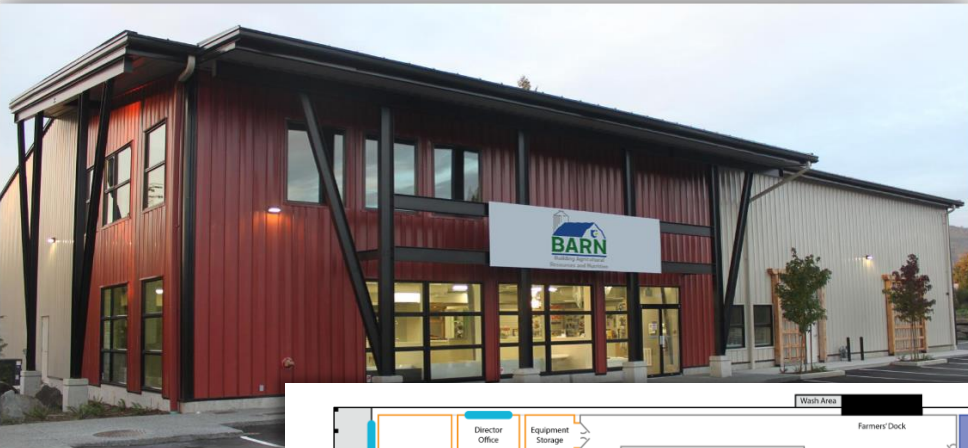
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## Initiatives for the 2024-

- Food Systems Initiative:
  - *BARN*
  - *Food Industrial Park*
- Securing of Ready Commercial Lands / Parks
- Strong Support of Workforce Development Initiatives

# GHD 2024



# GHD 2024



## Accomplishments to Date:

- Established a new site location within the Town of Wingate & owned by Wingate University
- Negotiated a long-term land lease with Wingate University for the BARN facility (\$15k a year to be put into a scholarship fund for Union County Students)
- Phase I ESA completed; no RECs identified
- CPL Architects and Engineers, P.C. selected as the engineering design firm
- Edifice LLC selected as Construction Manager Risk
- \$6,900,000 in Economic Development Funds appropriated
- \$5,000,000 in State allocation
- Business Plan completed
- Beginning the Search for the Executive Director



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## EDC's Prognostication:

**Uncertainty should cause a  
slowing of  
Economic Development  
activity in 2024**



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## UNCERTAINTY – Global Stories:

- Disease X
- Ukraine/ Russian Conflict
- Middle East Tensions
- Foreign Elections in 50+ countries
- World Economic Forum's Influence
- China's Looming Economic Issues

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## UNCERTAINTY – Domestic Stories:

- Texas vs Federal Gov't / Border Tensions
- Presidential / Congressional Elections
- Costs of Living and Wage Inflation (*hourly*)
- Logistic Delays on Construction and Other Items
- Neuralink's "Telepathy"
- *"Swifties" watching the NFL*

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## UNCERTAINTY – “Black Swans” and other Disruptors

- Previously it was 2008 Financial Crisis and COVID-19
- “Artificial Intelligence” - leapfrogging current emerging tech

***Going from the  
Age of Information Technology  
to the  
Age of Artificial Intelligence***

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## Effects of AI in the Workplace:

- IT and the IoT threatened Blue-Collar workers
- AI going to replace the White-Collar jobs
- ChatGPT is the most famous, but it is everywhere:
  - *Adobe, Midjourney and DALL-E*
  - *Spotify*
  - *Amazon, Walmart and Target*
  - *Social Media*
  - *Apple, Google and Microsoft*

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## Adoption of Technologies (months to reach 1m users):

**NETFLIX**

41 months



24 months

**facebook**

10 months



2.5 months



**ChatGPT**

**5 days**

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## Workplace Changes:

- **Less subject matter experts, because people can find the content, but the new skills will be around fact-checking and editing**
- **Graphics will be about refining artwork versus the hours used in the traditional creation process**
- **Productivity will dramatically increase, but there will be employee reductions or reassignments from areas of repetitive tasks**

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## Workplace Changes:

- Predictive Maintenance based on machine feedback and algorithms that will minimize downtime
- Virtual prototyping to speed up product development cycles
- Customizable manufacturing lines based on market
- Supply chain optimization predicting demand and eliminating bottlenecks



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## Workplace Changes:

- Collaborative robots (*Cobots*) to work alongside the employees to work on tasks to enhance efficiency
- Skills will be needed to maintain and operate AI-driven systems

**We need to start preparing and training to remain competitive in a global marketplace**



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**DAN GERLACH  
LLC**

# **TAX AND ECONOMIC DEVELOPMENT OUTLOOK**

Dan Gerlach

Dan Gerlach LLC

February 1, 2024

# State Tax History

- Significant changes in our tax structure over past 10 years
  - Broaden the tax base
  - Reduce corporate and individual income tax rates
  - Eliminate tax credits
- Significant state tax reductions over past 10 years
  - 15 percent below 2007 levels as a percent of the economy
  - Went from 7 percent below national level to 11 percent below nation

# Local Tax History

- Union has grown the fastest in property tax collections over the last 20 years of all 100 counties
- The county has grown the 3<sup>rd</sup> fastest in property tax collections per capita over the last two years
- Union County pays a greater share of the state's income taxes than its share of the population
- Mix of tax base is crucial

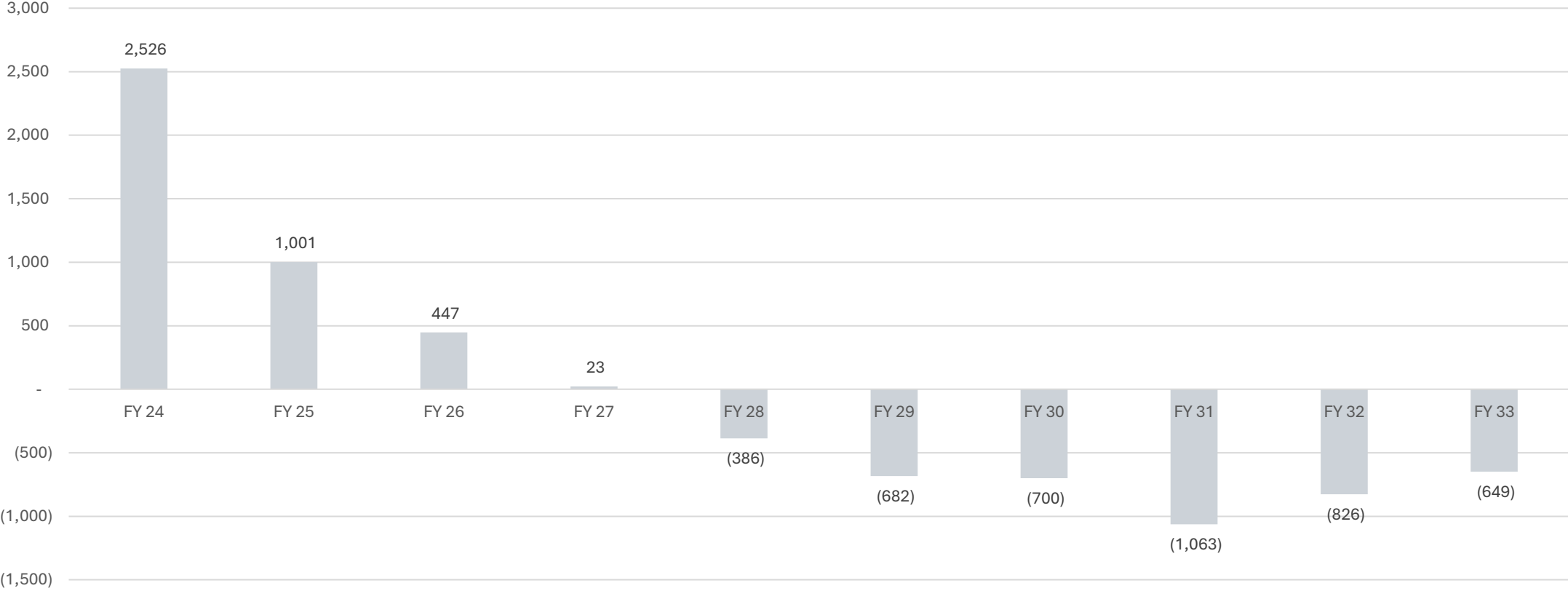
# Outlook for Now

- State collected almost 10 percent more in general fund revenues than it expected to in its last fiscal year
- State is currently right on track on collections this year through December
- Last year, state policymakers felt comfortable enough to move some general fund taxes to the highway funds on an ongoing basis
- This year, state policymakers accelerated scheduled tax cuts and built in the possibility of more



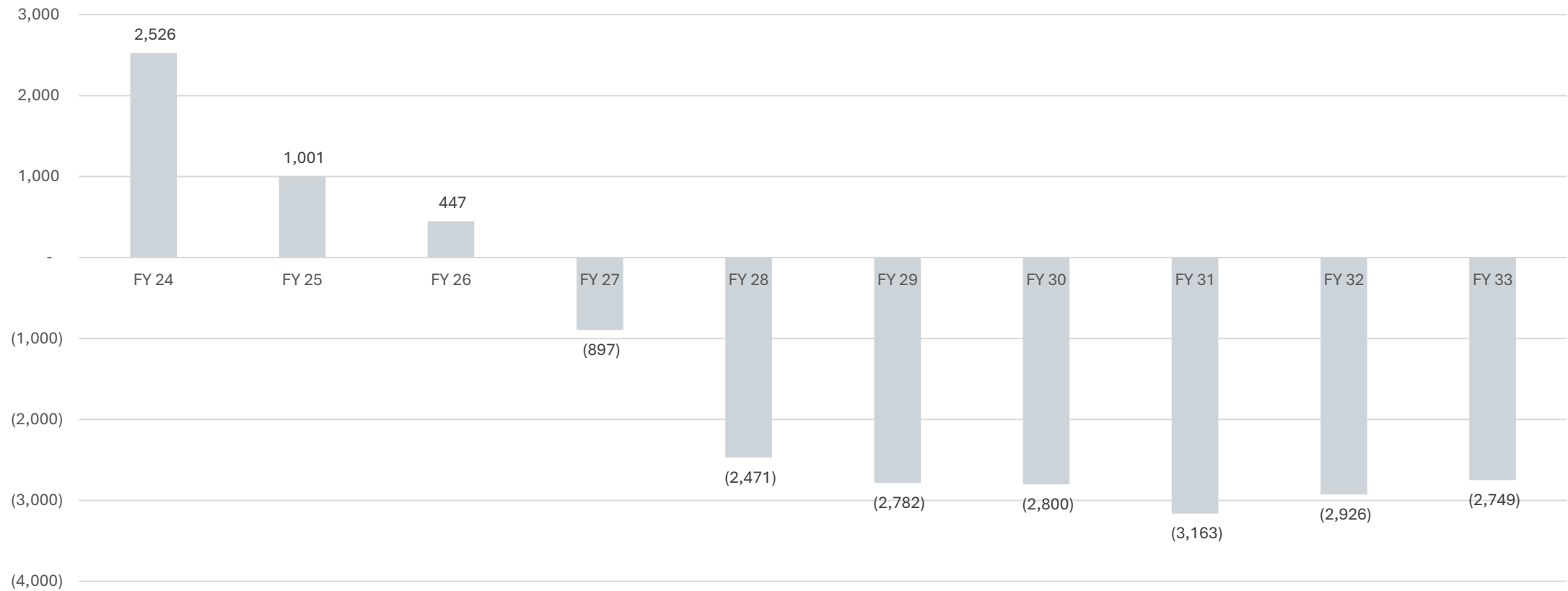
# State Needs to Be Cautious

Difference Between Budget Bill Revenues and Projected Spending at 3.5 Pct Growth



# Perhaps Really Cautious

Difference Between Triggered Revenues and Spending at 3.5 percent annually



# That's Why The State Is Thinking Ahead

- Casinos
- Video Lottery Terminals
- Marijuana
- Other Options

# But Let's Not Forget Economic Development

- Incredible investments in local infrastructure
  - Funds for Union County sewer infrastructure
  - Funds for Charlotte-Monroe Executive Airport
  - Aseptic training facility at South Piedmont CC
  - Funds for The BARN - Food Innovation Center
- North Carolina Ag Manufacturing/Processing Initiative
  - Union County remains a large agricultural producer
- North Carolina SelectSites Program
  - Develop sites under 1,000 acres
  - Target advanced manufacturing (including aerospace, a particular Union County strength)

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# Questions