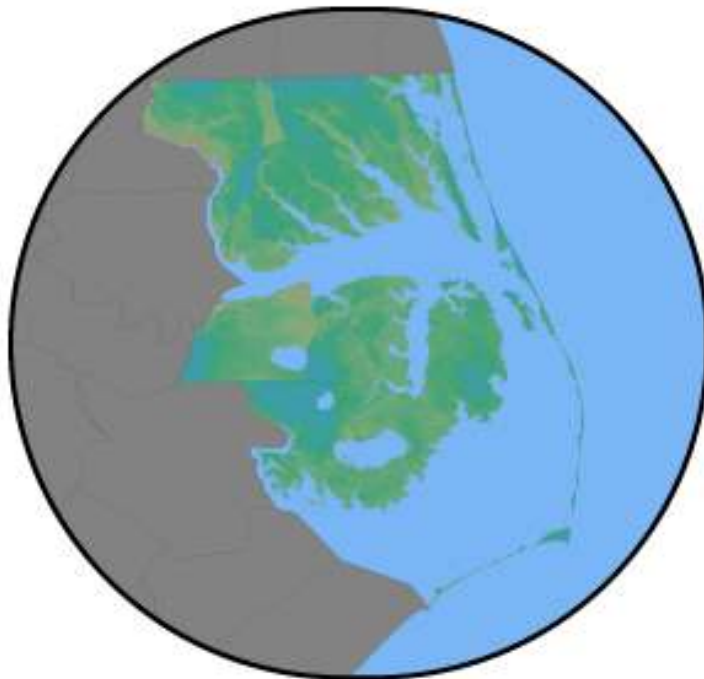


Comprehensive Economic Development Strategy

2008

The Albemarle Commission

Economic Development District



August 21, 2007

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**The Albemarle Commission
Economic Development District**

Albemarle Commission Member Governments

Camden County

Chowan County

Town of Edenton

Currituck County

Dare County

Town of Duck
Town of Southern Shores
Town of Kill Devil Hills
Town of Kitty Hawk
Town of Manteo
Town of Nags Head

Gates County

Town of Gatesville

Hyde County

Pasquotank County

City of Elizabeth City

Perquimans County

Town of Hertford
Town of Winfall

Tyrrell County

Town of Columbia

Washington County

Town of Creswell
Town of Roper
Town of Plymouth

ABSTRACT

Title: 2008 Comprehensive Economic Development Strategy

Author: The Albemarle Commission

Subject: Multi-Year Planning and Development Program

Date: September 2007

Regional Planning

Organization: Albemarle Commission
Chairman of the Board: Lloyd Griffin
Executive Director: Bert Banks

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Content: The Comprehensive Economic Development Strategy is a regional approach to assessment and planning of the economy by private and public sector stake holders. The plan serves as a decision making tool for organizations engaging in economic development within the Albemarle Region.

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Introduction

Initially organized in 1969 under the direction of the U.S. Economic Development Administration, the Albemarle Commission is sanctioned as the lead regional organization for Region R by the federal government. Through legislation, the Commission became one of five regional planning and development commissions. The Commission has been addressing regional needs since its doors opened in 1970 and has been instrumental in the development and/or enhancement of regional infrastructure; industrial recruitment business development, labor force development, travel and tourism, community reinvestment /rehabilitation, and health and human services.

The Comprehensive Economic Development Strategy was developed by the Albemarle Commission Planning Staff with the guidance of the CEDS Committee, and input from local governments in the region. The CEDS Committee represented leaders of the community and was composed of 51% private sector stake holders. Local government managers, planners, and economic developers provided input concerning the projects and needs of the region. Other sources of information include economic development strategies, land use plans, and capital improvement plans of local governments in the region.

Background

Ten counties, and the towns within them, make up the Albemarle Region, located in the northeastern corner of North Carolina. The region is predominantly rural, with a great deal of wetlands and agricultural land. Most of the towns in the region are small, with populations less than 5,000. The largest population centers are located in the coastal communities of the Outer Banks in Dare County, and Elizabeth City in Pasquotank County. The Albemarle Region has a total land area of 3222.02 sq. miles¹, making it the largest of the 17 planning organizations in the State. Furthermore, the region is separated by 2360.65 sq. miles of water. Major water bodies include the Albemarle Sound, Currituck Sound, Croatan Sound, the northern portion of the Pamlico Sound, and several large rivers and lakes.

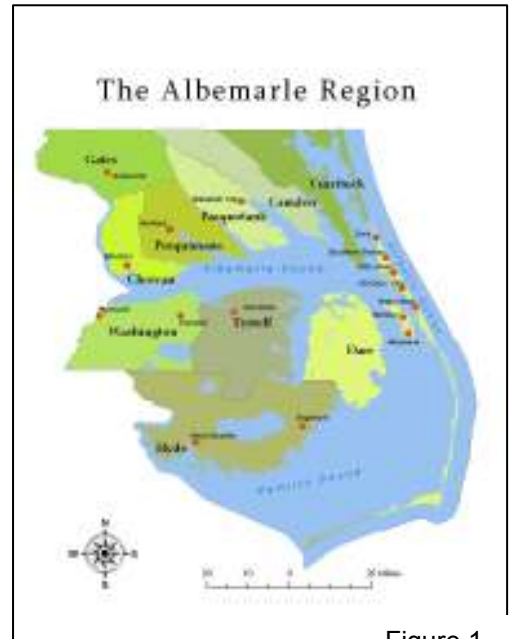


Figure 1

Due to the geography of the region, transportation, soil quality, and flooding are the primary obstacles to economic development. The large water bodies that separate the region make vehicular transportation time consuming and expensive. There is a great deal of congestion on major highway corridors. This is especially true where the transportation system transverses large water bodies with bridges and ferries. Much of the land in the region cannot be developed due to wetlands. Furthermore, poor soil makes much of the region incompatible for septic systems, resulting in a greater dependence on local governments for water and sewer services. Overall, the Albemarle Region is a vast region where population centers are separated not only by distance, but also by geographic barriers.

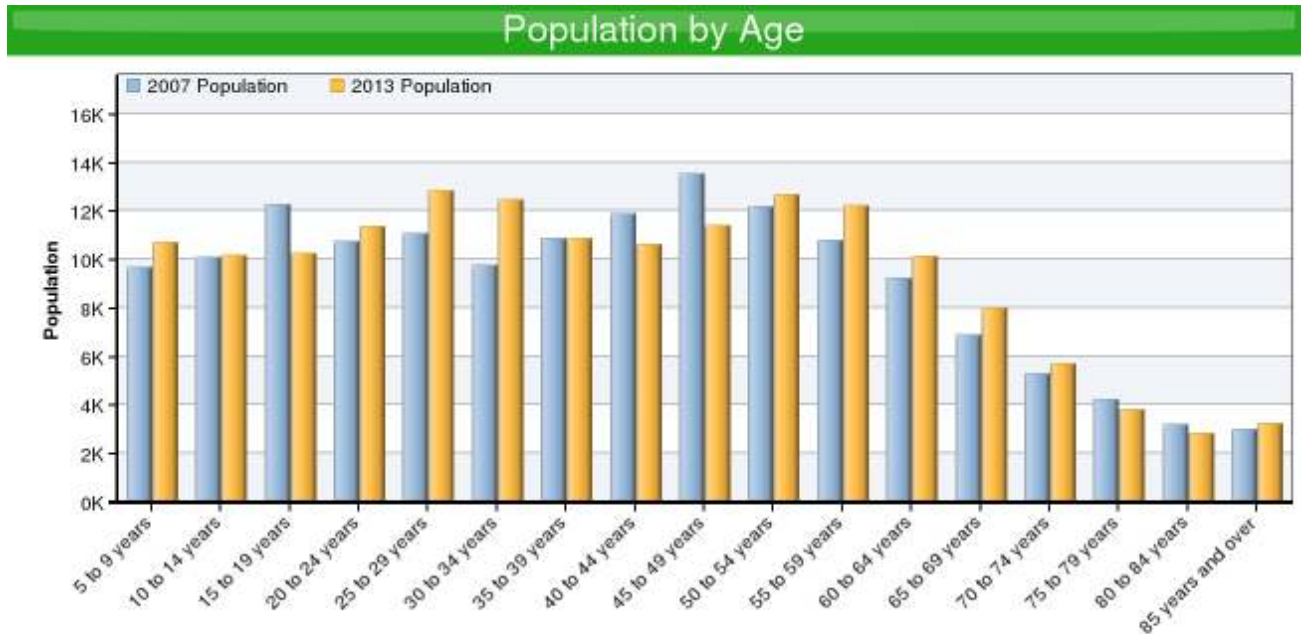
Demographics

The Albemarle Region is characterized by an older population. The 2000 Census, depicted in Figure 2, reveals that the region has a greater percentage of persons age 55 and older than the nation as a whole. This has resulted in a tremendous burden on county governments that incur greater expenses associated with older age groups, such as Medicaid. In addition, counties with a high percentage of older individuals must also operate with fewer revenues due to a proportionally smaller workforce, spending habits, and tax entitlements. Perquimans County is most negatively impacted by this trend, with 19.28% of its population 65 or older in 2000. The region continues to struggle with serving an aging population.

From 2007 until 2013 the population of the region will continue to become proportionally older, and many in the region will become eligible for retirement. However, as Figure 3 illustrates, the economy of the region may receive some relief with growth in the populations in the 20s and early 30s². This expected trend may help to balance the economic impact of the aging population.

Counties	2000 Census Demographic Statistics					
	Persons Under 15	Persons 15-24	Persons 25-54	Persons 55-64	Persons 65 & Up	
Camden	1398	722	3,054	778	933	
Chowan	2850	2021	5,493	1,556	2,606	
Currituck	3784	2043	8,170	2,007	2,186	
Dare	5307	3002	14,036	3,498	4,124	
Gates	2328	1121	4,449	1,104	1,514	
Hyde	961	685	2,621	606	953	
Pasquotank	7181	5443	14,308	3,054	4,911	
Perquimans	2103	1276	4,321	1,476	2,192	
Tyrrell	754	527	1,807	393	668	
Washington	2913	1712	5,467	1,506	2,125	
Region	29579	18552	63726	15978	22212	Total 150047
Regional Percentage	19.71%	12.36%	42.47%	10.65%	14.80%	
National Percentage	21.40%	13.90%	43.60%	8.60%	12.40%	

Figure 2



Source: Economic Modeling Specialists, 2007

Figure 3

Socioeconomic

Poverty is more common in the Albemarle Region than in the rest of the nation (Figure 4). Furthermore, only Dare County has a per-capita income greater than the national. Dare County's economy is supported by a vibrant tourism industry on the Outer Banks. Although, there is region-wide economic depression, there is an economic void in the center of the region with the counties of Tyrrell and Washington. These central counties lack the tourism industries of coastal communities, as well as close proximity to employment generators in southeastern Virginia.

2000 Census Income Statistics					
	Unemp. Rate	Median Household Income	Per-Capita, Income	Families in Poverty	Percentage of Persons Poverty
Camden County	2.5	\$39,493	\$18,681	161	10.1%
Chowan County	3.9	\$30,928	\$15,027	548	17.6%
Currituck County	2.5	\$40,822	\$19,908	465	10.7%
Dare County	5	\$42,411	\$23,614	468	8%
Gates County	3.1	\$35,647	\$15,963	426	17%
Hyde County	6.3	\$28,444	\$13,164	148	15.4%
Pasquotank County	3.7	\$30,444	\$14,815	1,414	18.4%
Perquimans County	3.5	\$29,538	\$15,728	473	17.9%
Tyrrell County	9.1	\$25,684	\$13,326	206	23.3%
Washington County	6.3	\$28,865	\$14,994	690	21.8%
National	5.8	\$41,994	\$21,587	6620945	12.4%

Figure 4

Existing Infrastructure

Water capacity and water quality concerns are paramount in the region. There are nine county-wide, one regional, and several municipal water systems in the region. Many systems within the region expect demand levels would exceed 80% of available supply by 2020.³ Figure 5 shows the Albemarle Region's water systems. Due to a lack of available ground water, several local governments in the region are engaging in prolonged and expensive reverse osmosis projects. Financial assistance from outside sources is necessary to maintain current water systems, meet future demand, and allow for economic growth.

The inter-regional highway system is inadequate for many businesses that may otherwise relocate to the area. Widening, bridge replacement, ferry upgrades, and new construction are necessary to allow business to efficiently import resources and export goods. Furthermore, the current system creates long commute times, placing additional burdens on working families.

Additional infrastructure deficiencies include a lack of affordable high speed internet access, and availability of natural gas.

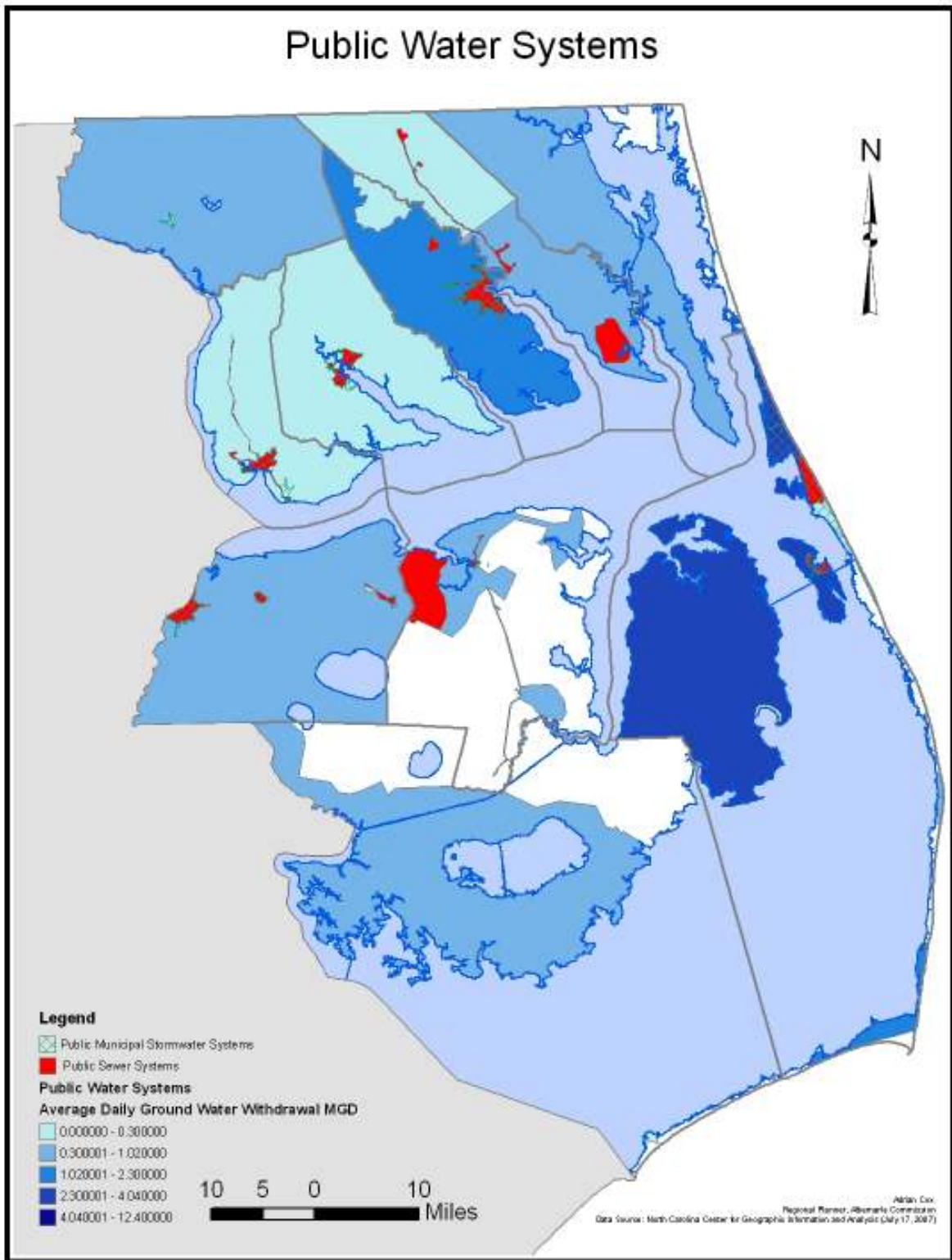


Figure 5

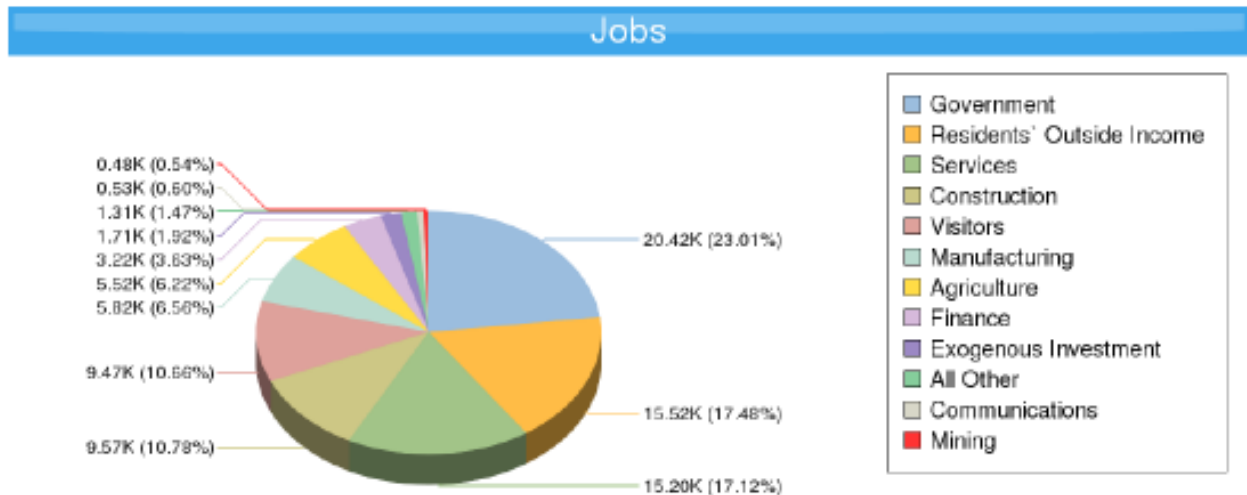
Housing

Housing costs are extremely prohibitive to economic development in the region. Possible employers are unable to locate to the region because housing is not available to support their workforce needs. Lack of affordable housing is especially damaging to the economies of coastal towns. Tourism on the coast generates jobs for the entire region. However, housing cost in close proximity to these jobs force workers to commute from the inland. These long commutes detract from the value of wages. Some occupations require workers to reside near the communities they serve, such as health and safety workers that must be on call. The overall quality of life, and safety on the Outer Banks, is diminished by a lack of affordable housing.

The Regional Economy

There are many healthy aspects to the regional economy. Government jobs make up a large percentage of the jobs in the region (Figure 6 & 7). The US Coast Guard base located in Pasquotank County is one of the large government employers in the region. Resident's outside income includes outside property income, transfer payments, and the income of commuters that work outside the region. Commuters that live in the northern counties of the region and work in Virginia account for the large Residents' Outside Income portion of the economic base. Although these jobs provide income, the cost for providing services to these residents far exceeds the tax revenues produced within the local governments that must provide the services. The services, construction, and tourism bases of the region's economy are healthy. However, communications plays a dangerously small role in the Albemarle Region. Communication is an important part an economy because it is a key component to all other clusters.

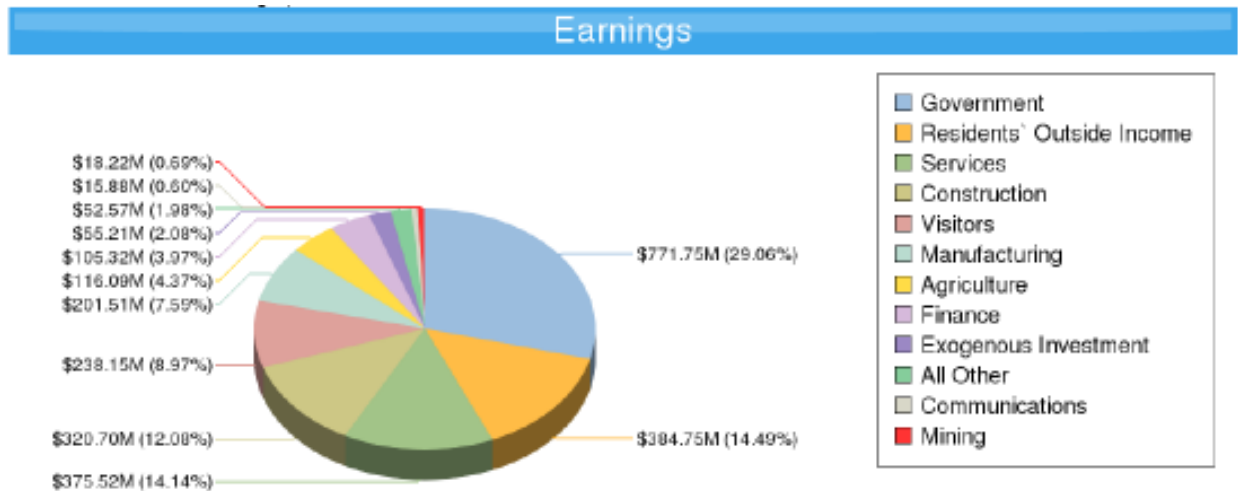
Economic Base



Source: Economic Modeling Specialists, 2007

Figure 6

Economic Base



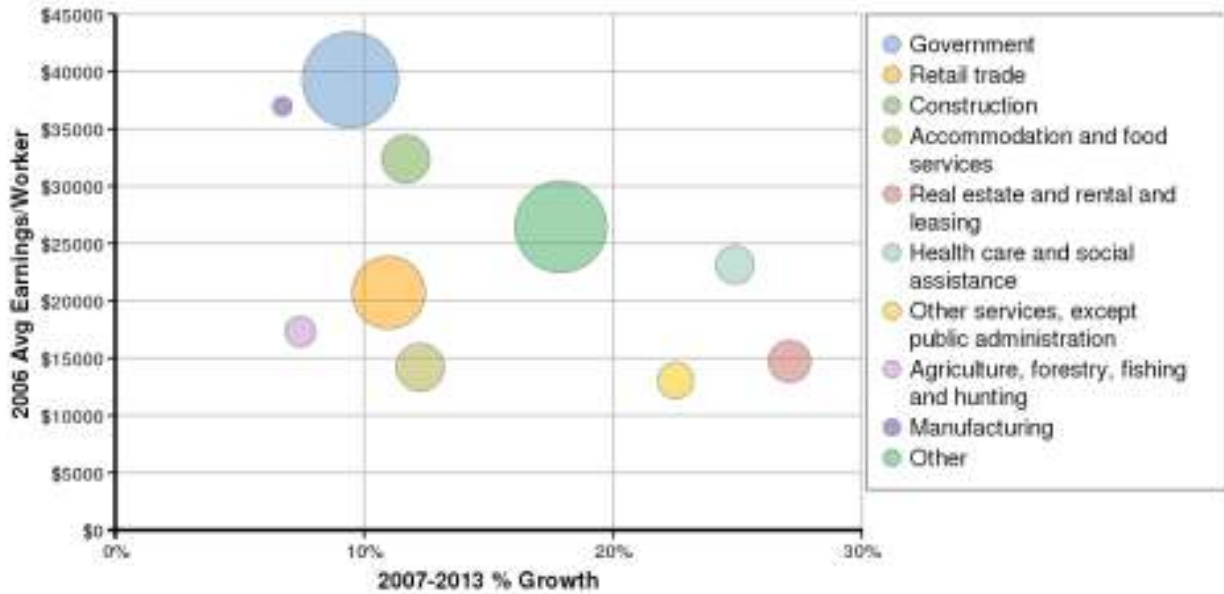
Source: Economic Modeling Specialists, 2007

Figure 7

Six-Year Economic Forecast

The real estate and healthcare industries are likely to experience the greatest growth over the next six years (Figure 8). These industries have low average earnings/worker in relation to other industries in the region, and the industries with the highest earnings/worker, government and manufacturing, are likely to only grow by about 8%-12%. However, examining forecasts of key occupations reveals that management, a high earning occupational sector, is likely to grow by more than 15%(Figure 9). Growth in management indicates the emergence of new businesses, and greater commitment to the region by corporations with existing business interests.

2007-2013 Industry Supersectors

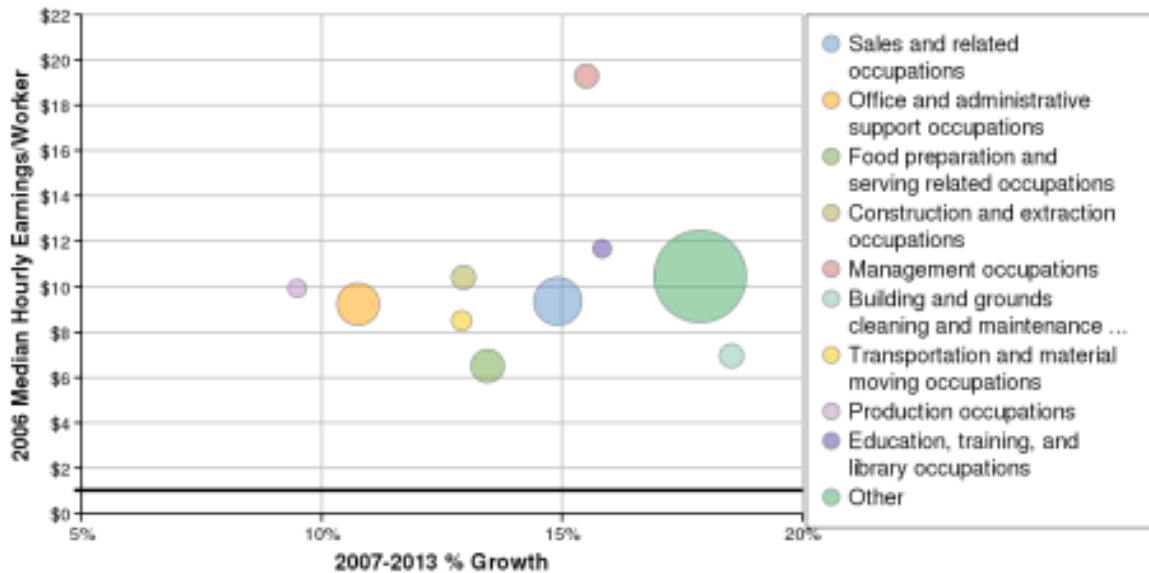


*Bubble size represents 2007 jobs in each supersector.

Source: Economic Modeling Specialists, 2007

Figure 8

2007-2013 Occupational Supersectors



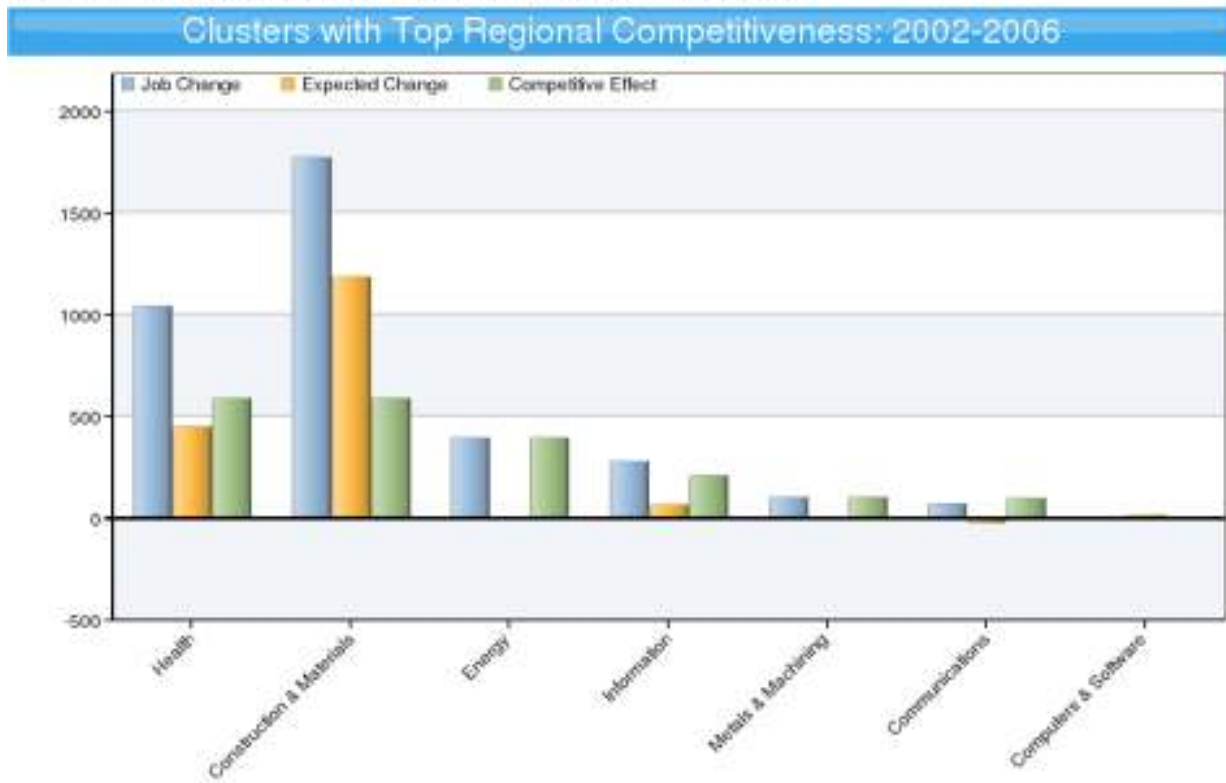
*Bubble size represents 2007 jobs in each supersector.

Source: Economic Modeling Specialists, 2007

Figure 9

Cluster Analysis and Suggested Sectors

Ranked By: Regional Competitiveness (Shift Share)



Source: Economic Modeling Specialists, 2007

Cluster Name	Job Change (Jobs)	Ind Mix Effect (Jobs)	National Change (Jobs)	Expected Change (Jobs)	Competitive Effect (Jobs)
Health	1,041	174	278	451	590
Construction & Materials	1,773	546	638	1,104	669
Energy	396	-5	7	2	394
Information	276	39	28	67	210
Metals & Machining	100	-11	7	-8	104
Communications	72	-91	67	-23	95
Computers & Software	5	-3	17	14	-9
Food Products & Services	-352	-321	874	553	-905

Source: Economic Modeling Specialists, Inc. - 7/07

Figure 10

Comparing the job change of economic clusters within the region, to the changes that would be expected given the national trends, provides a measure of competitive effect. Competitive effect represents the amount of job change that can only be explained by factors that are unique to the region. Cluster Analysis reveals that the Albemarle Region has a significant competitive advantage in the health and construction industries. Economic clusters are industries, or sub-industries that are interconnected through shared inputs and outputs. Regional clusters have a synergistic effect in which success in one industry produces success throughout the cluster. Examining the industries that currently compose key clusters in the Albemarle Region reveals

that developing the following business sectors are most likely to improve economic stability throughout the region:

1. Management of Companies and Enterprises
2. Architecture and Engineering
3. Employment Services
4. Telecommunication not including cable and other program distribution
5. Wholesale Trade (Construction, Agriculture Products/Equipment, Food Products, and Medical Supplies)
6. Advanced Manufacturing

Management of Companies and Enterprises includes parties that hold financial interest in corporation. This industry sector has a tremendous multiplier effect on other industries. However, many industries in the Albemarle Region are managed by CEOs and owners entirely outside of the region. For example, although the health industry composes a large portion of the economy, hospital management is largely outside of the region.

Architecture and Engineering plays a major role in the construction and materials cluster. Construction is a major industry within the region, yet architecture and engineering is primarily provided by firms located outside the region.

Employment services encompass a wide-range of businesses which provide services including temporary staff, executive searches, payroll, and various other human resource support functions. Employment services are essential to many industries. The health industry is especially dependent upon employment services because large diverse staffs require the outsourcing of many human resources functions.

The entire economy of the region is hindered by a lack of communication and information industries. Telecommunication includes the development and maintenance of computer and telephone networks. Communication networks allow businesses to function more efficiently and reach larger markets. The technologies supporting these networks changes rapidly, and systems must be updated and maintained continuously. The development of this sector within the region, will significantly improve recruitment and entrepreneurial capabilities while enhancing the productivity of existing businesses.

Wholesale trade benefits all other clusters. Developing this industry within the region will allow service providers easy access and collaboration to their input resources. Furthermore, increased wholesale trade will improve the access to markets for the producers of raw materials, agricultural products.

The regional economy would benefit greatly from the recruitment and development of advanced manufacturing industries. Biotechnology such as the manufacturing of pharmaceuticals/vitamins might be supported by the region's diverse agricultural industry. Advanced manufacturing of Aeronautical and Marine components could realize advantages from the region's government customer base and geography.

Regional Assessment

S.W.O.T

Strengths

- Recreational and natural amenities
- Rural and small town life style
- Strong agriculture industry
- Strong tourism industry
- Well preserved historic areas
- Higher education and job training facilities
- Close proximity to urban centers in Virginia
- Large federal government employers
- Several airports
- Geography ideal for both aircraft and marine facilities

Weaknesses

- Poor connectivity of transportation system
- Difficulties attaining potable water
- Low educational attainment
- Insufficient communication network
- Storm and flood prone areas
- Tax-base/service-requirement imbalance
- Lack of affordable housing

Opportunities

- Workforce development through state universities and community colleges
- Vacant buildings hold promise of reconstruction and infill development
- Many tourism activities remain unutilized
- Differentiation of agriculture products such as organic or wild-fish might strengthen the industry
- Further expansion of airports for commercial and leisure use
- Potential for aeronautic and marine research
- Residents commuting to Virginia present a market for services within the region
- Improved water capacity through utilization of new technologies, state and federal funding, and regional connectivity of water systems

Threats

- Rapid residential development, without commercial balance
- Possible coastal shift due to global warming
- Declining profitability in agricultural industries
- Loss of natural and recreational amenities to development
- Declining economic competitiveness due to changes in global and national economy
- Unfunded mandates and other encroachments on local government resources
- Increasing demand for services from local governments

Community and Private Sector Involvement

The 2008 Albemarle Commission Comprehensive Economic Development Strategy (CEDS) is the result of input from both the public and private sector. The CEDS Strategy Committee's membership includes persons from the following fields:

- Private sector representatives
- Public officials
- Community Leaders
- Representatives of workforce development boards
- Representatives of institutions of higher education
- Minority and labor groups
- Private individuals

Individuals from these groups were solicited for participation and input in the update of this CEDS. Additionally, the staff of the Albemarle Commission has met privately with the Economic Developers, Planners, and Managers within the region to solicit their input for the plan. The CEDS was made available for public comment for thirty days before submission to the Economic Development Administration

Coordination with State Economic Development Efforts

Through ongoing communication with the North Carolina Department of Commerce, the Albemarle Commission will coordinate with state economic development efforts. Early coordination is essential to providing necessary infrastructure and workforce training.

Albemarle Commission staff work closely with the NC Division of Employment and Training and the NC Division of Community Assistance in assisting member governments. Additionally, Albemarle Commission staff maintains ongoing contact with State funding agencies.

Copies of the CEDS will be distributed to the following State agencies:

- NC Department of Commerce - Business and Industry Division regional offices
- NC Department of Commerce - Division of Community Assistance regional offices
- NC Department of Administration
- NC Rural Economic Development Center
- NC Workforce Development Commission
- NC Division of Employment and Training

Goals and Objectives

Goals

Goals are few in number and respond to the overriding concerns for the Region's Citizens. Objectives are greater in number, prioritized, support the goals, and achievable within a shorter time frame.

The goals for the Albemarle Commission for the Comprehensive Economic Development Strategy are prioritized as follows:

1. Retain all existing jobs in the Region and encourage expansion wherever possible.
2. Upgrade the skills of those presently in the workforce and those entering the workforce through continual training and advanced education.
3. Recruit and secure new employers that will diversify region's economy and promote new enterprise development.
4. Continue the resourceful and intelligent use of the region's natural resources.

Objectives

Goal 1. Retain and expand employers:

- A. To work aggressively to ensure that the most modern highway access is brought to and through the region.
- B. To provide adequately sized natural gas, water, and sewer in strategic locations in each county, and on an inter-county level to accommodate commercial upgrading and expansions.
- C. To seek and obtain multi- year State financial commitment to support training at Community Colleges which will improve and enhance the skill levels of the workforce.
- D. To strongly encourage and support increased business involvement in the public school systems.
- E. To utilize, to the fullest extent possible, all the State and local incentives, including proposed new State programs, to retain and expand employers in our region.

Goal 2. Upgrade skills through training and education:

- A. To support all State and County efforts to improve basic education at the pre- primary, primary and secondary levels.
- B. To provide the greatest possible assistance to business and industry in the development of Workplace Training Programs.
- C. To support needed special efforts to train and retrain the unemployed.
- D. To pursue and obtain maximum funding and implementation possible of Technical Education in every school in the Region.
- E. To support the greatest possible use of work readiness programs.

Goal 3. Recruit to diversify and promote new Enterprise Development:

- A. To recruit and secure new employers to the Region who will offer higher pay in exchange for higher technical skills through the use of all available State and local advantages and incentives.
- B. To market the advantages of the region's distressed counties.
- C. To continue to provide comprehensive technical assistance through the College of the Albemarle and Elizabeth City State University as well as East Carolina University.
- D. To provide adequately sized natural gas, water, sewer in key locations in each county and on a regional basis.
- E. To revitalize or further strengthen smaller downtowns such as Edenton, Hertford, Elizabeth City, Plymouth and Columbia through the use of the Main Street Programs.

Goal 4. Use the Region's natural resources intelligently:

- A. To support and encourage regional and multi- regional efforts to grow history- based and natural resource- based tourism.
- B. To find financial support for a sustained tourism advertising program once all attractions are in final development.
- C. To explore any market possibilities for horizontal/ vertical integration of the processing and distribution of local raw materials within the region to increase local wealth and well-being.

Action Plan

Strategic Projects

Camden County

1. Expansion of reverse osmosis water plant (300 jobs)
2. Construct new road to provide access from Camden County to Blackwater USA (300 jobs)
3. Development of commercial parks (300 jobs)
4. -US 17 location (Extend sewer system, expand plant capacity, internal infrastructure)
 - US 158 location (Extend sewer system, expand plant capacity, internal infrastructure) (200 jobs)
5. Expand sewer treatment plant capacity (100 jobs)

Chowan

1. Completion of Phase II of Northeast Regional Airport Industrial Park (60 useable acres) (300 jobs)
2. Creation of an Aviation Industrial Park on the west side of Northeast Regional Airport (300 jobs)
3. Installation of water/sewer infrastructure for remaining Peanut Drive Industrial Park properties (10 acres) (300 jobs)
4. Studying the feasibility of re-use of the former Edenton Dye Plant for Marine Industrial Park (Chowan River) (300 jobs)
5. Town of Edenton development of new well site and sewer expansion (200 jobs)

6. County Sewer project, southeastern Chowan County (200 jobs)
7. Soliciting funds to construct a small Waterfront Meeting/Convention Center in the former Edenton Police Department Building (200 jobs)
8. Construction of a 10,000 sq. ft. spec building in Phase II of Airport Industrial Park (200 jobs)

Currituck

1. Development of a commerce park at Currituck Regional Airport (1000 jobs)
2. Expansion of taxiway, runway, and apron at Currituck Regional Airport (500 jobs)
3. Central Wastewater plant in Moyock (200 jobs)
4. Development of commercial and retail site in Moyock (200 jobs)

Dare

1. Working Waterfront Project (500 jobs)
2. Workforce housing for permanent and seasonal workers (500 jobs)
3. Jeannette Pier replacement including community, and educational center (500 jobs)

Gates

1. Initiative to bring high speed internet to the county (500 jobs)
2. Waste water treatment study to examine development of sewer system in the county (200 jobs)
3. Road and highway improvements to improve safety along key corridors (300 jobs)

Hyde

1. Develop Engelhard Sewer System (200 jobs)
2. Redevelop South Point Market to support fishing industry (300 jobs)
3. Downtown revitalization initiative (50 jobs)
4. Continue development of Hyde Davis Business Enterprise Center (300 jobs)
5. Increase runway length at Hyde Airport (100 jobs)
6. Improve bike and pedestrian facilities around schools and neighborhoods (10 jobs)

Pasquotank

1. Airport Aviation Park for research and development, education, and USCG contractors (500 jobs)
2. Construction of a reverse osmosis water plant (400 jobs)

Perquimans

1. Development of Perquimans County Commerce Center (300 jobs)
2. Entrepreneurial initiative to support small business and develop business incubator (300 jobs)
3. Tourism development initiative to identify and develop facilities to serve visitors (300 jobs)

-Town of Hertford

- Waste water treatment plant expansion (200 jobs)
- Water plant expansion (200 jobs)

Tyrrell

1. Development of sewage system to serve the Scuppernong area (100 jobs)

2. Construction of a reverse osmosis water plant (100 jobs)
- Town of Columbia
- Main Street and Water Front restoration through renovation of vacant buildings (40 jobs)
 - Expansion of wastewater treatment plant to permit growth (50 jobs)

Washington

1. Soliciting funds to build a Rural Health Center on the eastern end of Washington County (200 jobs)
2. Soliciting funds to purchase a ladder truck to enhance fire protection for the proposed addition of approximately 1500 single family homes and condominiums on the Albemarle Sound (100 jobs)
3. Soliciting funds to build a fire house/EMS building on the eastern end of the county (100 jobs)
4. Acquiring property for an additional industrial park (300 jobs)
5. Construction of a 25,000 sq. ft. spec building in the industrial park (300 jobs)
6. Complete Washington County Sewer Study (50 jobs)

Vital Projects

1. Initiatives to improve technical skills of the region's workforce including construction and expansion of training centers, on the job training programs, and private sector coordination with public school systems.
2. Development of the region's technology and research industry through construction of commerce parks that support these fields and provide educational opportunities.
3. Improvement and expansion of the transportation, utility, and communication infrastructure that support employers relocation into the region.
4. Establishment of business incubators throughout the region to support existing businesses and foster entrepreneurialism.
5. Downtown revitalization projects to attract new businesses.
6. Programs dedicated to business retention, including quality of life improvements, and increased private/public sector coordination.
7. Natural resource preservation in conjunction with environmentally friendly tourism and industry.
8. Research and education to identify new ways to utilize and market natural resources.

Performance Measures

The following performance measures will be used to evaluate the Albemarle Commission's successful development and implementation of the CEDS:

- Number of jobs created within the region
- Number and types of investments undertaken in the region
- Number of jobs retained in the region
- Increase of median income within the region
- Increase in educational attainment
- Amount of private sector investment in the region
- Changes in the economic environment of the region

¹ North Carolina Center for Geographic Information and 1990 Tiger Census Data

² EMSI gathers data from 70 federal and state sources, but primarily from the following federal sources: the *Quarterly Census of Employment and Wages* (QCEW), *Non-Employer Statistics* (NES), *County Business Patterns* (CBP), *Regional Economic Information System* (REIS), the *BLS National Employment Matrix*, and *Occupational Employment Statistics* (OES). In addition, data from individual states' labor and industry agencies are used to generate data within each state. Using a proprietary algorithm and CBP, EMSI provides solidly-grounded estimates for government-suppressed employment numbers (data points not disclosed by the government to maintain employer privacy), benchmarks its final industry data against REIS (which is the most accurate but low-detail data source), harmonizes its industry and occupation data, and creates regionalized staffing patterns for every industry. The result is a complete, detailed, accurate, and accessible picture of all U.S. employment.

³ 2007 Chowan River Basinwide Water Quality Plan and 2007 Pasquotank River Basinwide Water Quality Pan.