

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

2010 PERFORMANCE REPORT



High Country Council of Governments

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**Comprehensive Economic Development Strategy
For the North Carolina High Country Council of Governments (COG)
Economic Development District**

NORTH CAROLINA HIGH COUNTRY COG MEMBER GOVERNMENTS

Alleghany County	Town of Sparta
Ashe County	Town of Jefferson Town of Lansing Town of West Jefferson
Avery County	Town of Banner Elk Town of Crossnore Town of Elk Park Town of Newland Village of Sugar Mountain
Mitchell County	Town of Bakersville Town of Spruce Pine
Watauga County	Town of Beech Mountain Town of Blowing Rock Town of Boone Town of Seven Devils
Wilkes County	Town of North Wilkesboro Town of Ronda Town of Wilkesboro
Yancey County	Town of Burnsville

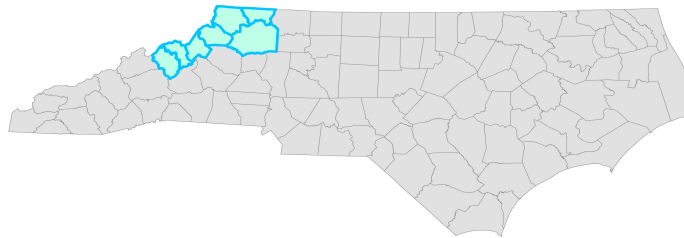


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Introduction

High Country COG was designated an Economic Development District (EDD) by the Economic Development Administration (EDA) on March 23, 1976. As a requirement of the EDD designation, High Country COG periodically develops Comprehensive Economic Development Strategies (CEDs) that meet EDA criteria. CEDs serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources.

The most recent CEDs developed by High Country COG was adopted on August 20, 2007. The next full CEDs update is planned for 2012. The High Country Workforce Development Board serves as the Strategy Committee to assist High Country COG staff in developing the CEDs.

The High Country COG CEDs analyzes regional demographics, infrastructure, economic sectors, and economic development efforts. It also identifies economic development goals and objectives, local economic development projects, projects deemed vital to the region, and performance measures by which to gauge implementation of the CEDs.

This Performance Report discusses the current economic conditions in the region, provides updates on the CEDs goals and objectives, and provides status reports of the vital projects identified in the CEDs.

Analysis of Regional Economy

The region's 2009 labor force was 94,960.

Due to factors such as steep terrain, distance to Interstates, and the relatively small labor pool, the District has historically trailed much of North Carolina in manufacturing. Over the past decade, the manufacturing sector of the region's economy has been in decline, with numerous layoffs and plant closings. Since 2008, this trend has increased. During 2009, 706 jobs were lost in the region.

With the decline in the manufacturing sector in the region, entrepreneurial development has received increased attention in recent years. Entrepreneurial development has been recognized as a major component of economic development efforts at the federal, state, and local level.

All of the counties in the region have become tourist destinations for North Carolina and the Southeast, and tourism is a major component of the regional economy. The table below contains 2008 data regarding economic impact of tourism in the region.

TOURISM IMPACT, 2008

County	Expenditures	Payroll	Jobs	State and Local Tax Receipts from Travel
Alleghany	\$19.39 million	\$3.69 million	180	\$2.28 million
Ashe	\$40.33 million	\$6.25 million	370	\$4.35 million
Avery	\$89.76 million	\$22.14 million	1,190	\$8.65 million
Mitchell	\$19.86 million	\$3.22 million	170	\$1.76 million
Watauga	\$189.76 million	\$43.84 million	2,510	\$17.25 million
Wilkes	\$60.17 million	\$9.33 million	520	\$4.30 million
Yancey	\$26.33 million	\$4.70 million	230	\$3.16 million

SOURCE: NC Dept. of Commerce

Compared to 2007 data, all counties except Ashe saw a decrease in tourism-related economic impacts in 2008.

Agriculture remains a major component of the region's economy, specifically Christmas Tree and livestock production. Total cash receipts for agricultural products sold for all seven counties was \$450,661,263 in 2008, a decrease of 14% from 2007. Wilkes has by far the largest agricultural economy in the region, ranking sixth statewide in cash receipts.

The service industry plays a dominant role in the economy of the High Country Council of Governments Economic Development District. Encompassing retail trade, health services, food service, lodging, business services, finance, and real estate, the service industry represents the largest employment sector in all seven counties. The tourism economies of all seven counties contribute significantly to the region's service economy.

Retail sales is a common indicator of commercial activity at the county level. The table below provides data on retail sales in the District.

Retail Sales

	Total Retail Sales 2008	Total Retail Sales 2009
Alleghany	\$69,548,000	\$61,631,000
Ashe	\$271,496,000	\$238,761,000
Avery	\$104,273,000	\$88,539,000
Mitchell	\$145,474,000	\$126,858,000
Watauga	\$649,079,000	\$615,408,000
Wilkes	\$538,305,000	\$485,412,000
Yancey	\$128,115,000	\$117,229,000

SOURCE: NC Dept of Commerce

Employment and Demographics

Unemployment Rate, 2008, 2009, and 2010

County	2008 Annual	2009 Annual	June 2010
Alleghany	7.5%	11.4%	9.9%
Ashe	6.8%	11.4%	10.9%
Avery	5.8%	8.8%	8.0%
Mitchell	8.1%	11.8%	10.4%
Watauga	4.8%	7.5%	7.5%
Wilkes	7.6%	12.2%	12.8%
Yancey	7.7%	11.7%	10.6%

Source: Employment Security Commission of NC

Per Capita Income, 2008, 2009

County	Per Capita Income, 2008	Per Capita Income, 2009
Alleghany	\$22,174	\$21,370
Ashe	\$20,630	\$20,056
Avery	\$19,419	\$18,979
Mitchell	\$19,810	\$19,476
Watauga	\$23,038	\$22,371
Wilkes	\$21,437	\$20,812
Yancey	\$19,731	\$19,431

Source: NC Department of Commerce

Goals and Objectives Performance Report

Goal #1: Improve the Region's Infrastructure to Support New and Expanding Business and Industry

Actions

- Continued operation of the High Country Rural Transportation Planning Organization (RPO). One of the key functions of the RPO is to advocate for highway projects in the region.
- Worked with local governments and NC Department of Transportation to develop a Comprehensive Transportation Plan for Ashe County.
- Water and sewer line extensions along US Highway 21 S. in Sparta (to serve Tru-Line Truss) are complete.
- Ongoing assistance to Alleghany County and Town of Sparta in establishment of new water intake on the New River. Project is a joint effort with the Town of Independence, Virginia. Project is currently under construction.
- Town of Boone has acquired property for new raw water intake. Environmental analysis is complete; FONSI has been issued.
- Town of Crossnore has begun planning for a new wastewater treatment plant. HCCOG is working with the Town on securing funding for the project.
- Created digital map files of the water and sewer systems for the Towns of Jefferson and West Jefferson. Projects will assist the towns in management, operation, and future planning of their water and sewer systems.
- Project to connect the water systems of the Towns of Boone and Blowing Rock has been funded, designed, and permitted. Construction is underway.
- High Country COG is conducting a regional water resources/water quality plan. A component of the plan will be analysis of all the public water and sewer systems in the region to identify deficiencies and develop strategies for system expansions.
- Water and sewer extensions are complete in Burnsville to serve Altec, Inc. Project will create up to 300 jobs.
- Wastewater collection system construction in Town of Ronda is ongoing.
- Assisted Wilkes County in planning and funding for water and sewer extensions to business park at county airport. Project will support two aviation-related industries that will create up to 80 jobs.

Goal #2: Support Small Business and Entrepreneurial Development

Actions

- High Country COG continues to staff the Region D Development Corporation (RDDC), which provides US Small Business Administration (SBA) loans to eligible small businesses. The Development Corporation is governed by a Board comprised of

government, lending, and business professionals in the seven-county region. During the past year, the RDDC approved two SBA loans totaling \$2,088,000.

- Town of Burnsville was selected to participate in the NC Rural Center's Small Town Economic Prosperity (STEP) program.
- The Town of Wilkesboro was selected in 2009 by the NC Department of Commerce as a Small Town Main Street community.
- Assisted Alleghany County in securing a Rural Center Building Reuse Grant to renovate a vacant building. Project will create six new jobs.

Goal #3: Prepare the Region's Workforce for Sustainable Employment

Actions

- Workforce development efforts in the region are overseen and coordinated by the High Country Workforce Development Board (HCWDB). Workforce Development Boards are authorized under the federal Workforce Investment Act (WIA), which also funds WIA activities. In the High Country region, WIA funds and activities are administered by High Country Council of Governments staff. The HCWDB provides workforce policy guidance, helps align workforce resources in the region, and advocates systemic solutions to regional workforce challenges.
- The HCWDB has identified high growth industries and directs contracted Workforce Investment Act service providers to tailor the majority of training efforts to those industries.
- The HCWDB oversees the Incumbent Worker Grant Program, which provides customized worker training at local businesses. During the past year, incumbent worker training programs have been either conducted or scheduled for seven businesses in the region, affecting 107 employees.
- The HCWDB oversees the WIA Youth Services, which provide technical and financial assistance to youth to help them obtain a high school diploma, a GED, advanced educational degrees, or occupational skills training. During the past year, 408 youth in the region participated in WIA youth services activities.
- The HCWDB oversees the WIA Adult and Dislocated Worker program, which provides career assessment, training assistance, and job search/retention assistance. During 2009, 629 individuals who have lost their jobs due to economic reasons and 694 other adults were provided services.
- The HCWDB also guides and facilitates Rapid Response efforts when local businesses announce plant closures or major layoffs. The Rapid Response Team helps employers complete applications for Trade Adjustment Assistance (if applicable) and helps employees find available resources. During the past year, the Rapid Response Team provided assistance to ten businesses that announced closings.

Goal #4: Improve/Maintain Environmental and Social Amenities in the Region

Actions

- HCCOG will continue to help local governments plan and secure funding for recreational projects. During FY 2009, HCCOG developed three applications on behalf of local governments for the NC Parks and Recreation Trust Fund.
- High Country COG is developing a regional water resources/water quality plan. A component of the plan will be the development of strategies that local governments can implement to restore/protect water quality.
- HCCOG assisted the Town of West Jefferson in establishing an extraterritorial jurisdiction (ETJ). The purpose of the ETJ is to promote orderly growth and efficient use of municipal infrastructure.
- During the past year, HCCOG completed Comprehensive Parks and Recreation Plans for Avery County, Watauga County, and the Town of Banner Elk.
- HCCOG developed Strategic Energy Plans for Town of Burnsville, Alleghany County, and Yancey County.
- Mitchell County is participating in the GoldenLEAF Foundation's Community Assistance Initiative. Program will identify key projects in the County for GoldenLEAF funding.

Vital Projects Performance Report

- Ashe County Airport improvements - property acquisition and engineering is complete; construction scheduled for Fall 2010.
- Watauga County Small Business Incubator - The Appalachian Enterprise Center, which houses a small business incubator as well as other business support services, is currently operating at near capacity.
- High Country Council of Governments GIS Program expansion - High Country COG continues to operate its GIS Program. During the past year, services provided to local governments included water and sewer system mapping, and transportation system mapping.
- Additional water supply well for the Town of Crossnore - project is complete.
- Additional water supply (intake) for the Town of Boone - The Town is in the process of developing a new water intake on the New River. An environmental assessment is complete, and funds are being provided by USDA Rural Development for the project.
- Widening of US Highway 221 in Watauga and Ashe Counties - project is included in the State's Transportation Improvement Program. Right-of-way acquisition is scheduled to begin in 2012, with construction scheduled to begin in 2013.
- Advanced Material Center - Wilkes Community College currently offers curriculum in Advanced Composites Technology at a composites laboratory at the Wilkes County campus.
- Raw Water Intake on W. Kerr Scott Reservoir - the Town of Wilkesboro, Town of North Wilkesboro, and Wilkes County are evaluating options to develop the intake. Issues under discussion include financing the project, and establishment of a water authority to govern the project.
- Development of new raw water intake to supply the Town of Sparta - Joint project under the governance of the Virginia/Carolina Water Authority is currently under construction.
- Widening of US Highway 19E in Yancey, Mitchell, and Avery Counties - project is phased, from west to east. First phase of the project is under construction. Section through Burnsville is scheduled to begin in 2011.
- Construction of the Sparta Western Loop (US Highway 21 Bypass) - project is included in the State's Transportation Improvement Program, with construction scheduled to begin in 2014.
- Promotion of the US SBA 504 loan program - The Region D Development Corporation continues to operate for the purpose of approving SBA 504 loans for eligible small businesses. During the past year, the Development Corporation approved two SBA loans totaling \$2,088,000.
- Development of Industrial Sites - Wilkes County and Town of North Wilkesboro have received grants and committed local funding for new access road to the Wilkes Industrial Park.
- Nursing Program at Appalachian State University - ASU has received accreditation of its nursing program by the Commission on Collegiate Nursing Education in 2008. A new Health Services Building is being planned for construction on the former Lowes site on State Farm Road in Boone.

Performance Measures

The following performance measures and associated figures are used to evaluate implementation of the CEDS:

Number of jobs created

0

(NC Department of Commerce, for 2009)

Number of jobs retained

No data available

Amount of private investment leveraged for projects in the region

\$0

(NC Department of Commerce, for 2009)

Unemployment rate

As the figures in the Unemployment Table (page 7) illustrate, unemployment rates increased significantly between 2008 and 2009, but have decreased (generally) through June 2010. These trends are consistent (but exceed) state and national unemployment rates.

Per capita income

Per capita income has decreased approximately 2.6% regionwide between 2008 and 2009.

Number of new business starts

No data available

Increase in municipal water supply and wastewater treatment capacity

The Town of Sparta/Independence, VA water intake project will result in 1.0mgd new water capacity.

The Town of Boone water intake project will increase the Town's capacity by 1.5mgd.