

March 25, 2022



PARTNERSHIP for ECONOMIC DEVELOPMENT
SALISBURY, NC

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ECONOMIC
IMPACT
SUMMARY

SUMMARY OF PROPOSED INDUSTRIAL PARK
BY RED ROCK DEVELOPMENTS



March 25, 2022

The Honorable Gregory C. Edds
Rowan County Board of Commissioners
130 West Innes Street
Salisbury, NC 28144

Re: Summary of Proposed Industrial Park by Red Rock Developments

Dear Chairman Edds and County Commissioners:

On behalf of your Economic Development Council, please allow me to present to you this summary of the proposed industrial park by Red Rock Developments in Rowan County.

We are optimistic that, with your support, this project will reach a successful conclusion, creating new employment and expanding the nonresidential tax base in Rowan County. This document addresses the primary drivers and impacts of the project and is designed to provide you the information necessary to consider their request for assistance.

We sincerely hope that you find this document a useful resource as you consider this matter. We have expended substantial efforts to gather the most relevant information possible regarding the potential impacts this project could have on our County and its citizens.

In the preparation of this document, we have strived to utilize factual data and realistic projections. It is our intent that this document serves as a resource as you deliberate potential actions.

Please do not hesitate to contact our office with any questions you may have regarding this matter. We look forward to your feedback.

Sincerely,



Scott Shelton
Vice President

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1. Project Description

About The Company

Founded in 2007, Red Rock Developments (Red Rock) is a privately-held real estate and investment company based in Columbia, South Carolina. Red Rock's primary focus is in the speculative development of warehouse/distribution facilities located in major U.S. markets. According to the company's website (www.redrockdevelopments.com), the company has developed over 25 million square feet of Class A industrial product valued at over \$2.7 billion.



The Proposed Project

Red Rock is seeking a site in the Charlotte region along the I-85 corridor for a new industrial park. The company has identified property on Long Ferry Road as a potential location.

The potential location is approximately 380 acres and is comprised of six parcels (Parcels 603-045, 603-112, 603-113, 603-114, 603-116 & 603 118). The parcels are located approximately a half mile from the Chewy facility and near Dukeville Road.

If acquired, Red Rock plans to construct up to six buildings totaling 2.6 million square feet at this location. One of these buildings would be located on the northern side of Long Ferry Road while the remaining five would be located on the southern side. The total capital investment for this project is estimated to be approximately \$198 million. Once completed these buildings would either be leased or sold to companies seeking to locate or expand their businesses in Rowan County. The number of new jobs created and amount of capital investment in personal property will be determined by the end users of these new buildings.

Red Rock plans to develop the park over multiple phases. Below is a brief summary of the scope and timing for each phase:



- **Phase I** - Construction of Buildings A and D. The total combined square footage of these two buildings would be approximately 1.65 million square feet. Estimated completion by the fourth quarter of 2022. Estimated capital investment - \$117 million



- **Phase II** – Construction of Buildings B and C. The total combined square footage of these two buildings would be approximately 660,000 square feet. Estimated completion by the fourth quarter of 2024. Estimated capital investment - \$55 million
- **Phase III** – Construction of Buildings E and F. The total combined square footage of these two buildings would be approximately 330,000 square feet. Estimated completion by the fourth quarter of 2025. Estimated capital investment - \$26 million

A larger site plan of the proposed development is included at the end of this document.

Infrastructure Improvements

Providing utilities to the site will require the extension of an approximately 4,000 linear foot water main (16-inch), as well as approximately 4,000 linear feet of force main sewer (4-inch). A pump station will also need to be installed in the southern portion of the new development.

Due to the increased traffic that will be generated by companies locating in these new buildings, improvements to Long Ferry Road will be necessary. A Traffic Impact Analysis (TIA) was completed on the project in February. Based on this TIA, the NC Department of Transportation will require numerous improvements to Long Ferry Road as a condition of their approval of the project. These improvements include, among others:

- Installation of a traffic signal at Long Ferry Road and Front Creek Road
- Installation of a traffic signal at Long Ferry Road and the I-85 northbound ramp
- Installation of a traffic signal at Long Ferry Road and the I-85 southbound ramp
- Addition of numerous turn lanes and the extension of existing ones

Red Rock is responsible for the cost of these infrastructure improvements, which the company estimates to be \$4.2 million.

2. Regulatory Approval Process

The property is currently zoned for residential and agricultural purposes. Red Rock or the current property owners will need to apply for a conditional district rezoning. The company will work with Rowan County staff to navigate the appropriate review and permitting process.

3. Requested Assistance

Existing Investment Grant Program

Rowan County's adopted Investment Grant Program provides a five-year grant to companies investing in our community. The grant is established by a contract between the company and Rowan County. The company must pay their taxes in full each year based on the actual tax value of the property or investment to be eligible to receive the grant. If the company meets all the criteria in the contract, a grant is then paid to the company. The amount of the grant is based on a designated percentage level for five consecutive years. Below is a chart that summarizes the categories of grants, including the minimum investment required and the percentage of new taxes paid that would be used to calculate the grant:

<i>Grant Category</i>	<i>Minimum Taxable Investment Required</i>	<i>Percentage of Paid Taxes Returned as a Grant</i>
Level 1 Grant	\$5 million	75%
Level 2 Grant	\$50 million	80%
Level 3 Grant	\$100 million	85%

Requested Assistance – Phase I

Based on Red Rock's potential investment of \$117 million for Phase I of this project, the company would typically qualify for a Level 3 Grant under this program, which would provide them a five-year grant equal to 85% of new taxes paid.

If Red Rock were to receive a Level 3 Grant, it would have an estimated value of \$3,269,419.

As mentioned in Section 1, Red Rock anticipates its cost for water, sewer, and road improvements to be \$4.2 million. In lieu of a traditional Level 3 grant, Red Rock is requesting that Rowan County reimburse the company \$4.2 million for these infrastructure improvements.

The reimbursement will be paid upon the lease of substantially all of the facilities or sale of the facilities and property to a third-party job creator that qualifies for Economic Development Grants under North Carolina General Statute 158-7.1.

Based on the County's current tax rate of .6575, the completed project should generate approximately \$769,275 per year of real property tax revenue and \$7,692,750 over a ten-year

period. Utilizing these projections, the County should recoup the \$4.2 million expenditure within five years and finish with \$3,492,750 in net revenue over a ten-year period.

Requested Assistance – Future Phases of the Project

Phase II - Red Rock plans to invest \$55 million in the construction of two speculative buildings for Phase II of this project. It is requested that incentives be offered as stated in the County's adopted incentive policy for this phase. Based on a \$55 million investment the policy, under its current terms, provides for a grant equal to 80% of new taxes paid for five years. This would result in the County collecting an estimated \$3,616,250 of revenue while disbursing an incentive grant of \$1,446,500. The County would retain \$2,169,750 in net tax revenue over a ten-year period from Phase II of the project.

Phase III - Red Rock plans to invest \$26 million in the construction of two speculative buildings for Phase III of this project. It is requested that incentives be offered as stated in the County's adopted incentive policy for this phase. Based on a \$26 million investment the policy, under its current terms, provides for a grant equal to 75% of new taxes paid for five years. This would result in the County collecting an estimated \$1,709,500 of revenue while disbursing an incentive grant of \$641,063. The County would retain \$1,068,438 in net tax revenue over a ten-year period from Phase III of the project.

Like the reimbursement request for Phase I's infrastructure expenditures, the future incentive grants for Phases II and III would only be payable upon the lease of substantially all of the facilities or sale of the facilities and property to a third-party job creator that qualifies for Economic Development Grants under North Carolina General Statute 158-7.1.

4. County Revenue Projections

Phase I

Representatives from Red Rock have stated that, once the property is acquired, Phase I should be completed in the fourth quarter of 2022.

The evolving nature of County tax rates, assessed value of the installed equipment, and construction timelines require certain assumptions in order to develop a functioning model. To establish a baseline, the following constants were applied:

- The County tax rate is fixed at the current rate of .6575
- Total taxable investment for Phase I is \$117 million
- Total reimbursement to Red Rock for utility infrastructure improvements is \$4.2 million
- Total taxable investment for Phase II is \$55 million
- Total taxable investment for Phase III is \$26 million

In application, it is unlikely that all assumptions will hold constant. The model provides general trends of expected revenues and expenditures. Based on these assumptions, we estimate the following outcomes:

Phase I

- Total Real Property Tax Revenue Collected Per Year - \$769,275
- Total Real Property Tax Revenue Collected Over Ten Years - \$7,692,750
- Total Reimbursement to Red Rock - \$4,200,000
- Total Net Real Property Tax Revenue to Rowan County - \$3,492,750

Phase II

- Total Real Property Tax Revenue Collected Per Year - \$361,625
- Total Real Property Tax Revenue Collected Over Ten Years - \$3,616,250
- Total Incentive Grant - \$1,446,500
- Total Net Real Property Tax Revenue to Rowan County - \$2,169,750

Phase III

- Total Real Property Tax Revenue Collected Per Year - \$170,950
- Total Real Property Tax Revenue Collected Over Ten Years - \$1,709,500
- Total Incentive Grant - \$641,063
- Total Net Real Property Tax Revenue to Rowan County - \$1,068,438

Phase I - 10-yr property tax revenue projection with Infrastructure Reimbursement Request

		Year 1	Year 2	Year 3	Year 4	Year 5
Total Capital Investment	Total planned amount of Expansion project	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$769,275	\$769,275	\$769,275	\$769,275	\$769,275
Infrastructure Cost	One-time cost	\$4,200,000	\$0	\$0	\$0	\$0
County Net Revenue	Total County Tax Revenue minus Infrastructure Cost	(\$3,430,725)	(\$2,661,450)	(\$1,892,175)	(\$1,122,900)	(\$353,625)

		Year 6	Year 7	Year 8	Year 9	Year 10	
Total Capital Investment	Total planned amount of Expansion project	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$769,275	\$769,275	\$769,275	\$769,275	\$769,275	\$7,692,750
Infrastructure Cost	One-time cost	\$0	\$0	\$0	\$0	\$0	\$4,200,000
County Net Revenue	Total County Tax Revenue minus Infrastructure Cost	\$415,650	\$1,184,925	\$1,954,200	\$2,723,475	\$3,492,750	\$3,492,750

Phase I- 10-yr property tax revenue projection with standard Level 3 Grant

		Year 1	Year 2	Year 3	Year 4	Year 5
Total Capital Investment	Total planned amount of Expansion project	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$769,275	\$769,275	\$769,275	\$769,275	\$769,275
Expansion Grant %	85% for 5 years.	85%	85%	85%	85%	85%
Expansion Grant %	County Tax Revenue times Expansion Grant	\$653,884	\$653,884	\$653,884	\$653,884	\$653,884
County Net Revenue	County Tax Revenue minus Expansion Grant	\$115,391	\$115,391	\$115,391	\$115,391	\$115,391

		Year 6	Year 7	Year 8	Year 9	Year 10	
Total Capital Investment	Total planned amount of Expansion project	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000	\$117,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$769,275	\$769,275	\$769,275	\$769,275	\$769,275	\$7,692,750
Expansion Grant %	85% for 5 years.						
Expansion Grant %	County Tax Revenue times Expansion Grant	\$0	\$0	\$0	\$0	\$0	\$3,269,419
County Net Revenue	County Tax Revenue minus Expansion Grant	\$769,275	\$769,275	\$769,275	\$769,275	\$769,275	\$4,423,331

Phase II- 10-yr property tax revenue projection with standard Level 2 Grant

		Year 1	Year 2	Year 3	Year 4	Year 5
Total Capital Investment	Total planned amount of Expansion project	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$361,625	\$361,625	\$361,625	\$361,625	\$361,625
Expansion Grant %	80% for 5 years.	80%	80%	80%	80%	80%
Expansion Grant %	County Tax Revenue times Expansion Grant	\$289,300	\$289,300	\$289,300	\$289,300	\$289,300
County Net Revenue	County Tax Revenue minus Expansion Grant	\$72,325	\$72,325	\$72,325	\$72,325	\$72,325

		Year 6	Year 7	Year 8	Year 9	Year 10	
Total Capital Investment	Total planned amount of Expansion project	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$361,625	\$361,625	\$361,625	\$361,625	\$361,625	\$3,616,250
Expansion Grant %	80% for 5 years.						
Expansion Grant %	County Tax Revenue times Expansion Grant	\$0	\$0	\$0	\$0	\$0	\$1,446,500
County Net Revenue	County Tax Revenue minus Expansion Grant	\$361,625	\$361,625	\$361,625	\$361,625	\$361,625	\$2,169,750

Phase III- 10-yr property tax revenue projection with standard Level 1 Grant

		Year 1	Year 2	Year 3	Year 4	Year 5
Total Capital Investment	Total planned amount of Expansion project	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$170,950	\$170,950	\$170,950	\$170,950	\$170,950
Expansion Grant %	75% for 5 years.	75%	75%	75%	75%	75%
Expansion Grant %	County Tax Revenue times Expansion Grant	\$128,213	\$128,213	\$128,213	\$128,213	\$128,213
County Net Revenue	County Tax Revenue minus Expansion Grant	\$42,738	\$42,738	\$42,738	\$42,738	\$42,738

		Year 6	Year 7	Year 8	Year 9	Year 10	
Total Capital Investment	Total planned amount of Expansion project	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000
County Tax Rate	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%	0.6575%
County Tax Revenue	Local Taxable Capital Investment times County Tax Rate	\$170,950	\$170,950	\$170,950	\$170,950	\$170,950	\$1,709,500
Expansion Grant %	75% for 5 years.						
Expansion Grant %	County Tax Revenue times Expansion Grant	\$0	\$0	\$0	\$0	\$0	\$641,063
County Net Revenue	County Tax Revenue minus Expansion Grant	\$170,950	\$170,950	\$170,950	\$170,950	\$170,950	\$1,068,438

5. Closing

Rowan County is in need of new industrial buildings to enable our community to remain competitive in attracting new company locations and existing company expansions. Red Rock's proposed project will add multiple Class A buildings to our inventory as well as increase the County's tax base.

Once these buildings are occupied, the community will benefit from new job creation and additional increases to the County's tax base through business personal property investments.

On behalf of your Economic Development Council, we look forward to providing you any additional information requested, or meeting with you personally to discuss these findings in detail. We hope that you have found this information useful as you consider this matter.

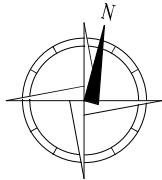
6. Attachments

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LOT	ACRES	BUILDING SF	AUTOS	TRAILERS
A	+/- 44.7	572,113 SF	214	140
B	+/- 22.4	267,840 SF	128	63
C	+/- 74.9	396,032 SF	174	132
D	+/- 179.4	1,081,534 SF	425	298
E	+/- 21.9	168,480 SF	104	45
F	+/- 35.9	168,480 SF	104	45
TOTAL	+/- 379	2,654,479 SF	1,149	723

LEGEND	
	BUILDING FOOTPRINT
	DETENTION POND
	FUTURE
	POWER ROW
	CREEK



MCA

ARCHITECTURE

RED ROCK

DEVELOPMENTS

CHARLOTTE INDUSTRIAL PARK

No.	Description	Date
A	ISSUED FOR REVIEW	13 OCT 21
B	ISSUED FOR REVIEW	25 OCT 21

OVERALL SITE PLAN

Project number: A21025.0

AS-101

Drawn by: TJW

Checked by: KMC

Scale: As indicated