

# Morganton DIG

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## **DEVELOPMENT INCENTIVE GRANT POLICY GUIDELINES**

### **I. INTRODUCTION**

The Development Incentive Grant (DIG) program is designed to accomplish a combination of goals related to economic development and community development efforts identified within the adopted Mission 2030 Plan. Economic vitality and sustainability is targeted in Morganton's efforts to reverse 20 years of economic decline. If Morganton is to sustain itself in the years ahead, it must embrace new opportunities and ideas. It must create new partnerships and allow emerging economic sectors to grow. Job growth, workforce education, diversification and entrepreneurialism are all topics of discussion within Morganton's Mission 2030 Plan. The policies, projects and initiatives undertaken to fulfill these objectives require the participation of both the public and private sectors.

The DIG program provides local developers, financial institutions, investors, and landowners a unique opportunity to obtain financial support from a joint effort between the City of Morganton and Burke County. Capital investment is one of the methods required to advance community wide long range economic and community planning goals. For a period of time, financial incentives will be made available for both large and small economic development projects determined to meet the general and specific guidelines established.

In Morganton, the Mission 2030 process engaged community representatives to prioritize, examine and endorse strategies that would prepare it for economic competitiveness in the years ahead. The Community came together to recommend strategies that would strengthen Morganton's ability to remain a center of economic activity and commerce for Burke County. New ideas and strategies were introduced in the Plan that are unique to Morganton, but based upon research and successful programs in other parts of the country. It is expected that implementing those strategies may be difficult if resistance to change is encountered. Challenging traditional thinking and successfully navigating the hurdles can mean the difference between success and failure. A critical strategy of Mission 2030 was to create new partnerships that offer strength, efficiency and new opportunities beyond those that are currently available. DIG creates an environment where political, financial, and entrepreneurial players can come together to achieve common goals to initiate economic activity through supported ideas for project and business planning, financing and implementation.

DIG funds can only be made available to those projects determined otherwise unfeasible or unachievable "but for" the combined efforts of public and private participation. The City will designate Development Incentive Grant Zones (DIG Zones) within areas of the city that were determined key economic growth areas by the Mission 2030 Plan. The objective is to encourage unique projects within these zones. The projects must comply with community adopted standards and program guidelines established for that particular DIG Zone.

## II. Purpose of Policy

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The Development Incentive Grant Program has been approved by the Morganton City Council and Burke County Commissioners for the following purposes:

- to guide recommendations regarding the use of Development Incentive Grants (DIGs) and set out the general agreement terms with developers and landowners;
- to provide a framework from which the City Council and County Commissioners can evaluate and compare proposed uses and results anticipated from the use of Development Incentive Grants; and
- to inform the public of the City and County position on the use of Development Incentive Grants and to make available a fair and accessible process through which decisions will be made.

## III. Development Objectives

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The City of Morganton proposes to use Development Incentive Grants to accomplish these major objectives:

- A. Expand the Morganton economy to create more jobs, with an emphasis on providing job opportunities for the unemployed and underemployed.
- B. Attract and expand new and existing businesses, services, developments and employers in order to position Morganton to compete in the economy of the 21<sup>st</sup> century and in the reality of declining large manufacturing employers.
- C. Increase the property tax base of the city and county and maintain a future diversity of opportunities for its citizens, and prevent further erosion of existing developed areas.
- D. To clean underutilized or abandoned properties through adaptive reuse so that those properties may once again offer a contribution to the community and eliminate the blighting influences they now have throughout the city
- E. Provide an array of housing choices that meet the needs of current residents and also attracts new residents to the city, with an emphasis on providing affordable housing.
- G. Support neighborhood retail services, enhance commercial corridors and boost employment hubs as identified in Mission 2030.
- H. Support redevelopment efforts that enhance and preserve unique urban features and amenities, including areas such as downtown, the river district, historic neighborhoods, destination retail areas and major entry corridors.

## IV. Guidelines for the use of Development Incentive Grants

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- A. Comply with all requirements of the North Carolina General Statutes, as amended, and undertake adequate analysis to ensure that the proposed project satisfies the “but for” test.
- B. Utilize Development Incentive Grants only when a clearly identified and predetermined development objectives and public purposes are being served and only to the degree necessary to accomplish the development objective.
- C. Development Incentive Grants will only be used in cases where the City and County has the financial capacity to provide the needed public assistance, the City Council and County Commission deems it fiscally prudent to provide such assistance and the developer has clearly demonstrated that the development will be able to meet its financial and public purpose commitments.
- D. The City or County will not incur public debt to directly pay for such grants.
- F. All Grants will be subject to the terms and conditions of an approved grant agreement that includes criteria for project pro-forma, completion dates, reporting requirements, default assurances and payment responsibilities for both the applicant and granting agencies.
- G. The City and County will analyze each potential new Development Incentive Grant Zone and recommend whether it should be included in the program. A justification report will be prepared and reported to the City Council and County Commissioners in a manner understandable to the general public prior to approval of the proposed zone. Periodically, the zones will be reviewed for decertification.
- H. As part of the annual budget process, the City and County will budget adequate funds to satisfy existing grant obligations.

## V. Economic Analysis

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A. Proposed uses of Development Incentive Grants will be reviewed by the City and County. The Developer will be required to provide independent consultant reports as requested to remain eligible for grant appropriations.

B. The analysis and assessment of all proposed uses of grant funds will address the following questions as part of the standard format for reports to the City Council and County Commissioners:

- What is the public purpose of the financial assistance to the project?
- Why is there a financial need for public investment and/or subsidy?
- What is the total cost of the project?
- What is the appropriate level of public participation?
- What are the risks associated with the project?
- What are the alternative plans for managing the risk?
- How does the proposed project finance plan compare with previously approved comparable projects?
- What is the project's impact on other community identified needs or publicly financed projects?

C. The results of the economic analysis will be presented to the City Council at the time of the request for approval of the proposed Development Incentive Grant. The report will identify any elements of the proposed project that are not in conformance with this Policy.

D. Upon approval by the City Council, the economic analysis will be presented to the County Commissioners for their review and approval.

E. Projects with an anticipated grant term of greater than 5 years or projects with Development Incentive Grants in excess of \$500,000 over the term of the grant period will be subject to a more extensive analysis, including appropriate market analysis and review by City and County Finance Department staff.

## VI. Evaluation Criteria

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The following items will be taken into consideration in the evaluation of any development proposal requesting a Development Incentive Grant.

A. Need For Public Assistance – In all cases, it is required that the need for public assistance be demonstrated and documented by the developer to the satisfaction of the City and County. All such documentation, including development budgets, cash flow projections, market studies and other financial and market information, must be submitted by the developer along with an application for Development Incentive Grant funding. If the request is based on financial gap considerations, the developer will demonstrate the profitability and feasibility of the project (i.e. gross profit, cash flow before taxes, cash-on-cash return, IRR, etc.), both with and without public assistance.

B. Amount of Public Assistance versus Private Investment - All development proposals should seek to maximize the amount of private investment per dollar of public assistance. Public assistance will be presented as a percentage of the total development costs. Assistance will be determined for each project (or discrete portion of a project receiving a subsidy) and compared to other development projects or subprojects of similar scope and magnitude whenever possible. The following criteria for assistance shall serve as a guide.

Small Projects between \$250,000 and \$1 million may be eligible for 5 annual post completion DIG grants up to 65 cents per 100 dollars of increase of land and building value. Base value shall be determined at time of application using the current land and building tax valuation. Post construction value shall be based on the lesser of new tax value or appraised value for land and buildings. This value will be established within one year of completion of the project. The post construction value may change during the granting period through revaluation or through value adjustment procedures initiated by the property owner or County Tax Appraiser. Additional grant funds may be provided in the Morganton's Municipal Service District (MSD) in the downtown zone as noted.

Calculation Example:

Existing Property Value: (\$100,000) Land and Building

Post Construction Value: (\$900,000)

Increased Value: (\$800,000)

Grant Calculation:  $(\$800,000 \times .0065) = \$5200/\text{year}$

Additional (MSD) Downtown Grant Calculation Example:

Existing Property Value: (\$100,000) Land and Building

Post Construction Value: (\$900,000)

Increased Value: (\$800,000)

Grant Calculation:  $(\$800,000 \times .0009) = \$720/\text{year}$

Medium Projects between \$1 million and \$5 million shall be eligible for 5 annual post completion DIG grants up to 75 cents per 100 dollars of increase land and building value. Base value shall be determined at time of application using the current land and building tax valuation. Post construction value shall be based on the lesser of new tax value or appraised value for land and buildings. This value will be established within one year of completion of the project. The value may be adjusted from time to time. The post construction value may change during the granting period through revaluation or through value adjustment procedures initiated by the property owner or County Tax Appraiser. Additional grant funds may be provided in the Morganton's Municipal Service District (MSD) in the downtown zone as noted.

Calculation Example:

Existing Property Value: (\$1,000,000) Land and Building  
Post Construction Value: (\$3,000,000)  
Increased Value: (\$2,000,000)  
Grant Calculation:  $(\$2,000,000 \times .0075) = \$15,000/\text{year}$

Additional (MSD) Downtown Grant Calculation Example:

Existing Property Value: (\$1,000,000) Land and Building  
Post Construction Value: (\$3,000,000)  
Increased Value: (\$2,000,000)  
Grant Calculation:  $(\$2,000,000 \times .0009) = \$1800/\text{year}$

Large Projects over \$5 million shall be eligible for 5 annual post completion DIG grants up to 85 cents per 100 dollars of increase land and building value. Base value shall be determined at time of application using the current land and building tax valuation. Post construction value shall be based on the lesser of new tax value or the appraised value for land and completed buildings. This value will be established within one year of completion of the project. The value may be adjusted from time to time. The post construction value may change during the granting period through revaluation or through value adjustment procedures initiated by the property owner or County Tax Appraiser. Additional grant funds may be provided in the Morganton's Municipal Service District (MSD) in the downtown zone as noted.

Calculation Example:

Existing Property Value: (\$150,000) Land and Building  
Post Construction Value: (\$9,000,000)  
Increased Value: (\$8,850,000)  
Grant Calculation:  $(\$8,850,000 \times .0085) = \$75,225/\text{year}$

Additional (MSD) Downtown Grant Calculation Example:

Existing Property Value: (\$150,000) Land and Building  
Post Construction Value: (\$9,000,000)  
Increased Value: (\$8,850,000)  
Grant Calculation:  $(\$8,850,000 \times .0009) = \$7,965/\text{year}$

C. Term of Public Assistance –The term of the public assistance shall be kept to a minimum. The proposed term of any public assistance shall be fully documented and explained to the City Council and County Commissioners.

D. Allocation of Program Costs – The City of Morganton and Burke County shall share the costs of implementing this program through the fair and equitable tax ratio formula commonly used in other Economic Development incentive packages. Currently the Tax Rate of Morganton is 46 cents and the Tax Rate of Burke County is 52 cents for a total of 98 cents. Therefore percentage of grant allocation shall be determined using the following example:

Large Grant Calculation:  $(\$8,850,000 \times .0085) = \$75,225/\text{year}$

Morganton Formula:  $(0.46 / 0.98) = 47\%$  or  $\$35,355.75/\text{year}$

Burke County Formula:  $(0.52 / 0.98) = 53\%$  or  $\$39,869.25/\text{year}$

In Morganton’s Municipal Service District the additional grant calculation shall be completed by Morganton based upon the formula described under Section VI (B) above.

At no time shall a grant payment be made to the property owner prior to the owners full and final yearly tax payment is received by the City or County. In addition, the City and County may withhold grant payments to any property owner that has outstanding debts to the local governments or has any unpaid outstanding accounts with the local units of government.

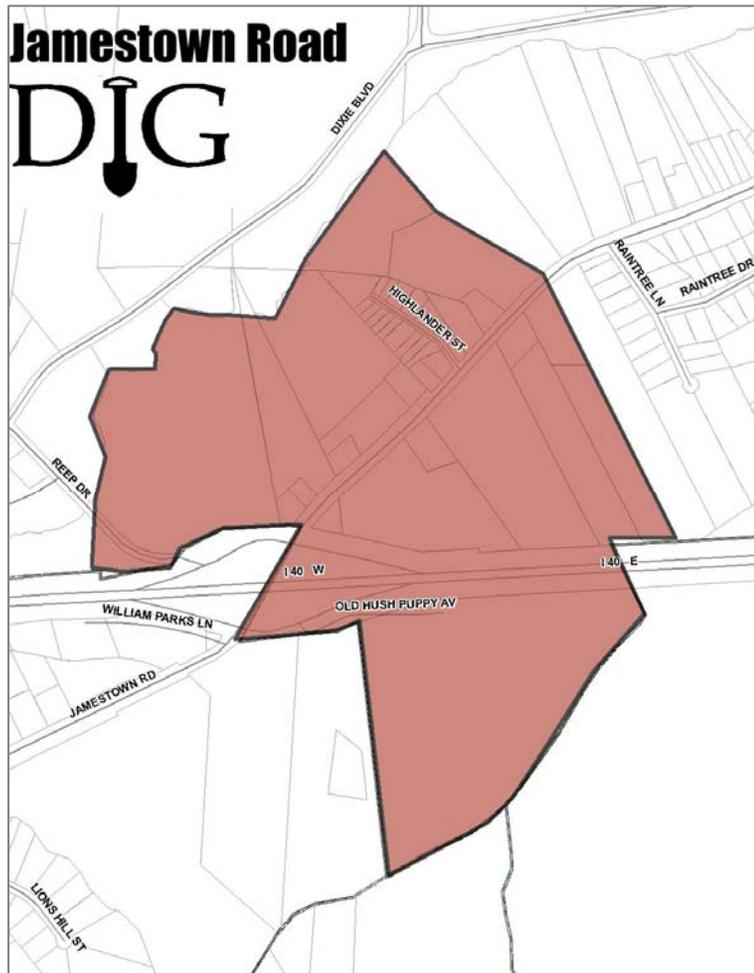
E. Development Benefits and Costs – The direct and indirect benefits of the development proposal shall be determined and quantified to the degree possible. Benefits shall include, but are not limited to the following: employment benefits, number of jobs retained or created, percentage of jobs held by County residents, wage and salary information, tax base benefits, estimated market value of new development, estimated amount of new property taxes generated, housing benefits, number of new rental or ownership units, number of affordable units, and other benefits relating to transportation, parking, blight remediation, environmental cleanup and historic preservation.

Costs of the development proposal shall also be assessed to the degree possible such as additional infrastructure, local contributions, and relative impact on the Granting Agencies General Funds. The timeframe used for these cost estimates should equal the timeframe of the grant.

# Morganton DIG

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## JAMESTOWN ROAD MOTOR VEHICLE DIG ZONE

One of the key commercial activities that falls within the category of larger-scale commercial uses is Motor Vehicle Sales. There are currently five dealers for new vehicles within the City limits. The land designated as Commercial Corridor/Motor Vehicles Sales Corridor already houses two of these dealerships. The remainder of the City's dealerships are scattered throughout the City.

A recent analysis of sales tax revenue identified automotive sales as one of the largest missed opportunities for Burke County. Motor vehicle and parts sales in Burke County are significantly lower than would be projected for a similar size community. Many of these sales are lost to neighboring counties. Increasing the volume of sales of new and used vehicles would be of great benefit to the City and County. Studies indicate that the distance separating dealerships can be detrimental to their performance, particularly with the trend to cluster auto dealerships and the advent of regional auto mall typically located near highway interchanges.

# JAMESTOWN ROAD CORRIDOR DESIGN CONCEPT

The design concept for Jamestown Road is three or four blocks in length and includes automobile related uses. The existing service station could be expanded as a motorist service center with restaurants, market, fuel and carwash. It is located adjacent to the exit ramp and provides easy access for travelers and would support the adjacent vehicle dealers. Other dealerships could include, boats, motorcycles, RV's, golf carts, carwashes, detailers, and aftermarket fabricators or installers.

An important element of the design is the compact urban character of the area, with buildings brought close to the roadway and parking lots framed by landscaping. Motor vehicle dealerships could include unique façade design elements and lighted indoor showrooms that would contribute to the destination character of the area.







## NORTH GREEN STREET: RIVER DISTRICT DIG

The North Green Street Corridor is an important heritage corridor, employment and retail center. The goal is to encourage reuse and redevelopment of the vacant manufacturing and industrial buildings with new employment uses, encourage the continued development of retail and commercial uses, and enhance the visual appearance as an important heritage and tourism corridor. New buildings should be brought close to the roadway creating a defined edge softened by shrubs and landscape material.

Significant development opportunities exist on the south side of North Green beginning at its intersection with Bost Road. This site does present some topographic challenges but sensitive and creative design can offer high visibility and proximity for a multitude of uses. The design concept proposes the addition of a new road that would serve the site allowing the buildings to be built close to the roadway with parking in the rear.

On the north side of the street on the site of the former K-Mart, the design concept proposes adding new buildings along the street frontage with split rail fencing and low shrubs and landscape materials transforming an outdated shopping center into a modern attractive mixed use retail center.



# WEST UNION STREET RIVER DISTRICT DIG ZONE

The West Union Street intersection has significant potential for redevelopment and to serve as a gateway to Morganton's River District and the growing number of recreational and cultural offerings. West Fleming Drive offers a primary transportation link from Interstate 40 and destination retail centers.

The Westmore shopping center on Carbon City Road provides an excellent opportunity for creative redevelopment as a mixed use retail, entertainment and residential center. The design concept illustrates the redevelopment of the site with one and two story buildings in the interior of the site, with a restaurant located along Silver Creek which will can capitalize on a new Silver Creek greenway extension to the Catawba River. Two story apartments are envisioned to face Golf Course Road with parking to the rear of the buildings.

The opposite corner, a former auto dealership is shown redeveloped with a mix of residential and commercial uses. Buildings are brought up to the roadway with parking in the rear to help define the intersection.

Additional landscaping, plazas and pedestrian crossings are added at the corners to enhance the pedestrian character of the area and help reinforce the River District theme in the area.

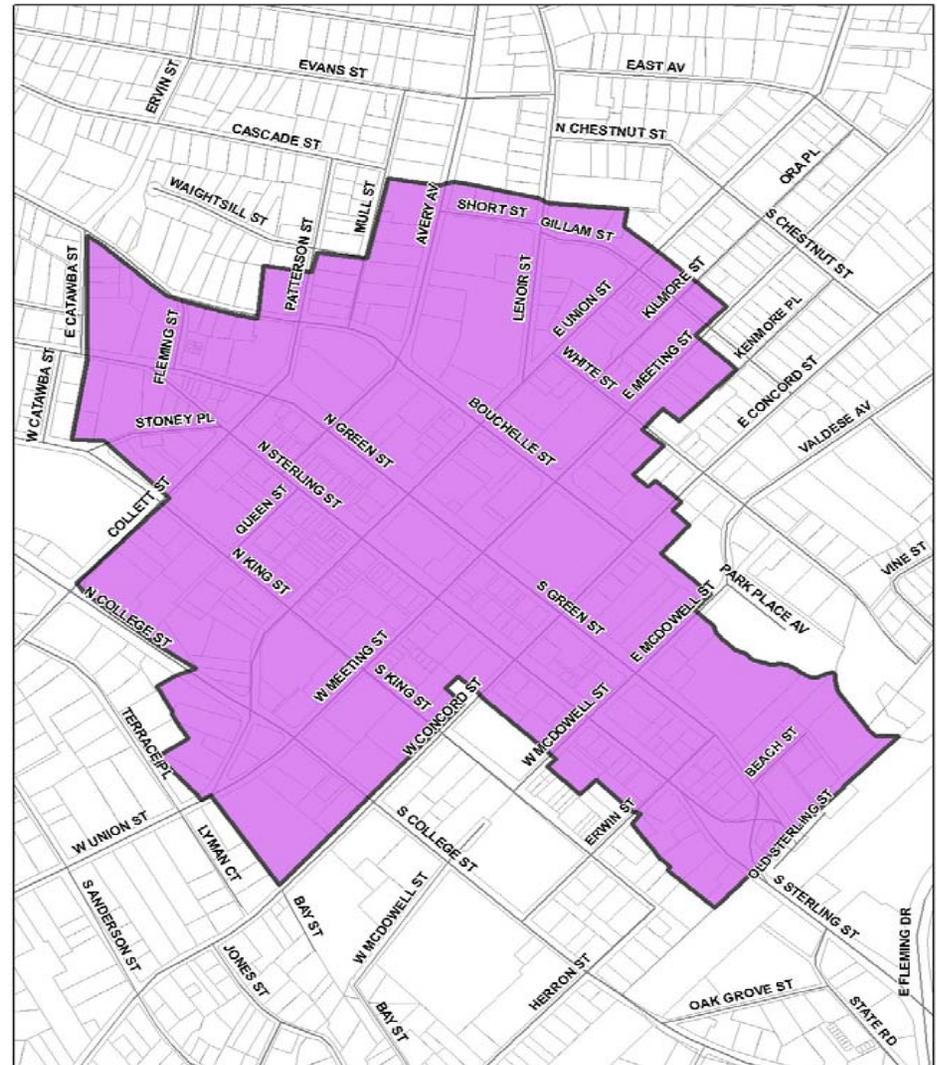


# DOWNTOWN MORGANTON DIG ZONE

Downtown Morganton continues to be the heart of the community. It serves as the government, finance, service and entertainment center for Burke County. As in many other small cities, retail uses are primarily specialty shopping. Downtown Morganton is characterized by pedestrian friendly streets and a mixture of restaurants, and retail stores; and office, residential and institutional uses. Downtown streets form an interconnected grid and are designed to accommodate vehicular and pedestrian use. Buildings are typically set close to the street and often adjoin each other. Parking is generally concentrated in rear parking areas or along the street front. Morganton's downtown continues to serve as the economic and cultural center for the region. Small shops, restaurants, financial and business services are the primary business uses. The new multiplex movie theater located is a popular destination for people of all ages. Public buildings include City Hall in a renovated knitting mill, Burke County offices, Burke County Courthouse and the historic Burke County Courthouse on the Square.

Over the past several years, the City has made major investments to revitalize Downtown. The award winning "Trading Company" is a signature building in Downtown. The building was renovated through a public/private partnership that leveraged historic mill tax credits and public and private funds. City Hall offices are located in the south wing, with professional, service and retail uses on the main levels. There are forty three apartments on the second and third floors of the former Premiere Textiles Mill.

The multiplex movie theater is a popular destination for people of all ages. The Morganton Main Street Office develops and coordinates community and economic development activities in Morganton's Downtown District including coordinating the Morganton Farmers market, providing funding for façade improvements and development public/private partnerships to leverage private investment in downtown projects.



# Downtown Design Principles

Downtown is designed to accommodate a mixture of uses. Downtown's historic character should be preserved and used as a guide for new development. Downtown development should make maximum use of the site. Buildings should be set close to the street with ground floor facades that emphasize pedestrian activity. Access and circulation within the downtown should be efficient, convenient, and attractive. Streets are designed to accommodate multiple modes of traffic: pedestrian, bicycles, automobiles. On-street parking should be reserved for shoppers and short-term visitors. Long-term parking should be concentrated in the interior parking lots. Downtown should continue to be strengthened as a dining and entertainment destination while pursuing diversification through the location of unique retail shops and galleries.

## Land Use

Downtown Morganton is a mix of one, two and three story buildings. Downtown is a true mixed-use community with office, retail, commercial, government, and residential uses. The Downtown core is organized around the central courthouse square bordered by one and two story buildings, with the Historic Burke County Courthouse in the center of the square.

The core area is defined by two one-way pairs of streets - east/west and north/south, with on-street parking and wider sidewalks complimenting the small town character of the buildings. Moving outward from the center is a mix of larger lot one and two story government, commercial and residential uses, many with on-site surface lots.

There is a wide variety of housing in Downtown including single family attached homes, apartments and condominiums. Several commercial buildings in the central core have second floor apartments. There are still several vacant sites in downtown suitable for mixed-use infill development. A few of these are shown in the adjacent photo.



*For Downtown Morganton to be a viable, sustainable multi-use center in the 21st century, retail, service, professional, institutional, governmental, recreational and residential uses must be clearly identified that are creative, authentic uses based on Morganton values. These values will develop into business ideas that will be supported by the community*

**ECONOMIC DRIVER** – Nature’s Playground – Access to Scenic Beauty of the Blue Ridge Mountains

Downtown Morganton was built to supply goods and services that would support the needs of the Morganton & Burke County community. In addition there are opportunities to supply goods and services that support the visitors that are accessing the Blue Ridge Mountains through Morganton. These are the goods and services that are still needed by these population sectors?

RETAIL USES	SERVICE USES	PROFESSIONAL USES	INSTITUTIONAL USES
Restaurants	Travel Agencies	Doctors	Classes on outdoor sporting
Grocery items	Bicycle rental	Dentists	Arts & Cultural Institute
Convenience items	Car/ SUV rental	Walk-in clinic	Camps
Personal care items	Car Repair	Magistrate	Environ. educational opportunities
Fresh Fruits & Vegetables	Laundromat	Attorneys	Bluegrass music venue
Juice Bars	Dry Cleaners		
Hotels & B & B's	Gas Station - full service station		
Coffee Shops	Bicycle Repair		
Indigenous craft shops	Kayaking/canoeing tours		
Bike Shops	Mountain Biking Tours		
Kayaking/canoeing/outdoor sports shops	Llama Trekking Tours		
Ski shops	Skiing tours		
Art Supplies	Farmers Market		
Music instrument shop			
Nurseries			

**AUTHENTIC VALUE** – Small Town Quiet Charm & Sophistication

Downtown Morganton's values are based on quiet small town charm and friendliness, It is the draw to downtown that separates us from other shopping options. These uses support these values.

RETAIL USES	SERVICE USES	PROFESSIONAL USES	INSTITUTIONAL USES
Galleries	Theatres	Entertainers	Museums
Restaurants	Bowling alley	Professional musicians	Winery
Coffee Shops	Entertainment venues	Professional artists studios	Cidery
Clothing		Professional theatrical company	Dinner Theatre House
Outdoor shopping goods		Street Performers	Comedy Theatre
Shoes & Boots			Historical Museum
Workman clothing - Carhart, etc.			
Furniture Stores			
Woodworking products			

**ECONOMIC DRIVER** - A CENTER FOR LIVING

Downtown Morganton offers the city's most unique living options, from loft living, to historic district homes, to urban condominiums. These businesses are needed to support and grow downtown Morganton as a premiere place to live.

Loft Living goods (furnishings)	Gas & service station	Property management company	Life-Long Learning Opportunities
Housewares (dishes, linens, etc.)	Dry cleaners	Realtors	Arts & Cultural Development
Farmers Market	Parks		
Organically grown products	Recreational Opportunities		
Grocery items	Fitness Centers		
Pharmacy	Fitness Classes		
Clothing	Child care services		
Shoes	Post Office		
Household products	Shipping Services		
Restaurants	Security Services		
Alcohol Options			
Framing			
Security systems			
Gaming Centers (laser tag, climbing wall, etc.)			
Gaming Products (Nintendo, etc.)			
Appliances (Washers, Dryers, Refrigerators)			
Exercise equipment			

# HOSPITALITY CORRIDOR DIG ZONE

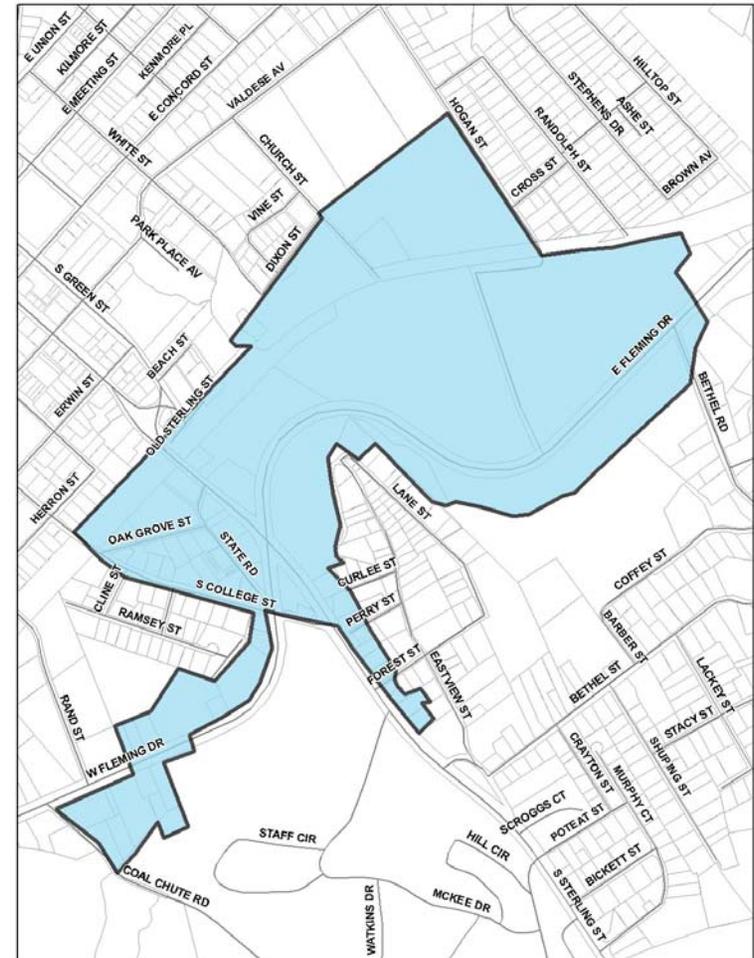
## (S. STERLING AND FLEMING DR.)

The Hospitality Corridor is located along South Sterling Street from I-40 Exit 105 to the railroad trestle, or the edge of the Central Business District. BlueRidge Healthcare and Broughton Hospital, Foothills Allied Health and Science Education Center, the North Carolina School for the Deaf anchor the corridor, with hotels and restaurants serving employees, visitors and residents.

The corridor has the potential to become a signature entrance for Morganton. There are several opportunities that the City can leverage to strengthen the visual appearance and economic vitality of the hospitality corridor.

### *Design Principles*

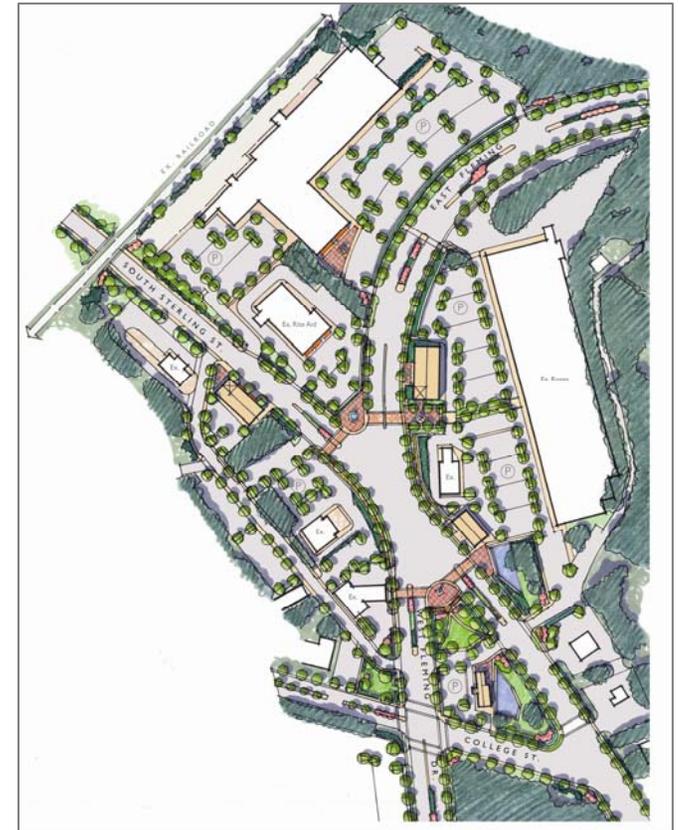
- Commercial development should be concentrated at this key intersection and should encourage higher-density, mixed-use development. Curb cuts should be minimized; shared entrances and parking lots should be encouraged.
- Site development should be maximized through reduced parking spaces, increased lot coverage.
- Visual clutter, outdoor storage and excessive lighting should be discouraged. Signs should be attractively designed and located on monuments or ground mount signs.
- Local commercial centers should maximize site development through reduced parking spaces, increased lot coverage, and parcels developed along street frontages.
- Parking lots should have multiple vehicular entrances that are clearly marked and attractively landscaped. Parking lots should have trees located in the interior of the site and along street frontages.
- Visual clutter and excessive lighting should be discouraged. Signs should be consolidated and attractively designed.
- Developments not located in a center or node may be setback from the roadway. Minimal parking should be provided in front of the buildings. Employee and additional customer parking should be located at the side or rear.
- Landscaping along the street frontage should be limited to street trees planning in the planting strips to create a more attractive pedestrian environment.



- Shared entrances and interparcel connections should be considered whenever possible. Where feasible curb cuts should be consolidated.
- Outdoor storage should be screened from view.
- The landscape planting strip should separate the sidewalk from the curb and roadway.
- Pedestrian amenities should include well defined crosswalks and refuge area for crossing from east to west.

## SOUTH STERLING / FLEMING DRIVE DESIGN CONCEPT

Function: This is a high visibility intersection. The roadway was designed to carry high volumes of transport truck traffic to and from the manufacturing complex to the east. The intersection is poorly defined with multiple lanes in each direction and limited pedestrian facilities. Improvements to the configuration of the intersection are constrained by existing development and the stream bed that crosses under the shopping center parking lot.



There are three important opportunity sites adjacent to the intersection. The vacant Drexel Plant #7, Roses Shopping Center and planned development on the Broughton Hospital property.

# Design Concept

The design concept reconfigures the intersection, by narrowing the roadway and installing landscaped medians to create a more urban and pedestrian friendly area, installing entrance features on the north and south corners, adding low walls to frame the parking lots, and installing additional landscaping to soften the impact of the pavement at the wide intersection.

The shopping center is redeveloped adding small shops along the edge of the parking lot with trees and a low wall to define the edge of the parking lot separating pedestrian and vehicular entrances. The culvert that encases the stream running from the Broughton Hospital campus under the roadway and shopping center parking lot is opened at two locations and included as a landscape feature.

The site bounded by College Street, South Sterling Street and Fleming Drive is redeveloped to include a gateway plaza with pedestrian crosswalks. A small food/beverage store could be incorporated in the redevelopment scheme.

Landscape medians should be installed at the intersections and along Fleming Drive, transforming the roadway from an industrial thoroughfares to city streets. The design concept encourages the use of low walls as defining landscape features to create vehicle entrances and separate the sidewalk from the parking lots. By using a combination of low shrubs, street trees and lighting what was a wide open intersection with poorly defined vehicle entrances and few pedestrian amenities, the intersection becomes an attractive gateway to Downtown and crossroads leading to the Catawba Meadows and the mountains.



## Drexel Plan #7

Drexel Plant #7 is a vacant structure adjacent to the Rite Aid Pharmacy. The large brick building is a significant landmark at the entrance to downtown. The site is directly across from the shopping center and has ample parking to accommodate multiple uses.

A design concept was developed for the adaptive reuse of the buildings for flex employment space, office, retail and residential uses.

The addition of new glass windows and awnings at ground level, an entry plaza with outdoor seating and landscaping creates an attractive gateway building. There are additional manufacturing sites further along Fleming Drive that have potential for redevelopment as a destination retail center. Drexel Plant #7 is physically separated from these sites and should be redeveloped for smaller scale uses that would enhance the pedestrian feel of the corridor.



## Rite Aid Pharmacy

Rite Aid Pharmacy is a relatively new building with entrances on Fleming Drive and South Sterling Street. The design concept proposes the addition of a low wall with landscaping to frame the corner of the intersection. Installing awnings over the windows would soften the façade and transform a suburban style building to a more urban design.

Redevelopment of the Drexel plant would create an opportunity to incorporate similar landscape elements at both locations.





## APPLICATION COVER SHEET

<b>City of Morganton/Burke County Development Incentive Grant (DIG)</b>
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**APPLICANT:**  
**ADDRESS:**  
**DIG ZONE:**  
**PHONE#:**  
**FAX #:**  
**CONTACT PERSON:**  
**PROJECT NAME:**

*Application Format:*

*On a separate sheet of paper please answer the following questions. Please type each question prior to the applicable response.*

- 1) In no more than three pages provide relevant information on the Applicant's background and development experience. Include resumes of key individuals assigned to the project.**
- 2) Identify the Applicant's consultants involved or proposed to be involved in the project noting relevant experience on similar projects**
- 3) Describe the proposed project, including the size and scope and phasing of the proposed project. Specifically outline residential development, if any, to be included in the project.**
- 4) Identify how the property is currently in the control of the Applicant via ownership or option. If under option note the option expiration date.**
- 5) Is the property currently zoned for the proposed use? If not, what zoning change will be required?**
- 6) Will the proposed project result in the relocation of residential, commercial or industrial facilities? If so, discuss the nature of any anticipated relocations.**
- 7) State the need and justification for DIG assistance, Explain how the applicant intends to demonstrate compliance with the "but for" test. Substantiate why this project requires DIG Funds.**
- 8) Identify sources, amounts, and status of all debt financing and/or equity funding available to complete the project, Does the applicant anticipate the**

debt to be privately financed by the construction lender or developer or publicly sold? Please prepare information in the following table format.

- a. Private Equity \$
- b. Bank Loan \$
- c. Anticipated DIG Amount over 5 years \$
- d. Other \$

9) Provide an outline as shown below of the costs associated with the development of the proposed project(s) and related parcel or parcels located within the DIG area.

Preliminary Project Costs:	\$
General Construction:	\$
Land Purchase / Title Insurance / Closing Costs	\$
Civil Engineering / Survey / Abatement / Soil Test	\$
Architect / Plans / Specifications / Interior Design	\$
Site Work	\$
Landscape, Sprinkler, Hardscape	\$
Change Orders / Contingency / Misc. Costs	\$
Construction Loan Interest	\$
Loan Fees / Due Diligence / Appraisal/Legal	\$
Furnishings	\$
Commercial Area Furniture	\$
Commercial Equipment	\$
Commercial Systems	\$
Pre-Open Operations	\$
Pre-Open Inventory	\$
Franchise Fees	\$
Building Permits / Utility Taps / Deposits	\$
Misc. Unallocated Expenses	\$
Development Fees	\$
Administrative expenses	\$
Building Signage	\$
Contingency	\$
<b>Total Project Cost</b>	<b>\$</b>

**Sources of Project Financing**

Private Equity:	\$
Bank Loan:	\$
Tax Increment Assistance	\$
Other	\$
<b>Total</b>	<b>\$</b>

10) In one page or less, discuss and document information used to describe the market feasibility of the proposed project. If a formal feasibility or has been prepared, attach such reports as an appendix to this application.

11) On the worksheet below estimate the incremental Tax Value of the Property as well as City and County property taxes paid by year for the property.

<u>Tax Value</u>	<u>City Tax</u>	<u>County Tax</u>	<u>Special Tax</u>
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Predevelopment:

Year 1:

Year 2:

Year 3:

Year 4:

Year 5:

Year 6:

Year 7:

Year 8:

Year 9:

Year 10:

Totals:

12) Provide an estimate of the market value of all fixtures and equipment to be used by all owners or tenants of the proposed project which will be taxed as personal property.

13) Identify any proposed tenants of the project. Have leases been negotiated or signed? What type of lease is contemplated?

14) Who will own the developed property?

15) Circle which of the following "economic and quality of life" benefits will be met by the proposed project

- |   |     |    |
|---|-----|----|
| A. Restore abandoned or underutilized property to a productive use.   | Yes | No |
| B. Elimination of Blight.   | Yes | No |
| C. Increase property and sales tax bases as a means to help strengthen and diversify revenue sources for the City and other tax districts.  | Yes | No |
| D. Remediate factors contributing to the area's decline, planned within a reasonable and defined time, so the area may begin to contribute to the economic vitality of the City and County. | Yes | No |
| E. Create an environment within the DIG Zone that will contribute more positively to the health, safety and general welfare of the City and County and preserve                             |     |    |

