Economic and Fiscal Impact Analyses of Station Revitalization

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Prepared for
NC Department of Transportation
Rail Division

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Executive Summary

North Carolina is making significant investments to improve and extend its rail system. Spending on station facilities is a core part of the state's multi-year rail initiative. Investment in rail station revitalization in North Carolina will total approximately $140 million, once all planned revitalizations are completed[1]. As of 2003, about $110 million of that total has been expended for projects, which are dispersed across the state, located in large urban areas and small town communities.

This report analyzes and estimates the economic and fiscal impacts that will result from the revitalization of seven rail passenger stations in North Carolina. The stations selected for this study include:

- Burlington
- Greensboro
- High Point
- Kannapolis
- Hamlet
- Salisbury
- Selma

Total investment in these seven stations tops $62 million[2]. The motivation for these projects is twofold: provision of a station is part of the basic system infrastructure required to provide rail passenger transportation and this system needs recapitalization from time to time. In addition, where rail stations once served as a community's primary gateway to other economies in the pre-interstate era, they continue to serve as gateways to the downtown and as activity centers within neighborhoods in today's economy that is dominated by interstate and air travel. Thus, the station projects have the capacity to support local economic growth.

This report analyzes and estimates the economic and fiscal impacts that will result from the revitalization of seven rail passenger stations in North Carolina. Investment in station revitalization has the potential to generate several types of beneficial impacts. These impacts include:

- <u>Construction Impacts</u>: These are one-time impacts associated with the construction work needed to improve the stations.
- <u>Activities Accommodated at Stations</u>: These are recurring impacts such as any additional hiring required to operate and maintain the expanded station activities and rents from other station users or tenants.
- <u>Land Use Impacts</u>: These are development impacts stemming from station revitalization that occur around the station area. These impacts occur as the newly-improved station becomes an activity center for an area of the city and serves as a catalyst for other investment around the station, and this results in

[1] Information provided by North Carolina Department of Transportation, Rail Division. A list of all 30 station projects is provided in Appendix D of this report.
[2] Includes $3 million investment by NCRR in the Burlington station project. Values are year of expenditure dollars.

higher valued land uses. A blighted building can discourage investment in surrounding properties, and a restored building may encourage redevelopment.

- Tourism Impacts: Experiencing the station may rarely be the train passengers' reason for traveling; however, the surrounding area may develop such that it becomes the destination. There is a segment of the traveling public that prefers train travel. A station is an integral part of the basic infrastructure for providing rail passenger transportation. Better station amenities lead to greater passenger usage. However, there are substantial investments required for track and signal improvements, train equipment and personnel, as well. This total investment is assumed to increase the number of passengers, including tourists, who use rail transportation. This study accounts for the increased number of tourists that are attracted by the station improvements and not by other system improvements.
- Fiscal Impacts: The estimated fiscal impacts are derived from the tax revenue generated on the additional increment of economic activity associated with the station revitalization and revitalization of the surrounding area. Examples include income tax generated from the earnings of newly-hired workers, sales tax increases derived through increased spending by households, and property taxes derived from increased property values.

Impacts will be estimated in terms of several economic variables. These outcome measures include:

- Employment, wage and output associated with the construction of the station revitalization
- Rents generated from new station tenants that are accommodated
- Changes in economic activities surrounding the station and in the community as a result of the station investment
- Fiscal impacts derived from the new economic activity associated with the station investment

Because the station projects vary in size, and because the environment surrounding the station projects differs, each station project will yield a unique bundle of benefit types.

Just as the types of benefits received will vary with the individual project, the extent of the economic impacts will change over time. For example, the initial impacts will be tied to the construction activity required with renovating the stations. The hiring required for this work, as well as the purchase of locally produced goods and services, creates jobs and income for North Carolina residents. The spending by these workers generates additional impacts through a multiplier effect that occurs as construction-related earnings create demand for additional goods and services in the local and state economy.

Second, in a few projects, the stations are not simply refurbished; the range of services provided is increased. The additional hiring required for the direct operation and maintenance of the station in these cases is a recurring economic impact. This, too, would have a multiplier effect on the economy.

Third, in selected cases, the refurbished station will represent a neighborhood amenity and its usage will improve access to establishments near that location and increase the amount of foot traffic in the neighborhood. This combination will make the surrounding area more attractive to developers and thus the station will act as a catalyst for associated commercial development.

The expansion of the economy implied by the changes described above increases the tax base and thus the revenues that accrue to state and local governments.

Estimation Methodology

The Bureau of Economic Analysis (BEA) has developed a method for estimating economic multipliers, called its Regional Industrial Multiplier System (RIMS). Updated and improved over time, the current version of these multipliers is known as the RIMS II multipliers. RIMS II multipliers are used extensively in the public and private sector for economic impact analysis.

The RIMS II multipliers used in this study represent the most recent available at the time of the study. They are based on the 1998 annual input-output accounts for the U.S. economy and 2000 regional data. The multipliers were customized by BEA to reflect the unique industrial structure of the North Carolina economy. The RIMS II model is expenditure driven and translates station capital investment and related operational spending into economic outcomes measured in terms of:

- Output multipliers (business sales)
- Earnings multipliers (earning incomes)
- Employment multipliers (full-time equivalent jobs)

Estimating Station Area Development

Economic impacts result from the construction activities and the development activities around and in the station. The four activities for which economic impacts will be estimated are:

- Construction and revitalization of the train stations

- Construction and revitalization in areas surrounding the stations

- Leasing of station space

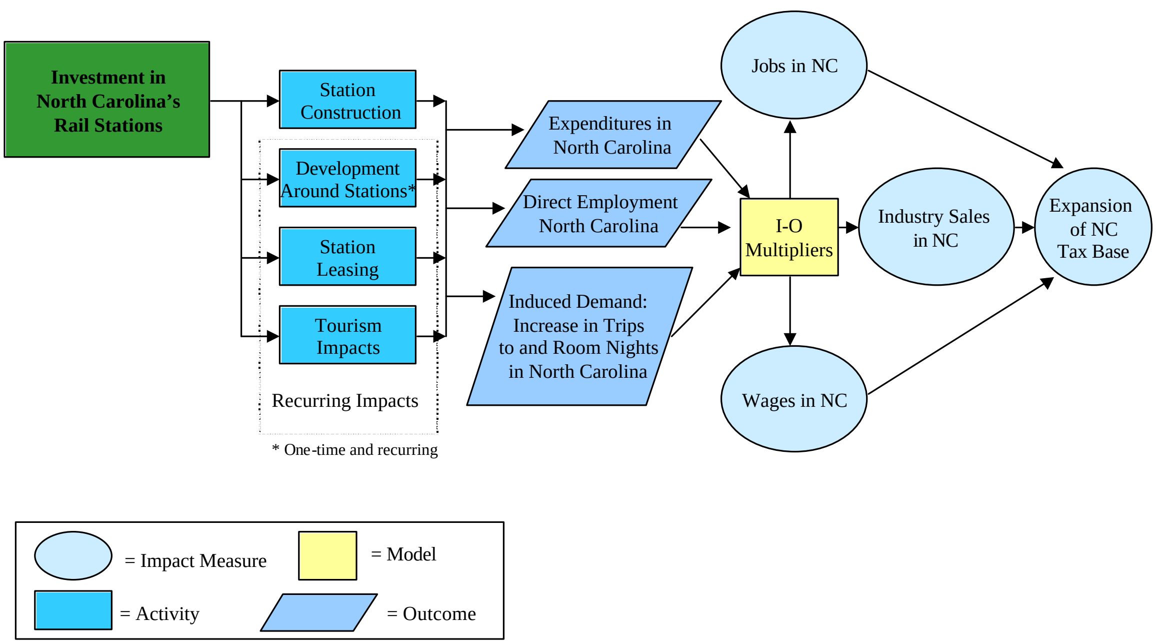
- Tourism impacts enhanced by a better passenger amenities such as a nicer station experience

The construction and revitalization activities create one-time impacts. The leasing and tourism activities create recurring impacts that are generated and estimated on a yearly basis. The economic impacts consist of the following items, which are estimated using the RIMS II input-output model:

- Business sales, which are the inter-industry sales among firms in North Carolina.
- Employee earnings for workers in North Carolina, which are generated as a result of the increased economic activity.
- Jobs, which are created as a result of the increased economic activity and are measured in full-time equivalent (FTE) employment of one-year's duration.

As a result of the economic impacts, there is a broadening and deepening of the tax base. This leads to fiscal impacts at the levels of state and local government. These include sales, individual income, corporate income, property, occupancy, and employment security taxes.

Exhibit ES.1: Illustration of How Station Development Impacts the Economy



The following three tables summarize the construction costs and funding, as well as the economic and fiscal impacts that stem from the station investments. The economic impacts are presented as the sum of the wage impacts. The fiscal impacts are summed by station location and type. The impacts are projected for a 20-year time horizon and summed.

Exhibit ES.2: Summary of Construction Costs and Funding Sources (YOE $)

Station	Construction Cost	Federal Share (%)	State Share (%)	Local Share (%)
Burlington	$ 3,241,250	0.0%	100.0%	0.0%
Greensboro (phase I & II)	$ 30,806,247	80.0%	10.0%	10.0%
Hamlet	$ 9,700,000	74.1%	19.6%	6.3%
High Point	$ 6,823,000	80.0%	10.0%	10.0%
Kannapolis	$ 2,650,000	0.0%	90.0%	10.0%
Salisbury	$ 6,033,653	20.5%	2.6%	76.9%
Selma	$ 3,418,000	80.0%	10.0%	10.0%
All Projects	**$ 62,672,150**	**65.8%**	**18.8%**	**15.4%**

Sources: NCDOT Station Cost Summary 5, NCDOT updates, and AECOM Consult calculations

Exhibit ES.3: Summary of Wage Impacts, 20-Year Totals (2003 $)

Station	Construction Wages	Wages Associated With Surrounding Area Development	Wages Associated With Leasing	Wages Associated With Tourism by Train	Total All Types
Burlington	$2,230,471.4	$18,736.0	$839,630.0	$367,864.0	$3,456,701.4
Greensboro	$21,034,759.6	$27,516,000.0	$317,050.0	$1,952,340.0	$50,820,149.6
Hamlet	$6,639,831.9	$349,591.0	$275,000.0	$0.0	$7,264,422.9
High Point	$4,696,172.2	$0.0	$82,500.0	$289,833.0	$5,068,505.2
Kannapolis	$1,802,508.0	$0.0	$210,000.0	$216,307.0	$2,228,815.0
Salisbury	$4,286,951.8	$16,784,760.0	$1,188,000.0	$483,674.0	$22,743,385.8
Selma	$2,388,545.9	$0.0	$0.0	$202,958.0	$2,591,503.9
Total	**$43,079,241**	**$44,669,087**	**$2,912,180**	**$3,512,976**	**$94,173,484**

Source: AECOM calculations

Exhibit ES.4: Summary of Fiscal Impacts, 20-Year Totals (2003 $)

Station	Income Taxes	Sales Taxes (state)	Sales Taxes (local)	Corporate Taxes	Employment Security Taxes	Property Tax	Occupancy Taxes	Total All Types
Burlington	$217,426.3	$45,485.5	$29,921.5	$21,869.6	$22,295.0	$749.0	$5,056.1	$342,802.9
Greensboro	$3,196,586.6	$668,723.7	$439,903.7	$321,517.5	$311,976.7	$10,333,600.0	$30,368.0	$15,302,676.2
Hamlet	$456,932.4	$95,590.1	$62,881.1	$45,959.4	$48,786.4	$134,165.0	$0.0	$844,314.4
High Point	$318,808.7	$66,695.0	$43,873.4	$32,066.3	$32,216.4	$0.0	$4,100.7	$497,760.5
Kannapolis	$140,192.5	$29,327.8	$19,293.1	$14,101.2	$13,919.9	$0.0	$5,151.2	$221,985.6
Salisbury	$1,430,558.3	$299,270.9	$196,869.0	$143,887.7	$141,203.2	$6,026,800.0	$7,040.6	$8,245,629.8
Selma	$163,005.6	$34,100.6	$22,432.3	$16,395.3	$16,063.6	$0.0	$3,735.8	$255,733.4
Total	**$5,923,510**	**$1,239,194**	**$815,174**	**$595,797**	**$586,461**	**$16,495,314**	**$55,452**	**$25,710,903**

Source: AECOM Consult calculations

As the data in Exhibit ES.3 show, total wages for North Carolina residents exceed $94 million as a result of the station revitalization program, and this represents only the impacts from the seven station sites studies. Fiscal impacts top $25 million, and over $16 million of this amount accrues to local jurisdictions in the form of property tax receipts. Thus, it can be truly demonstrated that the public investment in station revitalization leverages private economic activity, which adds to the broadening of the local tax base.

While the impacts differ across station projects, the summary tables indicate that even under the conservative assumptions used in this study the station projects have a substantial positive impact on both large urban and small town communities over a 20-year study period. Construction impacts reflect the relative sizes of the station investments. The other impact types, however, reflect how project benefits are influenced by the particular circumstances of the individual projects. For example, the two projects that have the greatest impacts are large urban Greensboro and small urban Salisbury, even after the station construction activity is excluded. Both of these projects are successfully serving as catalysts for growth in the surrounding area. Salisbury and Burlington lead all other projects in terms of leasing impacts. Although Greensboro is a larger station, as a multimodal center a much larger share of the station facility is devoted to station uses, rather than complimentary retail, restaurant, or other functions.

By comparison, Selma and High Point have the smallest, non-construction impacts, again due to the circumstances of the station site. In High Point, the dominant presence of furniture showroom space that is infrequently used crowds out other types of commercial activities that might be attracted by the station investment. In Selma, the absence of station leasing activity, the fact that the station is not open full-time, and the local economy's focus on using the station as a tourism asset rather than as an anchor for larger coordinated commercial development limit non-construction impacts at this time.

One measure of program success is the return on investment. The $63 million (2003 $) investment to revitalize the stations is estimated to generate over $94 million in wages for North Carolina residents for a payback ratio of 1.47 across all stations over the forecast horizon. Thus, the station revitalization program not only serves a transportation function, it provides economic stimulus for local economies.

The greatest return is in Salisbury, where the payback ratio is 3.6; this success reflects the community's sustained effort to coordinate numerous downtown initiatives around the station investment, leveraging benefits across a number of affiliated investments. But even in High Point, which has one of the lowest payback ratios because opportunities for downtown development are limited in the area surrounding the station, the payback ratio for economic benefits is still 73 cents on the dollar. In Selma, where the ratio is a similar 73 cents on the dollar, this return is earned in an economy that is fighting its way back to health. This economic benefit is generated in addition to the station's primary transportation role as part of the rail system. Every dollar of station investment yields a dollar of transportation system investment, plus at least another 73 cents of economic benefits.

Exhibit ES.5: Summary of Returns on Station Investment (2003 $)

Station	Construction Cost	Wages	Payback Ratio
Burlington	$ 3,308,323	$ 3,456,701	1.04
Greensboro (phase I & II)	$ 31,199,584	$ 50,820,150	1.63
Hamlet	$ 9,848,460	$ 7,264,423	0.74
High Point	$ 6,965,548	$ 5,068,505	0.73
Kannapolis	$ 2,673,551	$ 2,228,815	0.83
Salisbury	$ 6,358,576	$ 22,743,386	3.58
Selma	$ 3,542,785	$ 2,591,504	0.73
All Projects	**$ 63,896,827**	**$ 94,173,484**	**1.47**

Source: NCDOT Station Cost Summary 5 and AECOM Consult calculations

A second measure of program success is the community response. As the interviews reveal, the station projects are a source of civic pride and have renewed enthusiasm for the future prospects of their community. In Greensboro, the station project has removed an area of blight, changing the public perception of that area of downtown to the degree that private investors are putting their own money into the surrounding area and the city is using the station as an anchor for its cultural corridor. In Selma, the town manager described how the station is a source of pride for the local community, attracting 1,000 people to the town in the first week that the station was opened.

Finally, these station projects create future opportunities. In several of the communities, the future provision of commuter, enhanced conventional intercity service or high-speed rail would further increase the return on the station investment, as it would significantly increase the number of station users. Thus, in addition to the real and significant economic returns gained now, these investments are prudent investments that pave the way for future transportation and economic initiatives.

Chapter 1: Introduction

This report analyzes and estimates the economic and fiscal impacts that will result from the revitalization of seven rail passenger stations in North Carolina. This introductory section provides a brief description of the station revitalization investments and the scope of this study. The following topics are addressed in the subsequent sections of this report: Community Economic and Demographic Trends, Development Patterns and Trends, Economic Impact Analysis, Economic Impact Estimates, Tourism Benefits Analysis, and Technical Appendices.

Description of Station Revitalization Project

Investment in rail station revitalization in North Carolina will total approximately $140 million[3]. Projects are dispersed across the state, located in large urban areas and small town communities. Seven stations were selected for inclusion in this impact study; total investment in these seven stations tops $62 million[4]. They include:

- Burlington
- Greensboro
- High Point
- Kannapolis
- Hamlet
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As passenger train travel grows in popularity, North Carolina's cities are beginning to rehabilitate their historic stations or planning for new stations. Up until 1990, four Amtrak passenger trains served North Carolina: the *Crescent*, *Silver Star*, *Palmetto*, and the *Silver Meteor*). In the 1990s, the North Carolina Department of Transportation and Amtrak began the *Carolinian* and *Piedmont* train services, dramatically boosting rail travel in the state.

The motivation for these projects is twofold: provision of a station is part of the basic system infrastructure required to provide rail passenger transportation and this system needs refurbishment from time to time. In addition, where rail stations once served as a community's primary gateway to other economies in the pre-interstate era, they continue to serve as gateways to the downtown and as activity centers within neighborhoods in today's economy that is dominated by interstate and air travel. Thus, the station projects have the capacity to support local economic growth within their community.

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[4] Includes $3 million investment by NCRR in the Burlington station project. Values are in year of expenditure dollars.

Scope of Study

This report, prepared by AECOM Consult, Inc. (ACI), examines the economic and fiscal impacts that stem from the station revitalization investments. Among the impacts considered are:

- Construction Impacts: One-time impacts associated with the construction work needed to improve the stations.
- Activities Accommodated at Stations: These are recurring impacts such as hiring required to operate and maintain the expanded station and rents from other station users or tenants.
- Land Use Impacts: These are development impacts stemming from station revitalization that occur around the station area. These impacts generally occur as the newly-improved station serves as a catalyst for other investment around the station, and this results in higher valued land uses.
- Tourism Benefits Impacts: Provision of the station facility is part of providing the overall rail service to passengers, and it is one of the points in the system that most impacts the passenger's travel experience. Thus, upgrade of the station implies a tourism benefit. The argument made here is not that people travel to a place because the station is renovated, but rather that a portion of the impacts generated from rail service to a community stem from the station. Some communities, such as Selma, have taken this argument a step further, incorporating the station into their tourism marketing efforts with plans to make it an attraction in itself, targeting the historical and train travel niche of the travel market. The report projects the expected tourism benefits associated with improved station experience.
- Fiscal Impacts: The estimated fiscal impacts are derived from the tax revenue generated on the additional increment of economic activity associated with the station revitalization. One example is sales tax increases derived through increased spending by households.

The following three tables summarize the construction costs and funding, and the resulting economic and fiscal impacts that stem from the station investments. The economic impacts are presented as the sum of the wage impacts. The fiscal impacts are summed by station location and type. The impacts are projected for a 20-year time horizon and summed.

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Source: AECOM Calculations

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Source: AECOM Calculations

While the impacts differ across station projects, the summary tables indicate that even under the conservative assumptions used in this study the station projects have a substantial positive impact on both large urban and small town communities over a 20-year study period.

The following section of this report provides an economic profile for each of the seven communities where station impacts will be estimated. This information is included to describe the context in which the investment is made, as well as provide a baseline for assessing the potential economic and fiscal impacts attributed to the station investments. This is needed in order to assess the reasonableness of the impact estimates in the context of the community's recent economic and demographic performance.

Chapter 2: Community Economic and Demographic Trends

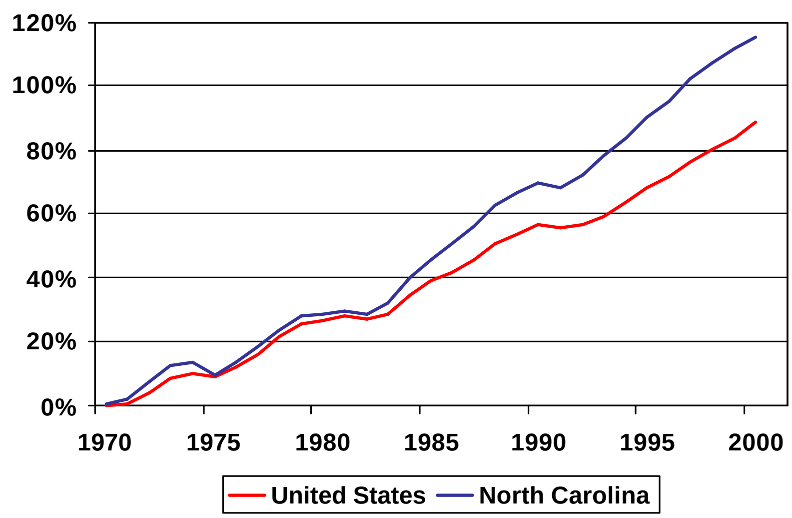
The following economic profiles describe economic and demographic trends for the state of North Carolina and the seven communities included in this study. The analysis is based on population and employment data provided by the U.S. Bureau of the Census, the U.S. Bureau of Economic Analysis and the North Carolina Economic Security Commission, as well as from information provided by local governments and chambers of commerce.

North Carolina

North Carolina's job growth has outpaced that of the nation for over a decade. Even as the state's traditional base of non-durable manufacturing is declining, the state is expanding into new industries such as high-technology, finance, tourism, and services.

The acceleration in net job creation began in the mid-1980s. As shown in Exhibit 2.1, U.S. non-farm employment grew by almost 90 percent from 1970 to 2000, while North Carolina's employment increased by over 115 percent.

Exhibit 2.1: Non-Farm Employment Trends in North Carolina



Source: Bureau of Economic Analysis

The state's growth rates are attributable to a variety of economic advantages including major educational centers that contribute to a skilled labor force, the absence of a union presence, superior transportation access and quality of life attributes. For example:

- The state is home to a number of high quality educational institutions, including Duke University, Wake Forest University, North Carolina State and the University of North Carolina system. These universities and other institutions have served as a catalyst for attracting and creating high technology and research-oriented businesses.

- The state's transportation infrastructure provides easy access to major markets. Freight and passenger rail runs through the state. There are also over 78,000 miles of highway and several major airports in Charlotte, Raleigh-Durham, and Greensboro. The quality of the state's transportation system was an important factor in FedEx's decision to locate its major new distribution hub in Greensboro.

- Quality of life factors, such as a moderate climate, a generally lower crime rate, access to the cultural arts and recreational activities, and a historic character have also served as a catalyst for growth.

While the service sector has been growing, manufacturing has been stagnating, and the state has been transitioning from a manufacturing to a service-based economy. Between 1970 and 2000, the shares of manufacturing and services employment as a percent of total employment flip-flopped; manufacturing declined from 32 percent to 17 percent, while services employment grew from 16 percent to 28 percent. This trend is expected to continue in the future as North Carolina's traditional manufacturing base, such as the textile industry, moves overseas for lower-cost labor. The departure of the apparel and textile industry has been accelerated by recent international trade agreements such as NAFTA, GATT, and the Caribbean Basin Initiative, as well as the industrialization of lower-cost economies such as those in Asia.

Exhibit 2.2: Non-Farm Employment Sectors

	1970	1975	1980	1985	1990	1995	2000
Nonfarm Employment	2,272,199	2,476,325	2,909,082	3,283,316	3,833,545	4,296,102	4,857,621
Ag. services, forestry, fishing	12,364	12,995	21,374	27,422	37,957	49,963	62,775
Mining	4,285	4,531	5,996	6,484	6,587	5,283	5,560
Construction	128,390	136,114	160,427	209,525	241,538	268,226	340,849
Manufacturing	733,401	722,487	839,532	845,783	876,889	883,622	803,402
Transportation and public utilities	99,784	108,218	129,674	146,672	170,416	187,549	212,679
Wholesale trade	96,650	104,726	130,107	148,544	180,202	194,561	217,000
Retail trade	304,967	344,269	431,259	534,399	645,137	732,541	809,018
Finance, insurance, and real estate	120,461	151,707	171,587	186,977	224,512	248,618	318,277
Services	367,041	429,337	493,340	627,523	835,823	1,045,572	1,350,098
Government and government enterprises	404,856	461,941	525,786	549,987	614,484	680,167	737,963

Source: Bureau of Economic Analysis

As the state makes the transition away from manufacturing towards a service-based economy, new industries are emerging and have taken on a new prominence and some of the state's existing assets take on a new importance. Tourism, in particular, is one of the state's largest industries, according to the North Carolina Department of Commerce, and the state's historic sites play a large role in attracting visitors. Preserving historic structures, such as the train stations discussed in this report, is important in expanding the state's appeal for tourists and continuing the growth of the tourism industry. Assets such as historic sites, however, are not only beneficial for tourism purposes; the state's historic character is also a factor in appealing to firms and workers seeking to locate in communities with a distinctive quality of life.

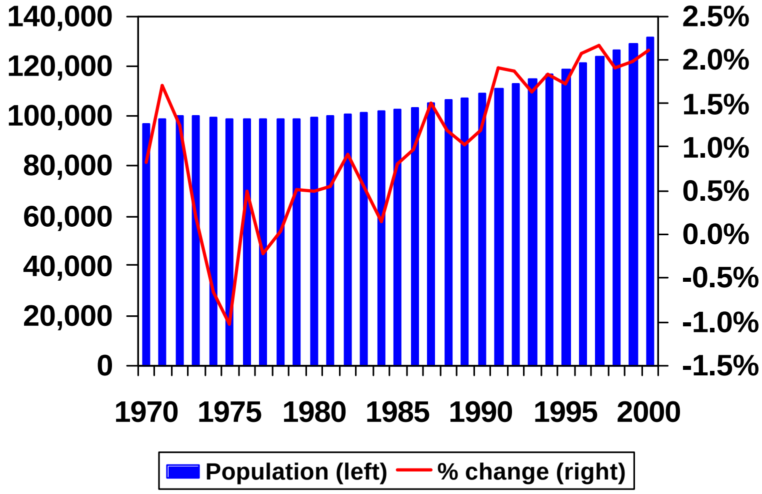
While North Carolina's economy as a whole, enjoys a net job gain through this transition, manufacturing losses in apparel, textiles and furniture are not evenly distributed across the state, nor are they evenly balanced by gains in tech, finance and services. Some commercial centers are struggling in the new environment, while others are benefiting disproportionately, generating a pattern of economic winners and losers among North Carolina's communities.

City of Burlington

The City of Burlington is the largest city in Alamance County, which is part of the Greensboro-Winston-Salem-High Point MSA. In 2000, Alamance County's population was 130,800; non-farm employment was 81,172. With 44,917 residents, the City of Burlington represents just over one-third (34.3 percent) of the county's population.

As shown in Exhibit 2.3, Alamance County's population growth rate has increased steadily and is running at about 2 percent a year at the time of the census. This is about twice the national rate of increase. After a decline during the 1970s, the county's population increased by 20.9 percent from 1990 to 2000. This is on par with the state of North Carolina's population growth rate and the other counties of the Greensboro MSA. The rapid population growth supports the economy by creating demand for housing, retail, and personal services, as well as government services such as education and transportation.

Exhibit 2.3: Population of Alamance County

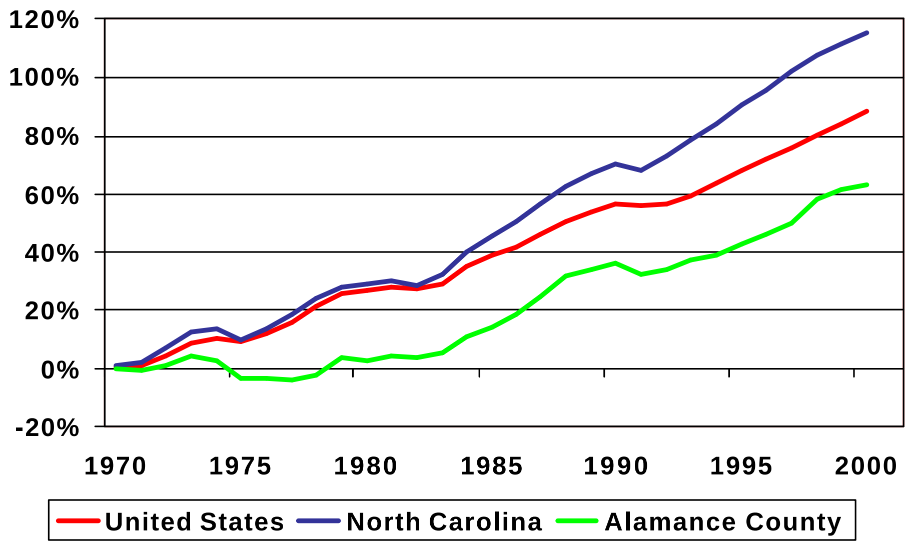


Source Bureau of Economic Analysis

In terms of employment, Alamance County experienced very slow growth during the 1970's, but experienced a resurgence in the 1990's. It is still not keeping pace with North Carolina as a whole, but it is growing at about the same rate as the U.S. Employment in Alamance County grew at a rate of 20.3 percent from 1990 to 2000, and the United States' employment increased by 20.5 percent during the same period.

Laboratory Corporation of America, which is headquartered in Burlington and is the county's largest employer, has played a part in this recovery. Founded in 1971, LabCorp is today one of the world's largest clinical laboratories and is a Fortune 500 company. As it began expanding and adding employees, it also helped to support the downtown area in the 1990s. Many new stores and businesses opened to cater to the LabCorp employees and created new jobs in the county. Having a major company headquartered in the city also creates business for professional support services and supports business travel.

Exhibit 2.4: Non-Farm Employment Trends in Alamance County



Source: Bureau of Economic Analysis

Employment in Alamance County is concentrated in the services, manufacturing, and retail trade. As elsewhere in the state, the county has been transitioning from a primarily manufacturing-based economy to a more diversified one. In 1970, over half of non-farm employment was in the manufacturing sector. By 2000, that percentage dropped by half; manufacturing accounts for slightly less than a quarter of employment, and services is now the largest sector, accounting for 30 percent of the jobs in the county.

The largest firms in the county are all in the services and manufacturing sectors, as shown in Exhibit 2.5. Despite the drop in manufacturing employment, textile manufacturing still plays a large part in the economy. Four of the largest employers in the county – Culp, Gold Toe Brands, Burlington Industries, and WestPoint Stevens – all are in the textile industry.

Retail trade, although it is not reflected in the major employers list, is also a large industry in Burlington. Although many of the retail stores in the county are small, they are a collective economic force in the region. The largest outlet center in North Carolina, the Burlington Manufacturers Outlet Center, is located in the City of Burlington. More than 75 retailers have opened stores at this outlet mall.

Exhibit 2.5: Major Private Employers of Alamance County, 2002

Employer	Industry Description	Employment Range
Laboratory Corporation of America Holdings	Services	1,000 & over
Alamance Regional Medical Center	Services	1,000 & over
Culp, Inc.	Manufacturing	1,000 & over
Gold Toe Brands, Inc.	Manufacturing	500-999
Carolina Temporaries, Inc.	Services	500-999
Elon University	Services	500-999
Burlington Industries IV, LLC	Manufacturing	500-999
Westpoint Stevens, Inc.	Manufacturing	500-999
GKN Automotive Components, Inc.	Manufacturing	500-999
Gate City of Burlington, Inc.	Services	500-999

Source: North Carolina Economic Security Commission

The shift from manufacturing to services and retail trade is expected to continue into the future. The tourism industry, in particular, is very important in both the state of North Carolina and in Alamance County. In 2001, domestic tourism in Alamance County generated an economic impact of $106.92 million, according to the North Carolina Department of Tourism. It ranked 22nd out of North Carolina's 100 counties. More than 1,360 jobs in the county are directly attributable to travel and tourism, and travel generated a $22.03 million payroll in 2001. Popular attractions include the Alamance Battleground State Historic Site, "The Sword of Peace" outdoor drama about the American Revolution, the Burlington Indians, a minor league baseball team and outlet shopping.

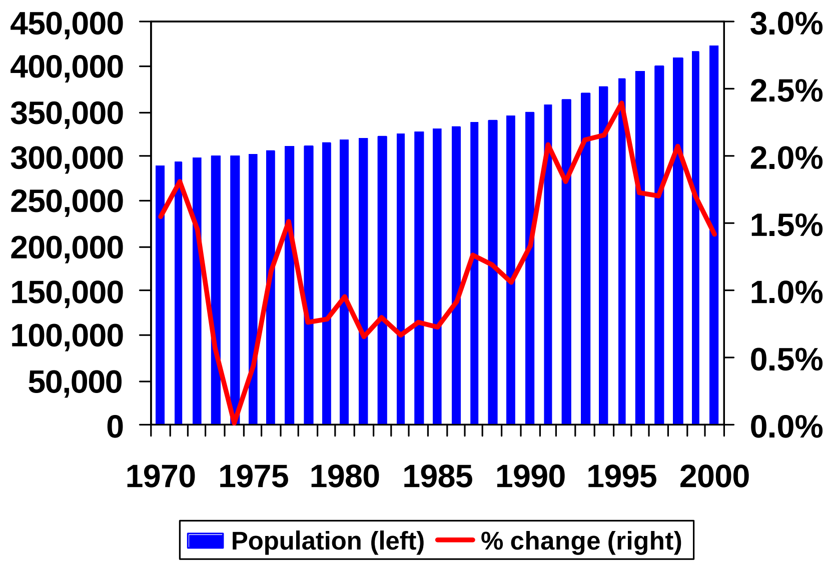
As communities make a transition away from traditional manufacturing towards a service and retail based economy, capitalizing on community assets is crucial. These assets include historical structures, such as the train station at Burlington. The City of Burlington has a rich history with a Revolutionary War battleground and five blocks of downtown Burlington designated on the National Register of Historic Places. Its revitalized train station will fit in well with the city's historic character and add to its appeal for tourists and residents alike. The revitalized train station may also help induce people to come downtown and take the train when traveling to and from the city. Elon College students may make more frequent trips downtown in order to use the train and its new station.

City of Greensboro

The City of Greensboro is located in Guilford County, which is part of the Greensboro—Winston-Salem—High Point MSA. In 2000, Guilford County's population was 421,048; non-farm employment was 333,214. Greensboro had a population of 223,891, making it North Carolina's third largest city. It represented 53.2 of the county's population.

From 1990 to 2000, the population of Guilford County grew by 21.2 percent and the City of Greensboro grew by 22.0 percent, about equal to North Carolina's pace (21.4 percent). This is fast growth compared to the rest of the United States, but it is slow compared to some of the other large cities in North Carolina. For example, the two largest cities in North Carolina, Charlotte and Raleigh, each grew by over 30 percent during the 1990s.

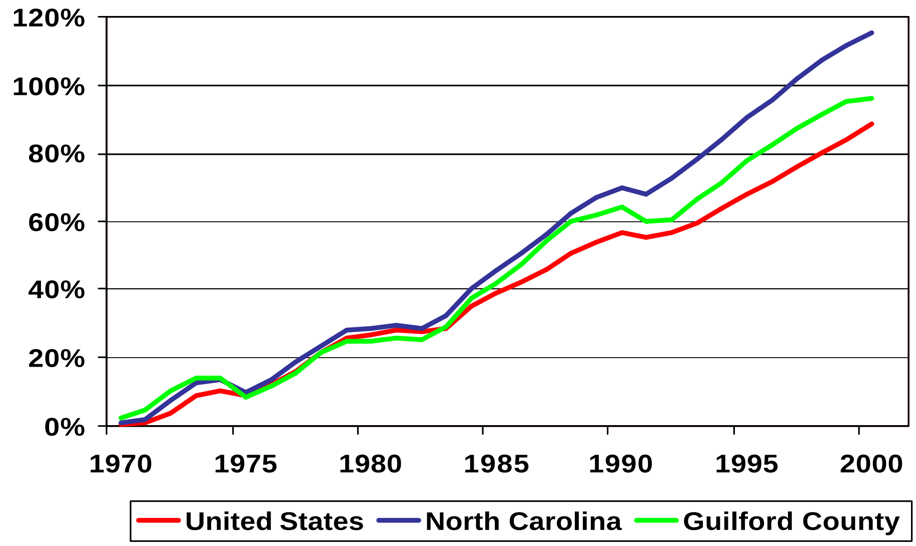
Exhibit 2.6: Population of Guilford County



Source: Bureau of Economic Analysis

Although Guilford County has been growing faster than the United States, it still lags the North Carolina average in terms of employment. From 1970 to 2000, employment in Guilford County grew by almost 96 percent. North Carolina increased its number of jobs by over 115 percent, while U.S. employment grew by almost 89 percent.

Exhibit 2.7: Non-Farm Employment Trends in Guilford County



Source: Bureau of Economic Analysis

Employment in Guilford County is concentrated in the services, manufacturing, and retail trade sectors, although services have overtaken manufacturing as the largest sector. The manufacturing sector lost over 6,000 jobs from 1970 to 2000, and it fell from 36 percent to 17 percent of the total employment base. Services, on the other hand, gained over 72,000 jobs and increased from 15 to 30 percent of the jobs in the county.

As shown in Exhibit 2.8, Guilford County has a diverse industrial representation among its major employers. Some of the region's traditional industries are represented by firms such as the Lorillard Tobacco Company, which is based in Greensboro. Large public employers such as UNC-Greensboro and North Carolina A&T help to anchor the economy. These universities and others in the county provide a stable source of employment, purchase goods and services from the surrounding economy and provide an educated workforce and help attract financial and skilled services firms.

Exhibit 2.8: Major Private Employers of Guilford County, 2002

Employer	Industry Description	Employment Range
Moses H. Cone Memorial Hospital	Services	1,000 & over
High Point Regional Health Center	Services	1,000 & over
United Parcel Service, Inc.	Transportation, Communication & Utilities	1,000 & over
Sears Roebuck and Company, Inc.	Retail Trade / Services	1,000 & over
American Express Company	Financial, Insurance & Real Estate	1,000 & over
Tyco Electronics Corporation	Manufacturing	1,000 & over
Lorillard Tobacco Company	Manufacturing / Wholesale trade	1,000 & over
Harris Teeter, Inc.	Manufacturing / Retail Trade	1,000 & over
Freightliner Corporation	Manufacturing	1,000 & over
United Healthcare Services, Inc.	Financial, Insurance & Real Estate	1,000 & over

Source: North Carolina Economic Security Commission

The shift from manufacturing to retail trade and services is expected to continue into the future. The tourism industry, in particular, is very important in both the state of North Carolina and in Guilford County. In 2001, domestic tourism in Guilford County generated an economic impact of $829.46 million. It ranked 3rd out of North Carolina's 100 counties. More than 14,350 jobs in the county are directly attributable to travel and tourism, and travel generated a $299.06 million payroll in 2001. Popular attractions include the downtown historic district in Greensboro, the Greensboro Historical Museum, the Courthouse National Military Park, the National Science Center, the Greensboro Bats minor league baseball team, and the Mattye Reed African Heritage Museum.

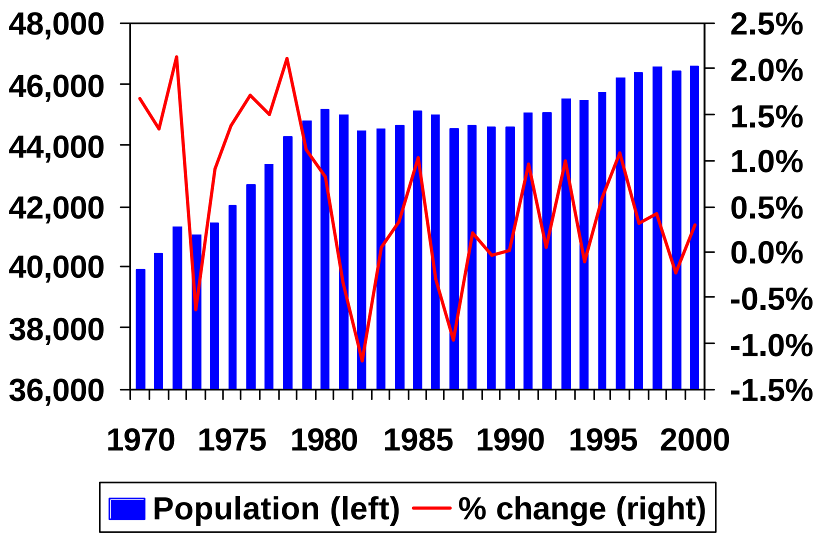
Triggered by recognition that the region is losing its traditional industry base and that these jobs are not coming back, the city is in the middle of a large revitalization effort including the construction of a downtown ball field for the minor league Greensboro Bats. Part of this effort includes a cultural district anchored on one end by the revitalized train station and several museums and the library at the other end. There are also efforts to foster entertainment and downtown housing options to bring people back downtown.

City of Hamlet

The City of Hamlet is located in Richmond County. In 2000, Richmond County's population was 46,564; non-farm employment was 20,037. The City of Hamlet had a population of 6,018 and represents 12.9 percent of the total county population.

Richmond County's population has been growing very slowly compared to that of North Carolina. Richmond County's population increased by 4.6 percent from 1990 to 2000, while North Carolina grew by 21.4 percent. The City of Hamlet lost population during this time period, dropping from 6,196 to 6,018 residents.

Exhibit 2.9: Population of Richmond County

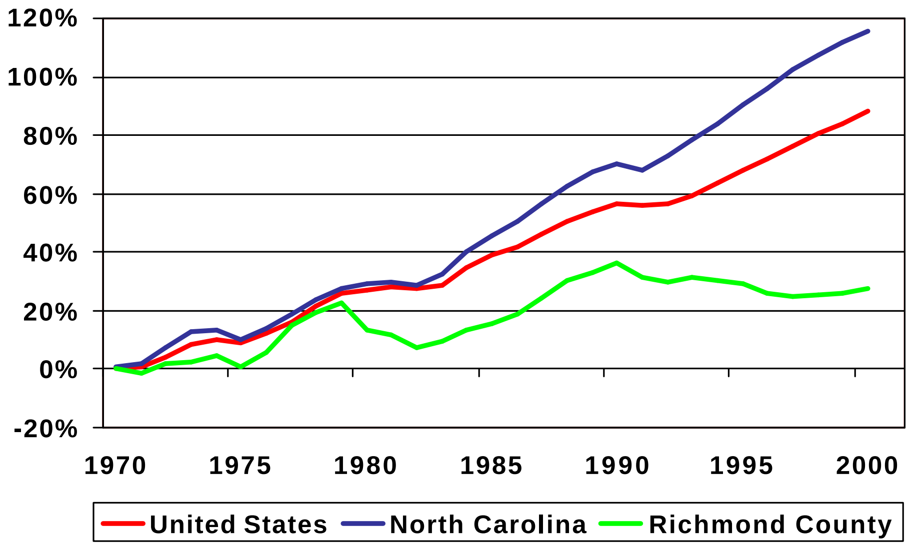


Source: Bureau of Economic Analysis

Concurrent with its sluggish population growth, Richmond County's employment growth has lagged substantially that of North Carolina and the United States. Since 1970, the county has experienced a few periods of declines in jobs, and its total job base only increased 27 percent from 1970 to 2000. In contrast, the number of jobs in the U.S. and North Carolina grew by 89 and 115 percent, respectively.

The decade of the 1990s have been particularly difficult for Richmond County as its employment base shrank steadily since its pre-1991 recession peak, even though this was one of the strongest and longest expansions on record elsewhere in the U.S. Richmond County is among the weakest economies considered in this report.

Exhibit 2.10: Non-Farm Employment Trends in Richmond County



Source: Bureau of Economic Analysis

Employment in Richmond County is concentrated in the manufacturing, services, and retail trade. In 2000, the manufacturing sector had the largest number of employees, but its absolute number and its share have been falling over the past decades. In 1970, over 35 percent of jobs were in manufacturing; in 2000, fewer than 24 percent are. Service industries have increased their number and share of jobs, adding over 2,000 jobs and increasing from 16 to 23 percent of total employment in the county.

Despite its decline, manufacturing is still extremely important to the county, as shown in the major employers list in Exhibit 2.11. Six of the top ten employers are manufacturing based. However, not all of these manufacturing jobs are necessarily in factories. For example, Sara Lee, a consumer goods manufacturer, has its tax department in Richmond County, and it likely provides more professional and clerical jobs in offices than typical manufacturing jobs on the factory floor. Several of the major employers are in the textiles and apparel industry. As these industries are steadily leaving communities across the Southeast, it is likely that Richmond County will weather further manufacturing losses in the coming years.

Exhibit 2.11: Major Private Employers of Richmond County, 2002

Employer	Industry Description	Employment Range
Perdue Products, Inc.	Manufacturing	500-999
Burlington Industries V, LLC	Manufacturing	500-999
First Health of the Carolinas, Inc.	Services	500-999
Sara Lee Corporation -- Tax Department	Manufacturing	500-999
Gemma Power Systems, LLC	Construction	500-999
Papco/Central Division	Construction	500-999
Sandhills Regional Medical Center	Services	500-999
Owens-Illinois Closure, Inc.	Manufacturing	500-999
UCO Fabrics, Inc.	Manufacturing	500-999
Richmond Yarns	Manufacturing	500-999

Source: North Carolina Economic Security Commission

The shift from manufacturing to retail trade and services is expected to continue into the future. The tourism industry, in particular, is growing in both the state of North Carolina and Richmond County. In 2001, domestic tourism in Richmond County generated an economic impact of $31.01 million. It ranked 59th out of North Carolina's 100 counties. More than 450 jobs in the county are directly attributable to travel and tourism, and travel generated a $7.33 million payroll in 2001. Popular attractions include the National Railroad Museum, the North Carolina Motor Speedway, and Sandhills Recreation.

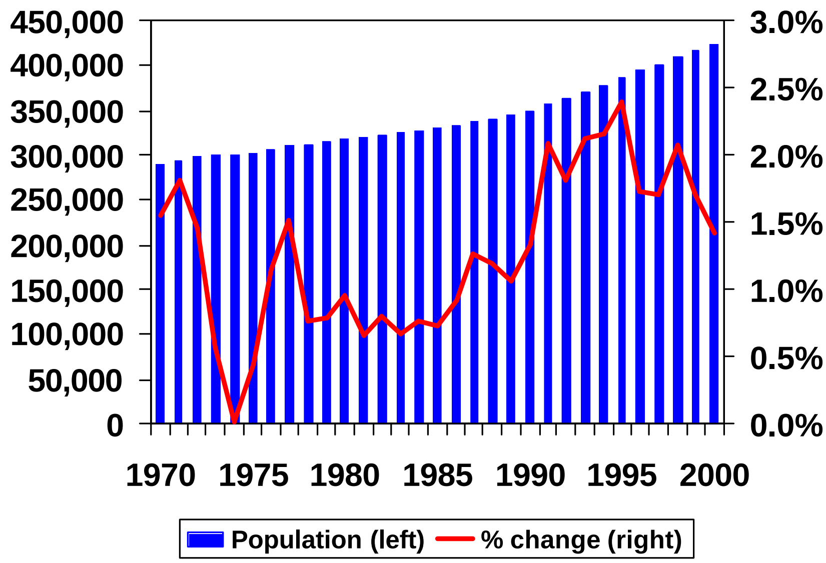
Capitalizing on community assets is crucial as manufacturing-based economies work to identify their future economic drivers. These assets include historical structures, such as the train station at Hamlet. The City of Hamlet has recognized this and has used the station to retain a link to the past and attract visitors. The railroad station is registered as an historic landmark and it contains the National Railroad Museum and Hall of Fame. Further preserving and revitalizing the train station will continue the city's plans to develop its railroad station to benefit its residents and visitors.

City of High Point

The City of High Point is located in four counties, although the majority falls in Guilford County. All four counties are part of the Greensboro—Winston-Salem—Highpoint MSA. In 2000, Guilford County's population was 421,048; non-farm employment was 333,214. High Point had a population of 85,839, accounting for 20.4 percent of Guilford's population.

From 1990 to 2000, the population of Guilford County grew by 21.2 percent and the City of High Point grew by 23.5 percent, about equal to North Carolina's growth rate of 21.4 percent.

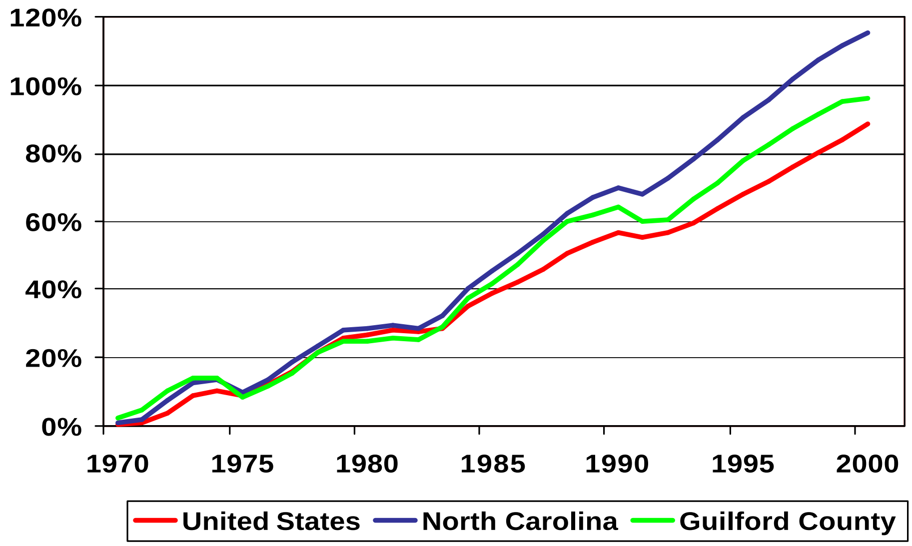
Exhibit 2.12: Population of Guilford County



Source: Bureau of Economic Analysis

In terms of employment growth, Guilford County has outpaced the United States, but it has not kept up with the state of North Carolina. From 1970 to 2000, employment in Guilford County grew by almost 96 percent. North Carolina increased its number of jobs by over 115 percent, and North Carolina's employment grew by almost 89 percent.

Exhibit 2.13: Non-Farm Employment Trends in Guilford County



Source: Bureau of Economic Analysis

Employment in Guilford County is concentrated in the services, manufacturing, and retail trade sectors. Services has overtaken manufacturing as the largest sector. The manufacturing sector lost over 6,000 jobs from 1970 to 2000, and it fell from 36 percent to 17 percent of total jobs. Services, on the other hand, gained over 72,000 jobs and increased from 15 to 30 percent of the jobs in the county.

The City of High Point is well known as the center of the large North Carolina home furnishing industry and hosts one of the largest international furniture markets bi-annually. However, it has also diversified away from furniture and textiles. The city boasts a large hospital in the High Point Regional Health Center. The city has also succeeded in attracting pharmaceutical companies, as well as call centers and printing companies. The pharmaceutical companies especially, such as TransTech Pharma and Banner Pharmacaps, create high-paying jobs in the city. The FedEx selection of the area for a new hub, which will be the company's fifth major U.S. air cargo hub, is an important part of this transformation from furnishings to a more diversified economy.

Exhibit 2.14: Major Private Employers of Guilford County, 2002

Employer	Industry Description	Employment Range
Moses H. Cone Memorial Hospital	Services	1,000 & over
High Point Regional Health Center	Services	1,000 & over
United Parcel Service, Inc.	Transportation, Communication & Utilities	1,000 & over
Sears Roebuck and Company, Inc.	Retail Trade / Services	1,000 & over
American Express Company	Financial, Insurance & Real Estate	1,000 & over
Tyco Electronics Corporation	Manufacturing	1,000 & over
Lorillard Tobacco Company	Manufacturing / Wholesale trade	1,000 & over
Harris Teeter, Inc.	Manufacturing / Retail Trade	1,000 & over
Freightliner Corporation	Manufacturing	1,000 & over
United Healthcare Services, Inc.	Financial, Insurance & Real Estate	1,000 & over

Source: North Carolina Economic Security Commission

The shift from manufacturing to retail trade and services is expected to continue into the future. The tourism industry, in particular, is very important in both the state of North Carolina and in Guilford County. In 2001, domestic tourism in Guilford County generated an economic impact of $829.46 million. It ranked 3rd out of North Carolina's 100 counties. More than 14,350 jobs in the county are directly attributable to travel and tourism, and travel generated a $299.06 million payroll in 2001. One of the most popular attractions in the City of High Point is the home furnishings market, held twice a year, which is the largest home furnishings event in the world.

The presence of the furniture show means that there is an extraordinarily large amount of convention and meeting space for such a small city. Attendance at the twice annual show is roughly 85,000 each meeting, about the same as High Point's total population. Visitors stay in High Point and spill over to communities in the surrounding area. North Carolina estimates that the impact of each Market is over $340 million for the area, with much of this concentrated in High Point. The interim months between markets are much quieter. To utilize the city's meeting space in a more even year-round manner, the Convention and Visitor's Bureau is working actively to attract other meetings. In 2002, these other conventions led to a total expenditure of $26.3 million in High Point. Unlike the global Furniture Market, which attracts visitors from 59 countries, meetings in the interim period are regional, attracting mostly in-state functions.

The dominance of the furniture show on High Point's economy is reflected in the number of showroom tenants in the downtown area, particularly in the area around the train station. The revitalized train station may be especially useful during the Market as event attendees from all over the world come to city and may stay up to 100 miles away. Since the city and the Market attempt to keep cars out of downtown, increased train service to High Point during this time could attract many passengers and help relieve congestion.

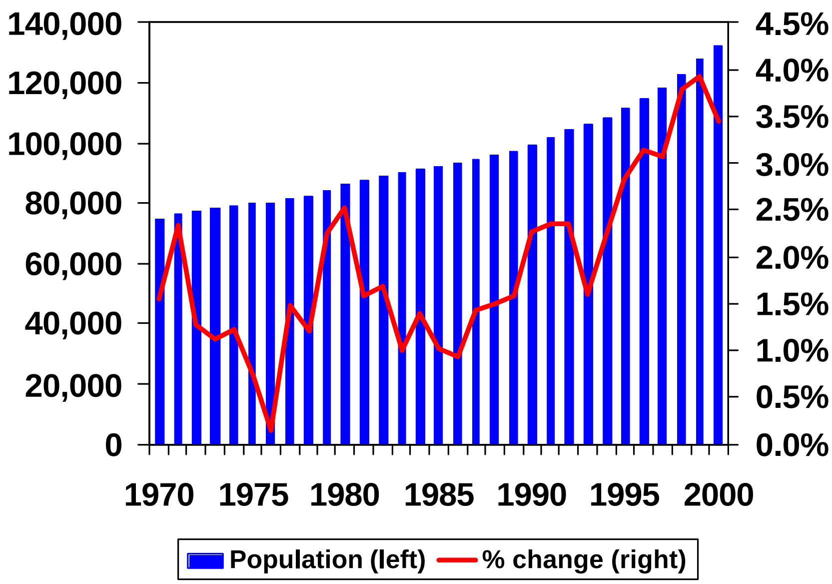
City of Kannapolis

The City of Kannapolis is primarily located in Cabarrus County, although a small portion is in Rowan County; both counties are part of the Charlotte metropolitan statistical area.

In 2000, Cabarrus County's population was 131,063; non-farm employment was 75,585. Kannapolis had a population of 36,910; it represented 28.2 percent of the county's population.

From 1990 to 2000, the population of Cabarrus County grew by 32.5 percent and the population of Kannapolis grew by 24.3 percent. Both these places grew faster than North Carolina, which posted a 21.4 percent growth rate. The annual pace of population growth in 2000 was over three times the national pace. Much of the growth in recent years is driven by the county's proximity to Charlotte, which has been a booming city. Commuters from Cabarrus to Mecklenburg County increased by over 36 percent from 1990 to 2000.

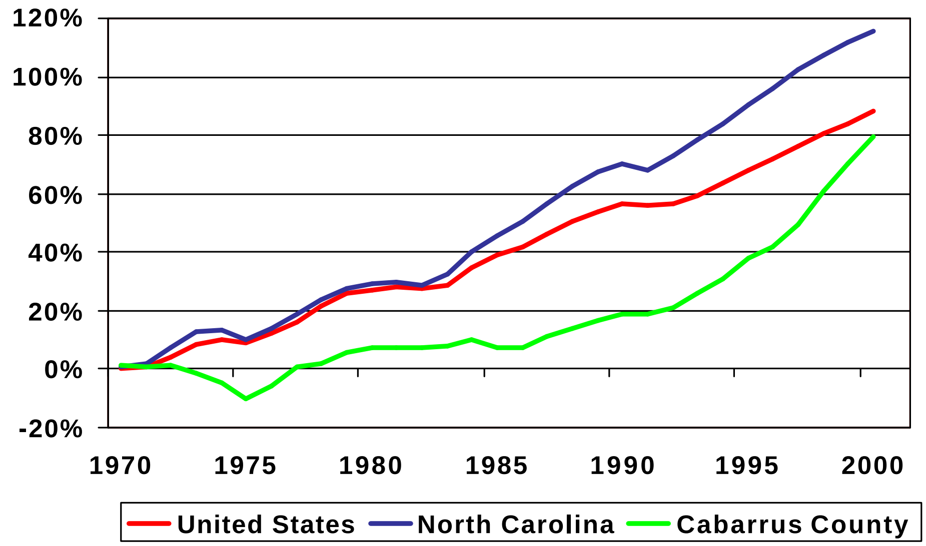
Exhibit 2.15: Population of Cabarrus County



Source: Bureau of Economic Analysis

Concurrent with its rapidly expanding population, Cabarrus County also grew strongly in terms of employment during the 1990's; this marked a turnaround from the previous two decades. By 1990, non-farm employment had only increased by 19 percent compared to its 1970 level. However, from 1990 to 2000, the county's employment increased by 50 percent. The United States and North Carolina posted growth rates of 20 and 26 percent, respectively, during the 1990s. Again, Cabarrus County's recent upswing is driven partly by Charlotte's strong growth. As part of a growing metropolitan area, the county is an attractive place to establish a new business and create jobs.

Exhibit 2.16: Non-Farm Employment Trends in Cabarrus County



Source: Bureau of Economic Analysis

Employment in Cabarrus County is concentrated in the services, retail trade, and manufacturing sectors. The economy has become much more diversified over the past few decades. In 1970, over 62 percent of the county's jobs were in manufacturing; today, only 18 percent of them are. Accounting for 24 percent of the county's jobs, the services sector is now the largest one in the economy. Retail trade has also increased quickly, growing from 11 percent to almost 20 percent of employment.

Despite the size of the service sectors, manufacturing and retail trade firms make up most of the largest firms in the county, as shown in Exhibit 2.17. Cannon Mills, the textile manufacturer around which Kannapolis was built, merged with Fieldcrest Mills to create FCI, which was subsequently bought by the Pillowtex Corporation. The corporate headquarters of Pillowtex, located in Kannapolis, have shuttered its operations, eliminating 4,000 positions in 2003. Over 1,500 employees lived in the city limits of Kannapolis. As the exhibit below shows, FCI was the largest employer last year. This is a severe blow to this small economy. Not only are well-paid manufacturing positions lost, but the loss of a major headquarters in this small economy will translate into lost orders for professional support services and business travel.

The company is one of the largest landowners in downtown Kannapolis. Returning those facilities to the city tax rolls or to other public uses will be a large challenge. Moving the train station to a more central location will increase the activity in the vicinity of the station and aid in this transition. Dovetailing with this strategy of creating downtown activity centers, the city of Kannapolis is considering moving its city hall, police department, and perhaps a business incubator into the building that once housed the manufacturer's headquarters.

Exhibit 2.17: Major Private Employers of Cabarrus County, 2002

Employer	Industry Description	Employment Range
FCI Operations, LLC	Manufacturing	1,000 & over
Philip Morris, Inc.	Manufacturing	1,000 & over
Wal-Mart Associates, Inc.	Retail Trade	500-999
The Concord Telephone Company	Transportation, Communication, and Utilities	500-999
Pass and Seymour, Inc.	Manufacturing	500-999
Food Lion, LLC	Retail Trade	500-999
SMI Systems, LLC	Services	500-999
The Shoe Show, Inc.	Retail Trade	500-999
FCI Coporate, LLC	Manufacturing	250-499

Source: North Carolina Economic Security Commission

The shift from manufacturing to retail trade and services is expected to continue into the future. The tourism industry, in particular, is very important in both the state of North Carolina and in Cabarrus County. In 2001, domestic tourism in Cabarrus County generated an economic impact of $158.26 million. It ranked 16th out of North Carolina's 100 counties. More than 2,730 jobs in the county are directly attributable to travel and tourism, and travel generated a $47.59 million payroll in 2001. Popular attractions include the Reed Gold Mine Historic Site, Lowe's Motor Speedway and Concord Motor Speedway, Cannon Village, and historic homes and museums.

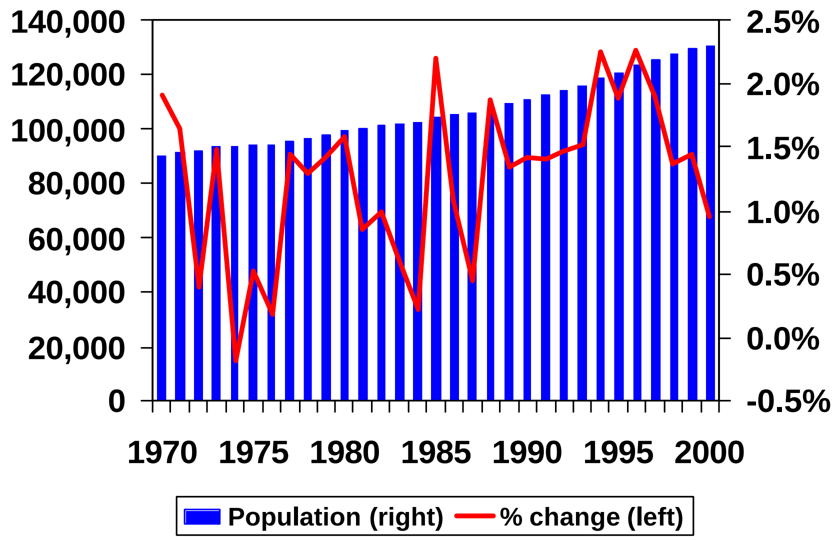
As communities make a transition away from traditional manufacturing towards a service and retail based economy, identifying new economic strategies to capitalize on community assets is essential. Among the assets found in Kannapolis are its train station and other historical structures. A new and more centrally located train station would serve visitors who are coming to shop at Cannon Village, a marketplace with many home furnishing stores, restaurants, and a textile museum only half a mile from the station. Cannon Village also contains a tribute to Dale Earnhardt, the NASCAR racer and hometown hero. With two racetracks nearby, NASCAR is a big draw in Kannapolis.

City of Salisbury

The City of Salisbury is in Rowan County, which is located midway between the cities of Charlotte and Greensboro and is part of the Charlotte metropolitan statistical area. In 2000, Rowan County's population was 130,340; non-farm employment was 56,981. The City of Salisbury is the county seat of Rowan County; it represents 20 percent of the county's population.

From 1990 to 2000, Rowan County's population grew by 17.8 percent and Salisbury's grew by 14.6 percent, less than the 21.4 percent growth rate posted by North Carolina. However, as the inner counties in the Charlotte MSA are growing rapidly (the population of Mecklenburg, Charlotte's own county, increased by 36.0 percent over the same ten year period), the growth and development may soon spread to Rowan. The number of Rowan County residents commuting to Mecklenburg County for work increased sharply from 1990 to 2000. The number of commuters to Mecklenburg increased by 50 percent, swelling from less than six to more than eight percent of workers living in Rowan County.

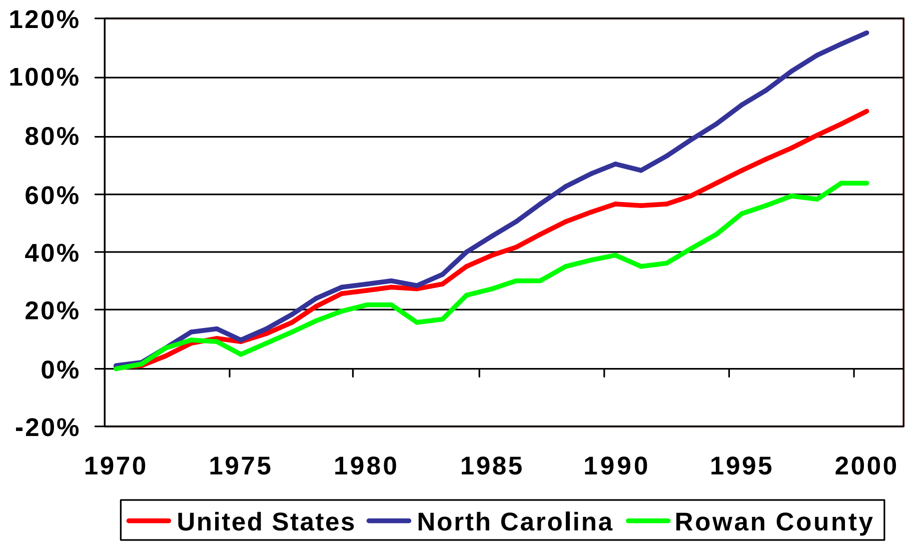
Exhibit 2.18: Population of Rowan County



Source: Bureau of Economic Analysis

In terms of employment, Rowan County has also not kept pace with the state's fast growth rate. During the last thirty years, Rowan's County non-farm employment has grown by 64 percent, which is slower than both North Carolina and the U.S, as shown in Exhibit 2.19. North Carolina non-farm employment grew by over 115 percent from 1970 to 2000, while the United States' employment increased by almost 90 percent.

Exhibit 2.19: Non-Farm Employment Trends in Rowan County



Source: Bureau of Economic Analysis

Employment in Rowan County is concentrated in the manufacturing, services, retail trade, and government sectors. Since 1970, the county has been transitioning from a manufacturing to a service-based economy. Between 1975 and 1995, the share of manufacturing employment declined from 42 percent to 25 percent; services employment grew from 13 percent to 20 percent. Manufacturing still accounts for many of the county's largest employers, however, as shown in Exhibit 2.20.

This exhibit also shows the importance of services and retail trade. Food Lion is one of the county's largest employers. The grocery chain was founded in Salisbury and, although it is now a subsidiary of a Belgian company, the main U.S. office is still located in the city. Thus, while Food Lion is a retailer, many of its Salisbury jobs do not represent clerks in stores, but rather executives in offices. Having a major company headquartered in the city provides high paying jobs, creates business for professional support services, and supports business travel.

Exhibit 2.20: Major Private Employers of Rowan County, 2002

Employer	Industry Description	Employment Range
Food Lion, LLC	Retail Trade	1,000 & over
Freightliner Corporation	Manufacturing	1,000 & over
Rowan Regional Medical Center	Services	1,000 & over
Arteva Specialties, LLC	Manufacturing	1,000 & over
Draftex, Inc.	Manufacturing	500-999
FCI Operations, LLC	Manufacturing	500-999
HBO's Manufacturing LP	Manufacturing	250-499
Meridian Automotive Systems	Services	250-499
Catawba College	Services	250-499
Wal-Mart Associate, Inc.	Retail Trade	250-499

Source: North Carolina Economic Security Commission

The shift from manufacturing to retail trade and services is expected to continue into the future. The tourism industry, in particular, is very important in both the state of North Carolina and in Rowan County. In 2001, domestic tourism in Rowan County generated an economic impact of $94.21 million. It ranked 25th out of North Carolina's 100 counties. More than 1,290 jobs in the county are directly attributable to travel and tourism, and travel generated a $20.49 million payroll in 2001. Popular attractions include the North Carolina Transportation Museum, the Salisbury National Historic District, and the Salisbury National Cemetery and Confederate Prison.

The City of Salisbury has been particularly proactive in developing new industries and identifying its competitive advantages. Among the assets in its economic development arsenal are the community's many historic structures, such as the train station at Salisbury. The City of Salisbury has made a continuous effort to preserve its historic downtown in order to increase its commercial prospects and maintain a sense of community and high quality of life. The master plan for downtown, created by Downtown Salisbury, a redevelopment corporation, includes continuing efforts to restore and preserve historic properties as well as to create festival and public art to interpret the rich history of this location. Revitalizing its train station fits in with the community's current plans to continue to preserve and revitalize the city's downtown and add to the city's historic character.

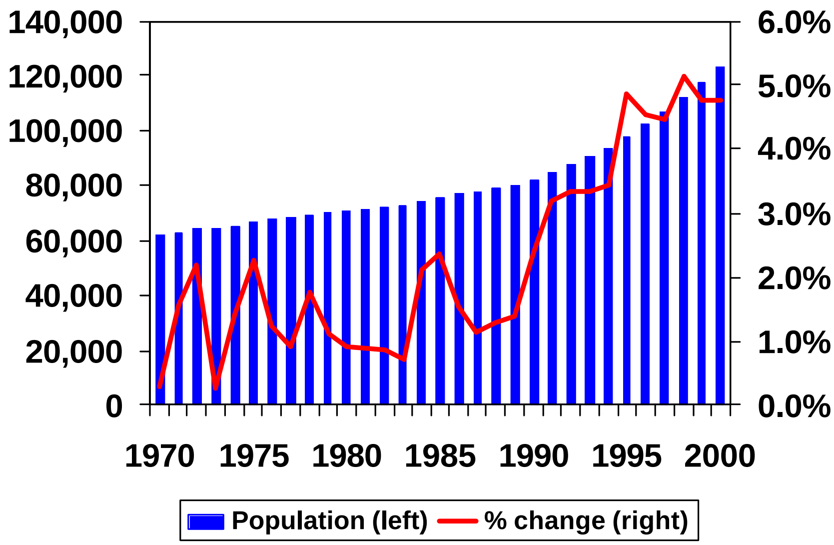
Town of Selma

The Town of Selma is in Johnston County, which is part of the Raleigh-Durham-Chapel Hill metropolitan statistical area. In 2000, Johnston County's population was 121,965; non-farm employment was 49,673. Selma had 5,914 residents and represented 4.8 percent of the county's population.

Johnston County has experienced extremely fast growth in its population. From 1990 to 2000, it increased by 50 percent. This was the largest increase of the counties in the Raleigh-Durham MSA, followed by Wake County, which grew by 47.3 percent. Much of Johnston County's growth has been due to its proximity to Wake County, which contains the City of Raleigh. In the late 1980's, Raleigh was connected to Johnston County by I-

40, and Raleigh workers moved into the county, attracted by the short commute and lower housing prices. The number of commuters to Wake County from Johnston close to doubled from 1990 to 2000, and the number of Johnston residents who commute to Wake is now almost equal to the number of residents who stay in Johnston to work.

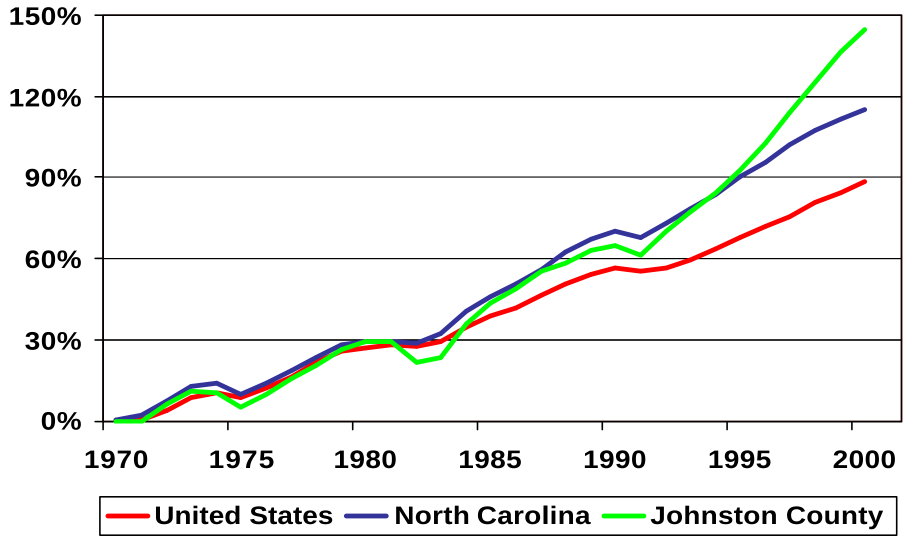
Exhibit 2.21: Population of Johnston County



Source: Bureau of Economic Analysis

Commuters have been a boon to the Johnston economy; they buy houses, shop at county stores, increase the tax base, and create jobs. Many new businesses and jobs have been created over the past decade to meet the needs of the rising population. Jobs have been added in retail stores, restaurants, and motels, as these businesses have opened or expanded in order to cater to the growing population. As shown in Exhibit 2.22, Johnston County's employment, in tandem with its upsurge in population, has been increasing quickly since the early 1990's.

Exhibit 2.22: Non-Farm Employment Trends in Johnston County



Source: Bureau of Economic Analysis

Employment in Johnston County is concentrated in the services, retail trade, and manufacturing sectors. The manufacturing sector, which was the largest sector and employed one-third of the workers in the county in 1970, has now become the third largest sector, accounting for 16 percent of jobs. It has been overtaken by services and retail trade. The number of jobs in both these sectors has tripled from 1970 to 2000.

Although the service and retail trade sectors employ more people in Johnston County, many of the largest employers are manufacturing firms, as shown in Exhibit 2.23. With its proximity to Research Triangle Park, Johnston County is attractive to manufacturing firms. However, many of the largest employers in the county, such as Bayer and Caterpillar, are located in or near the City of Clayton. Selma, however, also has manufacturing employment, and ThyssenKrupp, a German maker of car parts, has just expanded in the city. The plant was only opened in 2003, and so ThyssenKrupp does not appear on the major employers list of 2002 that is presented below.

Exhibit 2.23: Major Private Employers of Johnston County, 2002

Employer	Industry Description	Employment Range
Bayer	Manufacturing	1,000 & over
Caterpillar, Inc.	Manufacturing	500-999
Channel Master, Inc.	Manufacturing	500-999
Wal-Mart Associates, Inc.	Retail Trade	250-499
Precisionaire of North Carolina	Manufacturing	250-499
Chicopee, Inc.	Manufacturing	250-499
Corestaff Services LP	Services	250-499
Novo Nordisk Pharmaceutical	Manufacturing	250-499
Winn-Dixie Logisitics, Inc.	Retail Trade	250-499
Food Lion, LLC	Retail Trade	250-499

Source: North Carolina Economic Security Commission

The shift from manufacturing to services and retail trade is expected to continue into the future. The tourism industry, in particular, is expanding in both the state of North Carolina and in Johnston County. In 2001, domestic tourism in Johnston County generated an economic impact of $66.21million. It ranked 36th out of North Carolina's 100 counties. More than 860 jobs in the county are directly attributable to travel and tourism, and travel generated a $13.34 million payroll in 2001. Popular attractions include Atkinson's Mill, the Ava Gardner Museum, the Bentonville Battleground, the Clemmons Educational State Forest, the Country Doctor Museum, Selma's antique district, the American Music Theater, and the Tobacco Farm Life Museum.

As communities make a transition away from traditional manufacturing towards a service and retail based economy, capitalizing on community assets is crucial. These assets include historical structures, such as the train station at Selma. "Uptown Selma" is an antiquing district, and the revitalized train station fits in well with the ambience of the antique shops and the historical tourist attractions. With two other historic train structures near the revitalized station, Selma has a unique niche in the historical travel segment of the tourism market.

The train station may also be used in future years as a commuter-rail station to Raleigh. Currently, there is a growing congestion problem on the roads from Selma to Raleigh, and a commuter train link between the two cities would be very welcome; it could decrease commute times, attract more Raleigh workers to settle in Selma, and contribute to further economic development in the city.

Chapter 3: Development Patterns and Trends

This section describes the individual station projects and identifies the expected development outcomes associated with the station revitalization projects once the station revitalizations are completed and the station is operational and serving the community. It also assesses the nature of the corridor's existing development pattern in order to place these projections of future development in the context of construction already in place.

Description of Station Projects

A description of the station investment in each community is provided below.

Burlington **Project Cost (YOE dollars): $3,241,250**
When the revitalization of the historic 1868 Engine House is completed, it will contain space for an Amtrak station, public office space, and a display of North Carolina Railroad history.

Greensboro **Project Cost: $19,186,247 (Phase 1) and $11,620,000 (Phase II)**
The Greensboro Southern Railway Depot will become a multimodal transportation center with provisions for Amtrak, intercity buses, and city transit buses. When Phase I of the project is complete, one of the waiting areas will have been converted for use for city functions, and another waiting area will have been restored for use as an Amtrak waiting room. The second floor will be used as a waiting area for city buses. In Phase II, the Amtrak spaces will be completed, a pedestrian subway from the waiting areas to the platforms will be reconstructed, and there will be new passenger platforms, canopies and a baggage tunnel.

Hamlet **Project Cost: $9,700,000**
The historic train station was moved in April 2003, so that it can serve as an anchor of Hamlet's downtown. Beginning in the summer of 2003, the building will be renovated. Once the revitalization is complete, the station will have a large waiting room for train passengers, space for a railroad museum and archives, leased office space, and a community room available for numerous types of functions.

High Point **Project Cost: $6,823,000**
The station is in the process of being completely rehabilitated. When the revitalization is complete, the old baggage room will have been renovated for use for meetings and other functions. The platform and canopy will have been replaced, as well as the pedestrian bridge that connects the station to the city's bus transfer center.

Kannapolis **Project Cost: $2,650,000**
A new station is being built near the city's central business district. The plans for the 7,000 square foot building call for it to contain an Amtrak waiting room and space for other offices and/or exhibit space.

Salisbury **Project Cost: $6,033,653**
The historic train station has been restored and the main building has space available for a variety of functions as well as office space and an Amtrak waiting room. NCDOT also has contributed funds for the creation of a transitional park to the east of the station, linking the downtown to the station.

Selma **Total Project Cost: $3,418,000**
The historic station was renovated, and now includes a waiting area, which fits 40 passengers and has telephones and a vending area. A new copper roof was put on and a parking area was added.

Expected Development Outcomes

Development outcomes are divided into two types, those that take place in the station and those that take place in the surrounding station area. Within-station development is estimated as the square footage devoted to non-station uses and the associated rents charged. Examples of station tenants include retail, museum and a police sub-station. Development in the surrounding area includes both redevelopment and new construction in the neighborhoods surrounding the station area. These estimates were developed by AECOM Consult based on site visits, interviews and a review of documents. A summary of the interviews is provided in Appendix A of this report.

The table below summarizes the estimated within-station and surrounding station development outcomes that are expected. These development trends are identified by station, type of joint use, and whether they are within the station or surrounding it.

Exhibit 3.1: Summary of Development

Station	Investment Through FY2002 (YOE $)	Investment After FY2002 (YOE $)	Total Investment All Years (YOE $)	SF in Station	Rent on Station Space per sf	Shared Uses	Investment Around Station
Burlington	$ 3,241,249.6	$ -	$ 3,241,249.6	5,817 for Burlington Police, 4,000 for Rent (Available Fall 2003), 1,500 for station uses	$11	Station activities combined with administrative offices, NCRR museum, and other tenant space	No new building yet. Property value increase of 25% in nearby property
Greensboro Phase 1	$ 19,186,247.0	$ -	$ 19,186,247.0	19,335 COG/Public; 3 divisions of leased space totalling 6341 sf	$8 to $12	Station activities combined with leased space for restaurant / retail	$40 million in new construction and renovation
Greensboro Phase 2	$ 1,200,000.0	$ 10,420,000.0	$ 11,620,000.0	--	--	--	--
Hamlet	$ 4,491,999.5	$ 5,208,000.5	$ 9,700,000.0	10,125 for station uses and RR museum; 5,000 sf for offices, banquet room	$11	Station activities combined with railroad museum, offices, and banquet room	7,000 sf under renovation (value of $508,200)
High Point	$ 5,031,000.1	$ 1,792,000.0	$ 6,823,000.1	1,500 sf available to be leased	$11	Station activities combined with small retail space, not determined but possible coffee shop	0
Kannapolis	$ 1,242,000.0	$ 1,408,000.0	$ 2,650,000.0	7,000 sf total; 2,800 sf for station uses; 4,200 for other uses	$10	Station activities combined with office space and a possible texile museum	0
Salisbury	$ 4,033,653.0	$ 2,000,000.0	$ 6,033,653.0	Events Center 17,500;AMTRAK 900; Land Trust for Central NC1,000; Smith Barney 1,300; Vacant 900	$11	Station activities combined with office space and rental hall	$24.4 million in new construction and renovation
Selma	$ 2,718,000.0	$ 700,000.0	$ 3,418,000.0	0	--	Station activities and small display space	0

Sources: NCDOT: Station Cost Summary 5, NCDOT Planning, interviews with local station managers/promoters
Notes: Leased space in Burlington and High Point is managed by NCRR, which declined to provide sf information.
High Point sf estimated, in lieu of actual number. Burlington rent from City Council meeting minutes (April 2, 2002).
Value of Hamlet investment is estimated based on sf costs for retail and office space from RSMeans 2003.

Of the seven station projects considered, the Greensboro project is the largest. Funding for this project will total $30.8 million when both phases of the project are complete. The amount of development associated with the project is greater than the value of the project.

In Salisbury, the amount of new construction associated with the station project far exceeds the amount invested in the station project itself. The station is part of the City's overall plan to continue the revitalization of the downtown.

The following discussion describes the development potential for each of the station areas in greater detail.

Burlington

The station is located on the fringe of the central downtown, just outside of the downtown development corporation's boundary. The established central downtown has a number of vacancies in the blocks adjacent to the station. The other side of the station, known as East Burlington, is more warehouse and industrial in nature. There are a number of vacant or abandoned buildings in this portion of the city that would be available for adaptive reuse. The presence of the police sub-station in the train station may help to secure and stabilize this area of the city. The city's major employer is expected to expand in Burlington in the next 12 months, but there is no other identifiable economic driver for this community.

Greensboro

The Greensboro downtown is enjoying a rejuvenation. While vacancies are high (office is 25%) due to the weak economy, there are a number of new public and private initiatives to bring people back downtown. These include the Southside redevelopment south of the station, growth along Elm Street, plans for a new downtown ballpark within a mile of the train station, and the development of a Cultural Corridor along Church Street using the station as an anchor. Expansions of the interstate and the FedEx selection of Greensboro for a major distribution hub, along with a secure water supply due to the Randleman Dam project indicate that the outlook for growth in the broader region is positive. Downtown redevelopment initiatives are focusing on retail and entertainment options that will draw that income downtown as well as offer housing options in the city.

Hamlet

The City of Hamlet is small by any measure; the population at the last Census was 6,018. With an economy still tied to the state's traditional non-durable manufacturing base, especially textiles, the city's economy is struggling and has not shared in the prosperity that other North Carolina communities have enjoyed. Reflecting this distress, Hamlet's population shrank in the decade ending in 2000 even as the state's population growth outpaced the nation. Hamlet's small size and economic distress, limit the size of the potential economic impact relative to other places.

While the impacts are likely to be small in the North Carolina context, they have the potential to be big within the Hamlet context. It is the centerpiece of a community wide effort to reinvent itself.

In this economic transition, Hamlet benefits from its proximity to Rockingham, located in the same county. Rockingham's tourism industry has blossomed in recent years with the growing popularity of NASCAR racing. The North Carolina Speedway is located just outside of the city. Every motel and hotel room in the county was booked for the last race of the year, and most rooms were booked a year or more in advance, as soon as the NASCAR schedule race dates were announced.

High Point
Development potential is limited beyond the station itself. The furniture market dominates the downtown, bidding out other land uses and limiting foot traffic due to the short duration of the major shows. Space around the station is developed and there is an absence of development/redevelopment sites.

Kannapolis
Kannapolis is losing a large part of its employment base, much of it linked to the Pillowtex closure, and that loss is physically close to the existing station, limiting the number of customers for restaurants, retail and other development. The new station is located one-half mile to the west, and is near the central business district. The more central location increases the development potential for station investment.

The major upside for this station project is that Kannapolis is part of the Charlotte metropolitan area. With its lower housing costs and rising commuter flows to the booming Charlotte economy, Kannapolis is poised to become an important labor market for Charlotte employers. These commuters would use the Kannapolis station, making it an important activity center for the Kannapolis station with some potential if land can be secured for redevelopment.

Salisbury
Prospects in Salisbury are excellent. The City has a comprehensive development plan that integrates the station investment into a larger tourism and antique district development strategy. The economy has existing attractions for tourism and the station investment adds to this base. Salisbury is moving forward with a development strategy that incorporates public funding, e.g., Arts Walk, citizen and corporate fundraising, e.g., Waterworks Visual Arts Center, and private funding, e.g., redevelopment along east Council.

Selma
There is available land for future development. Most likely land use would be tourism or historical-antique related. Station revitalization upgrades this gateway to the antique district and sets a "historical context" for antique shopping.

Estimated Commercial Development in Place

As a check on the development outcomes projected above, an estimate of the existing stock of commercial space was developed for comparison. The base of this existing stock estimate is the county's employment—workers need somewhere to work. 2001 County Business Pattern employment data were used to identify the number and type of workers in each county. Workers' space requirements were identified using industry averages for the amount of square footage typically provided for each worker. These square footage factors and their sources are shown in the exhibit below.

Exhibit 3.2: Commercial Square Footage Factors

Category	SF/Employee
Restaurant	500
Other Retail	500
Finance, Insurance, & Real Estate	200
Hotels	600
Other Services	500

Source: Urban Land Institute, National Real Estate Advisor, American Hotel & Motel Association

The table below shows the amount of construction already in place in each of the counties. For the purposes of this estimate, High Point and Greensboro are both assumed to lie in Guilford. Although High Point is distributed among 4 counties, the station is in Guilford and it is expected that any development associated with the station would also be found in Guilford.

Exhibit 3.3: Estimated Commercial Development (Square Footage), 2001

County	Restaurant	Other Retail	Total Retail	FIRE	Hotels	Other Srvcs	Total Srvcs	Total
Alamance	2,343,000	3,641,000	5,984,000	421,000	235,800	8,888,000	9,123,800	15,528,800
Cabarrus	2,117,500	4,409,000	6,526,500	387,000	99,600	8,894,500	8,994,100	15,907,600
Guilford	8,535,000	15,953,500	24,488,500	4,247,600	1,704,000	41,759,000	43,463,000	72,199,100
Johnston	1,356,500	2,634,000	3,990,500	196,600	157,200	4,007,500	4,164,700	8,351,800
Richmond	375,000	1,111,500	1,486,500	80,200	60,600	1,903,500	1,964,100	3,530,800
Rowan	1,437,500	2,377,000	3,814,500	223,400	158,400	8,330,500	8,488,900	12,526,800

Source: County Business Patterns, AECOM calculations

Guilford, being the largest of the six counties in this analysis and home to the two large cities of Greensboro and High Point, has the most estimated square feet of commercial development. Over 60 percent of the commercial space is Greensboro is used to support service activities. In all the counties, service activities make up the largest use of space, with retail second.

Reasonableness Test

Using the estimates of the existing stock of development as a base, the amount of projected development is shown as a share of the existing base in the table below. The comparison shows that even in Greensboro, the projections are modest relative to size of the economy. This is expected given that in each case, the investment represents a single project within a comparatively larger economy.

Exhibit 3.4: New Investment as Share of Base Development

County	Total SF (2001)	Total Value (2001)	New Investment Value After 2001	% Increase Over Base
Alamance	15,528,800	$ 1,297,962,109	$ -	0.00%
Cabarrus	15,907,600	$ 1,273,073,326	$ -	0.00%
Guilford	72,199,100	$ 5,980,417,219	$ 40,000,000	0.67%
Johnston	8,351,800	$ 687,131,861	$ -	0.00%
Richmond	3,530,800	$ 280,713,758	$ 508,200	0.18%
Rowan	12,526,800	$ 1,017,200,774	$ 11,900,000	1.17%

Source: County Business Patterns, interviews with local station managers/promoters, AECOM calculations

Note: Rowan County "New Investment Value After 2001" does not match the "Investment Around Station" value in Exhibit 3.1 because some investment around the station occurred before 2001.

Chapter 4: Economic Impact Analysis

Investment in station revitalization has the potential to generate several types of beneficial impacts. These impacts include:

- Construction Impacts: These are one-time impacts associated with the construction work needed to improve the stations.
- Activities Accommodated at Stations: These are recurring impacts such as any additional hiring required to operate and maintain the expanded station activities and rents from other station users or tenants.
- Land Use Impacts: These are development impacts stemming from station revitalization that occur around the station area. These impacts occur as the newly-improved station becomes an activity center for a segment of the city and serves as a catalyst for other investment around the station, and this results in higher valued land uses. A blighted building can discourage investment in surrounding properties and a restored building may encourage redevelopment. Only those development projects where interviews established a link between the investment in nearby areas and the station were included in the impact estimation.
- Fiscal Impacts: The estimated fiscal impacts are derived from the tax revenue generated on the additional increment of economic activity associated with the station revitalization and revitalization of the surrounding area. Examples include income tax generated from the earnings of newly-hired workers, sales tax increases derived through increased spending by households, and property tax derived from increased property values.

Impacts are estimated in terms of several economic variables. These outcome measures include:

- Employment, wage and output associated with the construction of the station revitalization
- Rents generated from new station tenants that are accommodated
- Changes in economic activities surrounding the station as a result of the station investment
- Fiscal impacts derived from the new economic activity associated with the station investment

Because the station projects vary in size, and because the environment surrounding the station projects differs, each station project will yield a unique bundle of benefit types.

Just as the types of benefits received will vary with the individual project, the extent of the economic impacts will change over time. For example, the initial impacts will be tied to the construction activity required with revitalizing the stations. The hiring required for this work, as well as the purchase of locally produced goods and services, creates jobs and income for North Carolina residents. The spending by these workers generates additional impacts through a multiplier effect that occurs as construction-related earnings create demand for additional goods and services in the local and state economy.

Second, in a few projects, the stations are not simply refurbished; the range of services provided is increased. The additional hiring required for the direct operation and maintenance of the station in these cases is a recurring economic impact. This, too, would have a multiplier effect on the economy.

Third, in selected cases, the revitalized station will represent a neighborhood amenity and its usage will improve access to establishments near that location and increase the amount of foot traffic in the neighborhood. This combination will make the surrounding area more attractive to developers and thus the station will act as a catalyst for associated commercial development.

The expansion of the economy implied by the changes described above increase the tax base and thus the revenues that accrue to state and local governments.

Description of RIMS II Multipliers

Analysis of the full economic impact of a change in a local economy requires accounting for the inter-industry linkages that will be affected. For example, the creation of 10 construction jobs creates additional demand for goods and services in the local economy as those workers spend their earnings throughout the economy. Thus, the total gain to a local economy is the initial 10 construction jobs plus an additional employment increment generated to meet the new demands created across all industries by those 10 new workers. The statistic that summarizes the total of connections of an industry to all other industries in the economy is called a "multiplier." As industries vary in how their supplier and distribution networks connect them to the rest of the economy, the multiplier will vary for each geographic location and specific industry.

The U.S. Bureau of Economic Analysis (BEA), a federal agency that tracks and measures the performance of the economy, has developed a method for estimating economic multipliers, called its Regional Industrial Multiplier System (RIMS). Updated and improved over time, the multipliers are known as the RIMS II multipliers. RIMS II multipliers are used extensively in the public and private sector for economic impact analysis.

The RIMS II multipliers used in this study represent the most recent available at the time of the study. They are based on the 1998 annual input-output accounts for the U.S. economy and 2000 regional data. The multipliers were customized by BEA to reflect the unique industrial structure of the North Carolina economy. The RIMS II model is expenditure driven and translates station capital investment and related operational spending into economic outcomes measured in terms of:

- Output multipliers (business sales)

- Earnings multipliers (earning incomes)
- Employment multipliers (full-time equivalent jobs)

The estimation of fiscal impacts builds upon the RIMS II results regarding economic impacts. The RIMS II results represent changes to the tax base. The resultant tax revenue gains are calculated using the current tax rate applied to the change in the tax base. Absent information about future tax rate changes, this is a necessary assumption for producing the fiscal impacts. The data for this work were provided by state and county departments of revenue/taxation.

Economic Impacts Attributable to Station Area Development

The methodology for station and station area impacts uses a top-down approach to develop scenarios for potential development. The analysis began with a study of the community where the station would be located. The analysis examined the following factors:

- Demographic trends such as population and income growth
- Major industries and employers
- Growth factors such as availability of land for development or buildings for renovation
- Growth corridors
- Scale and pace of development
- Location of major commercial, retail and entertainment uses relative to the station

This evaluation was structured to provide information to test the potential for focused growth at the station areas. This provides the underlying support (or lack thereof) for further growth associated with the improved access and activity associated with the station investment. Specifically, scenarios regarding potential development would be associated with increasing (or at least stable) population, increases in personal income, an economic base consisting of industries with potential future expansion, identifiable growth corridors in the proximity of the station, and conditions that indicate the ability to absorb additional commercial, retail and residential uses. If these conditions are in place, the issue of development is not so much when, as where land use policies focus the development. Conversely, without conditions that invite development, the investment in a station does little if anything to focus and enhance development potential.

Chapter 5: Economic Impact Estimates

Economic impacts result from the construction activities and the development activities around and in the station. The three activities for which economic impacts will be estimated are:

- Construction and revitalization of the train stations
- Construction and renovation in areas surrounding the stations
- Leasing of station space

The construction and renovation activities create one-time impacts. The leasing activities create recurring impacts that are generated and estimated on a yearly basis. The economic impacts consist of the following items, which are estimated using the RIMS II input-output model:

- Business sales, which are the inter-industry sales among firms in North Carolina.
- Employee earnings for workers in North Carolina, which are generated as a result of the increased economic activity.
- Jobs, which are created as a result of the increased economic activity and are measured in full-time equivalent (FTE) employment of one-year's duration.

As a result of the economic impacts, there is a broadening and deepening of the tax base. This leads to fiscal impacts at the levels of state and local government. The fiscal impacts are described below by type of tax revenue.

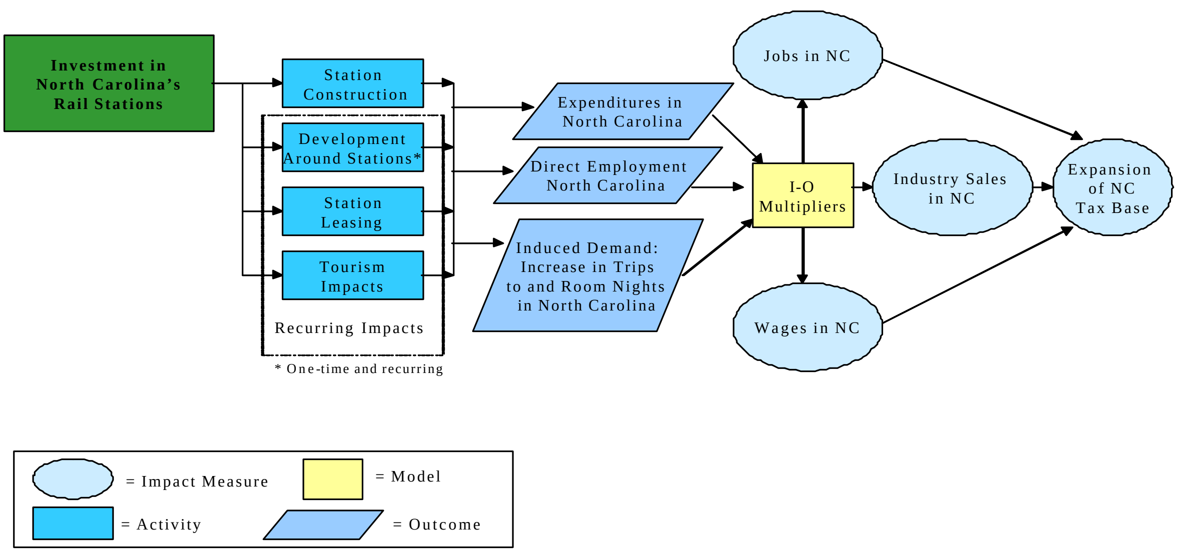
- Sales taxes are generated from the increased employee earnings. Sales taxes are estimated using an effective rate applied to earnings income, which nets out uses of earnings that are not subject to sales taxes, such as savings, mortgage and rent payments, purchases of professional services, etc. The effective rate is calculated by dividing average annual taxable expenditures by average income.
- Individual state income taxes are generated from the increased employee earnings. Individual state income taxes are estimated using an effective rate applied to earnings income, which nets out items that are not taxable, such as exemptions, deductions, credits, etc. The effective rate is calculated by dividing the total wage bill for covered employment by the total income taxes paid in the state. This, as opposed to calculating the tax burden of the average wage, takes into account the progressive tax structure, which taxes higher income levels at higher rates.

- Corporate state income taxes are generated from increased inter-industry sales among North Carolina businesses. Corporate income taxes are estimated using a historic ratio of corporate income taxes to individual income taxes.

- Employment security taxes are generated from the increased number of full-time equivalent jobs. For 2003, the employer pays a 1.2 percent tax on the first $15,900 of wages of each employee. The revenues from the employment security taxes are placed in a fund used to provide unemployment benefits. While the revenues are restricted in their use, new sources of revenues ease the burden on existing employers to maintain the fund balance.

- Property taxes are generated from the construction activities around the station. The taxes are levied by local governments (county and municipality) on the appraised value of real property. Property tax rates are set by the local jurisdictions.

Exhibit 5.1: Illustration of Economic and Fiscal Impacts



Impacts of Station Construction and Revitalization

The economic and fiscal impacts resulting from station construction activities are estimated as a one-time impact expressed in 2003 dollars. Although the station revitalizations may take place over a number of years, construction is a one-time activity, since the stations only undergo renovations once and will not be renovated again during the scope of this analysis. To put construction costs in 2003 dollars, the costs were escalated using the Engineering News Record Building Cost Index. Calculating the impacts from construction costs expressed in 2003 dollars is equivalent to modeling the impacts over the time period of the build-out and then escalating the impacts to a 2003 value.

A summary of the economic and fiscal impacts is provided in Exhibit 5.2. Over $ 143.3 million in sales by North Carolina firms, $43.1 million in earnings for North Carolina residents, and 1,508 jobs are linked to the construction activities for station revitalization. The fiscal impacts include an increased $2.7 million in income taxes, over $900,000 in sales taxes, over $272,000 in corporate taxes, and over $287,000 in employment security taxes.

Exhibit 5.2: Station Construction Economic and Fiscal Impacts (2003 $)

	Economic Impact Analysis			Fiscal Impact Estimates				
Station	Industry Sales	Wage/Salary Earnings	FTE Employment	Income Taxes	Sales Taxes (state)	Sales Taxes (local)	Corporate Taxes	Employment Security Taxes
Burlington	$7,417,591	$2,230,471	78	$140,297	$29,350	$19,307	$14,111	$14,897
Greensboro Phase 1	$44,409,633	$13,353,987	467	$839,966	$175,720	$115,593	$84,485	$89,189
Greensboro Phase 2	$25,542,954	$7,680,772	269	$483,121	$101,068	$66,486	$48,593	$51,299
Hamlet	$22,081,233	$6,639,832	232	$417,645	$87,371	$57,475	$42,007	$44,346
High Point	$15,617,454	$4,696,172	164	$295,389	$61,795	$40,651	$29,711	$31,365
Kannapolis	$5,994,369	$1,802,508	63	$113,378	$23,719	$15,603	$11,404	$12,039
Salisbury	$14,256,563	$4,286,952	150	$269,649	$56,410	$37,108	$27,122	$28,632
Selma	$7,943,279	$2,388,546	84	$150,240	$31,430	$20,675	$15,111	$15,953
Total	**$143,263,076**	**$43,079,241**	**1,508**	**$2,709,684**	**$566,864**	**$372,898**	**$272,544**	**$287,720**

Source: NCDOT, North Carolina Department of Revenue, North Carolina Economic Security Commission, AECOM calculations

Impacts of Development in Surrounding Station Areas

The economic and fiscal impacts resulting from construction and renovation activities are estimated as a one-time impact expressed in 2003 dollars. Although construction may occur around the station for a number of years, each construction or renovation project will only occur once. The exception to this is property taxes, which will be collected each year after the building is built. Therefore, property taxes impacts are presented as the sum of the revenues collected over the 20-year time horizon.

Exhibit 5.3 provides a summary of the economic and fiscal impacts of construction in the station area. Only three stations are predicted to be linked to commercial development in the surrounding station areas: Greensboro, Hamlet, and Salisbury. In Greensboro, there will be the largest impact with over $27.5 million in earnings and 932 jobs associated with construction around the train station. Construction in the areas surrounding the three stations are linked to over $44.7 million in earnings; 1,512 jobs; $2.8 million in income taxes; over $900,000 in sales taxes; over $282,000 in corporate income taxes; over $272,000 in employment security taxes; and over $16 million in property taxes (20-year sum of property taxes only).

Exhibit 5.3 also shows the economic and fiscal impacts of property value increases linked to the station revitalization. Burlington differs from the other station projects in that while it has yet to trigger new investment in the surrounding area, it has raised the value of existing properties in the vicinity[5]. The impacts of an increase in property values are recurring, and over the 20-year horizon, Burlington will gain $118,471 in industry sales; $18,736 in earnings, and 1 FTE recurring job. The fiscal impacts will be $1,178 in income taxes; $409 in sales taxes; $119 in corporate taxes; $148 in employment security taxes; and $749 in property taxes.

Exhibit 5.3: Surrounding Area Development Economic and Fiscal Impacts (2003 $)

Station	Economic Impact Analysis: Industry Sales	Economic Impact Analysis: Wage/Salary Earnings	Economic Impact Analysis: FTE Employment	Fiscal Impact Estimates: Income Taxes	Fiscal Impact Estimates: Sales Taxes (state)	Fiscal Impact Estimates: Sales Taxes (local)	Fiscal Impact Estimates: Corporate Taxes	Fiscal Impact Estimates: Employment Security Taxes	Fiscal Impact Estimates: Property Taxes
Construction Impacts									
Greensboro Phase 1	$ 92,092,000	$ 27,516,000	932	$ 1,730,756	$ 362,073	$ 238,181	$ 174,082	$ 167,760	$10,333,600
Greensboro Phase 2	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -
Hamlet	$ 1,170,029	$ 349,591	12	$ 21,989	$ 4,600	$ 3,026	$ 2,212	$ 2,131	$ 134,165
High Point	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -
Kannapolis	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -
Salisbury	$ 56,176,120	$ 16,784,760	569	$ 1,055,761	$ 220,864	$ 145,291	$ 106,190	$ 102,334	$ 6,026,800
Selma	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -
Property Value Impacts									
Burlington	$118,471	$18,736	1	$ 1,178	$ 247	$ 162	$ 119	$ 148	$ 749
TOTAL									
Total	**$ 149,556,620**	**$ 44,669,087**	**1,513**	**$ 2,809,686**	**$ 587,784**	**$ 386,660**	**$ 282,602**	**$ 272,373**	**$16,495,314**

Source: NCDOT, North Carolina Department of Revenue, North Carolina Economic Security Commission, county tax commissioners, AECOM calculations
Note: The Exhibit shows one-time impacts with the exception of property taxes, which are shown as a 20-year total because it is a recurring impact.

Impacts of Station Leasing Activities

The impacts from leasing station space are recurring and are generated and estimated on a yearly basis through the 20-year scope of this analysis. They are reported in net present value terms in order to facilitate analysis and comparison.

Exhibit 5.4 provides a summary of the economic and fiscal impacts of leasing activities over the 20-year horizon. Since the spaces being leased in the stations are not large and leasing real estate has fewer effects throughout the economy than construction does, the economic impacts of leasing activities are small compared to the impacts of the construction activities. For all stations combined, the impact will be $18.4 million in industry sales; over $2.9 million in earnings income; 6 recurring jobs; over $183,000 in income taxes; over $63,000 in sales taxes; over $18,000 in corporate taxes; and over $24,000 in employment security taxes.

[5] A description of the property value impact is presented in Appendix C.

Exhibit 5.4: Station Leasing Activities Economic and Fiscal Impacts (2003 $)

Station	Economic Impact Analysis			Fiscal Impact Estimates				
	Industry Sales	Wage/Salary Earnings	FTE Employment	Income Taxes	Sales Taxes (state)	Sales Taxes (local)	Corporate Taxes	Employment Security Taxes
Burlington	$ 5,309,148	$ 839,630	1.8	$ 52,813	$ 11,048	$ 7,268	$ 5,312	$ 7,049
Greensboro Phase 1	$ 2,004,771	$ 317,050	0.7	$ 19,942	$ 4,172	$ 2,744	$ 2,006	$ 2,662
Greensboro Phase 2	$ -	$ -	--	$ -	$ -	$ -	$ -	$ -
Hamlet	$ 1,738,880	$ 275,000	0.6	$ 17,298	$ 3,619	$ 2,380	$ 1,740	$ 2,309
High Point	$ 521,664	$ 82,500	0.2	$ 5,189	$ 1,086	$ 714	$ 522	$ 693
Kannapolis	$ 1,327,872	$ 210,000	0.5	$ 13,209	$ 2,763	$ 1,818	$ 1,329	$ 1,763
Salisbury	$ 7,511,962	$ 1,188,000	2.6	$ 74,725	$ 15,632	$ 10,283	$ 7,516	$ 9,973
Selma	$ -	$ -	0.0	$ -	$ -	$ -	$ -	$ -
Total	**$ 18,414,297**	**$ 2,912,180**	**6.4**	**$ 183,176**	**$ 38,320**	**$ 25,208**	**$ 18,424**	**$ 24,448**

Source: NCDOT, North Carolina Department of Revenue, North Carolina Economic Security Commission, AECOM calculations

Chapter 6: Tourism Benefits Analysis

This section quantifies the tourism benefits of the station revitalization project. The revitalized stations will help draw more tourists to the cities where the stations are located because of their historical significance and increased amenities. These tourists will spend money in the local economy, buying souvenirs, eating at restaurants, and staying at hotels. This tourist spending will create economic impacts, which are measured as:

- Business Sales
- Employee Earnings
- Jobs

Assumptions and Parameters of the Analysis

According to the North Carolina Department of Commerce, out-of-state visitors spend an average of $316 per trip and in-state visitors spend $221 per trip. The available ridership data included at which city a person boarded, so it was possible to differentiate between in-state and out-of-state tourists. The estimated number of in-state and out-of-state tourists arriving by train is shown in Exhibit 6.1.

Ridership data was available for two trains, the Piedmont and the Carolinian. However, there is no data available that shows whether people disembarking at a station are visitors to the city or residents returning home. Therefore, to arrive at the number of visitors, it was estimated that 15 percent of people alighting at the station were tourists, and the rest were assumed to be residents. The only exception was the station at Greensboro. Since Greensboro is a large city with many opportunities for business and leisure travelers, the percentage of visitors to Greensboro was assumed to be 25 percent.

Exhibit 6.1: Estimated Number of Tourists by Type

Station	Tourists (In State)	Tourists (Out of State)
Burlington	646	205
Greensboro	2634	1640
Highpoint	482	180
Kannapolis	353	139
Salisbury	761	331
Selma	144	261

Source: NCDOT and AECOM Consult estimations.

Experiencing the station may rarely be the train passengers' reason for traveling, however, the surrounding area may develop such that it becomes the destination. There is a segment of the traveling public that prefers train travel. A station is an integral part of the basic infrastructure for providing rail passenger transportation. Better station amenities lead to greater passenger usage. However, there are substantial investments required for track and signal improvements, train equipment and personnel, as well. This total investment is assumed to increase the number of passengers, including tourists, who use rail transportation. This study accounts for the increased number of tourists that are attracted by the station improvements and not by other system improvements. The percentage of tourists attributable to the station is estimated as the stations' share of total system investment applied to the number of all tourists who travel by rail. That is, the ratio of station investment relative to total investment required to provide the system multiplied by the number of rail passengers who are tourists.

The station investment will total $138 million from 1994 to 2005 and system investment totaled $328.9 million[6] over the same time period. The system investment of $328.9 million is multiplied by 3 because it is spent over an eleven year period and the useful life of most rail investment extends from 30 to 50 years. Thus, the station investment reflects 14% of the overall system total and that is the share that is used to estimate the station contribution to train tourists.

Train ridership in North Carolina is assumed to grow at 1 percent per year. This is likely a conservative estimate given the possible expansion of the system over the forecast horizon and expected population growth. However, in the absence of firm ridership estimates these forecasts can be considered a lower-bound on the stations' contribution to tourism spending in their respective communities.

Tourist Benefits Estimates

The tourism industry is not really a single industry, but rather a combination of retailers and services that cater to travelers' needs. For the purposes of this analysis, the tourism industry was defined as retailers, restaurants, lodging, transportation and arts, entertainment and recreation venues.

Shares were calculated for five sectors based on each sector's share of sales in the total state economy and adjusted for non-tourist spending in that sector: accommodation; food and drink; retail trade; transportation; and arts, entertainment, and recreation. The break-out is shown below for in-state and out-of-state travelers.

[6] AECOM Consult estimate based on review of documents, information provided by NCDOT and interviews with NCDOT staff and consultants.

Exhibit 6.2: Sectors of Tourist Industry

Sector	Share of Tourism Spending	Average In-State Tourist Spending Per Trip	Average Out-of-State Tourist Spending Per Trip
Retail Trade	43.8%	$96.75	$138.34
Food Services and Drinking Places	20.9%	$46.22	$66.09
Accomodation	20.7%	$45.76	$65.43
Transportation	8.0%	$17.72	$25.34
Arts, Entertainment, and Recreation	6.6%	$14.55	$20.81
Total	100%	$221.00	$316.00

Source: North Carolina Department of Commerce, Division of Tourism, Film and Sports, 1997 Economic Census, AECOM Consult calculations

Using the RIMS II multipliers associated with these sectors, and the weights shown in the first column of Exhibit 6.2, the RIMS II multipliers were tailored to the collective tourism industry. The increased business sales, employee earnings, and jobs attributable to tourist spending are shown below. These impacts were calculated over a 20-year time period and are expressed in 2003 dollars. The industry sales and wage and salary earnings are 20-year sums. The FTE employment figures are the recurring employment in the last year of the forecast.

Exhibit 6.3 presents the economic impacts and the fiscal impacts stemming from the economic impacts. The types of fiscal impacts are the same as described in Chapter 5: sales taxes, individual income taxes, corporate income taxes, and employment security taxes. An additional fiscal impact relating to tourism is a lodging tax.

- Lodging taxes are generated from the money that tourists spend on accommodation while in North Carolina, where counties have the option of levying an occupancy tax on the rental of rooms and lodging. Lodging taxes are estimated by applying the occupancy tax rate in the county to the amount of money estimated to be spent on lodging by the tourists attributable to the station revitalization.

Exhibit 6.3: Economic Impacts of Tourism Associated with Station Revitalization

	Economic Impact Analysis			Fiscal Impact Estimates					
Station	Industry Sales	Wage/Salary Earnings	FTE Employment in 2020	Income Taxes	Sales Taxes (state)	Sales Taxes (local)	Corporate Taxes	Employment Security Taxes	Lodging Tax
Burlington	$1,225,966	$367,864	1.1	$23,139	$4,841	$3,184	$2,327	$201	$5,056
Greensboro	$6,506,483	$1,952,340	5.6	$122,802	$25,690	$16,900	$12,352	$1,067	$30,368
Highpoint	$965,913	$289,833	0.8	$18,230	$3,814	$2,509	$1,834	$158	$4,101
Kannapolis	$720,877	$216,307	0.6	$13,606	$2,846	$1,872	$1,368	$118	$5,151
Salisbury	$1,611,919	$483,674	1.4	$30,423	$6,364	$4,187	$3,060	$264	$7,041
Selma	$676,391	$202,958	0.6	$12,766	$2,671	$1,757	$1,284	$111	$3,736
Total	**$11,707,550**	**$3,512,976**	10.1	**$220,966**	**$46,226**	**$30,409**	**$22,225**	**$1,919**	**$55,452**

Source: North Carolina Department of Revenue, North Carolina Economic Security Commission, AECOM calculations

Appendix A: Interview Summary

June 2003
Meeting Summary Notes

Over the course of several weeks in June, the AECOM Consult, Inc. team met with prominent business people, economic development officials, and government officials in each of the seven communities included in the study. The initial contact list was developed from suggestions made by NCDOT. Follow up interviews were conducted based on the recommendations of the local contacts in the first round of interviews and contacts made during the visit. The research team paid a visit to each station to survey the development types in the nearby vicinity of the station. The following table lists the interviews conducted; a summary of each conversation is provided below the table.

The AECOM Consult team conducted 26 interviews for this study. The interviews are dispersed across communities and are divided between public sector, development agencies, and private industry establishments, ensuring that one perspective does not dominate. Geographically, the interview distribution is Greensboro (6), Burlington (6), Smithfield/Selma (5), High Point (3), Kannapolis (3), Salisbury (2) and Hamlet (1). In terms of establishment perspective, 10 contacts were in a government agency, 11 represented a local development agency, and five were private business people.

Exhibit A.1: Summary of Interviews

Name	Occupation	Location	Date	Category
Richard Schaub	Planning Administrator	High Point	June 4, 2003	government
Andy Grzymski	Transportation Planning Administrator	High Point	June 4, 2003	government
Charlotte Young	President & CEO, High Point Convention and Visitors Bureau	High Point	June 4, 2003	development agency
W. Andrew Burke	President, Greensboro Economic Development Parnership	Greensboro	June 5, 2003	development agency
Arthur Davis III	Planning Research Manager, City of Greensboro Department of Planning	Greensboro	June 5, 2003	government
Thomas Martin	Director, City of Greensboro Department of Planning	Greensboro	June 5, 2003	government
Don Kirkman	President & CEO, Piedmont Triad Partnership	Greensboro	June 5, 2003	development agency
Sonny Wilburn	President, Alamance County Area Chamber of Commerce	Burlington	June 6, 2003	development agency
Harold Owen	City Manager, City of Burlington	Burlington	June 6, 2003	government
Kurt Pearson	Planner II, City of Burlington	Burlington	June 6, 2003	government
Rick Childrey	President, Greater Smithfiled-Selma Area Chamber of Commerce	Smithfield	June 6, 2003	development agency
R.J. Will, III	Owner, Sweetwater's Grille and Cheesecake Company, a restaurant near the renovated station	Selma	June 6, 2003	private business person
Tonia Harris	Owner, Visual Pleasure Antiques, a store in the Antiques District near the station and member of the local marketing committee	Selma	June 6, 2003	private business person
Randy Hemann	Executive Director, Downtown Salisbury	Salisbury	June 9, 2003	development agency
Marshall Downey	Planning Director, City of Kannapolis	Kannapolis	June 9, 2003	government
Mike Legg	Assistant City Manager, City of Kannapolis	Kannapolis	June 9, 2003	government
John Cox	Chief Executive Officer, Cabarrus Regional Chamber of Commerce	Kannapolis	June 9, 2003	development agency
Marchell David	City Manager, City of Hamlet	Hamlet	June 10, 2003	government
Donna Bailey Taylor	Executive Director, Johnston County Visitors Bureau	Smithfield (by telephone)	June 12, 2003	development agency
David Hooper	Owner, Georgia's Kitchen, a restaurant near the renovated station	Burlington (by telephone)	June 13, 2003	private business person
Randy Harrell	Executive Director, Salisbury-Rowan Economic Development Commission	Salisbury (by telephone)	June 13, 2003	development agency
Sherri Adams	Executive Director of the Burlington Downtown Corporation	Burlington (by telephone)	June 16, 2003	development agency
David Jameson	President/CEO, Greensboro Chamber of Commerce	Greensboro (by telephone)	June 16, 2003	development agency
Richard Jones	President, Richard Jones Real Estate	Burlington (by telephone)	June 17, 2003	private business person
Milton Kern	Milton Kern and Company (Trace Holdings)	Greensboro (by telephone)	June 17, 2003	private business person
Jeff White	Town Manager, Town of Selma	Selma (by telephone)	June 17, 2003	government

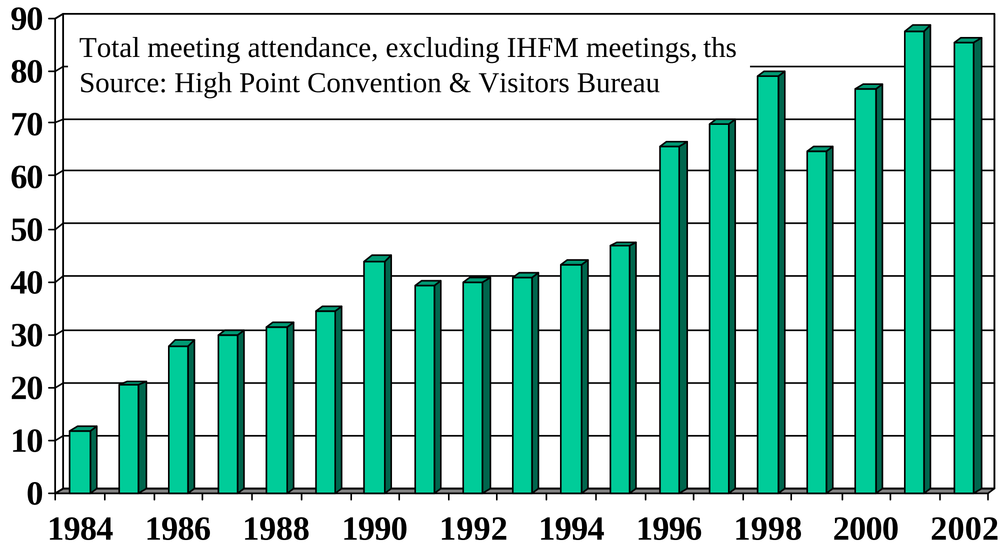
Richard Schaub and Andrew Grzymski
High Point, NC, June 4, 2003

Richard Schaub and Andrew Grzymski are guardedly optimistic about the potential impact of the station revitalization project in High Point. Because of the special circumstances that affect the downtown area, they agree that the near-term economic impact of the station project will be slight at best. This is because downtown High Point hosts the twice-annual International Home Furnishings Market. The Market, which attracts 80,000+ visitors from 59 countries, generates strong demand for showroom space in the downtown area. Schaub indicated that the market is crowding out other types of businesses, as the international furniture industry is able to out-bid other types of competing businesses that might typically be found in the downtown area. He said that building owners can cover their entire annual rent requirements from a tenant that basically uses the building for a couple weeks twice a year. As a consequence, the downtown vacancy rate is low, but because the Market only operates for a brief time, there is not the volume of foot-traffic that one would typically find in a downtown area. Absent a significant daytime consumer base and the associated foot-traffic, retailers, coffee shops, newsstands, and restaurants cannot generate the business to cover the downtown rents. This economic dynamic limits the potential impact that the train station revitalization can have in High Point. As an illustration Schaub and Grzymski cited the case of Panera Bread, which had set up a stand at the Market. After considering a permanent downtown location for a time, the company elected not to go forward.

While recurring development impacts are unlikely in the near-term, the station revitalization opens up opportunities longer term. These benefits are not direct consequences of the station revitalization, but an improved station will foster the success of these long-term upside risks. For example, Grzymski noted that the High Point station would be a terminus for PART commuter services, which is a growing regional transportation service in the Piedmont area. Schaub noted that High Point would be a stopping point for the SEHSR High Speed Rail Service. Both Schaub and Grzymski believed that high-speed service would benefit High Point. They maintain that because of a greater abundance of available land for residential and industrial development, water rights, and lower costs than nearby Greensboro, the City of High Point is better positioned for future growth. Thus, they felt that the provision of high-speed rail would generate growth and that a significant share of Guilford County growth would occur in High Point. Providing the station amenities of the revitalized station would make the SEHSR service more attractive to users.

Charlotte Young
High Point, NC, June 4, 2003

Charlotte Young views the station revitalization project as a positive for High Point. The Convention and Visitors Bureau that she heads contributed $100,000 to the project. She views the train station as a gateway for regional travel to High Point. One consequence of the International Home Furnishings Market’s role in the city is that there is a large stock of meeting and show space that is underutilized much of the year. The Convention and Visitor's Bureau is working to attract meetings to High Point in the off-peak periods. Young provided data on High Point's success to date in attracting non-furniture mart meeting to the city; these data are charted below.



Young went on to point out that most of the 80,000+ non-furniture meeting attendees are from within the region. Because the Triad Region is not dominated by one single large city, but rather a grouping of several smaller cities that are centrally located, many people travel in for the day and then return home. Good train service, of which a nice train station is an important part, allows the Visitors Bureau to market meetings in High Point as a place that is accessible and pleasant to visit.

Longer term, Young described an ongoing study to determine the feasibility of covering the tracks with a deck and developing the site over the tracks to accommodate retail and dining space. The deck would be close to the revitalized station. Young favors the track covering project because it would create dining and retail options for the meeting attendees that she works to attract to the downtown area between Furniture Markets.

Andy Burke
Greensboro, NC, June 5, 2003

Andy Burke sees the station revitalization as a positive for Greensboro. He points out that the Greensboro economy is one that is in transition. The region is losing its traditional industrial base of textile, apparel and furniture manufacturers—and local officials believe that these are jobs that are gone for good; there will be no new jobs in those industries once the recession ends. The region's loss of jobs in these industries was not triggered by the manufacturing-led recession; they had been leaving the communities around Greensboro and other communities in the South for years. The recession simply intensified the loss, and it ended the strong expansion in other regional industries that masked the loss. This combination of events served as a wake-up call to the local business and development community that new strategies were required. Burke said that Greensboro was in crisis, although it had many positive attributes that would support its future. These advantages include: good transport infrastructure, the Interstate system and proximity to two interstates, the airport that is expanding and freight rail. With the Randelman Dam project the community's water needs are met. There are 8 colleges/universities in the area. A remaining need for Greensboro is a vibrant downtown area. Currently there is a lot of empty office space in Greensboro, but there are significant efforts to revitalize the downtown area. [Interviewer's note: The 4th Quarter Lincoln Harris Market Review for the Piedmont Triad estimates that 25% of the CBD's 2,206,327 sf of office space was vacant. Most recent data available.] There is a downtown ballpark being planned, for example. Part of the downtown revitalization is the station project. Burke believes that the vibrancy of the downtown is an important quality of life issue, and that is something that can be used in marketing the region to the outside business community. He said that Greensboro is located on two key corridors, Raleigh-Charlotte, and the larger Richmond-Atlanta corridor. He also indicated that Greensboro's suburbs were comparatively close to the downtown, making train travel more feasible. Using the area's quality of life as one inducement, Burke is targeting the distribution, chemicals, biotech finance, and auto supplier industries to lead the economy's transition.

Andrew Davis
Greensboro, NC, June 5, 2003
Andrew Davis provided information on the city's comprehensive plan, a major tool in its revitalization effort. He stressed that the station investment is a major part of the city's effort to re-invigorate that part of the downtown area. He also described the Church Street Streetscape project. He explained that Church Street has been identified as a critical link between the cultural district attractions (such as the Central Library, the Historical Museum, the Children's Museum and the Cultural Arts Center) and the revitalized station. Voters have approved the bond measure to fund the improvements and construction is expected to begin in 2007.

Thomas Martin
Greensboro, NC, June 5, 2003

The station revitalization is an important part of the city's overall effort at downtown revitalization. When completed, the station will be the first-of-its kind multi-modal center in the state. Center services will include local bus service through the Greensboro Transit Authority, national bus service provided by Greyhound/Trailways, regional bus service provided by Piedmont Area Regional Transportation (PART), and national rail service provided by Amtrak. Planners expect that the facility will serve 2.1 million transportation related passengers per year. In addition, there are three areas in the station that will be leased space.

In total, the depot will serve as an activity center in that portion of the city. In particular, it will be the southern anchor on the Church Street Cultural District renovation. There are two museums and the public library at the other end of Church Street, within walking distance to the Depot. In addition, there are new luxury condos in the vicinity of the museums.

Martin says that people are coming back downtown. They are converting old buildings, and the city has been careful to review building codes to facilitate this building renovation process.

Much of the renovation has started in the vicinity of the station. Martin indicated that two developers, Milton Kearn and Fred Pryor have been instrumental in the private renovations in the city and he suggested contacting them for their views of how the station affected their plans.

Don Kirkman
Greensboro, NC, June 5, 2003

Don Kirkman says that the revitalized train station is not an important factor in his efforts to attract businesses to Greensboro, neither in attracting business to the Piedmont, nor in attracting businesses to Greensboro once it had decided to locate somewhere in central North Carolina. He sees the station revitalization as part of an overall strategy of downtown redevelopment. “We see having vibrant downtowns as important. It is part of the subjective decision that influences individuals more than institutional decisions.” He went on to say that he thought quality of life decisions were important in attracting the younger demographic of workers and in retaining college educated labor that were needed by the industries that he targets for relocation. He noted that the downtown redevelopment plan grew out of a change in concern about the region’s prospects. People began to say, “What can we do?” Jobs are not coming back; “particularly in the perimeter counties, there is high job loss and little to replace them.

Sonny Wilburn
Burlington, NC, June 6, 2003

Sonny Wilburn says that the community believes that rail service is a benefit; community leaders lobbied to be a stop on the SEHSR. He said that his impression is that ridership is rising because the number of cars in the parking lot around the station is increasing. While he did not feel that rail would be a factor in attracting firms to Burlington, Wilburn indicated that one benefit was that the station upgrade made the rail service “more attractive to utilize.” The station is an old historic building owned by the railroad; “rail is where Burlington got its beginning.” A second benefit is that it helps Burlington’s largest employer. LabCorp is by far the largest employer and the largest tenant in Burlington. When it expanded, it expanded in Research Triangle Park. LabCorp is expected to expand again in Burlington in the next 12 months. Elon College is another large local employer, and the train benefits the student population. The train service also fosters interaction with Raleigh (government) and Charlotte (business center). The station space is being marketed by NCRR. The station will have several divisions of the police department on the second floor. There will be exhibit space and public meeting rooms, as well. The station is expected to support development in that portion of the city.

Harold Owen and Kurt Pearson
Burlington, NC, June 6, 2003

Owen and Pearson see the station revitalization project as a benefit for Burlington. Owen said the first benefit was getting rid of the mobile trailer that served as the existing station. He said that the old station "never fit." The station was generally unmanned, there was no security, parking was bad, and the combination of factors "spooked people." The second immediate benefit is that the station investment is changing perceptions of the area and that it has created a lot of enthusiasm that things are changing for the better. The city has received a grant from NC DOT for street trees, a crosswalk, and signage. The new station is an old historic building that has played many roles in the community; it thus is referred to by several different names such as the Fergusen Building, the Roundhouse, and the Depot.

They indicated that they are hoping that the station will pull development across the tracks to the other side of town, where there are many vacant buildings. [Interviewer's note: The East Burlington Redevelopment Plan found that the station restoration "is occurring in a portion of east Burlington where the volunteer land use survey indicated a number of potentially vacant buildings, as well as several buildings that are in poor condition. Indeed, the volunteer land use survey indicated that the area surrounding the restoration site has the greatest density of buildings in poor conditions in the EBBRP area." The Redevelopment Plan recommended focusing development near the station to take advantage of the momentum the station revitalization had created.]

Pearson mentioned a new restaurant that had opened in the block next to the station, Georgia's Kitchen. He felt that the station had played a role in the opening. Owen provided contact info. The upstairs part of the station is leased by the police department. There is additional space and the marketing of that space is handled by NCRR. For more information about station development, Owen and Pearson suggested contacting Sherri Adams who is part of the Downtown Corporation and they provided contact info.

Rich Childrey
Smithfield, NC, June 6, 2003

Rich Childrey stated that the station just opened in November, and felt that it was an asset to the community. He saw the station revitalization as part of providing good rail service to other communities in the state and beyond. He noted that there are studies examining whether/how to provide commuter rail from Selma to Raleigh. He indicated that 40% of the Johnson County workforce works outside the county and that Raleigh is the primary destination. He said that Johnston County was the fastest growing county in terms of population in the last Census. [Interviewer's note: Census data confirm this. Johnston County's population increased 50% from 1990 to 2000, rising to a total of 121,965 people in 2000. In terms of population growth, Johnston County ranked first in the state of North Carolina and 86th of the 3,141 US counties included in the census.]

Aside from its role in the overall provision of the rail service, Childrey said that it opens up opportunities for the future. The *Carolinian* stops in Selma. He noted that the *Palmetto* was either going to start service or had recently started service. He said that people were using the newly-revitalized station and that it was nicely landscaped and public lighting had been installed. It is not possible to purchase tickets at the station yet, but that might change with ridership growth. Selma has an antique district in the downtown, in close proximity to the station and the train service and restored station might feed tourism/antiquing opportunities down the road.

Childrey did not see significant development benefits from the Selma project because of the circumstances surrounding the station. The station is not open the full day and there is no space inside the station for leasing—there may be an exhibit in the station. Second, the station is bordered by a Federal Housing Project. Thus, this land will not be available for redevelopment. There is some undeveloped land near the station on the other side of the station, but Childrey knew of no plans to build/invest at this time. He stressed that the station had not been open long (6 months at time of interview), and thus there had not been much time for the market to react.

R. J. Will
Selma, NC, June 6, 2003

R. J. Will owns Sweetwater's Grille and Cheesecake Company, located on Raiford Street, which is the main street through the downtown antique district near the station. In this area, there are three restaurants: a sandwich shop, a hot dog shop, and Sweetwater's—a sit-down restaurant with bar, which is akin to the Selma version of a Chili's or Applebee's. Will said that the station revitalization had no impact on his decision to open the restaurant or on its location. However, he said that while he, "expected no immediate impact, he did expect a cumulative impact as time went on, rising to up to 15% of business in the future." Having said that, he then recounted the story of three ladies from Salisbury who had taken the train to Selma the previous week to go antiquing. They stopped and had lunch at his place, so he saw a benefit. The restaurant is decorated with memorabilia from the local area, including numerous train documents and station pictures.

Tonia Harris
Selma, NC, June 6, 2003

Tonia Harris owns Visual Pleasures Antiques, located on Raiford Street, which is the main street through the downtown antique district near the station. Her store is one of 20 antique stores in the Selma district. Tonia is also on the marketing committee for the Selma antique district. Harris tells visitors to her shop about the station and the new Palmetto service. She has train schedules in the store. She mentioned that Selma has a 1% occupancy tax to be used in marketing Selma. They are in the process of setting up train packages to combine train trips with visits to the antique districts and a theater that houses the American Music Jubilee. In her words, “we want to use the train” in our efforts to reinvigorate Selma. She suggested talking to Donna Bailey Taylor about the details of the train packages. She also mentioned the three ladies from Salisbury who took the train to Selma to go antiquing as an example of how this would work.

Randy Hemann
Salisbury, NC, June 9, 2003

Randy Hemann is the Executive Director of Downtown Salisbury, the city’s downtown redevelopment corporation. He is extremely upbeat about the effect that the station revitalization has had on the downtown. He believes that “everything that’s happened down there by the depot was caused by the revitalization,” and he said the railroad station is the most identifiable structure in the downtown. Mr. Hemann gave many examples of recent downtown development within a few blocks of the train station. In 2002, a new $1.4 million office building was built with 12,000 square feet of space. The previous year, a 10,000 square foot office building underwent $500,000 worth of renovations and is now fully leased. In 1999, a $1 million building was constructed with offices on the first floor and residential units on the second. Also in recent years, the Arts Walk, which links the railroad station to a section of downtown, was put into place with $11 million of renovation, which included renovation of a 5-story office building and development of the Waterworks Visual Arts Center. There is also a Rail Walk, which connects another group of buildings downtown to the railroad station. This is currently warehouse space, but Mr. Hemann thinks that these buildings will be renovated in the future and turned into galleries and studios. When this project is completed the construction value of the renovation will be approximately $8 million. In part of this district connected by the Rail Walk, Mr. Hemann indicated that there are currently plans to construct a three-story building with commercial and residential space valued at $2 to 3 million.

In addition to the effects on the downtown, Mr. Hemann described the commercial uses of the train station itself. The station has office space, with tenants including Amtrak, Smith Barney, the Land Trust for Central North Carolina, and the Historic Salisbury Foundation. The Great Hall of the station can also be rented out for events.

Marshall Downey and Mike Legg
Kannapolis, NC, June 9, 2003

Marshall Downey is the Planning Director and Mike Legg is the Assistant City Manager for Kannapolis. Mr. Downey and Mr. Legg feel that the new train station has potential for a textile museum and office space. The station building has 7,000 square feet, 2,800 of which will be used for station purposes, so approximately 4,200 square feet will be available for the museum and offices. Mr. Downey and Mr. Legg also believe that the new station's proximity to Cannon Village, an outdoor mall with many home furnishing stores, will help generate tourist traffic as the new station is across the street from the shopping center.

In the long term, Mr. Downey and Mr. Legg indicated that there are opportunities for commuter rail service from Kannapolis to Charlotte, especially because the train station in Charlotte is being moved to a more central downtown location. Cannon Village, nearby the train station, would provide for shopping and services needed by residents commuting by train. Mr. Downey and Mr. Legg also described a recent change in the law allowing for liquor to be sold by the drink that will provide an impetus for restaurants and other nightspots to open in Kannapolis. This will provide the amenities sought by a commuter population as growth pushes out from Charlotte.

John Cox
Kannapolis, NC, June 9, 2003

John Cox is the Chief Executive Officer of the Cabarrus Regional Chamber of Commerce. Mr. Cox commented on the growing interstate traffic flowing to and from Charlotte, and the fact that the commuter shed for Charlotte was pushing north of Kannapolis. The new and more centrally-located rail station combined with commuter type service would be a benefit to Kannapolis to the extent it attracted households to live in Kannapolis and commute to jobs in Charlotte.

Marchell David
Hamlet, NC, June 10, 2003

Marchell David is the City Manager of Hamlet. Ms. David indicated that the revitalization of the train station is leading to many other renovation projects in the area surrounding it. The Opera House, which was purchased by the city in the 1990's, is being adapted for use as a civic center. The Main Street Café and the Stinson Building are being renovated, as are other shops and offices near the station. Ms. David also described the uses for the space in the station. When it opens, it will be used by both Amtrak and

Greyhound. It will house a national railroad museum in the basement and on the main floor, which will have model trains and employ one full-time curator. The station will also have a banquet room in the rotunda, which can be rented out for events, and office space. Ms. David said that a travel agent is also interested in locating at the station when it opens.

Donna Bailey Taylor
Smithfield, NC (by telephone), June 12, 2003

Donna Bailey Taylor is Executive Director of the Johnston County Visitors Bureau and is responsible for setting up the train packages that will serve Selma. Taylor said that her group is actively working on the project. There are two parts. First, she is working with motor coach companies to set up train packages. The American Music Jubilee is a popular motor coach destination; in this new package, the motor coach company would put its guide and passengers on the train for a different experience. She anticipated coming to an agreement with the coach companies in 30-60 days. The second part of the plan is to sell packages directly through Amtrak. Each package would be customized, based on the location/schedule of service for the passenger's origin. Although in-state communities are a big part of the target market, this will include overnight packages marketed as far as Atlanta and Washington, DC. Rates have not been established, but she hoped an agreement would be in place with Amtrak in the next 6 months.

David Hooper
Burlington, NC (by telephone), June 13, 2003

David Hooper is the owner of Georgia's Kitchen, a restaurant located in downtown Burlington. He said the station was not a deciding factor in his decision to open the restaurant nor in its location. He did say that it was a bonus and a significant factor that he considered. He said he chose his location based on "betting on the rejuvenation of downtown and he wanted to be part of it." He is renovating a building in two phases; the first is a 5,000sf restaurant. Phase II is 10,000 sf of office space. Together this is a $500,000-$1,000,000 project. He said that the new train station had not had an impact on the community yet because it was not open yet and that advertising had not really gotten the word out to the public. However, events like the arts council fundraiser that would be held in the station in the next year would raise the station's profile.

Randy Harrell
Salisbury, NC (by telephone), June 13, 2003

Randy Harrell is the Executive Director of the Salisbury-Rowan Economic Development Commission. Mr. Harrell was informed of Randy Hemann's comments on the effect of the train station on downtown Salisbury.

Sherri Adams
Burlington, NC (by telephone), June 16, 2003

Sherri Adams is Executive Director of the Burlington Downtown Corporation. Her group works for businesses that are located in a special taxing district. Her district does not extend over the tracks to the area immediately surrounding the station. That said, she did not see any immediate impact from the station revitalization, but believed there was significant potential down the road. Her information was limited, however, given that she did not directly serve that part of town.

David Jameson
Greensboro, NC (by telephone), June 16, 2003

In response to the question whether the restored depot is a benefit to the downtown area, David Jameson replied yes, absolutely. He says that the restoration and multimodal capabilities of the depot and the new activity generated by the station users will bring that quadrant of the city back. In addition, the retail space in the station will further add to the station's attractiveness. He said that that the downtown community is excited about the project. The revitalized station is a "new front door to Downtown Greensboro."

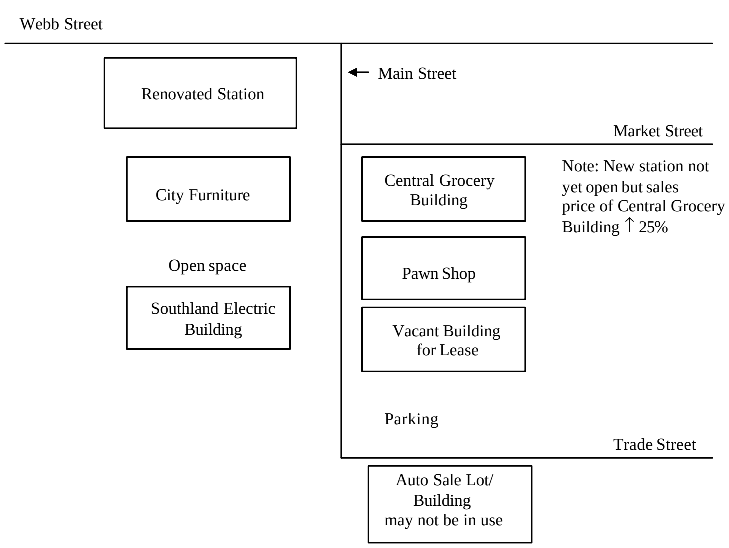
There are several benefits that Jameson sees for the project. The first is that further deterioration of the station was a detriment to the community. The city leaders said that it could not let this go forward. Second, the station will anchor the Church Street Cultural Corridor. Third, the station will pull downtown development off the Elm Street axis into other parts of the city.

To date, this is all expectation. Jameson indicated that he does not know of any projects that have been started or are planned because of the train station, even though there is a significant amount of redevelopment in the near vicinity. Aside from the Church Street Cultural Corridor streetscape that is planned for the future, Govenor's Court, a new condo development opens in August in the block next to the station. In addition, a large area of redevelopment called Southside is located across the tracks, south of downtown.

Jameson explained that there are two reasons for the slow downtown response. First, the economy of Greensboro is very weak at present and new private investment is scarce. There is no speculative development with so many vacancies in the city already. Second, Greensboro is too big for one single project to be "the masterful stroke that gets things going—it takes many factors to come together to make development happen." In the long term, Jameson expects the station investment to prove to be a good long-term investment that yields dividends to the neighborhoods of the city that surround it.

Richard Jones
Burlington, NC (by telephone), June 17, 2003

Richard Jones handled the recent sale of the Central Grocery Building, which was the nearest vacant building to the revitalized station. He said that he could not point to the station revitalization as the cause of the building sale, but he estimated that it increased the sales price of the building by 25% because of the greater economic potential of the site following the station investment. He provided a picture of the building via his web site. The 1910 building has 18,528 sf of vacant space, brick construction with concrete and wood floors, no central heat or air conditioning.



Milton Kern
Greensboro, NC (by telephone), June 17, 2003

Milton Kern is a private developer who is actively investing in Downtown Greensboro. He indicated that the station revitalization is a critical factor in his downtown investment decisions. He is currently purchasing properties on Lyndon Street to create an Artists' Colony. Lyndon runs parallel to Church Street, and is one block east. The colony would be very close to the train station. Kern anticipates spending $2-3 million to develop the area for combined workshops, housing and show space. The arts colony will feature things that "people make with their hands," such as potters and blacksmiths. In addition, Kern has purchased about 12 buildings in the 200 block of south Elm, investing about $12 million. He said that you can see the Depot from most of the buildings. The station investment made the site attractive to him. In one of the reuses, he and a group of partners bought the former Tahlheimer Department store (203 S. Elm). They spent $3 million to renovate a section of the building for a banquet facility. The project is doing well and they plan to renovate more of the building for retail/entertainment uses. Again, the train station and the access and activity that it provides were a factor in Kern's decision to invest. Kern also mentioned the Southside development. Although he was not involved in that project, he said that the project would not have been done without the train investment on the other side of the tracks. It would not have been an attractive site with the dilapidated station and vagrants just over the tracks.

In short, Kern said that the station is positive for the area. Once the station is fully up and running, the city will have the opportunity to change some of the traffic patterns downtown and offer more on-street parking, which is more consumer friendly. Kern says that Greensboro started with trains and it is going back to trains in the coming years.

Jeff White
Selma, NC (by telephone), June 17, 2003

Jeff White indicated that the revitalized station is a "dream come true for many of the residents" and that it has made a definite impact in their outlook. He said that before the revitalization, a lot of people there were convinced the best thing would be to bulldoze the station. Now they say this is beautiful and it is a source of pride for the town. He said that an estimated 1,000 people came to Selma in the first week that the station opened.

As far as additional development spurred by the station, White could not point to any directly, but noted that the station has only been open a short time. He indicated the future prospects opened by the station. They are studying commuter rail to Raleigh. Also, the town has two other historic stations, the 1886 CSX office and an 1855 train station that pre-date the town. They are working on plans to market the area to train aficionados.

Appendix B: Population Forecasts and Detailed Economic History

Exhibit B.1: Population Trends

County	1970	1980	1990	1995	2000	2010	2020
Alamance	96,843	99,532	108,695	118,796	131,478	153,257	175,620
Ann. % Change		*0.3%*	*0.9%*	*1.8%*	*2.0%*	*1.5%*	*1.4%*
Cabarrus	74,904	86,302	99,590	111,484	132,236	165,488	200,092
Ann. % Change		*1.4%*	*1.4%*	*2.3%*	*3.5%*	*2.3%*	*1.9%*
Guilford	289,361	317,921	349,135	387,665	422,363	495,634	568,580
Ann. % Change		*0.9%*	*0.9%*	*2.1%*	*1.7%*	*1.6%*	*1.4%*
Johnston	61,850	70,809	81,925	97,914	123,365	165,971	210,178
Ann. % Change		*1.4%*	*1.5%*	*3.6%*	*4.7%*	*3.0%*	*2.4%*
Richmond	39,932	45,157	44,608	45,731	46,585	48,306	49,825
Ann. % Change		*1.2%*	*-0.1%*	*0.5%*	*0.4%*	*0.4%*	*0.3%*
Rowan	90,249	99,473	110,999	120,783	130,671	151,062	171,889
Ann. % Change		*1.0%*	*1.1%*	*1.7%*	*1.6%*	*1.5%*	*1.3%*

Source: Bureau of Economic Analysis, North Carolina State Demographer

Exhibit B.2: Alamance County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	49,574	51,136	67,502	70,957	81,172
Ann. % Change		*0.3%*	*2.8%*	*1.0%*	*2.7%*
Ag. services, forestry, fishing	88	165	391	(D)	(D)
Mining	72	36	67	(D)	(D)
Construction	2,089	2,867	3,544	4,050	5,824
Manufacturing	24,957	19,698	21,773	20,873	19,703
Transportation and public utilities	1,559	1,670	1,667	1,849	2,216
Wholesale trade	1,701	2,192	2,926	3,085	3,483
Retail trade	7,088	8,562	12,450	12,965	13,743
Finance, insurance, and real estate	1,764	2,512	3,191	3,725	4,131
Services	6,421	8,433	15,528	17,702	24,510
Government and government enterprises	3,835	5,001	5,965	6,104	6,757
Personal Income (thousands, nominal)	346,447	875,057	1,907,041	2,517,840	3,426,694
Ann. % Change		*9.7%*	*8.1%*	*5.7%*	*6.4%*

Source: Bureau of Economic Analysis
(D): Not shown to avoid disclosure of confidential information

Exhibit B.3: Cabarrus County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	42,781	45,335	50,264	58,102	75,585
Ann. % Change		*0.6%*	*1.0%*	*2.9%*	*5.4%*
Ag. services, forestry, fishing	97	114	455	692	800
Mining	18	11	120	90	101
Construction	1,524	2,545	4,030	4,569	6,763
Manufacturing	26,615	22,387	16,616	15,743	13,662
Transportation and Public Utilities	741	918	2,050	2,294	3,431
Wholesale trade	836	1,057	1,340	1,592	2,911
Retail trade	4,972	6,287	8,775	10,550	14,948
Finance, Insurance, and Real Estate	1,219	1,925	2,342	2,534	4,297
Services	3,705	5,374	8,461	11,864	18,358
Government and government enterprises	3,054	4,717	6,075	8,174	10,314
Personal Income (thousands, nominal)	263,009	733,104	1,794,076	2,540,746	3,794,811
Ann. % Change		*10.8%*	*9.4%*	*7.2%*	*8.4%*

Source: Bureau of Economic Analysis

Exhibit B.4: Guilford County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	174,142	211,962	278,888	302,743	333,214
Ann. % Change		*2.0%*	*2.8%*	*1.7%*	*1.9%*
Ag. services, forestry, fishing	346	759	1,586	2,148	2,993
Mining	187	336	268	284	320
Construction	13,415	12,725	20,270	16,433	19,354
Manufacturing	62,482	61,318	59,965	59,390	56,416
Transportation and Public Utilities	7,135	8,476	13,948	16,955	19,960
Wholesale trade	10,798	16,258	21,665	22,568	22,710
Retail trade	25,239	32,950	46,750	52,662	55,737
Finance, Insurance, and Real Estate	11,755	14,994	20,590	22,844	24,533
Services	26,811	40,517	65,742	80,152	99,477
Government and government enterprises	15,974	23,629	28,104	29,307	31,714
Personal Income (thousands, nominal)	1,206,744	3,217,646	7,424,728	9,703,744	12,969,132
Ann. % Change		*10.3%*	*8.7%*	*5.5%*	*6.0%*

Source: Bureau of Economic Analysis

Exhibit B.5: Johnston County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	20,238	26,152	33,487	39,098	49,673
Ann. % Change		*2.6%*	*2.5%*	*3.1%*	*4.9%*
Ag. services, forestry, fishing	464	753	688	(D)	1,063
Mining	38	51	61	(D)	(D)
Construction	1,651	1,794	3,533	4,338	5,333
Manufacturing	6,655	9,854	7,985	7,884	8,109
Transportation and Public Utilities	392	425	1,011	1,197	1,439
Wholesale trade	623	891	1,371	1,337	2,134
Retail trade	3,138	4,317	6,198	7,922	10,421
Finance, Insurance, and Real Estate	947	1,180	1,539	1,815	(D)
Services	3,284	3,157	6,337	8,336	11,112
Government and government enterprises	3,046	3,730	4,764	5,319	6,688
Personal Income (thousands, nominal)	179,803	527,062	1,304,800	1,915,010	2,986,873
Ann. % Change		*11.4%*	*9.5%*	*8.0%*	*9.3%*

Source: Bureau of Economic Analysis
(D): Not shown to avoid disclosure of confidential information

Exhibit B.6: Richmond County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	15,733	17,877	21,501	20,288	20,037
Ann. % Change		*1.3%*	*1.9%*	*-1.2%*	*-0.2%*
Ag. services, forestry, fishing	29	47	114	132	197
Mining	23	95	(D)	116	145
Construction	687	673	(D)	847	1,032
Manufacturing	5,593	6,104	8,550	6,054	4,805
Transportation and Public Utilities	1,803	1,837	1,348	1,044	993
Wholesale trade	327	298	550	698	523
Retail trade	2,427	2,834	3,318	3,730	3,395
Finance, Insurance, and Real Estate	598	841	639	560	888
Services	2,533	2,662	3,146	3,902	4,672
Government and government enterprises	1,713	2,486	2,851	3,205	3,387
Personal Income (thousands, nominal)	109,755	298,316	607,239	743,181	953,669
Ann. % Change		*10.5%*	*7.4%*	*4.1%*	*5.1%*

Source: Bureau of Economic Analysis
(D): Not shown to avoid disclosure of confidential information

Exhibit B.7: Rowan County Economic Characteristics

	1970	1980	1990	1995	2000
Nonfarm Employment	34,775	42,442	48,347	53,252	56,981
Ann. % Change		*2.0%*	*1.3%*	*2.0%*	*1.4%*
Ag. services, forestry, fishing	154	180	286	419	475
Mining	142	127	108	156	166
Construction	1,891	2,329	3,119	3,043	3,077
Manufacturing	14,642	15,549	13,092	14,967	14,351
Transportation and public utilities	1,319	1,568	1,460	1,712	2,084
Wholesale trade	976	1,365	1,785	2,261	2,434
Retail trade	4,617	6,766	9,827	9,650	11,423
Finance, insurance, and real estate	1,329	1,854	1,740	1,729	1,576
Services	5,185	6,776	9,451	11,585	13,408
Government and government enterprises	4,520	5,928	7,479	7,730	7,987
Personal Income (thousands, nominal)	298,019	832,831	1,774,411	2,331,656	3,094,381
Ann. % Change		*10.8%*	*7.9%*	*5.6%*	*5.8%*

Source: Bureau of Economic Analysis

Appendix C: Burlington Property Value Impact and the Impact on Rents

The buildings adjacent to the Burlington station are largely distribution warehouses and retailers of larger goods such as furniture, cars, hardware and tires. Many of the properties do not appear to be in use on a daily basis. The station revitalization has not yet sparked new construction, and may not for some time given the number of vacancies in the downtown area located across Webb Street.

While new construction has not yet been triggered, interviews in Burlington indicated that the sales prices of nearby properties were rising (see Appendix A). The empty building closest to the station sold in early June, just as the station project was wrapping up. While the exact details were not disclosed, the interview revealed that the building sold for just under $200,000 and that the price had increased about 25% from the asking price for that area of the city prior to the station project.

Given those figures the rent changes attributable to the station project were estimated in the following way.

Building Price Before Station Revitalization: $160,000

25% Building Price Increase After Station Revitalization: $200,000

Assume a 25-year holding period and an 8% capitalization rate,

Annual Rent Before the Station Revitalization would be:

$160,000 X 0.09368 = $14,988.80

and Annual Rent After the Station Revitalization would be:

$200,000 X 0.09368 = $18,736.00

for an annual rent difference of $3,747.20 that is attributable to the station project. Over the 20-year forecast horizon for which impacts are calculated in this study, this rent gain totals $74,944.00.

Appendix D: Statewide Station Revitalization Projects in North Carolina

North Carolina is making significant investments to improve and extend its rail system. Spending on station facilities is a core part of the state's multi-year rail initiative. Station projects are dispersed across a diverse set of communities across the state—from large urban areas to small town communities. An alphabetical listing is provided below.

Asheville	Marion
Black Mountain	Morganton
Bladenboro	Old Fort
Burlington	Raleigh
Cary	Rocky Mount
Charlotte	Salisbury
Durham	Selma-Mitchner
Fayetteville	Selma-Union
Goldsboro	Southern Pines
Greensboro	Statesville
Hamlet	Valdese
Hickory	Wallace
High Point	Wilmington
Kannapolis	Wilson
Lumberton	Winston-Salem