

**Minutes of the 31 October 2011
Special Meeting of the Yancey County Board of Commissioners
Held at 9:00 o'clock a.m. in the Commissioners Board Room
Yancey County Courthouse, Burnsville, North Carolina**

Present at the 31 October 2011 meeting of the Yancey County Board of County Commissioners were Chairman Johnny Riddle, Commissioners Jill Austin, Dale England, Michelle Presnell and Marvin Holland, County Manager and Assistant Clerk to the Board Nathan Bennett, County Planner Jamie McMahan, Finance Director Lynne Hensley, Finance Officer Brandi Burleson, Town of Burnsville Mayor Danny McIntosh, Town of Burnsville Public Works Director Anthony Hensley, Cooperative Extension Director Tres Magner and Jeremy Delisle with Cooperative Extension Service.

Call to Order and Approval of Agenda

Chairman Riddle called the meeting to order and then asked for a motion to approve the agenda. Commissioner Presnell made a motion to approve the agenda and it was seconded by Commissioner Holland. The vote to approve was unanimous. (Attachment A)

Agricultural Center Project Update

The Board first heard from Tres Magner, Extension Director about the progress of the Agricultural Center. Mr. Magner stated that the center is coming along. He stated that a name for the facility has been discussed along with the number of jobs it could create. He also stated that \$10,000 in NCSTEP grant has been secured and a grant from USDA has been applied for and have been notified that they have been approved for a Specialty Crop Block Grant for a \$68,500. Another discussion that has been taking shape is the legal structure and the business model of a 501(c)(3). Mr. Magner also stated that the county could lease the facility for 3-5 years and after that time it will become obvious if the center is going to be successful or not. Mayor McIntosh reviewed the water use that is necessary for the facility and stated that water would not be a problem. Mr. Magner next talked about how much was needed from the county for the facility. He stated that \$24,000 per year would be needed for rent and utilities. Mr. Magner further stated that it was the hope to be up and running by the spring if possible. (Attachment B)

Buker Tennis Court

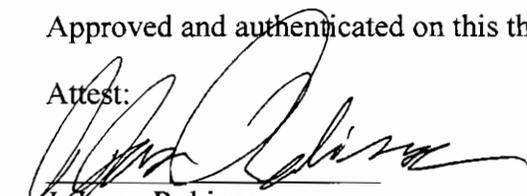
Commissioner Holland next gave the Board an update on the tennis court owned by Dotty Buker. Commissioner Holland stated that the court is in good shape. Commissioner Holland further stated that Mrs. Buker wants to do a lease with the county for nominal consideration. Commissioner Holland asked the Board to authorize the county manager and county attorney to come up with the terms of the lease and to proceed with the lease with Mrs. Buker. Upon hearing from Commissioner Holland, Commissioner England made a motion to authorize the county manager and attorney to come up with the terms of the lease and to proceed with the lease with Mrs. Buker. The motion was seconded by Commissioner Holland and the vote to approve was unanimous.

Adjournment

Having no further business Commissioner Presnell made a motion to adjourn and it was seconded by Commissioner Holland. The vote to adjourn was unanimous.

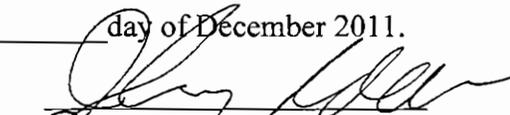
Approved and authenticated on this the _____ 6th _____ day of December 2011.

Attest:

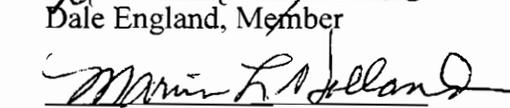
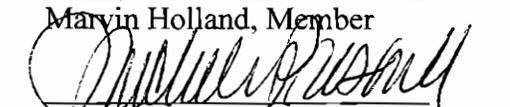

J. Jason Robinson
Clerk to the Board



(county seal)


Johnny Riddle, Chairman

Jill Austin, Member

Dale England, Member

Marvin Holland, Member

Michele Presnell, Member

Attachment A

COUNTY MANAGER
Nathan Bennett



COMMISSIONERS
Jill Austin
Dale England
Marvin Holland
Michele Presnell
Johnny Riddle

YANCEY COUNTY

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AGENDA
YANCEY COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
October 31, 2011
9:00 A.M.

- I. Call to Order – Chairman Johnny Riddle
- II. Approval of Agenda
- III. Agricultural Center Project Update – Tres Magner, Director, Yancey Cooperative Extension Service
- IV. Recreation – Buker Tennis Court – Commissioner Holland
- V. Adjourn

Attachment B

Yancey Working Group Meeting Monday, September 19, 2011

Yancey	
1. Elizabeth Gibbs	elizgibbs@mountainarea.net
2. Wanda Proffitt	yanceyedc@gmail.com
3. Rita Earley	rearley@mayland.edu
4. John Boyd	jboyd@mayland.edu
5. Ryan Wiebe	wiebe79@yahoo.com
6. Harold Davis	
7. Jeremy Delisle	jadelisl@ncsu.edu
8. Tres Magner	tres_magner@ncsu.edu
9. Jim Parlier	James.parlier@ncfbins.com
10. Jeff Vance	Jeffery_vance@ncsu.edu
11. Adam McCurry	adam_mccurry@ncsu.edu
12. Stanley Holloway	stanley_holloway@ncsu.edu
13. Nathan Bennett	nbennett@yanceycountync.gov
14. Johnny Riddle	jriddle@yanceycountync.gov
15. Michael McDonald	michael@smithsonmills.com
16. Smithson Mills	smithson@smithsonmills.com

Next Meeting – Tuesday, October 25, 2011 @ Noon

Currently there are \$13,300 in donations received for the study. Meeting began with a recap of the last interim meeting from last spring and what has been accomplished to date, including measurement of demand at all levels as well as a site review. At the moment it is important to arrive at a building decision.

The working group intention is to resolve organizational issues for the ag center: how should it be organized and developed? What will the name be? How will long term sustainability be achieved? How will we achieve GAP certification since, for good or ill, it is coming down the chain? How will we establish a regional connection with Mitchell to get an economy of scale?

Question: how were the job creation numbers arrived at for the NCSTEP project? Develop these numbers and work in consultation with the working group.

Currently it appears that there is only one fully GAP certified farmer in the county (Claude) with others looking in that direction as they realize that GAP is increasingly important. There is a one year waiver on one other farm (Billy – tomatoes), and he is working hard to resolve his water source issues that immediately knock 25 point off his certification score. This is a big ordeal with a lot of paperwork involved in it – how can farmers get help with this process? – training and education components, such as ponies similar to Project Skill-Up at Surry Community College that had 65 farmers in GAP training. In addition, the facility can become GAP certified to help access markets through the ag center. The county is looking at GAP requirements and cost sharing opportunities for GAP workshops as well. The problem in Yancey seems to be that GAP does not scale down well for smaller farms like we have here. However,

it will still be required to meet the demands of larger markets. Exemptions: selling under \$500K and selling within 250 miles

Advantages of this facility include more volume, less delivery travel, lower farmer costs on quality control, unified grading, washing and packaging, different contracts for different grades of foods, new markets, such as CSA which we found to have a good response in survey – however, this is not meant to be a cure-all for all of agriculture in the county.

Question – Madison farm buy-in: how many farmers participate? 40, with some only using the wash and grade line. Recommendation is that this facility can do the same. Surry has seen their agricultural market grow a local food movement to Winston Salem through a marketing campaign. This has increased local consumption by \$100K per year, especially as former tobacco growers put vegetables into rotation.

Yancey has a regionally strategic advantage in being capable of producing cold weather crops during times of year that other areas are unable to, such as broccoli and greens. Ingles wants more local and an ag facility can help meet the larger purchase requirements that businesses like them require for contracts.

Legal Structure Models: increase our chance of success with large and diverse community buy-in and a strong parent organization that is committed to keep people on board to help work through problems, especially in the first three or so years. Could be an LLC owned by a non-profit, a subsidiary organization of 501c3. Who would the parent organization be? Can we look outside of the county to get 501c3 support? Other options: Community College, EDC/EDA?, ASAP, Healthy Yancey?

Could pursue L3c – however, the feds do not recognize this as a non-profit but can create one with a 501c3 parent organization – their missions must be in line with one another. It could also become a county owned organization, but it is a good idea to keep it away from politics if at all possible.

Would Advantage West come in to support a project like this?

Other opportunities suggested for the plant: meat rabbits and trout – this gets into a different regulatory environment, however.

Bylaws: needed in place before the first runs of veggies come through. Can start from scratch with these, us others, drafts via email can be sent to help gather opinions

Naming: regionalization of the name will result in a higher capacity and better opportunity for success for the project.

How do we ensure that there will be more young farmers coming in to replace the old as we get ramped up on small scale production?

Would a portable washing and grading system be a helpful place to start before beginning full scale production in a new facility? GLF doesn't like this idea – the question is how to get an interim solution for a long term project and bridge the gap – there was a suggestion that the community college kitchen

could be used on a short term basis since it is not being used and has been a commercial kitchen in the past.

Potential Project Barriers: refrigeration and transportation – goes hand in hand with GAP – what will be needed for startup to help farmers and agriculture while working on long term solution?

Methodology to proceed: email suggestions, proposals, comments and question to give us something to work off of and schedule next meeting 5-6 week (Tuesday, October 25 at Noon). Need farmers to speak out and tell us their needs and what works for them. To determine: working policies, working name, legal structure, site selection, GAP training schedule.

Wanda question – can we get into a spot to rent and then look at buying a place once cash flow begins?

Other suggestions: what about a joint industrial/commercial/agricultural facility with EDC and Extension. EDC wants to put together a funding authority for grants and investors. Meeting 10/20 at community college to talk about L3C structure – to allow low interest loans and help people with their plans to make sure projects succeed.

GAP – the sense of the local farmers seems to be that if it is not required by the markets, they won't pursue it – motivated by the money in larger markets. Early adopters can snowball this with business classes, help with business plans and startup resources.

Site Selection

Introduction

Researchers spent several days looking at a number of properties in Burnsville and Yancey County to determine suitable locations for local farm product aggregation and distribution. Several key characteristics are considered important for a good facility. These include cost of purchase and upfit, form of ownership, ease of access to commercial grade utilities including water and sewer, three-phase electricity and natural gas. Floor drains, cold storage, available retail space and access to high speed internet are also advantageous. The project will require a minimum of 2,000 square feet, but could consider a larger property if there was suitable space for co-location of county extension services. Proximity to support services such as extension, community colleges or high schools is desirable for this facility. Centrality or proximity to Burnsville is also important; results of the community survey indicate that the average distance potential users are willing to drive is just over 12 miles. This is supported by the fact that the preponderance of survey respondents ranked ordering produce in person and at a traditional market higher than other ordering and purchasing methods.

Almost any site chosen for this project will require significant renovations and upgrades. Installation of floor drains and HVAC systems, construction of food grade walls and ceilings, and plumbing and electrical upgrades are among the most common site improvements needed. Site renovation, even more than equipment acquisition and installation, will likely be the most expensive single investment the project will make. That said, a site that has been recently used for a commercial purpose and that meets current building and safety codes can cost much less to renovate than a very old building that has sat idle for a long period of time. Unforeseen renovation costs, such as replacing a worn-out roof, rewiring the entire electrical system, or building handicap accessible entrances and bathrooms, can quickly derail a project's budget projections.

All of the successful shared use food processing centers the researcher is aware of are owned by local governments, state governments, or nonprofit agencies. There are many good reasons for this. First of all, benefits from these projects are designed to accrue primarily to the clients who access the facility for services, and not to the owner of the project or site. Regional shared use facilities struggle to break even from user fees, even when the clients themselves are able to make profits, expand their businesses, and create jobs and income. There is an inherent tension between the project's need to charge reasonable use fees and its clients who desire to minimize costs and increase business profits. The tension is further exacerbated if a landlord desirous of profitable rents also is introduced to the mix.

Additionally, projects that will rely on grants from foundations and governments are at a disadvantage when the physical infrastructure is owned by a for-profit entity: Most grant funds are eligible only to 501-c-3 nonprofit corporations or governmental entities. Very few grant making organizations would be willing to invest in fixed infrastructure improvements at a site owned by a private entity. Furthermore, a project will likely need to secure a long-term (ca. 10-year or more) lease or other legal agreement to entice grant makers to invest in any project, whether or not the site is owned by a nonprofit or governmental agency.

On a balance sheet, securing a site on a nominal long-term lease is very favorable from the perspective of grant makers. In this case, the existing physical infrastructure can be considered a committed asset of the project, and in certain cases the valuation of the building and land can be counted as a match toward grants. In a traditional private lease agreement, the value of the rent cost is a liability rather than an asset to the project, and funds would be necessary to secure rent before income from use fees begin.

Taylor Togs

This facility is located east of Burnsville in Micaville at 621 Micaville Loop near Highway 19. This 6.64 acre commercial property is owned by Micaville Loop, LLC. The total 2008 tax evaluation listed the property's price at \$450,240.00, with the fire resistant metal building listed at \$137,440.00 and the land at \$312,800.00. The second phase of the county DOT expansion project ends (and the third phase begins) on the highway just outside the location. There is a small watercourse nearby that does have a history of flooding.

Outside the building one can see the large white storage tanks of the self enclosed water system. The building does contain air conditioning, heat, and fans for circulation. Many electrical and pneumatic outlets were apparent. A fire suppression system was present. The ceilings were a bit low, but this may be because of a raised floor to compensate for the fact that the building sits in the flood plain. Otherwise, the location is central to road and local highway access. It is large and divided down the center with other offices and bathrooms and has the potential to be divided into a variety of different configurations. Loading docks are present.

It is Melissa Graham's intention to put a crafter's village into this building first and expand into other ventures as the building and its clientele grow. They have restaurant equipment in hand and need the construction of that area to begin to lead the way for the remaining projects. There is a chef on hand to help with layout and design. The building contains a T1 line and will be outfitted with wireless. There is also space for a proposed 501c3 center and a small gym and walking track for winter or inclement weather exercising.

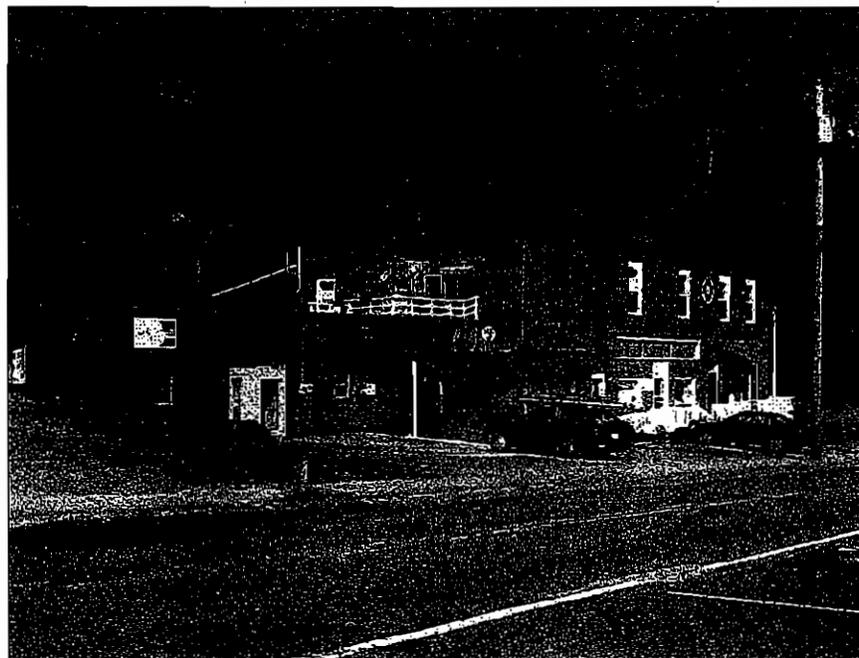
Follow-up questions that should be asked about this facility:

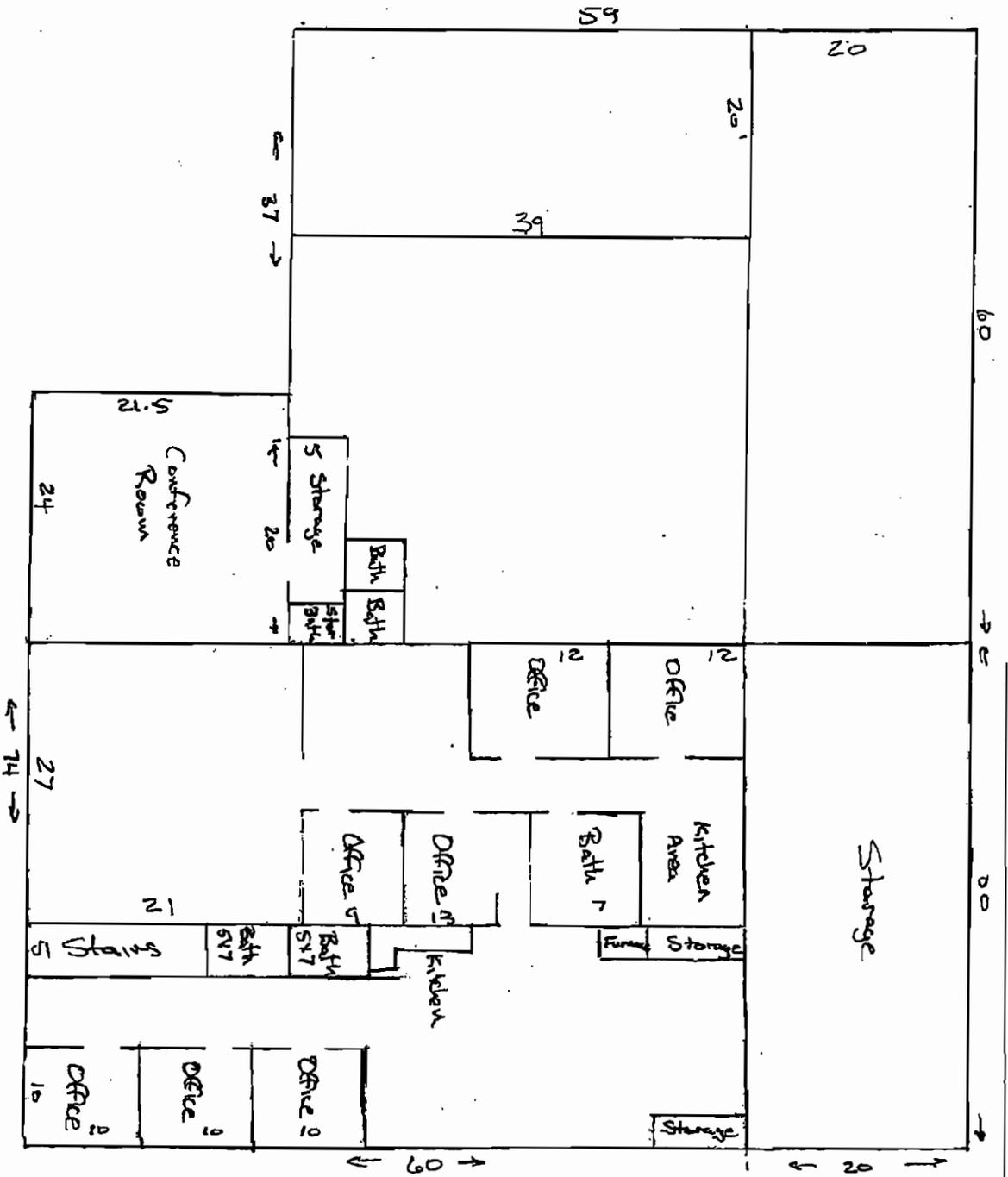
- Is there asbestos?
- What year was the building built?
- What is the situation with the overhead electrical system? Code?
- What is the quality/condition of the roof? (There were some rusty spots observed, and Melissa mentioned that there were spots up front that leak pretty badly.)
- Does the floor clear the floodplain?



Rabek Building

This mixed residential and commercial building is the old sock factory at 131 North Main Street in Burnsville, two blocks north of the square. It is owned by Norman Rabek and Joyce Booth and sits across the street from the fire department on a 1 acre parcel. The entire building is 8,935.5 square feet according to the line drawing provided by Norman Rabek (see figure below). The total 2008 tax evaluation for this property is \$153,200.00, with the building itself evaluated at \$90,800.00 and the land at \$62,400.00. The left side being considered for consolidated sales is just over 3,900 square feet. The parking lots appeared to be in good condition and suitable for both delivery and retail traffic. The building has three-phase electricity, natural gas, and water and sewer. There is a gravel parking lot on either side of the building as well as limited parking up front that would be good for retail or employee parking. There is room also for truck/pallet delivery on the left side of the building. The machinery for the original large sliding door is still there and presumably revertible. Mr. Rabek was of the opinion that it was still in working order. The Conference Room, which is to the right of the main entrance, would be a good space for retail sales. It is approximately 484 square feet. There is a small storage area at the back of the Conference Room with fixtures that could be made into a small bathroom. It does not currently connect to the Rec Room behind it. The Rec Room, which would be the main room of the facility, has approximately 1,443 square feet. There are two metal support beams towards the rear of the room, and there is also a small service counter area set up. There are two bathrooms off of the Rec Room. It is possible to connect to the right side of the building through the shared wall in this room. As with the right side of the building, much of the left side has 12' ceilings with a 4' dropped acoustic tile ceiling. The Ramp Room and Storage Room 1 do not have drop ceilings, but are not as finished as the Rec Room and the Conference Room. The existence of the floor drain in Storage Room 1 could not be confirmed because it was covered by clutter. The Ramp Room is 780 square feet; Storage Room 1 is 1,200 square feet.



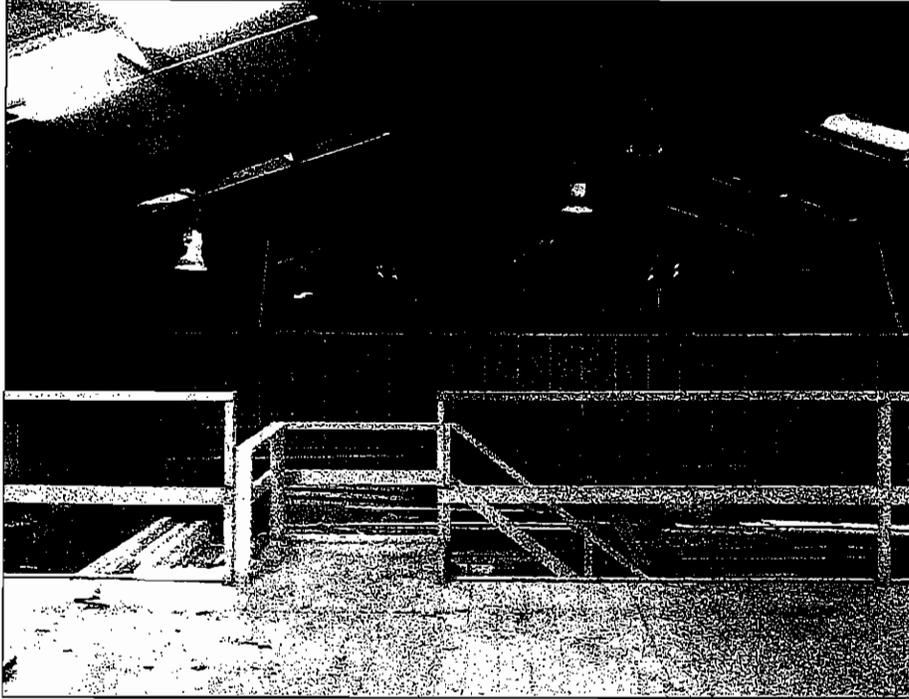


Tomato Coop

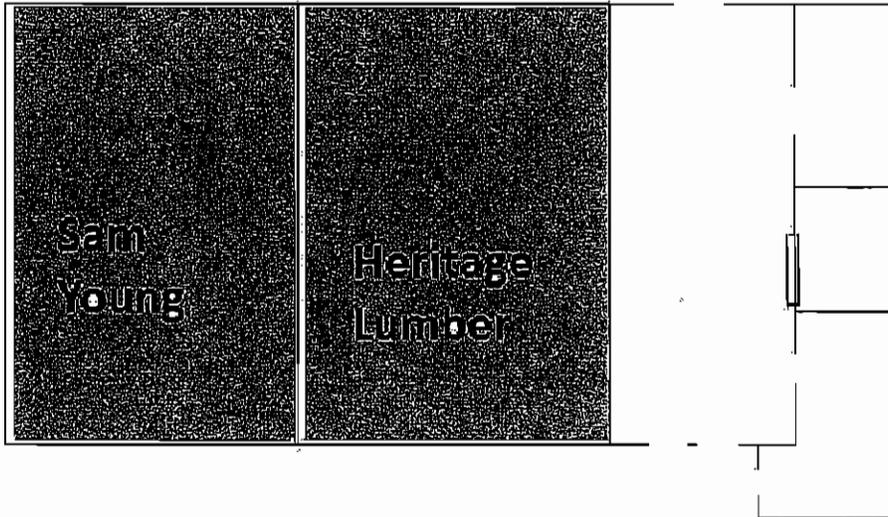
This commercial warehouse sits on a 5.37 acre parcel on Love Fox Road just west of Burnsville across the street from the former Avondale Mills. The legal entity that owns the building is High Five Hospitality Holdings LLC. The 2008 tax evaluation lists the property value at \$284,530.00, with the building itself listed at \$200,130.00 and the land at \$84,400. The far left 1/3 of the building is owned by Sam Young and the middle 1/3 by Heritage Lumber. The far right 1/3 of the building is where we were taken by Mr. Benson Tyner. The new roof is insulated and has new gutters. There is a sprinkler system in place but Mr. Tyner was not aware of its functionality. The rear of the building has been graded to keep water from the foundation. Bay doors are operational in the front and rear of each section and could accommodate truck at a loading dock. There is electricity in the building, but Mr. Tyner believed that three phase was only set up in the other two sections that we did not see. Water and sewer exist. There is gas nearby but not run to the building. Some natural light comes in through rectangular skylights. Three office rooms and one storage room are right off the entranceway. Two bathrooms are immediately behind this space. Immediately behind that space extending to the rear of the building is an old cooler room with insulated panels still in place. The entire right third of Mr. Tyner's space has an eight foot ceiling with storage on the roof. This area is accessible by stairs in the main hall of his space. There is an approximately 12 foot temporary wall that divides his space from the rest of the building. We looked for floor drains but could not locate any. We estimated the area of the space to be approximately 4,000 square feet.

Mr. Tyner said that it would be unlikely that they would sell only one third of the building because the three owners' finances are tied together and it would be difficult for them to figure out how to sell it and be fair about it. Not that it cannot be done, but it would appear difficult.





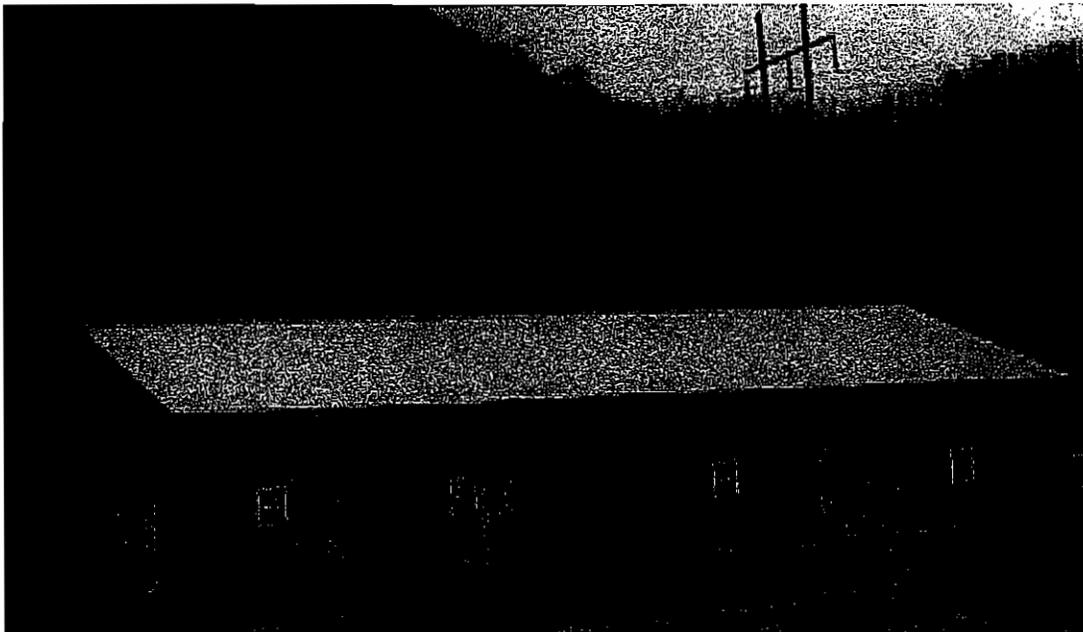
Rear of Building

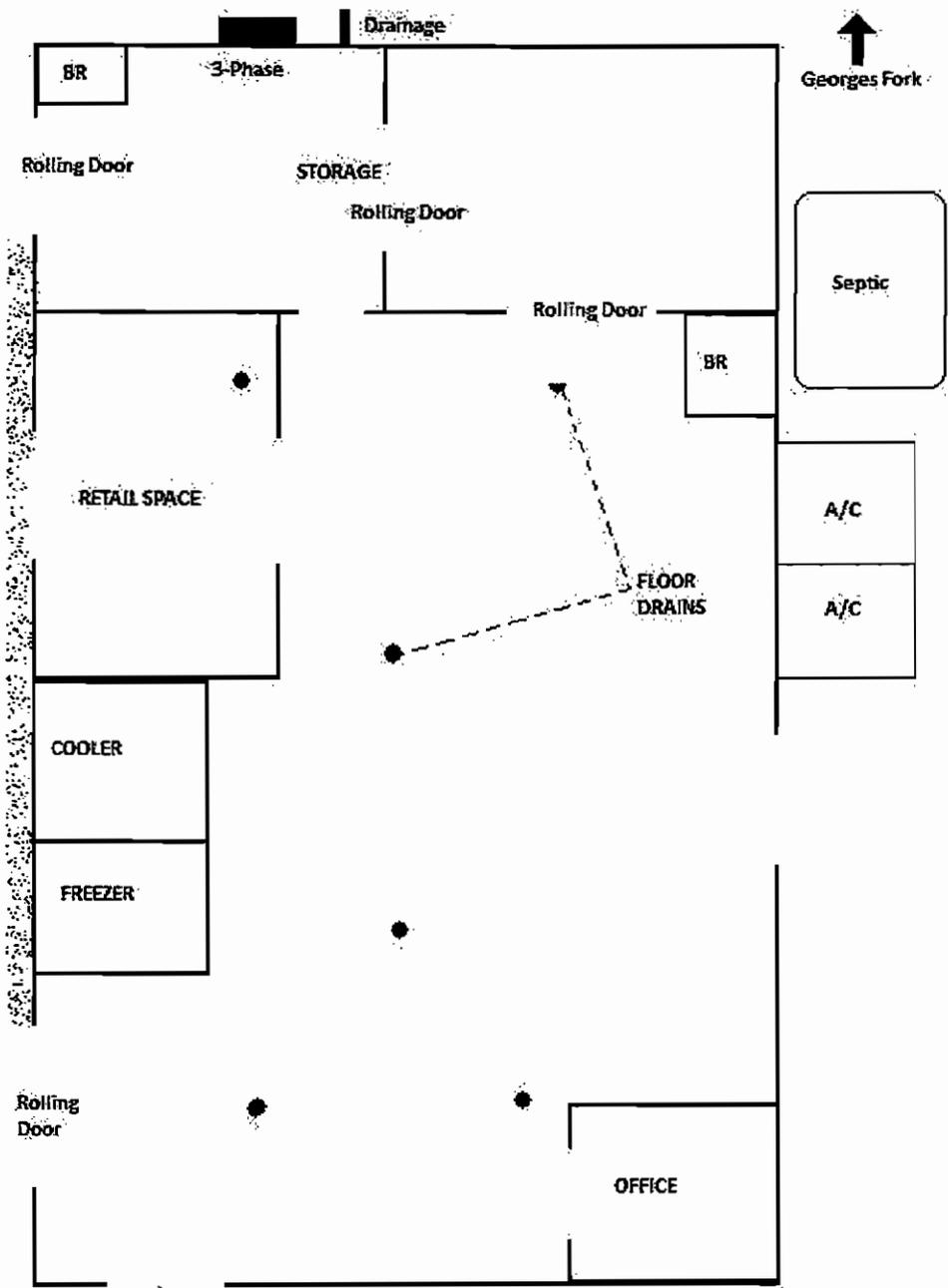


Presnell Building

This metal warehouse building is located at 428 George's Fork, a road just east of Burnsville proper off of US19E, about half a mile from the highway. It is owned by the Herman Presnell Estate, care of Keith Presnell. The total 2008 tax evaluation for this property is listed at \$133,550.00 with the building itself valued at \$74,750.00 and the land at \$58,800.00. There are a couple of acres surrounding the building that he is willing to put to use as a farmers market, expansion for parking, or a roundabout for truck traffic. The land can be built upon as well. The entrance to the driveway is already widened for easier truck entry. Built about eight or nine years ago, the building was originally an auction house, but has been converted to a bakery with retail space for the past three years. The building is a 60'X100' insulated metal building with 10-12' drop ceilings, sheetrock walls, and concrete floor with six floor drains. While there are some partitions in the building now, it can be converted to a completely open floor plan with no posts if desired. It has 2 large A/C units, natural gas, and three-phase electricity. It is currently on a well that is shared with Mr. Presnell's son's house, but there is city water available very close to the building. The well has been tested by the state and is used in the bakery's products. There is a septic system behind the building that is, according to Mr. Presnell, the largest one he could put in. It has had to be pumped once because of the amount of flour that the bakery put down the drains early in their occupancy.

Mr. Presnell is willing to lease the building and parking and is open to discussing the acreage surrounding the building as well if so desired. His lease would likely remain the same as the one that he has for the bakery: \$1,000/month the first year, and the going up \$100/year for five years, resulting in a maximum possible monthly payment of \$1,500 for 6,000 square feet (about \$0.25/sq ft). He would likely also require a five year lease.





Former Post Office

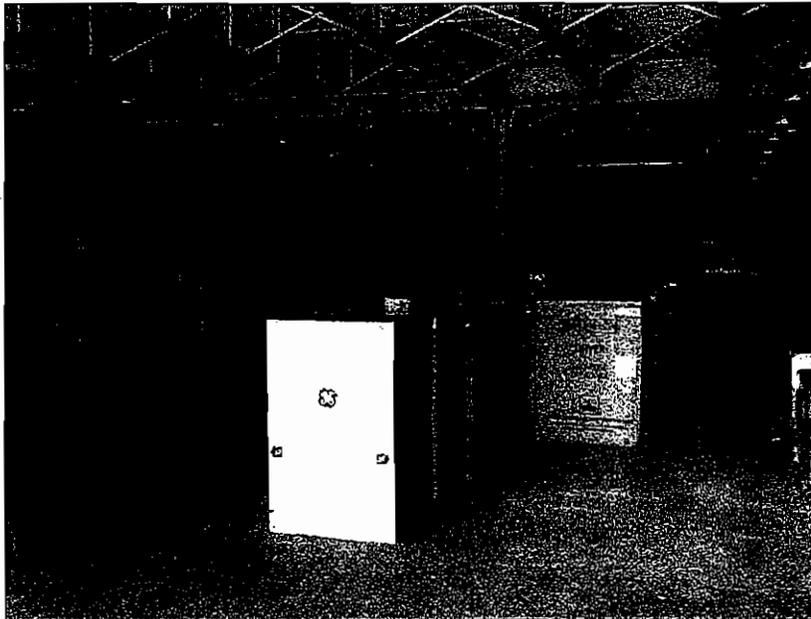
I met with Tres Magner and Staunton Norris at the old post office building just off of Burnsville Town Square on Thursday, March 31, 2011. The former post office on Court Street is currently owned by EB Investments Company LLC and they are represented by Staunton Norris. The approximately 9,400 square foot building sits on a 1.52 acre lot in downtown Burnsville that encompasses the two-story brick building, part of Court Street, a portion of the building directly across Court Street and the rear parking/loading dock area. Half of the square footage is upstairs and half downstairs. The building is wood joist, brick and concrete block construction. In 2008 the total tax value of the building and land came to \$669,440.00. The land itself was valued at \$165,700.00 and the building at \$529,740.00. It is listed as a commercial property.

Since Mr. Norris is not the building owner, there were some questions that he could not answer about its condition or available utilities. The building does have electricity, but it is unclear if three-phase electricity is currently in place. The building has water and sewer. It is unclear if there is natural gas in the building but it is available nearby. Ceiling tiles should be investigated for asbestos. There are a lot of different rooms downstairs that could be opened up in a variety of configurations. This is possible because most of the divisions are not load bearing. There are at least three bathrooms downstairs, one of which is adjacent to the old post office counter; this area would make a good retail space. The large open room at the rear of the downstairs is connected to the loading dock. The loading dock appears to be in generally good condition on the outside as does the parking lot. Near this rear corner of the building there appears to be water damage coming from the top of the wall. Closer inspection of the exterior of the building showed a couple pieces of loose brick and mortar in that approximate area. There are also along the outside rear wall of that building a series of holes that appear to be filled with cement. It is unclear if these holes are the result of construction or if they are from some sort of insect extermination. In addition to this apparent water damage are water stains that appear surrounding the vents in the upstairs section. The upstairs section is reached by a separate door and stairwell. The stairwell is wide. ADA accessibility would be an issue with upstairs access. The outside windows will likely need renovation.



Avondale Mills

The same intricate financial situations exist for this building as in the Tomato Co-op building, but the owners are more willing to lease a space here if the project needed something on an interim basis. This space is far from the sight line of the road, located near a loading dock at the far right rear of the building. This space could more easily be sectioned off for square footage needs since the building itself has over 128,000 square feet. There was some water on the concrete floors towards the rear of the building.



Former JB's Bargains in Burnsville, NC

The former JB's Bargains building is a metal-span structure located on East Main Street. This building has an open warehouse floor plan suitable for facility upfit for produce handling and storage. It is currently vacant and is available for lease. The building is on water and sewer lines and could be fitted to 3-phase electrical. This building may be available for lease of approximately \$1,000 per month. This building could adequately host a project of this nature, however possibilities for co-location are limited, and the purchase price is unknown.



Key Findings and Next Steps

Key findings from this research include the following:

Sufficient demand exists from farm-based producers for participation in a local foods aggregation and marketing program;

Sufficient community support exists for a project of this nature to be supported by local leaders and the community at large;

Market opportunities for local foods continue to grow. A consolidated aggregation and marketing project may generate sales and additional income for area farmers through a diversified marketing strategy that includes direct sales to consumers, subscription sales through a CSA program, wholesale distribution to area supermarkets and distributors, and online marketing services;

Sites are available in Burnsville and surrounding areas to accommodate a local foods aggregation facility. Key positive factors for site selection include suitable floor space of 2,000 square feet or more, a central location and ease of access, commercial grade utilities including water, sewer, and 3-phase power, potential retail location, affordability, and co-location with support services including Yancey County Extension.

This interim report constitutes a portion of contracted services. The researchers offer these findings to inform project leaders of progress made to date, to better inform decisions on next steps for project implementation.

Next Steps

Next steps recommended for this research include the following:

Secure an appropriate and available building in which a local foods aggregation center can successfully operate;

Develop floor plans and renovation budgets to accommodate bulk food handling, processing, and storage;

Identify and price equipment needed for produce handling, including washing, grading, cold storage and packaging;

Develop a pro-forma operations budget for a three to five year period, with a sustainability plan for achieving current-account break-even;

Determine suitable legal establishment option for a business aggregating and marketing locally grown foods in Yancey County;

Develop a funding strategy and proceed with securing funds for project implementation.