



# North Carolina Selectsite Readiness Program

Proposed Program Guidelines – Phase I

July 2024

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## ***BACKGROUND***

North Carolina has enjoyed considerable success in recent years in recruiting large economic development projects. With this success, the State has also depleted some of its best sites for projects requiring substantial land and readiness, while the competition continues to grow. Major manufacturing projects in the aerospace, automotive, clean energy, food processing, life sciences, and semiconductor industries, among others, are especially competitive and require ample site options.

To that end, the North Carolina General Assembly established a Megasites Readiness Program as part of the state's FY 2022-23 budget legislation.<sup>i</sup> The Program was amended, and substantial funding added as part of the 2023-24 budget legislation.<sup>ii</sup> The purposes of the program include:

1. Identification and evaluation of up to seven sites for preferred development and marketing
2. Assist local governments or a partnership of local governments<sup>iii</sup> in the acquisition of a megasite
3. Support local governments/partnerships in efforts to analyze, plan, install, and/or upgrade public infrastructure that would make the site more attractive and accessible to potential employers
4. Support local governments/partnerships in certain site preparation costs, such as clearing and grading
5. Assist local governments/partnerships with the costs of due diligence activities
6. Facilitate coordination of economic development agencies, the Department of Environmental Quality, and the Department of Transportation

In the 2023-24 budget legislation, the General Assembly enacted the Selectsite Readiness Program to complement the Megasites Readiness Program<sup>i</sup> The purposes of this program are the same as the Megasites Readiness Program except that the sites under the SRP are to less than 1,000 acres yet still capable of handling major advanced manufacturing projects. The General Assembly indicated that up to fifteen (15) sites should be identified for preferred development and marketing, specifying that at least two sites must be under 100 acres and another seven sites must be under 500 acres.

## ***ACTIVITIES AND PROGRESS TO DATE***

For 2023-24, the General Assembly provided that unspent funds previously appropriated but unspent by the EDPNC for the first purpose listed above, the identification and evaluation of sites for preferred development and marketing for the SRP. The law required that the Economic Development Partnership of North Carolina (EDPNC) engage a national site selection firm through a competitive process to produce a report evaluating sites and determining the fifteen sites best positioned for advanced manufacturing site selection searches conducted by major employers

The EDPNC designed a request for proposals and broadly made the request available to qualified firms with experience representing major manufacturing projects and advising economic development agencies on site readiness across the nation. The EDPNC received several proposals and interviewed several bidders. EDPNC staff, statewide partners, (board members) participated in the interviews.

A team including Site Selection Group and Thomas and Hutton were selected to conduct the identification and analysis. This effort resulted in a summer 2024 report found [here](#). The team identified fifteen sites out of a total of 64 submissions as the best positioned for advanced manufacturing site selection searches. These sites are located in fourteen different counties.

The [report](#) contains detail on the scope, methodology, and description of the sites – including some order of magnitude cost estimates totaling \$235 million. Some of these sites are privately owned, some are publicly owned, and some have an option to buy from a local partner. All of these sites are currently marketed to economic development projects.

The General Assembly appropriated \$10 million for the purposes of supporting due diligence costs for these fifteen sites for the 2024-25 fiscal year.

## ***PROPOSED GUIDELINES***

### ***Scope of Guidelines***

These guidelines apply to the funds appropriated by the General Assembly to the Selectsite Readiness Fund for use by the Economic Development Partnership of North Carolina (EDPNC) for the 2024-25 state fiscal year. They are designed to provide internal direction and guidance to EDPNC officials responsible for the administration of the Fund.

### ***Comment Period on Guidelines***

These guidelines will be published on the EDPNC website and noticed to persons who have requested notice of guidelines at least 20 days before the effective date of these guidelines and any nontechnical amendments to the guidelines. EDPNC will receive oral and written comments on the proposed guidelines and considered such comments before finalizing the guidelines during the 15 business days beginning on the day that EDPNC has completed the required notifications.<sup>v</sup>

### ***Eligible Applicants***

There are several conditions for grants to be awarded during the 2024-25 fiscal year. These include:

- Applicant must be a local government or partnership of local governments. A partnership under this section is defined as either (1) a North Carolina nonprofit entity that is tax exempt under section 501c3 of the Internal Revenue Code in partnership with one or more local governments or (2) a group of local governments
- Applicant must be seeking a grant related to one of the sites described in the summer 2024 [report](#) was mandated by the General Assembly as a precondition of funding the Selectsite Readiness Program
- Applicant must demonstrate sufficient ownership or control over the property. Generally, this means Applicant must either a) own the property or b) have a contract or option to purchase the property. A contract to purchase may be conditioned upon receipt of a grant and site

suitability. Given the due diligence nature of this program, contracts and options must be valid for sufficient length of time (generally 2 years) consistent with the purposes of the grant.

### ***Eligible Purposes***

The statute specifies that \$10 million in the 2024-25 fiscal year is to be used to support local governments or a partnership of local governments with the costs of due diligence activities (the 5<sup>th</sup> purpose listed above). These activities are defined in statute as:

“conducting due diligence, including, but not limited to, the following: site characteristics, preliminary engineering reports for water and wastewater provision to the site, assessments related to road and highway infrastructure to serve the site, and other assessments as needed.”<sup>vi</sup>

Eligible due diligence expenses shall include:

- Preliminary engineering reports for water and wastewater treatment to the site
- Assessments related to road and highway infrastructure to serve the site
- Phase I environmental assessment
- Phase II environmental assessment
- Preliminary wetland and stream determination (detailed determination if appropriate)
- Threatened and endangered species report
- Historical, archeological, and cultural resource review
- Boundary survey
- Geotechnical report
- Buildable area map
- Title opinion
- Third party labor market analyses
- Other due diligence expenses necessary to achieve certified site status under the North Carolina Certified Sites Program

Expenses that are not eligible for the 2024-25 funding cycles include, but are not limited to:

- Site acquisition
- Costs related to options to purchase/acquire land
- On-site preparation
- Installation or upgrade of public infrastructure

### ***Grant Application and Award Process***

The EDPNC anticipates the availability of an application within a reasonable amount of time following the effective date of program guidelines. The application shall be completed and submitted online.

Given the eligibility requirements, the EDPNC may choose to have more than one filing deadline, including rolling deadlines subject to the availability of funds, for applications to allow time for potential applicants to take the steps necessary to meet the criteria. Nothing herein binds the EDPNC to more than one application deadline.

Expenses that meet all other criteria for eligibility and are incurred and documented subsequent to the July 3, 2024 release of the report may be supported by this program, but not until all criteria for applicant eligibility (including control of the land) are met.

Upon receipt and verification of a complete (all required documents and attachments received) application, the EDPNC will:

- Conduct virtual and/or in-person site visits to verify and conduct further due diligence
- Evaluate the grant requests
- Recommend grant approval, partial approval, or denial to the EDPNC subcommittee on site development
- If approved, present to the full Board of the EDPNC with an agreement that includes appropriate performance criteria, remedies, and other safeguards to ready the selectsite for a major employer and recapture a proportionate amount of assistance for failure to perform
- If approved, provide a copy of the proposed agreement to the applicant

### ***Evaluation Criteria***

The summer 2024 report provided helpful information to each eligible site on its strengths and weaknesses. For consideration for 2024-25 assistance from the Selectsite Readiness Fund, the EDPNC will consider the following factors among other appropriate factors:

- Steps taken to ensure control or ownership of the property (basic eligibility requirement)
- Steps taken to build on strengths or address weaknesses identified in the report
- Economic developments occurring subsequent to the report completion (local economic development announcements, interest in the site)
- Grant developments, such as awards for public infrastructure to serve the site or workforce training facilities
- Demonstration of how the grant will help the site progress toward the goals and requirements of the North Carolina Certified Sites Program as described below
- Local participation in the project/leverage

### ***North Carolina Certified Sites Program***

Applicants for the selectsites shall, if feasible, indicate their intent to pursue the North Carolina Certified Sites designation. Completion of the [Intent to Certify Form](#) may be required if a grant is provided to the applicant for the site. If an applicant indicates that such a pursuit may not be feasible, the applicant must indicate why it is not feasible. Sites currently certified by the Program should so indicate.

### ***Performance Assurance***

The grantee must allow the EDPNC or its agents to all records necessary to protect the state’s interest in the funds and, as appropriate, to require return of funds in cases of failure to comply with the performance agreements negotiated between the parties.

### ***Consistency***

The general procedure outlined in these guidelines is intended to be applied consistently to all applicants. Significant deviations in procedure should only occur when, in the interest of discretion and consideration of particular and unusual circumstances, it is concluded in the exercise of sound discretion that the best interests of the State and the Fund will be advanced. Such deviations should be noted when they occur.

### ***Disbursement of Funds***

Funds shall be provided by the EDPNC to grantees on a reimbursement basis. Grantees should submit, on a prescribed form, an application for payment that includes an invoice/invoices and evidence of payment by the grantee. In its sole discretion, the EDPNC may make a payment to a grantee with a) an invoice due and b) evidence of financial hardship instead of a reimbursement. Payments may be made once a quarter, except in extreme circumstances.

### ***Maximum Grant***

It is expected that a maximum grant for the 2024-25 fiscal year will be \$1 million for a single grantee.

### ***Other Considerations***

To the extent the General Assembly’s allocation of moneys to the Fund directs a use or process different than those set out in these guidelines, the General Assembly’s direction controls and supersedes these guidelines. All grants are subject to the availability of funds. Nothing in these guidelines shall be construed to create any right to funds by any entity. Nor shall these guidelines be deemed to be a contract between any applicant or third party and EDPNC.

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<sup>i</sup> <https://www.ncleg.gov/Sessions/2021/Bills/House/PDF/H103v5.pdf>, Section 11.11, pp. 120-122.

<sup>ii</sup> <https://www.ncleg.gov/Sessions/2023/Bills/House/PDF/H259v7.pdf>, Section 11.11, pp. 344-346.

<sup>iii</sup> A partnership under this section is defined as “either (1) a North Carolina nonprofit entity that is tax exempt under section 501c3 of the Internal Revenue Code in partnership with one or more local governments or (2) a group of local governments (S.L. 2002-74, Section 11.11(c)(4))

<sup>iv</sup> See S.L. 2022-74, Section 11.11(d)(1)

<sup>v</sup> S.L. 2023-134 Section 11.12(i)

<sup>vi</sup> S.L. 2023-134, Section 11.11(a)(4a)

<sup>1</sup> <https://webservices.ncleg.gov/ViewNewsFile/80/H259-CCSMHxr-6%20v17>, Section 11.12, pp. 346-348.

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