

PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

October 2015

Report No. 2015-08

Follow-up Report: Global TransPark Authority

In 2011, the General Assembly directed the Program Evaluation Division (PED) to conduct a comprehensive program and financial review of the North Carolina Global TransPark Authority (the Authority). The original concept for the Global TransPark (GTP) (see Exhibit 1) was a unique industrial park facility built around a multi-modal transportation network including an airport capable of handling international cargo flights. The Authority's enabling legislation authorized it to borrow up to \$25 million from the North Carolina Escheat Fund (a means by which unclaimed property can be brought under the control of the State) for development of the park. PED found

- the Authority had made progress towards meeting its mission and goals;
- current administrative practices and operations limited the Authority's ability to achieve and demonstrate results;
- the estimated benefit to the General Fund of direct private sector employment at the GTP would exceed the State's investment in the Authority by 2025;
- the Authority cannot be self-sustaining, but some options exist to reduce the Authority's reliance on state appropriations;
- the Authority cannot repay the Escheat Fund loan and thus responsibility falls to the State; and
- immediate divestiture in the GTP for purposes of offsetting the Escheat Fund debt is not possible.

Based on these findings, PED recommended the General Assembly

- establish a repayment schedule for the Escheat Fund debt; and
- choose between two options for the future of the GTP—continue supporting the Authority based on demonstrated results or incrementally divest from the park.

Based on PED's recommendations, Session Law 2011-340

- appropriated \$17.5 million to the Escheat Fund as payment on the outstanding loan;
- reconstituted the governing board to include representation from the GTP's targeted industries (see Exhibit 2); and
- more closely aligned the Department of Transportation with the Authority.

In addition, PED had recommended the General Assembly require written reports address the condition of job growth and creation at the GTP. S.L. 2011-340 stipulated the Authority's annual audit report include the following performance measures related to private sector jobs within the GTP:

- number, type, and wage level of jobs created or retained; and
- actual full-time equivalent jobs employed, as well as the median and average salaries for those jobs (see Exhibits 3 and 4)¹.

On July 26, 2013, the General Assembly directed the Office of State Budget and Management to transfer funds to the Escheat Fund as a payment-in-full for the Authority's outstanding loan. This payoff was made on September 20, 2013.



¹ On September 21, 2015, Governor McCrory announced North State Aviation will locate a repair facility for large transportation aircraft at the GTP. The company will hire 109 employees and salaries will average \$39,688 per year.

Exhibit 1: Map of Global TransPark



Existing facilities

2. GTP-7
3. General Aviation Hangar
4. Corporate Hangar Complex/Kinston Jet Center
5. General Aviation Terminal
6. Lenoir Community College Aviation Center
7. Spirit AeroSystems
8. GTP 5 Office Building
9. Passenger Terminal
10. Air Traffic Control Tower
11. NC Forest Service
13. Airport Rescue & Fire Fighting/DB Schenker
14. GTP 4 Hangar
15. Mountain Air Cargo

Non-GTP nearby facilities

1. US Army Reserve Center
2. Pactiv
4. Neill Medical

Notes: Numbered circles represent existing facilities. The following existing facilities are not pictured or labeled: North Cargo Building, Spirit AeroSystems – A350 Production, Composite Center of Excellence/GTP Administrative Office, and North Carolina's Eastern Region/NC Emergency Management. Numbered diamonds represent non-GTP-related nearby facilities. Lettered squares represent development land tracts.

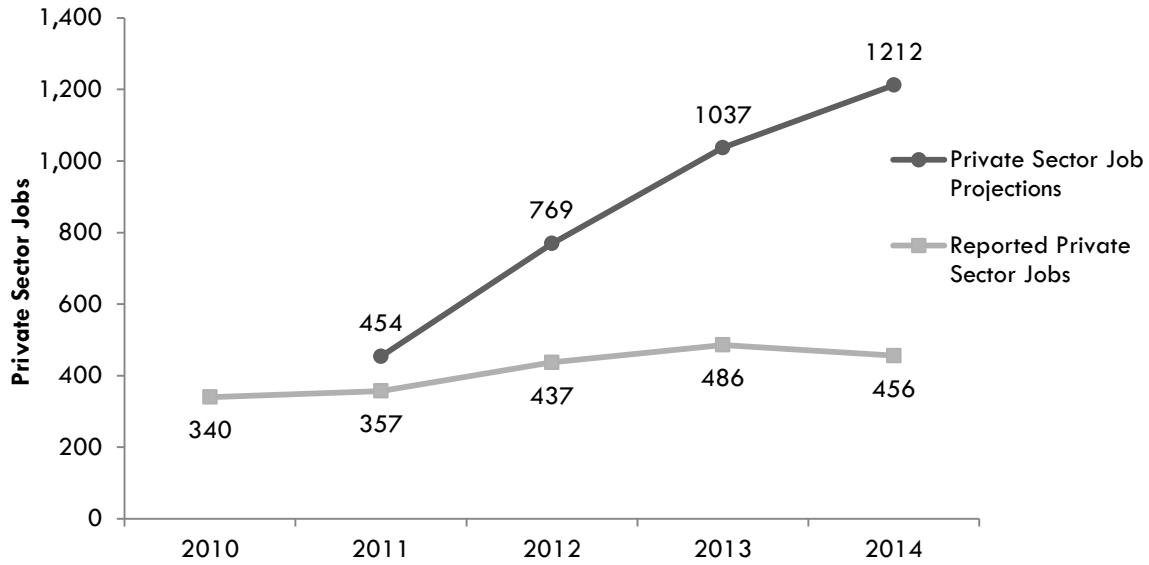
Source: Global TransPark Authority.

Exhibit 2: Global TransPark Authority Governing Board Includes Participation From Targeted Industries

Targeted Industry	Activities	Board Representative(s)	GTP Tenant
Aerospace and Aviation	<ul style="list-style-type: none"> • Aerospace manufacturing • Aircraft maintenance, repair, and overhaul • Aerospace research and development • Pilot training • Flight operations 	<p>Cecil Boyd, Apex Vintage</p> <p>Billy Lamm, Northside Business Park</p>	 <p>Henley Aviation</p> 
Advanced Manufacturing	<ul style="list-style-type: none"> • Aerospace manufacturing • Aircraft maintenance, repair, and overhaul • Aerospace research and development • Pilot training • Flight operations 	<p>Scott Clontz, Netjets, Inc.</p>	
Logistics and Exporting	<ul style="list-style-type: none"> • Warehousing and distribution • Air cargo operations • Rail container transport • Inventory control • Materials handling • Processing and packaging 	<p>Steve Mayo, North Carolina Manufacturing</p>	  
Defense and Security Activities	<ul style="list-style-type: none"> • Federal agencies • State facilities • Defense contractors • Military and law enforcement training • Maintenance and repair of military vehicles 	<p>Dr. Joseph Koletar, Federal Bureau of Investigation (retired)</p>	<p>None</p>
Emergency Response and Disaster Relief	<ul style="list-style-type: none"> • Disaster preparedness/response training • Mobilization of emergency services • Sustainable manufacturing of emergency equipment/supplies • Warehousing/distribution of emergency supplies 	<p>Danny Barwick Smith, Danny Smith Landscaping</p>	 

Source: Program Evaluation Division based on information from Global TransPark Authority.

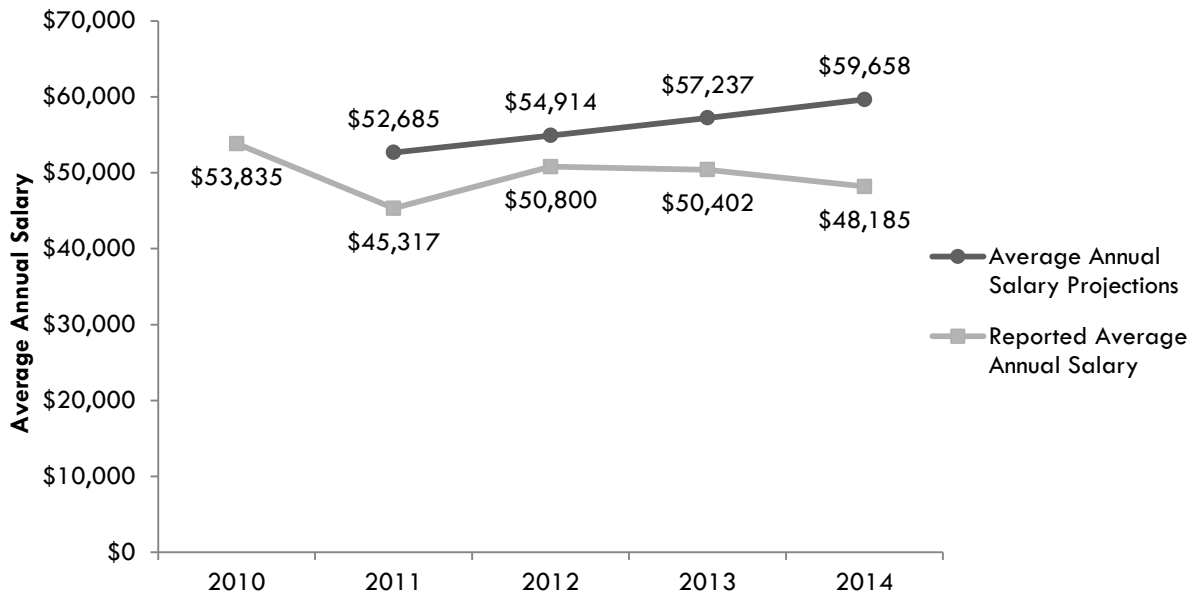
Exhibit 3: Private Sector Job Growth Has Fallen Short of Expectations



Note: Projections were made by the Program Evaluation Division during its 2011 evaluation of Global TransPark Authority based on information provided by the Authority.

Source: North Carolina Global TransPark 2014 Annual Report.

Exhibit 4: Private Sector Wages Have Failed to Keep Pace with Projections



Note: Projections were made by the Program Evaluation Division during its 2011 evaluation of Global TransPark Authority based on information provided by the Authority.

Source: North Carolina Global TransPark 2014 Annual Report.

For more information on this follow-up report, please contact Sean Hamel at sean.hamel@ncleg.net.

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