June 5, 2012

To: The Honorable Mayor and City Council

Thru: Brad Corcoran, City Manager

From: Mike Dougherty, Director of Economic Development

Re: Rockingham Community College Fermentation and Distillation Technologist Program

Background

Communities, particularly those in rural areas of the country, are seeking to reinvent themselves by exploring collaborative ventures with educational institutions. Siler City, NC is a case in point. Several years ago, this city collaborated with Central Carolina Community College to renovate buildings and provide an incubator for local artisans. This has resulted in numerous local artisans opening prosperous businesses, thus transforming the downtown area of the community. Whereas in 2001, the downtown was a virtual ghost town, it is now teeming with patrons.

Rockingham Community College (RCC) has entered into partnerships with communities and corporations in recent years. The Reidsville Community Resource Center, a collaborative effort between Goodwill Industries and RCC, was the inspiration for the Eden Community Resource Center (ECRC.) As of June 1st of this year, 1,042 Eden's residents had been served by the ECRC with 147 gaining employment as a result of the training and guidance the center provides. Most recently, RCC has agreed to partner with the city of Reidsville to relocate its continuing education woodworking program to a vacant downtown building. The city received a distressed building along with a $25,000 grant from the local lending institution that held the note on the property. It also received a $60,000 grant from the Reidsville Area Foundation to defray part of the estimated $160,000 property upfit costs. RCC will pay no rent for the property, but assumes responsibility for all utilities. Eventually, the college may purchase the property. The goals are to restore the woodworking program to its previous prominence, expand the presence of RCC in the county, and draw new patrons to the downtown area.

Many of the students will hail from across the Triad, giving downtown Reidsville significant exposure for those students who may wish to open businesses related to their wood products. This gives Reidsville a point of difference as a downtown area and community in general, one of the most coveted elements of marketing.

Eden Proposal

Beginning in March of this year, RCC offered several classes related to beer and wine making. There has been significant initial success of the program with students venturing from as far away as the Triangle area of NC, Virginia and South Carolina. It is getting excellent response without much publicity.

RCC has proposed starting a Fermentation and Distillation Technology Program in the Olde Leaksville downtown area. The program would focus on mead making, craft beer brewing, small scale hops growing and processing and a class to start your own winery, brewery or meadery. Dr. Michael Helmick of RCC has met with representatives of MillerCoors who support the concept of the program and have agreed to help develop the curriculum. In addition to teaching their employees the process of brewing on a small scale it could provide tasting certifications for their employees.

- Range of products that could be produced within this program

  The components of the program include the following:

  Products with alcohol
  Under brewed spirits:
  Wine
  Beer
  Mead
  Hard Cider (a possibility at this point)
  There are lots of options available here depending on the raw ingredients. Craft distillers are springing up everywhere and there is at least one legal distiller in Rockingham County and one legal gin producer in Kings Mountain, NC. Distilled alcohol for use in vehicles is made using the same process as distilled spirits, but since yield is the most important item, the raw products are selected accordingly and may include corn, sweet potatoes, or Jerusalem artichoke roots.

  Non-Alcoholic Products
  Non-fermented or distilled products would include bio-diesel from rape seeds or other organic material. This process uses chemicals and heat to produce a diesel fuel type product in addition to a glycerin by-product. There may be some other non-fermented but processed products available to be produced, but this area continues to be explored. Bio-diesel has been produced locally in commercial quantities and this local concept uses recycled frying oil.

  For each of the products produced above there is the front-end agricultural connection, wheat, barley, hops, juniper berries, corn, rape seed, herbs, and botanicals. And there is the end product as well as the by-product that can go back into animal feed. Reportedly, pigs like the corn left over from the production of moonshine. Each of the areas above would most likely begin as continuing education offerings and then move to a combination of continuing education and curriculum offerings.

- Distinguishing between the Continuing Education and Credit Distillation and Fermentation Classes.

  First, we must distinguish between the RCC credit and non-credit programs (continuing education or CE for short). To run a credit program the community college accrediting agency requires that if RCC runs more than 49% of a program at an off-campus facility, it must go through an extensive accreditation process for that facility. For CE classes no accreditation is required and so, RCC can run any percentage of a CE program wherever it wishes and not have to deal with the accrediting agency. Credit programs have financial aid available; CE programs generally do not have financial aid available.

  RCC currently has a home-brewing component in its CE program and that is phase I of what will eventually be both a CE and credit program in its fermentation and distillation offerings. For several reasons, RCC has no plans to duplicate its brewing facilities and it plans to have the practical part of both CE and credit programs located in Eden if the program is approved by the city. In the credit program the chemistry, biology, math, and general subjects would be taught on the RCC main campus, but the actual production of beer, wine, and distilled spirits would be in Eden. RCC might produce some bio-diesel or vehicle grade alcohol on campus, but there are no plans to have anything else on campus.

  The growth and expansion of the RCC Fermentation and Distillation Technologies offerings is predicated on the development of a credit program. RCC plans on developing this credit program in June and July of this year and advice on writing this curriculum will be sought from MillerCoors. The process of approval of the credit program is fairly long and RCC hopes to present the finished curriculum to the NC State Board of Community Colleges for their approval by January 2013. Before RCC offers the program there will have to be some legislation changed and Senator Phil Berger has been contacted for direction and support on this endeavor. If all goes according to plan RCC would begin to offer the first credit class in Fermentation and Distillation Technology in the fall of 2013.

  However, as RCC moves toward the fall 2013 offering, it will continue to offer the CE classes and increase the frequency and variety of offerings. RCC plans to purchase some better brewing equipment in July as its new budget becomes available and it is this initial fermentation program that it will propose to begin offering in Eden in the fall.

- Benefit to MillerCoors

  RCC believes that the credit program will definitely make employees more employable. Miller-Coors indicated an interest in graduates of the program and that is why RCC wanted their input on the curriculum development. There is also the added component that graduates could become self-employed in the craft brewing industry.

As part of the process of getting a new credit program approved RCC will have to supply anticipated employment numbers, both new hires and training existing employees, to the NC State Board of Community Colleges, so RCC will be dependent upon Miller-Coors to help it estimate those numbers.

Proposal

RCC needs an approximately 1,200 square foot building to house the program. After a thorough search*, 649 Washington Street has been identified as a suitable building. The building has had many systems upgraded in recent years. Dr. Helmick believes it is more prudent to lease the building at this stage of the program.

Costs

Deposit	$ 500
Rent: $500/month	$ 6,000 annually
Upgrades (bathroom/wall removal/flooring/paint)	$ 10,000
Security system	$ 600
Total city cost 2012-2013 budget	**$ 17,100**

Benefits of the RCC/City of Eden Partnership

The benefits to the Eden community are far reaching and include:

- The presence of the community college in the downtown area for this potentially popular program and to promote continuing education in general. The more prevalent the college becomes, the more attractive it is to our citizens who need to embrace education to succeed in the workplace. The ECRC is a shining example of the benefit of bringing education to Eden citizens. 142 peoples' lives have been changed by this partnership.
- Complimentary educational and business enterprises to Eden's second largest employer.
- Promotion of bio-diesel products. Eden is currently working with four alternative energy companies so there is significant interest in alternatives to fossil fuels. The association with bio-diesel could lead to new companies and support area agriculture.
- New potential consumers for the downtown area.
- Potential entrepreneurs opening craft breweries in the downtown area. These breweries could produce potential products that larger breweries, such as MillerCoors, may wish to pursue for their product lines. MillerCoors markets an expanding number of craft products.
- A distinct identity for the historic downtown area of Eden, one that also compliments its river heritage. It is easy to see how tourists will flock to Eden for its river recreation and potential future beverage establishments.
- Potential for more development and housing in the downtown area. Specifically, the development of the Central Hotel. The presence of craft brewery establishments will draw a younger group of citizens and retirees to the area.

As with the ECRC, I will work with representatives of RCC on this project to ensure it commences as soon as possible. Attached is a proposed floor plan for the building.

Please let me know if you have any questions concerning this project.

*Other buildings considered:

<u>For Lease</u>	
651 Washington Street	required significant electrical upgrade
127-128 Fieldcrest Road	4,570 SF--too large for needs of program
<u>For Sale</u>	
Former Eden Daily News building	$349,000
Former Sign Shop building	$108,000
Former Eden Printing Solutions Properties	
621 Washington Street	$ 59,900
619 Washington Street	$ 39,900
617 Washington Street	$ 39,900

Purchasing any of the above buildings at this stage of the project was not recommended. If the city had sought to purchase a building, either those listed above were too expensive or required significant investment that made them impractical.