

Chris-Craft (and Indian Motorcycles) Relocate to North Carolina

Media saturation is an apt description following the announcement by Chris-Craft that it will relocate its yacht division from Sarasota, FL to Kings Mountain, NC. Founded in 1874, Chris-Craft is the oldest boat manufacturer in the United States. The company is expected to create 640 new jobs in skilled production positions at the new location. In addition, Indian Motorcycle Company, a sister firm of Chris-Craft's, is also bringing a new manufacturing plant and its headquarters to Kings Mountain and expects to hire about 165 employees. For more information: http://www.chriscraftboats.com/comp_press.aspx.

Forbes: NC Third in Nation for Business

Forbes magazine has named North Carolina the third-best state in the nation for conducting business. States were ranked against each other in six different categories: business costs, labor, regulatory environment, economic climate, growth prospects and quality of life. Ranking behind only Virginia and Texas, respectively, North Carolina finished among the top four states in three of the six categories. North Carolina ranked third in regulatory environment and fourth in both business costs and growth prospects. The state finished 26th in labor and quality of life and 30th in economic climate. **Site Selection** magazine ranked North Carolina fifth in the nation last year in terms of business climate, and **Expansion Magazine** placed the state fourth for workforce training. (*Triangle Business Journal*, 8/16/06)

Kent Fulton – Washington NC Marina Professional to be Missed

Kent Fulton, 58, passed away on Tuesday, July 4, 2006 at his home in Washington, NC. Kent was vice president of Carolina Wind Yachting Center, Inc., a United States Coast Guard Licensed Captain, past president of the North Carolina Marina Association, and a longtime advisor to NC Marine TradeWinds marina efforts. He was a lifelong sailing enthusiast who spent his last day on the water with family and friends. Kent was President of Downtown Washington on the Waterfront and a founding member of the 2007 Pamlico Boat Show.

Boating Industry Company Updates

Cobia Boats officially announced the relocation to the McDowell County Industrial Park in Marion in August of 2005 and had its first production run in April 2006. Specializing in offshore, saltwater fishing boats, Cobia Boats will occupy over 100,000 sq. ft. in manufacturing space, create about 300 new jobs and provide an investment of \$6.2 million in McDowell County during the next five years. For more information: <http://www.cobiaboats.com>

Egret Boat Company announced its relocation to the Beaufort County Industrial Park in Washington. The company, which makes high-end flats boats and sells factory direct with its own sales force, will eventually have a staff of 112. Egret has completed its 28,000 sq. ft. building, and is about to start production. For more information: <http://egretboats.com>

Legacy Paddlesports announced in June of 2006 that it recently acquired Rhode Island-based Heritage Kayaks and will relocate the company to a plant near Jamestown. Heritage, which manufactures plastic and high-end composite kayaks and canoes, plans to invest \$2 million in the facility and create 244 jobs over the next three years. For more information: <http://www.legacypaddlesports.net>

Moores Marine officially announced that it would begin shifting its major restoration projects to its new facility in Jarrett Bay Marine Industrial Park in Beaufort in early 2006. On August 9th, it held its official groundbreaking ceremonies at the Park. The company, known nationally and internationally for its restoration of Trumpy Yachts and other classic wooden yachts, will also open up a retail store for traditional wooden boat supplies at the new facility. The company expects to employ 18-20 at this site. For more information: <http://www.woodenboatrepair.com>

Smokey Mountain Jet Boats is based in Bryson City and was founded on New Zealand state-of-the-art aluminum boats technology. In 2005, the company formed the Smokey Mountain Jetboats Building, which utilizes Coast Guard approved designs for its 2-passenger aluminum boats, production of which is now underway. For more information: <http://www.needmore.com/jetboats/company.html>

NC Boat Building Survey Underway

The North Carolina boating industry has seen both growth and attrition in the past several months (*see stories in this issue about Chris Craft, Moores Marine, Cobia, Egret Boats, Smokey Mountain Jet Boats, Legacy Paddlesports, and others*). We have been working hard to contact every boat building company in the state and hope we have succeeded – but we know better. There are custom builders starting up in towns from Manteo to Bryson City that we find out about by luck and serendipity. We need your help to locate missing NC boat builders and ask that you identify boat building firms not found on our builder site, http://www.ncwaterways.com/boatbuilders/boatbuild_search.asp. You can email Mike.Bradley@NCwaterways.com with builders we may have missed.

NC Group Funds Consultants on Behalf of AIW Maintenance

The NC Beach, Inlet & Waterway Association (NCBIWA) announced that effective August 1, 2006 it has retained Marlowe & Company LLC, a Washington, DC governmental affairs consulting firm to work on securing adequate federal funding for maintenance of North Carolina's federally-authorized shallow draft inlets and its segment of the Atlantic Intracoastal Waterway.

Funding for this ongoing advocacy effort is being provided from within NCBIWA's regular operating budget, which is made up of annual memberships, sponsorships and donations from local governments, civic associations, businesses and individuals who care greatly about North Carolina's coast. For more information on NCBIWA, go to <http://www.ncbiwa.org> or write to coastal@ncbiwa.org.

IBEX 2006 – NC Exhibitor Information

By this time, NC IBEX exhibitors should be done with their exhibit and advertising plans and well into development of their one-on-one marketing efforts with buyer companies. Hoping the representative will come by your booth through serendipity is a poor second place to setting up appointments, getting cell phone numbers for the contacts and then reaffirming the meeting dates and times. Now is also a good time to set up your follow-up system so you know what you are going to do with the notes you scribble down right after a new lead walks away from your booth.

We cannot emphasize enough the importance of these two key sales leads for your NC company - our growing number of NC boat building companies *and* the 30+ NC exhibitor companies that often have great contacts they are willing to share with fellow NC companies. Use NC Networking – we can help you with this, but you have to ask.

The following NC companies are currently registered as exhibitors: 3TEX Inc., Accu-Form Polymers Inc., Aplix Inc., Ashley Welding, Beta, C.E. Smith Company Inc., Conbraco Industries Inc., Digital Switching Systems LLC, Engineered Marine Supply, Forest City Tool Inc., Glen Raven Inc., Hickory Springs Mfg., HK Research Corporation, IPS Weld-On Corporation, John Boyle & Co. Inc, King, Lawrence Marine - The Novaflex Group, Lord Corporation, Morbern Marine, Piedmont Plastics, Reichhold Inc., Shuford Mills Inc., Southtech Plastics Inc, Tampco Incorporated, Technicon Industries Inc., tesa tape inc, The Gartner Group, Transmatic Environmental Systems, Valtekz Fabrics, Victory Bolt & Specialty Inc., and Watts Sea Tech Inc.

Remember, the IBEX Web site <http://www.ibexshow.com> is a virtual trade show visited by thousands of boat builders, designers, repairers, surveyors, and boatyard/marina operators worldwide year-round. As an exhibitor, you should already have your “sales pitch” and your company profile set up for your buyers to see. If not, do so ASAP.

IBEX 2006 Super Sessions

The 2006 IBEX presents full-day immersion in special seminar topics that are in demand among boat building professionals. They run from 8:30 am to 5:00 pm. Of special note is Super Session 100 on Closed-Molding Basics given Wednesday, November 1, 2006 and utilizing our own NC-MARTEC director, David Flagler. According to David:

Our launch point for this full-day program will be the most basic process in closed molding: VIP, short for Vacuum Infusion Process. We'll walk you through everything you need to know about this simple disposable-bag procedure. At the same time, we'll discuss the challenges of closed molding, and we'll fill you in on what type of equipment you'll need to start working with VIP successfully in your own shop. We'll go well beyond techniques, to help you consider the many aspects of your program that may need to change, including suppliers, laminate schedules, in-house training programs, and your tooling shop. As you become more comfortable with the basics of closed molding, we'll add to your knowledge by introducing a series of technical drawings and photos showing more detail, and we'll give you the background information you need to maximize the benefit of watching the live demonstrations outside the convention center at IBEX. It's difficult to run both open- and closed-molding production in the same shop, so we'll help you decide between the two by providing you with some points of comparison in terms of vacuum layout, production flow, and materials storage and usage. As managers, you may be surprised by some of the information in our financial comparison of open- and closed-molding production costs, including a break-out of spendable and recoverable items. We want you to be assured that you will get the best use of the materials in your shop. Finally, we'll offer a rundown on the state of closed-molding techniques in our industry today, and we'll consider how we have all changed our perspective on infusion processing in a very short span of time.

Speakers: Chris Duppenhaler and Vic Duppenhaler (Padden Creek Marine); David Flagler (NC Marine Training and Education Center); Mike Swietzer (Skagit Valley College)

Oregon Inlet Impact Study Shows Value of NC Boating Industry

A 211-page [Internet] document entitled, "A Study of the Benefits of Oregon Inlet to the Economy of Dare County and the Surrounding Region," was prepared by Moffat & Nichol for the Dare County Inlet and Waterways Commission. It reviews all aspects of the revenue stream associated with the inlet, including the commercial fishing, boat building, recreational fishing, sport fishing and tourism industries. The objective of the report was to examine the benefits of keeping the inlet navigable to the region. See the Dare County marine summary <http://www.ncleg.net/etc/JLTOCFinalReport.pdf>.

A July 23, 2006 article summarizing this report by Charley Bunyea of the ***Outer Banks Sentinel***, <http://www.obsentinel.com>, provides the following selected information on the economic findings of the study:

Dare County has the highest concentration of boat builders in the world, and it is known for its unique "Carolina Style" boats. There are 16 boat building companies in Dare County that build an average of 25 boats a year. At any given time, there is an average of 500-600 employees working on 30 boats throughout the county. Assuming an average sale price of \$3 million, the industry experiences \$75 million a year in boat building sales. The entire boat building industry, including support services, has an annual economic benefit of 1,235 jobs and \$139.8 million in revenue to Dare County and the surrounding region.

There are 14 known fishing tournaments in Dare County with more than 500 boats participating annually. The recreational fishing and tourism industry experiences a total economic benefit of 8,288 jobs and \$502.3 million in revenue to Dare County and the surrounding region.

When the sectors [fishing, boating industry, tourism, boating, etc.] are combined, Oregon Inlet is directly associated with providing 9,851 jobs and \$682.7 million in revenue to Dare County and the surrounding region.

The full article can be found on the North Carolina Waterman's site:
<http://www.ncwaterman.com/article.asp?id=1777>.

Affordable Health Care Options

The American Composites Manufacturers Association (ACMA) magazine *CM* (Composites Manufacturing) recently ran and posted an excellent summary of Health Care Options well worth your time. It is entitled "*Too Late for Affordable Health Care Options*" and is by Mark Battersby: http://www.acmanet.org/CM/0706/feature_e0706.cfm.

Of interest: "Under our federal tax laws, self-employed composites manufacturing professionals and business owners may deduct from their gross income 100 percent of amounts paid during the year for health insurance for themselves, spouses and dependents. The deduction is limited to the professional's net annual income derived from that self-employment, minus the deduction for 50 percent of the self-employment tax and/or the deduction for contributions to Keogh, self-employed SEP or SIMPLE plans" Read the full article above and then talk to your legal and accounting professionals.

2005 Recreational Boating Miscellaneous Data - NMMA

- Boaters continued to purchase slightly larger, better equipped boats in 2005, increasing the average boat price by 8% compared to sales in 2004.
- NC ranks 6th in the distribution of purchases of new powerboat, motor, trailer and accessories across the US.

- Of the top 20 states for 2005 new powerboat, motor, trailer and accessory retail sales, SC ranked number one with a 32% increase followed by NC with 21%.
- Boat registrations declined by one-tenth of a point in 2004 – approx. 13,000 units - with NC coming in 11th overall across the US showing a decline in 0.8% in 2004.
- Comparison of OB sales vs. OB Boat sales – NC ranked 6th with 12,398 engine sales vs. 10,184 boat sales.
- Overall boat sales across the US totaled 213.3 million, a 1.5% decrease from 2004. Aluminum OB boat sales dropped 1.3%, while fiberglass boat sales slipped 1.8%. Nearly six out of 10 OB boats sold are aluminum.
- NC ranked 3rd in fiberglass OB boat sales and 5th in registration vs. 9th overall in aluminum OB boat sales and 18th in registration.
- NC ranked 9th in fiberglass I/O boat sales and 11th in registration vs. 20th in sales and 18th in registration of aluminum boats.
- NC ranked 8th in IB boat sales and did not rank in the top 20 in registration category.
- Offshore fishing boat sales grew 9% in 2005, led by increased sales of larger IB flybridge sedan and open express fish boats. Estimated retail sales in this category jumped 60% to \$1.6 billion with the average price jumping 47% over 2004 to \$211,894.
- Manufacturers' efforts to reduce emissions are leading to better performing, more fuel-efficient and environmentally friendly marine engines.

Are Mega and Super Yacht Facilities in our Future?

We continue to have strong interest from major yacht manufacturers and yacht restoration companies that want mid-Atlantic locations for either relocation or additional facilities. Some of the companies we are talking with also build and repair large ferry boats, ocean tugs and barges, and other commercial vessels as well as military ships. These facilities need relatively deep water for 100 to 3,000 metric ton vessels and 20 – 40 acres of property with enough adjacent-to-the-water property to transport the vessels to and from the building/restoration buildings. The water depth needed depends on how the yachts are lifted out of the water but 18 feet is the goal. These companies will invest \$10-15 million for vessel lift/transfer systems, and invest many more millions in the buildings and facilities (100,000 to 500,000 sq. ft.) to appropriately accommodate for environmental compliance and work quality. The optimum choice of sites by these companies is state owned and leased property, as most competing

states with major yacht facilities provide incentives for the jobs and capital investment and this is often in the form of favorable state property leases. Raw land sites are not the first choice as the environmental constraints are likely to take years, but are not out of the question and we may have a couple of these that make sense.

North Carolina has not been in the mini-yacht or mega-yacht industry with the exception of Hatteras Yachts at the very small end of the “yacht scale”. NC has an opportunity to get into a multimillion dollar industry in which we currently have no players. We are second only to Washington State in the number of ferry boats we operate, but none of our ferry boats are built in North Carolina. When these big yacht entities are present, there is a new yacht industry of dozens of small companies that cluster around these big yacht companies. The big yacht companies will employ 150 – 600 each to start and 200 – 500 jobs will come from the smaller support companies that make up the cluster of support businesses. If you have information on potential sites, call Mike Bradley at 252-728-2144.