

## First Things First



■ **INDUSTRIAL EDITION SLATED.** The Sanford Herald's annual Industrial Edition, a showcase for local industry, is scheduled for publication in late September. This year's edition, "Best-Kept Secrets of Industry," takes a look at largely-unknown facts about local companies and people who have made industry work.

■ **COCA-COLA CELEBRATES 100.** Sanford Coca-Cola Bottling Company, one of the area's oldest businesses



still in operation, is celebrating its centennial anniversary. J.R. Ingram Sr. started the business in 1905, selling Coke out of a wagon also used in an emergency to fight fires. The company now employs about 95 people in its bottling plant and Triangle Vending food operation.

■ **RTRP PUBLISHES RECRUITING TOOL.** The "Business Advantage Center," an interactive CD and Web portal, has been published by the Research Triangle Regional Partnership. Developed to help recruit business and boost employment across the region, the CD contains a wealth of data, information and links focusing on business and industry. For information about the project, contact Bo Carson at [bcarson@researchtriangle.org](mailto:bcarson@researchtriangle.org).

### Inside this issue

**2** Supreme Court move protects all consumers, says Ed Swartz.

**3** Coty Inc. acquires new fragrances and searches for warehouse space.

**No. 16 ■ SUMMER 2005**

# Economic Indicators

## Static Control Prevails Supreme Court action protects entire industries

**M**ore litigation is sure to follow, but when the U.S. Supreme Court refused to hear an appeal in the case of Lexmark International Inc. v. Static Control Components Inc., it may have saved entire industries from calamity.

The immediate question was whether the "Smartek" computer chip engineered by Sanford-based Static Control violated the Millennium Copyright Act of 1998. The answer from the 6th U.S. Circuit Court of Appeals was "no," and by refusing to hear Lexmark's appeal, the high court essentially affirmed the appeals court ruling.

That meant Static Control could continue selling its chips, and companies using those chips to remanufacture toner cartridges could resume selling their less-expensive alternatives for Lexmark printers.

While the decision was good news for Static Control, the collective sigh of relief could be heard from industry leaders from New York to Los Angeles. Entire industries hung in the balance.

Many observers believe the real issue was whether consumers could continue to purchase less-expensive "after-market" parts — or whether they'd be forced to buy more expensive versions produced by original equipment manufacturers.

Consider car parts. Using technology similar to Lexmark's, automakers could force owners to replace broken parts with their own brand.

Not only would that run other parts manufacturers and retailers out of business, but

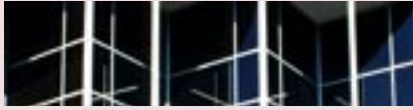


it could stifle innovation. And, with customers held captive to one manufacturer, prices would surely shoot through the roof.

Aaron Lowe, vice president for regulatory and government affairs at the Automotive Aftermarket Industry Association, agreed the issue was a broad and major concern.

"That same technology could be easily adopted by the car companies to prevent independent manufacturers from selling competitive replacement parts that work with today's highly advanced vehicle systems, having serious repercussions for our industry and the motoring public," he said.

The case is not yet settled, but recent events have been good for Static Control — and consumers everywhere.



**ED SWARTZ**

**Supreme Court's move helps all consumers**

The Digital Millennium Copyright Act, or DMCA, was created to protect the recording industry from pirating and illegal copying and distribution of content. Never was the DMCA created to establish and protect electronic monopolies. To get a better understanding, let's go back in history.

In the early 1900s Theodore Roosevelt denounced the oil and steel monopolies that were being established, which ultimately led to laws that are enforced today. These laws today serve as protection mechanisms for consumers.

If successful, Lexmark would open the gateway to other industries to place an inexpensive chip on an original equipment manufactured (OEM) part. The consumer would then be obligated to buy that particular part from the OEM or the product will not function.

For instance, a consumer can now buy a windshield wiper blade from any automobile parts location for \$20 to \$30. Say Toyota places a 50-cent chip on the blade to correspond with the automobile's on-board computer. The product now is priced between \$60 and \$80 per item, and the consumer is locked into buying the OEM replacement as opposed to the aftermarket that functionally works the same without the chip. If the consumer bought a non-OEM item, a generic blade, the car simply would not start.

With that said, 80 percent of all cars serviced in the United States today are serviced in independent garages. These lockout mechanisms could put virtually all of the automobile parts dealers out of business.

The problem extends far beyond the automobile industry to every industry that caters to the consuming public.

Our recent Supreme Court ruling validates the fact that consumers can use aftermarket products for repair or purchase remanufactured products, saving consumers a lot of money.

*Ed Swartz is president and chief executive officer of Static Control Components Inc. in Sanford.*

**Economist Mike Walden kicks off series of C100 meetings for fall**

Though economic figures and forecasts continue to be positive — and the vast majority of people say they're doing just fine for themselves — some still have an uneasy feeling about the economy.

Maybe it's the high gas prices or how the economic recovery is being covered by the media. Perhaps shifts away from manufacturing in the national economy have left some worried about the future.

Economist Mike Walden will set the record straight when he reviews economic figures and trends on Aug. 25 in Sanford.

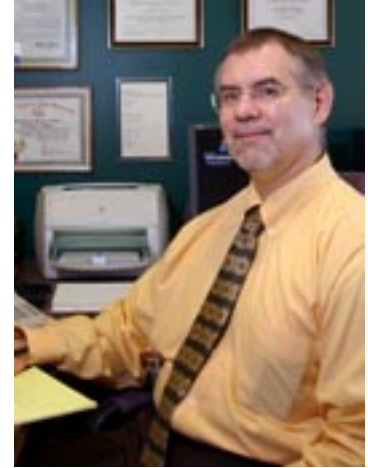
Walden is no stranger to civic leaders across North Carolina.

Because of his exceptional ability to explain economics for general audiences, Walden has made more than 1,000 presentations since joining the North Carolina State University faculty in 1978.

He has won national awards for his daily and weekly radio programs, which appear on stations across the Tar Heel State, and his biweekly column, "You Decide," is carried by more than 40 newspapers.

Walden appears locally to address the Committee of 100. The meeting begins at noon with lunch and is open to the public.

When Walden takes the stage, he will



Economist Mike Walden

begin by assessing the state of our economy, looking at growth, jobs, hot sectors and where we are in the business cycle.

The bulk of his time will be spent discussing current trends, how the world is changing economically and what it all means for local residents.

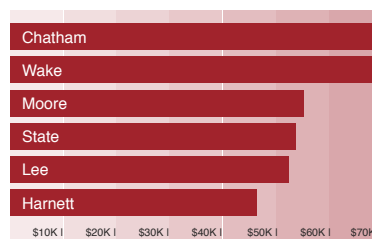
Other upcoming meetings:

- Bill Horner III, publisher of The Sanford Herald, will discuss, on Sept. 20, media relations and the results of a recent market survey conducted by the newspaper.
- Bob Bridwell, Sanford's director of community development, speaks Oct. 25.

**THE REGION AT A GLANCE**

**Median Family Income.** Estimated median family income for 2004, the most recent data. *Source: U.S. Department of Housing & Urban Development (2004).*

Chatham County.....	\$69,800
Wake County.....	\$69,800
Moore County.....	\$54,700
North Carolina.....	\$53,000
Lee County.....	\$52,000
Harnett County.....	\$46,500



**Economic Indicators**

*Economic Indicators* is a quarterly newsletter of the Lee County Committee of 100, an organization of business men and women committing their time, energy and resources to enhance the economic well-being of Lee County and its citizens.

For information about membership, contact the Lee County Committee of 100 Inc., P.O. Box 4846, Sanford, N.C., 27331-4846. 919-774-8439 (phone). 919-775-5410 (fax). info@lcedc.com (e-mail). News and letters for *Economic Indicators* may be sent to the editor at news@lcedc.com.

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# Industrial expansion projects planned

Three major industrial expansion projects recently received incentive funding from local governments.

Combined, the projects will boost local investment by at least \$31.5 million and, when fully operational, will add about 65 jobs to the local economy.

According to incentive grant requests, Lee Brick & Tile Co. plans to construct a new, \$27 million brick manufacturing plant, which will allow the company to add about 35 jobs.

Challenge Printing Co. will invest at last \$2.5 million in a new manufacturing facility and expects to add about 30 jobs.

Magneti Marelli USA plans to equip an existing building to handle plastic injection molding. The investment would be at least \$2 million.

## Coty Inc. adds fragrances, plans distribution center

Coty Inc. announced in May it would acquire Unilever Cosmetics International, adding several brand-name fragrances to its already-extensive line.

Calvin Klein, Cerruti, Vera Wang, Chloe and Lagerfeld fragrances will become part of Coty's Lancaster Group. Many Lancaster Group fragrances are manufactured in Sanford.

The acquisition includes a manufacturing and distribution center in Mt. Olive, N.J., along with a distribution center located in Lille, France.

Coty also is seeking to add 200,000 square feet of storage and distribution space somewhere in central North Carolina. Proposals were submitted by USC Solutions



**Manufacturing isn't the only sector expanding.** Students and teachers arrive in August to open Southern Lee High School and its new, 180,000-square-foot facility on Tramway Road. About 900 students in grades 9 through 11 will attend the first year. PHOTO COURTESY OF DAVID HUGHEY AND THE SANFORD HERALD.

of Sanford and four other companies. The warehouse will not affect existing jobs locally.

## GKN example of trends in U.S. manufacturing

When GKN Driveline announced it would close its Sanford facility in 2007, the news was just the most recent example of companies consolidating or moving manufacturing overseas.

Though the decision was nothing out of the ordinary — based on prevailing industrial trends — it does have a significant impact on the community and local finances.

County tax administrator Kep Kepley estimates that GKN's total local investment is roughly \$62 million — about \$45.8 for GKN Driveline and \$15.7 for GKN Precision Forming, which shares land in the Lee County Industrial Park and will continue to operate.

Efforts are already underway to recruit new industry to occupy the building and help replace lost tax revenue.

## THE LOCAL WRAP

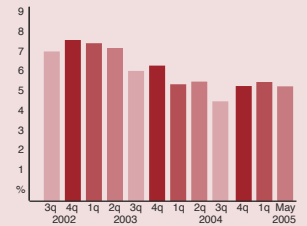
### Wait, there's more ...

Carolina Trace was named one of America's 100 Best Master-Planned Communities in the July edition of Where to Retire magazine ... **Central Carolina Community College** received a superior rating in a report published by the North Carolina Community College System. Its college transfer program was one of just 17 in the state to meet or exceed established performance standards ... **This End Up**, the Sanford-based furniture manufacturer, has expanded into the former Avondale Building on 7th Street ...

**Charles Hayes**, a Sanford resident, has been named to the University of North Carolina Board of Trustees. Hayes is president and chief executive officer of the Research Triangle Regional Partnership, an economic development agency serving 13 counties in the region ... **Lee Builder Mart**, founded in 1955, is celebrating its golden anniversary.

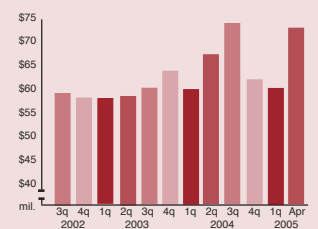
## Economic Indicators

### unemployment



Lee County unemployment dropped to 5.5 percent in April and 5.2 percent in May, the lowest level since October of last year. The labor force estimate has increased to 25,031. The statewide seasonally-unadjusted rates: 5.1 percent for April and 5.0 percent for May. Data listed from the last month of each quarter.

### retail sales



Gross retail sales for Lee County jumped to \$73.476 million in April, after posting a disappointing \$60.024 million figure in March. For Sanford: \$59.834 million in April, the most recent report. Figures reported from last month of each quarter and reflect both sales and use taxes.

### building permits



Lee County issued an estimated 36 building permits for new residential construction in May, up from 31 in April. Figures show total permits issued over a two-month period from Lee County and do not include apartment or commercial construction.

### area industrial closings

Lee: GKN Driveline, 320 affected, closing 2007.

**August 2005**

**24 Lee Co. Industrial Managers Association.** 11:45 a.m. Deep River Sporting Clays, 284 Cletus Hall Road, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

**25 Committee of 100.** Economist Mike Walden outlines national, state and local economic trends affecting business and public policy. noon. Chef Paul's Café, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

**September 2005**

**6 Downtown Sanford Inc. Board.** 8 a.m. Lee County EDC Office, 226 Carthage Street. Contact David Montgomery, 919.775.8332 or downtown@sanfordnc.net.

**7 RTRP Regional Advisory Council.** 10 a.m. RTRP, 1000 Trade Drive, Suite 124, RDU International Airport. Contact Bob Heuts, 919.774.8439 or info@lcedc.com.

**15 Central Carolina Society for Human Resource Management.** noon. Chef Paul's Café, 610 E. Main Street,

Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

**12 Lee Co. Economic Development Corp.** 8 a.m. Lee County EDC Office, 226 Carthage Street. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

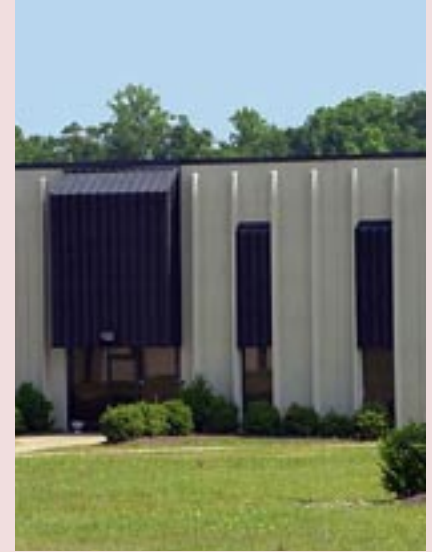
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**28 Lee Co. Industrial Managers Association.** 11:45 a.m. Representatives from ProChem Inc. will review technology available to reuse water in manufacturing processes. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

**CCCC Business Seminars**

■ **Finding Work with the Military.** Sept. 21, 11:30 a.m. to 1:15 p.m., \$6 registration includes lunch.

■ **Record Keeping and Taxes.** Sept. 27, 6:15 to 8:45 p.m., free.

**FOCUS on Industrial Sites**

With exceptional highway access, the CAP Building offers 134,000 square feet of manufacturing and office space on nearly 25 acres. The building borders U.S. 421, not far from the U.S. 1 interchange. For other available sites in Lee County, visit [www.lcedc.com](http://www.lcedc.com), click on "Buildings & Sites," and select either buildings or sites.

# Economic Indicators

Lee County Committee of 100 Inc.  
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