

## **BRMEMC New Headquarters Project**

Blue Ridge Mountain EMC has occupied the same facility since it was constructed in 1955. There have been two major upgrades/renovations completed on the existing facility, one in mid-1970's, and the most recent in 1995. In 2000, the EMC constructed a new stand-alone vehicle maintenance facility. The EMC currently stands on approximately 14 acres of land and has more than five (5) separate buildings.

Our new headquarters facility will stand on but a portion of a total 104 contiguous acres of land and will include new administration, operations, warehouse, garage and other critical facilities. It will house a video head-end and will include a "data bunker" that will house all of our critical servers and electronic devices. The site will have separate customer entrances and heavy equipment entrances, and will even have emergency egress onto Timberline Drive. Eventually, BRMEMC hopes to sell off unused portions of the acreage to interested parties, which in turn will allow us to pay down the overall debt for the facility.

### **Reasons for Project**

- 1) **Space needed** – BRMEMC is simply out of room. We have been short on office space for quite some time; we outgrew our warehouse years ago; and we simply have too many people cramped into too small a workspace. This creates not only difficult working conditions, but also contributes to a more rapid decline in the existing buildings as we over-stress their intended building capacities. We do not have enough employee or customer parking space, which makes it frustrating for those customers who choose to come to our office to pay their bills or who need to receive some form of direct customer service. For several years we have been in dire need of adequate assembly areas for our employees to meet during our monthly safety and employee meetings, and during special storm outage briefings. Finally, the existing facilities have inadequate restroom and related facilities, which are extremely important, especially when working during storm outages. In particular, showers and kitchen facilities need to be upgraded to meet the demands of our workforce during emergency operations which can happen several times per year.
- 2) **Attractive Interest Rates** – Interest rates have dropped to all-time lows in the past couple of years, and remain very attractive today. We plan to finance the remainder of our headquarters project with a long-term loan from USDA-RUS. The current interest rates are lower than they have been in years – around 4% for a 30 year loan.
- 3) **Diluted Impact on Members** - A 30-year loan from RUS for \$15,000,000 (a general estimate for the new headquarters cost) at 4% interest will result in approximately \$868,000 in annual principal and interest payments. When we amortize the total loan amount over a 30 year loan life, the annual cost per member per year (as of June 2010) is \$17.89. That means that each member will realize an increase of \$1.49 per month as a result of the cost of this new headquarters building.

- 4) **Competitive bidding** – We have had over twenty (20) General Contractors express interest in bidding on our project, and we are confident we will be able to obtain very competitive bid pricing as a result. Other large projects in the area have bid 20% - 30% lower than expected, and we hope to capitalize on this same trend to the benefit of our members.
- 5) **Safety** - Brasstown Creek Road and Sycamore Street in the City of Young Harris both run through the middle of our current campus which creates a significant safety concern. We have high volumes of traffic made up of heavy equipment, tractor-trailers, and other vehicles moving about and loading and unloading, and no less than twice per day most of our fleet moves either into or out of our campus. This creates a significant risk for both pedestrians and for vehicular through-traffic on our current campus. Our new headquarters footprint will be entirely contiguous and heavy equipment and other work-related vehicles will be segregated from general customer/passenger car traffic. This segregation will be facilitated by a separate entrance/exit with acceleration and deceleration lanes, and improved site-distances at this intersection.
- 6) **Security** – With a campus split by two well-used roads it remains difficult for us to maintain perimeter security for our campus. We have no less than six (6) regularly used gates, only four of which are able to be monitored via video cameras. While we have perimeter fencing around our entire facility and video surveillance of most parts of our storage areas, it is not a problem for an after-hours vandal or thief to find opportunities to walk away with inventory because of our campus configuration. Our inventory is scattered across our campus, and with two roads intersecting within the campus it becomes nearly impossible to prevent all loss. Our new contiguous campus will have upgraded security measures installed, improved site lighting, and will be completely surrounded by perimeter fencing. Additionally, our current building configuration allows access from the general public into areas of our campus that need to be secure. During regular work hours our main lobby has no security measures to prevent a customer from entering the front door of the EMC and walking straight back to the Manager's office, for example. There have also been several occasions wherein customers innocently entered the building through our shipping dock and were found wandering around the building. This presents a substantial security risk for our employees and also creates confusion for customers. During each of our last three tri-annual safety accreditation visits from GEMC these safety inadequacies have been noted, and in fact, during one inspection a comment was noted by one observer that it was "...amazing that Blue Ridge Mountain EMC is able to maintain such a high safety rating in spite of the facilities that you all work in." Our new facility will have access control (keycards) to all critical portions of the building, and customers will never be allowed access to any portion of the building, save the main customer lobby, without an EMC escort. We will also integrate video surveillance of the entire building. This will ensure that we are able to provide as safe a working environment for our employees as is possible.
- 7) **Improved Work Flow** – BRMEMC's current facilities served us well for a number of years, yet with two major renovations and building add-ons over the years, our facilities have become

somewhat of a maze and certainly an inefficient work environment for our employees. Customer service, Call Center, Dispatching, Member Services, and Operations, in particular, struggle with these inefficiencies, as it makes their job more difficult and certainly creates a less than optimal customer experience. With our new building designs and layout, we will be able to greatly improve work flows within our buildings, and we believe that our customers will be able to realize these efficiencies in the form of improved overall customer service.

- 8) **Local Economic boost** – Phase 1 of our headquarters project resulted in a contract with Panattoni Construction for the site grading and DOT work. Panattoni Construction then sub-contracted work to Capital Grading out of Fannin County. Capital Grading hired a number of local workers (around 70% of their workforce was hired locally), and used various local sub-contractors for portions of the work on-site including some for hauling, gravel, concrete, timbering, and other work. The sub-contractors for this work are as follows:

TRC Trucking (Fannin County)	Holloway Trenching (Fannin County)
Gray Logging (Union County)	Southern Concrete Materials (Union/Clay)
Byers Well Drilling (Union County)	Shuler Clearing Company (Clay County)

Phase 2 of the project includes all buildings and facilities onsite that will be competitively bid in our local economy by mid-June of 2010. We anticipate that a number of sub-contracts will also be let during this phase including additional concrete, asphalt, gravel, hauling, construction and other work. We expect a number of direct construction-related jobs will be created by the project.

All of the jobs and sub-contracting opportunities listed above demonstrate direct economic impacts to local companies. In addition to these direct impacts there are also secondary economic impacts accrued to our local community in that these sub-contractors are also purchasing fuel, supplies, and other materials locally, and workers are eating in local restaurants and are able to pay their own taxes and other bills contributing to a more stable local economy.