#### PRESENTATION TO THE SOUTHWEST VIRGINIA ECONOMIC DEVELOPMENT COMMISSION RON FLANARY EXECUTIVE DIRECTOR LENOWISCO PLANNING DISTRICT COMMISSION October 6, 2004



#### **Presentation Outline**

 Regional Projects That Have Worked in Lee, Wise, Scott and the City of Norton (LENOWISCO)—with emphasis on 1985-2005 (Twenty years of "Post-Lacy" Efforts)

 Recommendations to the Commission based on LENOWISCO's 40-Year Economic Development Perspective

# What's Worked?

- Virginia Coalfield Economic Development Authority (VCEDA)
  - Legislation drafted in 1987 by LENOWISCO and Cumberland Plateau PDC's
  - Since 1988, VCEDA financing (from a portion of local coal, oil and gas severance revenues) and marketing has invested \$67 Million and over 9400 new jobs.
  - Almost 90 percent of all new business leads and visits in the Coalfield region are generated through VCEDA's marketing efforts.
- Regional Industrial and Business Parks
  - Duffield (1970) in Scott County—now being expanded through funding from Virginia Tobacco Commission and VCEDA—70 acres available.
  - Lonesome Pine Tech and Business Park (Wise County)—250 acres available.
  - Constitutional Oaks in Lee County—60 acres currently, expandable to 200.
- Regional Area Agency on Aging—Mountain Empire Older Citizens
- Regional Library System—Lonesome Pine Regional

- Regional Jail System—Southwest Regional Jail Authority (Lee, Wise, Scott, Russell, Washington, Buchanan, Dickenson Counties, and City of Norton) three facilities under construction (Abingdon, Haysi and Duffield)
- Regional Tourism Marketing—Heart of Appalachia Tourism Authority
- Regional Workforce Program (for Coalfield Region)
- Regional Water Interconnections throughout the Coalfield Region (Buchanan County will soon be physically connected all the way to Cumberland Gap)
- Sub-Regional Sewage Collection and Treatment
  - C-N-W System (Coeburn, Norton and Wise)
  - Big Stone Gap-Appalachia (Wise County)
  - Holston Regional—Gate City and Weber City (Scott County)
  - Pennington Gap Regional (Ben Hur, Dryden and St. Charles in Lee County)
  - Hickory Flats-Jonesville (Lee County)
  - \$240,000 Regional Sewer Study now underway by PDC's 1, 2 and 3 (to be completed by late 2005)

- Heritage Tourism
  - "The Crooked Road"-Virginia's Heritage Music Trail—225 miles from Franklin to Dickenson County
  - Daniel Boone Wilderness Trail (Scott and Lee Counties)
  - U.S.23 through Virginia—"The Country Music Highway"
- Regional Consensus on Corrections as an Economic Development Option
  - Red Onion State Prison (Wise/Dickenson)
  - Wallens Ridge State Prison (Big Stone Gap—Wise County)
  - Lee Federal Prison (Lee County)
  - 1400 Total Jobs; \$55 M annual regional payroll
- LENOWISCO Regional Broadband Project (in cooperation with Bristol Virginia Utilities, Cumberland Plateau PDC and others)
  - 70 miles of lighted and operational fiber
  - Now planning for next \$6 M phase, extending backbone fiber further west through Lee County, into Dickenson and Buchanan Counties and extending eastward through Tazewell County, and closing service loops between Wise and Russell Counties
- Regional Small Business Incubator Network
  - Pioneer Center in Duffield
  - Satellite Center in Norton

## WHAT SERVICES HAVE NOT BEEN REGIONALIZED?

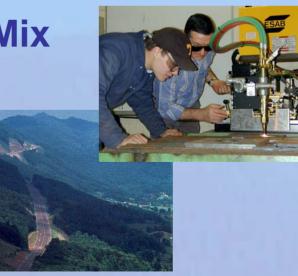
#### Solid Waste

- Lee County exports its waste, and Wise County will soon
- Scott County still operates its own landfill (but will export in the near future)
- Cumberland Plateau was successful in regionalizing disposal for Russell, Buchanan and Dickenson Counties
- Tazewell County operates its own landfill
- Education
  - Arguably the most provincial, and most resistant to change than any public sector service. Not a service that would normally be within the influence of regional planning and development agencies.

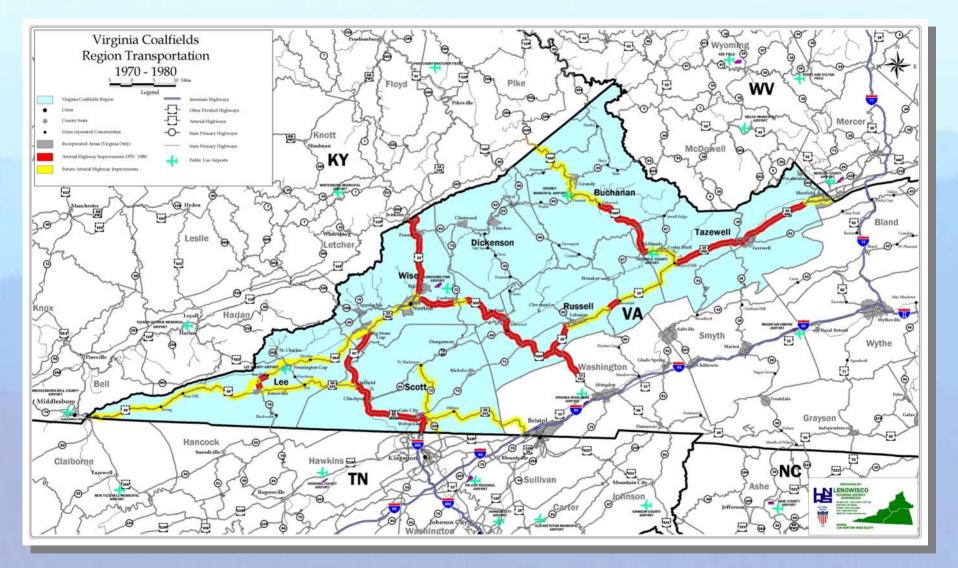


## **OTHER SELECTED "POST-**LACY" SUCCESS STORIES

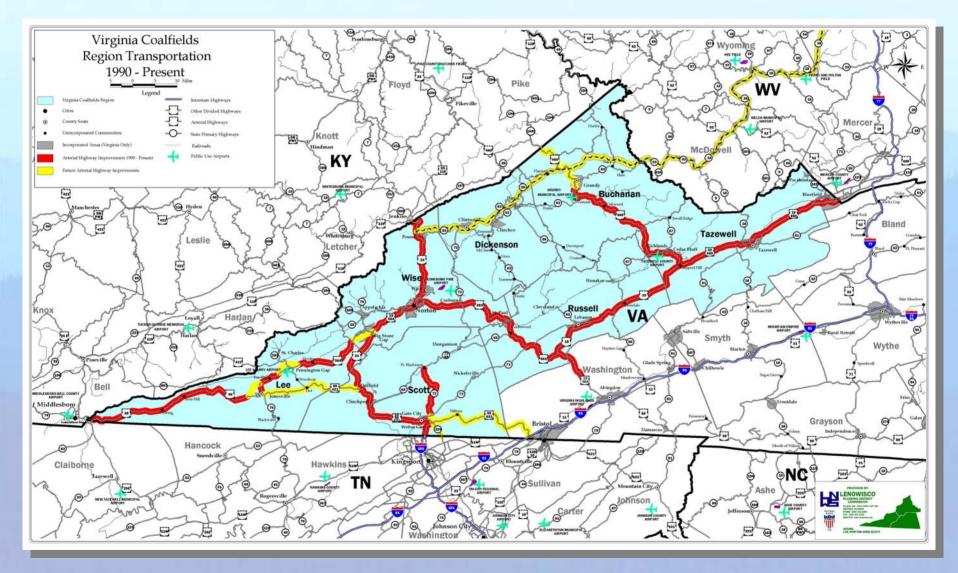
- Transportation
- Public Water
- Overall Employment Mix



#### Major Road Improvements 1970 - 1980



#### Major Road Improvements 1990 to Present



#### **LENOWISCO PDC Public Water**

| <u>Year</u> | Total Households | Households With<br>Public Water | <u>% With Public</u><br><u>Water</u> |
|-------------|------------------|---------------------------------|--------------------------------------|
| 1985        | 36,967           | 19,140                          | 52%                                  |
| 2005        | 37,327           | 27,446                          | 74%                                  |

| Increase | 8,306 | 22% |
|----------|-------|-----|
|----------|-------|-----|

120 Million Dollar Investment in Water 1985-2005

#### **LENOWISCO PDC Public Sewer**

| <u>Year</u> | Total Households | Households With<br>Public Sewer | <u>% With Public</u><br><u>Sewer</u> |
|-------------|------------------|---------------------------------|--------------------------------------|
| 1985        | 36,967           | 6,166                           | 17%                                  |
| 2005        | 37,327           | 13,912                          | 37%                                  |

| 7,746 | 20%   |
|-------|-------|
|       | 7,746 |

\$85 Million Dollar Investment in Sewer 1985 -2005

#### Unmet Water and Sewer needs (LENOWISCO PDC Only)

9,881 Households
Lack Public Water
Service

 23,415 Households Lack Public Sewer Service

 \$125 Million Dollars is needed to address this problem \$365 Million Dollars is needed to address this
problem

#### Employment Increase/Decrease by Classification 1985-2003

| Classification          | LENOWISCO 1985 | LENOWISCO 2003 | Increase or Decrease |
|-------------------------|----------------|----------------|----------------------|
|                         |                |                |                      |
|                         |                |                |                      |
| Private Employment      | 18,635         | 21,095         | 2,460                |
| Agriculture             | 88             | 125            | 37                   |
| Mining                  | 5,333          | 2,420          | 2,913                |
| Construction            | 719            | 989            | 270                  |
| Manufacturing           | 2,400          | 1,618          | 782                  |
| Public Utilities        | 780            | 843            | 63                   |
| Trade                   | 5,246          | 5,780          | 534                  |
| Wholesale               | 1,091          | 1,395          | 304                  |
| Retail                  | 4,155          | 4,385          | 230                  |
| Finance and Real Estate | 721            | 719            | 2                    |
| Services                | 3,219          | 8,482          | 5,263                |
| Unclassified            | 129            | 119            | 10                   |
| Government              | 5,121          | 6,481          | 1,360                |
| Federal                 | 428            | 688            | 260                  |
| State                   | 1,104          | 1,705          | 601                  |
| Local                   | 3,589          | 4,088          | 499                  |

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### LENOWISCO's Recommendations to the Commission

# **Economic Development**

- Index GOF and TROF awards based on a community or region's economic needs. A firm should not receive the same dollar award to close a deal in Loudon or Fairfax versus Lee or Dickenson
- Redirect VEDP's marketing efforts to give greater attention to the state's underperforming regions. Suggestion: 75 percent of VEDP's funding and marketing efforts should go to the rural and urban distressed regions, with 25 percent in economically competitive urban areas. Loudon and Lee County should NOT be treated the same!
- Define "distress" as a weighted index of unemployment and income (including persons in poverty, and adjusted gross income)
- Revise marketing targets in SW Virginia based on work of Chmura Economics and Analytics on-going cluster study (Example: Possibly add Glass Manufacturing, Household Appliance Manufacturing, Medical Equipment, certain Organic and Inorganic Chemicals to the marketing targets for Scott County, based on interim data)—this work being funded by the Virginia Tobacco Commission for all of SW Virginia.

# **Small Business Development**

- Get past the "jealousy" issue regarding small business development. Small businesses deserve the same encouragement, training and financial support from the public sector as any major corporation.
- More support for small business incubators, because they work, and they're clearly "economic development" Example: the tenants in the Pioneer Center in Duffield (plus the satellite center in Norton) generates over \$2 M in private revenues per year and bring 70 jobs to the region. The Richlands incubator (Tazewell County) is also doing very well, and is now expanding.
- Consider reinstating financial support for regional business incubators through the Virginia Department of Business Assistance
- Consider equity support (such as small start-up grants for entrepreneurs of high quality and with a high likelihood of success), targeted to business incubator tenants.



- Grow UVA-Wise to 2500 students, add software engineering and other tech baccalaureate programs to augment the college's high success rate as a nationally prominent liberal arts institution. The college is a <u>major</u> economic development driver for the region.
- Reinvent public education: Too much local provincialism, too many "turf" issues, and too much resistance to change and innovation. Note: If the Commonwealth pays most of the cost of public education in SW Virginia (which it does), the General Assembly should insist on positive change and more responsiveness.
- Vocational and training programs should mirror 21st Century realities in the work place. Question: Have we trained enough hair dressers and welders by now?
- Build on the regional asset of the Community Colleges—the "front line" of labor force readiness and quick response.

# **Tourism Development**

- Heritage Tourism is our region's greatest potential for this aspect of Economic Development
  - Support and expand "linear" regional, multi-venue attractions such as "The Crooked Road" and the Daniel Boone Wilderness Trail
  - Support and expand the State Parks, such as Natural Tunnel, Wilderness Road, Hungry Mother, and the Breaks Interstate Park—they are key attractions along the linear trails.
  - Stimulate private sector development of the supporting infrastructure necessary to capitalize on heritage tourism:
    - More, better, and diverse lodging options throughout the region
    - More, better, and more diverse dining options
    - R.V. parks
  - Fund Hospitality Training for those on the "front lines" of greeting visitors to the region.
  - Find a reliable revenue source to support regional tourism marketing efforts.
  - Build on the success of existing trails for pedestrians, bicyclists, horseback riders and ATV enthusiasts by establishing a full network of regionally-interconnected trails for these purposes.

# Workforce Programs

- Fully recognize and support (with necessary funding) the critical role of the Community Colleges in workforce development, quick response training, small business development, and other support services to meet the needs of new and expanding businesses.
- Regional workforce programs should be more responsive to the real needs of private employers.
- Regional workforce boards should be revamped to strengthen the input from the private sector, and diminish the role of service delivery agencies often more focused on their own budgets than delivering services.

### **Telecommunications**

- Support build-out of the regional broadband system throughout SW Virginia. Our region should have a network with no practical limits on bandwidth, speed or service options. This work should embrace the private telecoms in partnership.
- Support those PPEA proposals currently under review by VITA that recognize SW Virginia's new strengths: a strong telecommunications plan of action, multiple redundancy for telecommunications AND power (with no common points of failure), a ready and capable workforce, prepared sites, and the perfect location for data back-up centers.

# **Enterprise Zones**

- Not practical in rural Virginia until the program was revamped by the General Assembly in 1995.
- They work! Duffield has recovered from a low of 500 jobs in 1997 to 1440 today (and growing).
- Suggestions:
  - Current application process is cumbersome and unpredictable in its outcome.
  - Consider changing current rigid six (6) square mile limit on zone size to entire jurisdiction for rural, economically distressed counties (but not cities).
  - Consider standardized base expectations for local incentives (currently, it's just "free form")
  - Reconsider current state incentives (I.E., tax credits, which have value to some businesses, but little or no value to others)
  - Seek input from actual firms that located in an Enterprise Zone—why was this important to their location decision?

### Infrastructure

- Continue regional efforts to build-out the public water network to serve all who can be feasibly served.
- Continue to fund and support build-out of the public regional telecommunications network.
- Next major infrastructure challenge: Finding the grant and low interest loan funds to address public sewage collection and treatment for the unserved portions of the region.



- Consider additional correctional facilities in other parts of the region.
- Encourage and offer incentives (such as the Laural Hills Project in Norton) to stimulate more market rate housing development in the \$90,000 to \$150,000 range. Our region cannot grow without a wide range of housing options.
- Coal is making a recovery: Encourage the full utilization of the region's reserves, which can, and should be mined in a safe and environmentally sound manner.
- Support the coal-fired power plant initiative: A 500 megawatt plant in Lee County (as an example) would reduce the local unemployment rate to less than 2 percent, and increase Lee County's local tax receipts by almost 60 percent. Think how that could stimulate growth and innovation in public education, for instance.

# **Support Regional Approaches**

- Virginia's PDC's could do a far better job (particularly in rural regions) if the Commonwealth provided more funding. Example: LENOWISCO receives \$89,000 in state funding—less than 9 percent of its total budget. Last year, LENOWISCO planned and found the funding (from Federal and state sources) over \$18 Million for water, sewer, telecommunications and economic development projects for its service area (Lee, Wise, Scott Counties and the City of Norton). Can other organizations claim this "rate of return"?
- Support and fund the Regional Competitiveness Program. The Coalfield Coalition (PDC's 1 and 2) successfully launched a number of Coalfield-wide regional projects to spur economic development. Today, there's no funding to continue this, or address new challenges.
- Insist that regional solutions take precedence over local-only initiatives of limited impact and limited potential success. Regionalism makes "cents."

### Thank You for Your Attention, and for your sincere interest in Southwest Virginia