



## **Economic Development Access Program**

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**Director, Local Assistance Division**  
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# Governor McDonnell's Multimodal Strategic Plan

## VDOT Business Plan for FY 12 – FY14

### Objective 5.3

To improve access to multimodal facilities and major employment/  
industrial centers over the next three years by June 30, 2014.

# Summary of Existing Economic Development Access Program

**Maximum Allocation (per project, inclusive of design and construction):**

**\$650,000 total (\$500,000 unmatched, \$150,000 matched)**

**Regular Projects:** Named qualifying establishment.

**Bonded Projects:** Qualifying establishment not named. Surety provided to VDOT with five year time limit.

# Summary of Existing Economic Development Access Program

**Capital Investment to Program's Project Cost Ratio = 5:1**

**Qualifying Capital Investment:** Only private investment is eligible.

**Qualifying Establishments:** Manufacturing, R & D facilities, distribution & regional service centers, corporate headquarters, or others as determined by VEDP in consultation with VDBA.

**Non-qualifying Establishments:** Among others, government installations or similar facilities, public or private.

# Economic Development Lost Opportunities



**According to Virginia Economic Development Partnership, Virginia lacks the assets to compete with other states for large manufacturing projects such as these, which occurred between 2005 and 2012:**

<b>Dow Corning Hemlock (semiconductor)</b>	<b>\$1.2 billion &amp; 500 jobs in Tennessee</b>
<b>Kia Motors (automotive assembly)</b>	<b>\$1.2 billion &amp; 2,900 jobs in Georgia</b>
<b>Paccar (truck engines)</b>	<b>\$500 million &amp; 800 jobs in Mississippi</b>
<b>SeverCorr (steel mill)</b>	<b>\$1.38 billion &amp; 650 jobs in Mississippi</b>
<b>ThyssenKrupp AG (steel mill)</b>	<b>\$4.19 billion &amp; 2,700 jobs in Alabama</b>
<b>Toyota (automotive assembly)</b>	<b>\$1.3 billion &amp; 2,000 jobs in Mississippi</b>
<b>Volkswagen (automotive assembly)</b>	<b>\$1 billion &amp; 2,000 jobs in Tennessee</b>
<b>Caterpillar (vehicle assembly)</b>	<b>\$200 million &amp; 1,400 jobs in Georgia</b>

**Virginia localities do not have the resources to identify, plan for, and proactively develop large economic development sites to prepare for next opportunity.**

Source: Virginia Economic Development Partnership

# Virginia Economic Development Partnership (VEDP)



Companies with capital-intensive investments that provide significant levels of job creation seek prepared sites to minimize development risk associated with tight implementation timeframes.

Essential ingredients for successful outcomes:

- ✓ Reliable property control
- ✓ Appropriate workforce solutions
- ✓ Well-documented site development plans
- ✓ Substantial pre-existing infrastructure

VEDP reports development of just one of these sites could result in:

- Almost \$300 million in new state tax revenues over 20 years
- 2,000 direct new full-time jobs, 7,000 indirect full-time jobs
- More than \$1 billion taxable capital investment for a locality
- Economic transformation of an entire region

Source: Virginia Economic Development Partnership

## VEDP Strategic Properties “Megsites” Initiative



**Major Employment and Investment (MEI) Project**

**Defined in Code of Virginia §2.2-2260**

**Capital investment exceeding \$250 million and more than 400 new jobs**

**Seven sites currently meet criteria:**

- » **Oak Park – Washington County**
- » **Wildwood – Carroll County**
- » **Progress Park Lot 24 – Wythe County**
- » **Commonwealth Crossing – Henry County**
- » **Berry Hill – Pittsylvania County**
- » **Mid-Atlantic Advanced Manufacturing Center – Greensville County**
- » **Wallops Research Park – Accomack County**

**Each has inadequate access to public roads.**

# **Economic Development Access Program Focus Group Meeting March 28, 2012 South Hill, Virginia**

## **Focus Group Members:**

**Dennis Burnett.....Director, Economic Development – Augusta County**

**Leigh Cockram.....Executive Director – Southern Virginia Regional Alliance  
(Danville/Pittsylvania County)**

**Angie Kellet.....Director, Economic Development – Mecklenburg County**

**Ken McFadyen.....Regional Director – Blue Ridge Crossroads Economic Development  
Authority (BRCEDA) (Carroll County, Grayson County, City of Galax)**

**Rich Morrison.....Planning Director – Accomack County**

**Tim Pace.....Planning Director – Henry County**

**Natalie Slate.....Deputy County Administrator – Greensville County**

**Rob McClintock.....Director, Research – VEDP**

**Mike Lehmkuhler.....Managing Director, Business Development – VEDP**

**John Loftus.....Sites & Buildings Representative – VEDP**

**VDOT Local Assistance Division staff**



# Policy Revisions For VEDP Strategic Properties

## Focus Group Suggestion

Implement separate funding program for access road planning phase, and allow additional funding for construction phase.

## Staff Recommendation

Fund the design and construction of access roads as two distinct projects. Design project will be bonded until construction plans are approved by VDOT.

# Policy Revisions For VEDP Strategic Properties

## Focus Group Suggestion

Allow an allocation of up to \$1,000,000 per year for road construction, and allow additional funding in future years.

## Staff Recommendation

Allow program allocation of up to \$1,000,000 per year for road construction with a local match of \$500,000. Allow one additional program allocation of up to \$1,000,000 with additional \$500,000 local match available in subsequent year.

# Policy Revisions For All Economic Development Sites

## Focus Group Suggestion

Open qualifying establishment to federal government and non-profit development and investment.

## Staff Recommendation

Open qualifying establishment to government development and investment. Eliminate language in policy that restricts providing access to government facilities.

# Policy Revisions For All Economic Development Sites

## Focus Group Suggestion

Allow credit for locally funded public infrastructure improvements and buildings constructed to attract an economic development project.

## Staff Recommendation

Allow credit for locally funded public infrastructure improvements and buildings. Add language in policy that indicates some locality provided improvements can be used to meet investment requirements.

# Policy Revisions For All Economic Development Sites

## Focus Group Suggestion

Allow reimbursement of design costs incurred prior to CTB approval.

## Staff Recommendation

No change in policy.

# Policy Revisions For All Economic Development Sites

## Focus Group Suggestion

Extend the current bond moratorium, expiring on July 1, 2012.

## Staff Recommendation

Extend to July 1, 2014 the existing moratorium to localities where Economic Development Access Program funds have been utilized and whose bond time limit expired or will expire between July 1, 2010 and July 1, 2012; and, implement a moratorium to localities whose bond time limit will expire between July 2, 2012 and July 1, 2014.

# Economic Development Access Program

## Other Policy Revisions

**Allow for funding costs associated directly with program administration, outreach and management of project requests prior to CTB approval, with such costs not expected to exceed 1% of the allocation annually.**

# Economic Development Access Program Next Steps

## **EDA Policy—**

**CTB approval at June meeting**

## **Revised EDA Guide—**

**Published by June 30<sup>th</sup>**

## **Bond Moratorium Resolution—**

**CTB Approval at June meeting**





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