Virginia’s Economic Development Landscape & VEDP’s Statewide Site Characterization Study

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But FIRST – Happy 77th Birthday to Bob Roop!
What drives Prospect Location Decisions?

- Access to Markets
- Workforce
- Logistics Infrastructure
- Transportation Costs
  - Rail
  - Drayage for Trucking
  - Shipping Costs
- Total Costs of Ownership (TCO)
  - Energy Costs
    - Electrical & Natural Gas
  - Utility Costs
  - Tax Rates
  - Capital Investment

Virginia is at the crossroads of access to three major markets...

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Trends in Economic Development & Site Selection
A Consultant’s Perspective....

- Logistics & Workforce Analysis Completed First
- Prospects & consultants look at **STATES & REGIONS**, NOT sites or localities
- **Speed to market** matters – Projects move in MONTHS, not years
- "Ready to go" & Publicly Controlled Sites Rule
- **Incentives do matter**, AFTER you become a FINALIST

**100% of your success is 70-80% out of your control...**

Control what you can – your Sites and Infrastructure!

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The Why – Lack of “Ready to Go” Sites costs Virginia Jobs & Investment

Virginia was eliminated from consideration for at least 47 projects and $6.5 billion in investment from 2005-2014 because of the lack of developable sites and buildings. – VEDP

This did NOT include Toyota/Mazda Plant in 2018, which is a $1.6 Billion Investment w/ 4,000 jobs

How fast are projects and prospects moving? They are moving FAST…

Timelines for Project Announcements (in Months)

<table>
<thead>
<tr>
<th>Project</th>
<th>Timelines (in Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ace Hardware</td>
<td>4</td>
</tr>
<tr>
<td>Backcountry.com</td>
<td>9</td>
</tr>
<tr>
<td>Rolls-Royce</td>
<td>9</td>
</tr>
<tr>
<td>Amazon.com</td>
<td>5</td>
</tr>
<tr>
<td>Bridgestone (SC)</td>
<td>5</td>
</tr>
<tr>
<td>Continental (SC)</td>
<td>5</td>
</tr>
<tr>
<td>Caterpillar (GA)</td>
<td>3</td>
</tr>
<tr>
<td>Boeing (SC)</td>
<td>2</td>
</tr>
<tr>
<td>Toyota-Mazda (AL)</td>
<td>5</td>
</tr>
</tbody>
</table>

$1.6 Billion
4,000 Jobs
5 months

$5.53 billion investment & over 14,000 jobs
2014 - Boeing announced $1.1 billion & 2,000 add’l jobs
Formula for Economic Development Success…

“Pre-Prospect” Planning: Remove as many unknowns / development obstacles as practical & address all potential development scenarios (timing & costs) to give you best odds of success to close the deal

- Due Diligence (Site Eliminators)
- Master Planning Process & Build-out Analysis (Maximum Footprint & Build-out)
- Align Infrastructure & Site Requirements with Target Industries
- Definition of Site & Infrastructure Development Costs
- Address Cultural Resource & Permitting Issues up-front
- Timelines for Implementation (12 months or less)

“Post-Prospect” Execution: Respond to Prospect inquiries within 48-72 hrs and show how the site & infrastructure can work for their project

- 3D Visualization & Site Schematics
- Responsiveness to RFI’s
- Deal Closing

What does the market want?
Market Demand calls for a Tier 4 Site

| Site Selection / Identification | Tier 0 | Have Nothing & Need to Find Sites |
| Site Negotiation | Tier 1 | Raw land, Willing Seller, No Control |
| Site Control / Zoning | Tier 2 | Site controlled, Zoned/Comp plan minimal due diligence |
| Master Plan / Due Diligence | Tier 3 | Master Plan, Estimated Costs, Significant due diligence |
| Infrastructure <12 mo | Tier 4 | Certifiable Site, Infrastructure, Property issues cleared |
| Shovel / Pad Ready | Tier 5 | “Ready to construct”, Permits in hand |
**Tier 4 brings Certainty,**
and **Certainty brings Business.**

**TIME > MONEY**

& **Competitive Advantage**

in Site Selection

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**Site Readiness Road Map to Success**

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**Smart Test Fits**

**Converting Your Site to Potential Tax Revenue**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Building Size or Acreage Range</th>
<th>Single or Multi-Story</th>
<th>Traffic Demands</th>
<th>Water Demands (1)</th>
<th>Wastewater Demands</th>
<th>Power Demands</th>
<th>Natural Gas Demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business / Financial Services</td>
<td>20k SF to 100k SF Single</td>
<td>Multi</td>
<td>Low - Med</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low - Med</td>
</tr>
<tr>
<td>Transportation &amp; Logistics</td>
<td>50k SF to 100k SF Single</td>
<td>Med</td>
<td>Low - Med</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low - Med</td>
</tr>
<tr>
<td>Information Tech / Data Centers</td>
<td>50k SF to 100k SF Single or Multi</td>
<td>Low</td>
<td>High</td>
<td>Med - High</td>
<td>High</td>
<td>Med</td>
<td>High - Med</td>
</tr>
<tr>
<td>Chemicals &amp; Plastics</td>
<td>25 to 50 acres Single</td>
<td>Low - Med</td>
<td>Low - Med</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low - Med</td>
</tr>
<tr>
<td>Light Mfr / Adv Mfr</td>
<td>50k SF to 100k SF Single</td>
<td>Low</td>
<td>Low - Med</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low - Med</td>
</tr>
</tbody>
</table>

(1) Most industries require a minimum fire flow capacity, which is usually 1,500 to 2,000 gpm for 2 hrs (180,000 to 240,000 gal fire storage)
Connection to Tax Revenue

• **100 acres** can accommodate **1 million SF**
• **1 million SF** Facility @ **$100 per SF** for Real Estate
• **$100 million** Investment
• Real Estate Tax Rate: **$0.85 per $100**
• Annual RE Tax Revenue: **$850,000 Per year**

**Bonding Capacity (20-yr @ 4%)**

**$11.7 million**

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Project Overview

*Enhanced Site Characterization Study*

- Getting Virginia’s Product In Line with the Market
- $2 million from State Legislature to Characterize all 25+ acre sites in VirginiaScan
- Characterize (Tier Assess) & Grade ~ **466 total sites**
- Completed by Aug 1, 2019 (FAST TRACK)
- Teamed with Dewberry & Draper Aden
- **Statewide Advisory Committee** to pick top sites across Virginia to invest in developing further
Sites Under Consideration
25+ acre sites in VirginiaScan Database

- 96% of 535 sites of 25+ acres have been characterized, approximately half funded by VERSP characterization grants and the remainder by regional/local efforts
- VERSP has provided characterization grants to 49 sites to date
- Sites characterized as Tier 4 and 5 are considered “project-ready” (43 sites)

1. Numerous additional sites have been characterized by engineering firms but are not 25+ acres and in VirginiaScan database
2. VERSP grants can be applied as an entire site, a subset(s) of one “parent” site, or multiple sites (i.e., two lots within one industrial park)

PROJECT TIMELINE

EVENT
- Review Characterization Strategy with Board
- Review Localities to Gather Data
- Review Proposals / Award Contracts
- Characterize Sites
- Review VEDP site model with consultants
- Review Draft Grading Matrix
- Review Grading Matrix with Statewide Advisory Committee
- Review work-in-progress with Engineers
- Review Site Assessments with Committee

VEDP Board VEDP Staff Engineers Statewide Advisory Committee
Total Sites in the Study & Responsiveness to Date (as of June 20, 2019)

- 358 Full Tier Site Assessments & Overall Site Grading
- 108 Already Tier Assessed Sites to be Graded
- 466 Total Sites
- 105 Localities & 161 Utility Providers

Phase 1 – Full Characterizations
- 98.6% completed by Localities (5 outstanding)
- 91% completed by Utilities

Phase 2 – Updated for Site Grading Info
- ~50% Completion (Deadline was June 19)

We’re maintaining a Project Dashboard...
Statewide Advisory Committee

The statewide advisory group will consist of representatives from the following categories:

- GO Virginia
- Local and Regional Economic Developers
- Utilities ( Dominion, AEP, VNG, Columbia)
- Telecommunications Representatives (VCTA)
- State Agencies (DHCD, TRRC VDOT, VDEQ)
- Private Business Leaders
- Commercial Real Estate Developers
- Site Consultants
- Workforce Experts

Thanks for your Partnership to make Virginia Successful in Economic Development!
Thanks for your time!

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