

# **SITE DEVELOPMENT: GOVA REGION 3**

February 18, 2020

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## Why do project-ready sites matter?

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# SITES AND BUILDINGS ARE MAJOR CONSIDERATIONS FOR BUSINESSES WHEN CHOOSING NEW LOCATIONS

 Today's focus



## What businesses look for in a location

### World-class talent

A place brimming with high-quality, hard-working workforce

### Suitable sites & buildings

A place with locations that are (close to) ready for operations

### Supportive business climate

A place that partners with business to drive growth

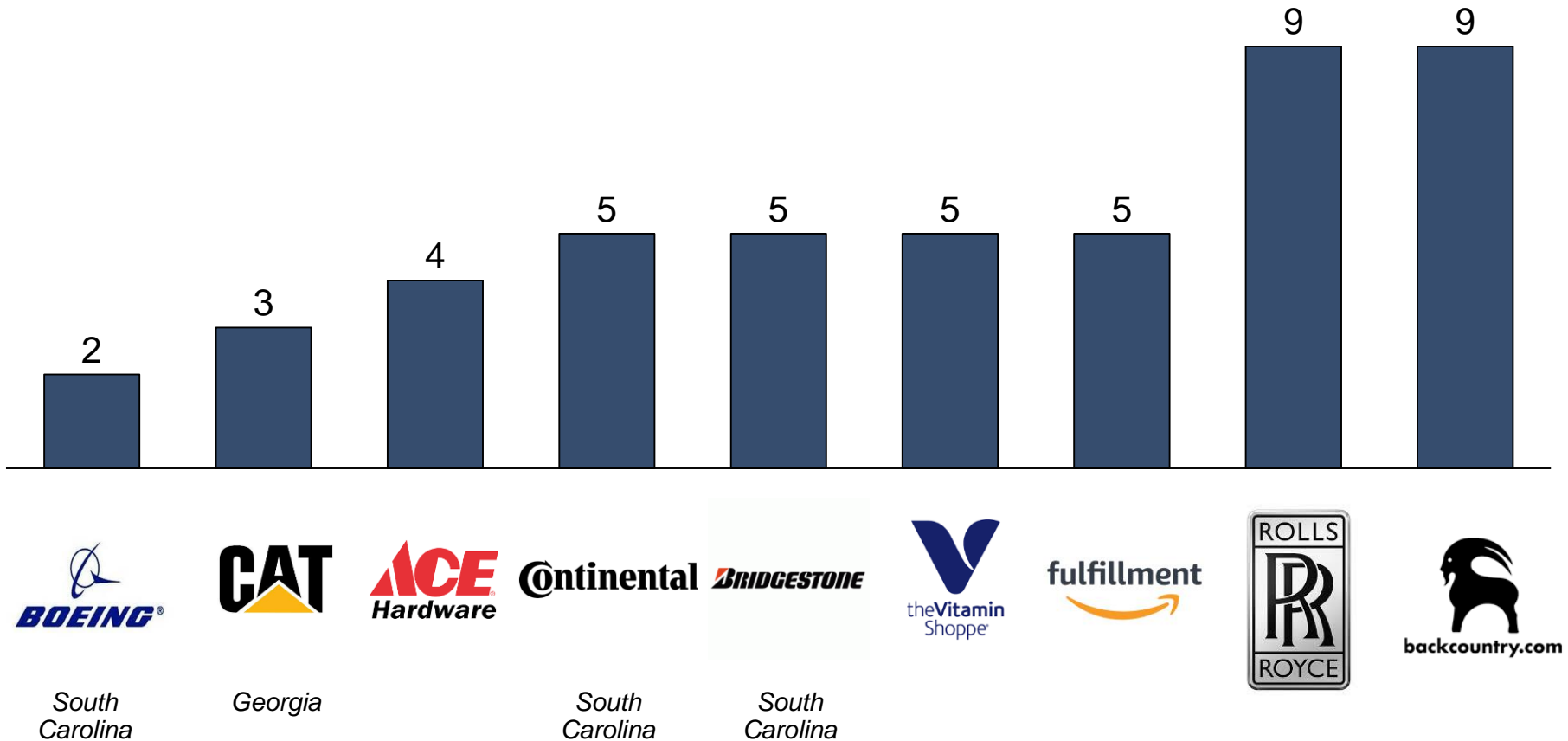
### Attractive quality-of-life

A place that people want to call home

# MAJOR PROSPECTS HAVE SHORT TIME LINES AND EXPECT TO START BUILDING IMMEDIATELY, REQUIRING UP-FRONT INVESTMENT

## Timelines for project announcements

Initial contact to announcement, months



## THE LACK OF READY SITES IS ONE OF THE MOST COMMON REASONS VIRGINIA HAS LOST PROJECTS IN THE LAST 3 YEARS

- Over the last decade, Virginia has missed out on tens of thousands of jobs and billions of dollars in capital investment due to a lack of prepared sites
- The absence of developable sites and buildings led to elimination from consideration for at least 65 projects totaling nearly 19,000 forgone jobs and over \$5B in capital investment from FY17-FY19

# THE VBRSP TIER SYSTEM WAS CREATED TO DETERMINE WHICH SITES ARE MORE PREPARED AND MORE COMPETITIVE

## Raw land



- Raw land identified for development and marketing to prospects

## Tier 1-2



- Site controlled for marketing and development

## Tier 3



- Zoned industrial/commercial, due diligence completed

## Tier 4-5

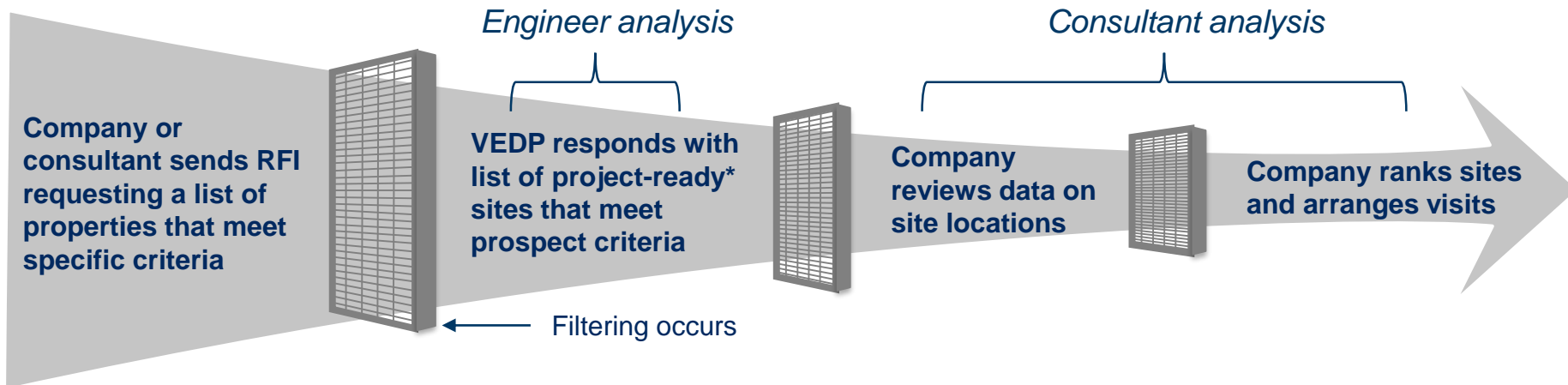


- "Project-ready"
- Infrastructure can be in place within 12-18 months

Chances of winning a project increase

# WITHOUT PROJECT-READY SITES, GOVA REGION 3 CANNOT COMPETE FOR GREENFIELD ECONOMIC DEVELOPMENT PROJECTS

ILLUSTRATIVE



Companies and consultants rely on VEDP to only provide a list competitive sites that meet their criteria. Without project-ready sites, GOVA 3 would be far less competitive for projects

\* VEDP does recommend Tier 2 & 3 sites but these sites are less competitive than Tier 4 and 5 sites.

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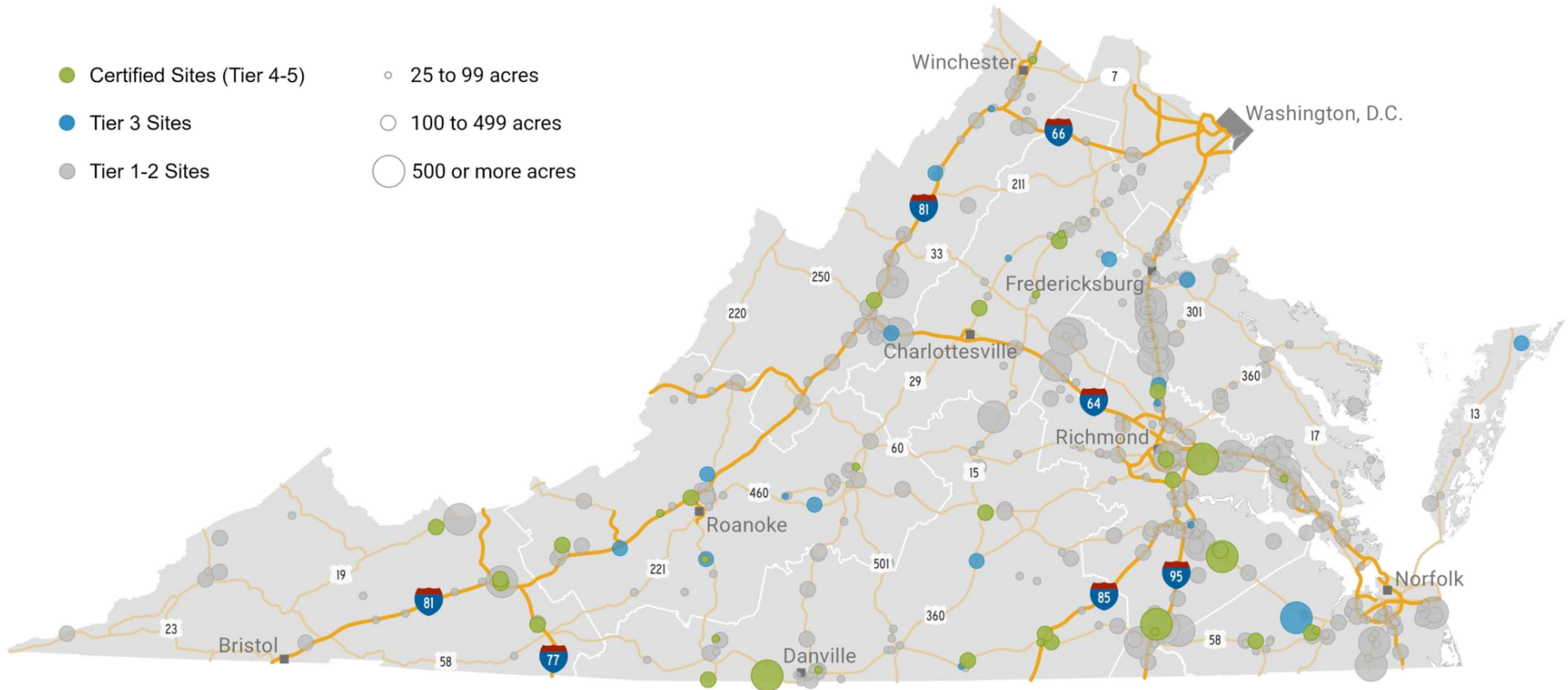
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## NEARLY 90% OF VIRGINIA'S SITES IN THIS STUDY WERE TIER 1 OR 2; ONLY 30 SITES WERE PROJECT-READY



- 71% of sites included in the Characterization Initiative were privately owned
- In addition to the 30 sites in this study, four parcels (subsets of sites) were previously characterized as project-ready and two sub-25 acre sites were project-ready

## THERE IS SIGNIFICANT REGIONAL VARIATION IN THE AVAILABILITY AND READINESS OF SITES

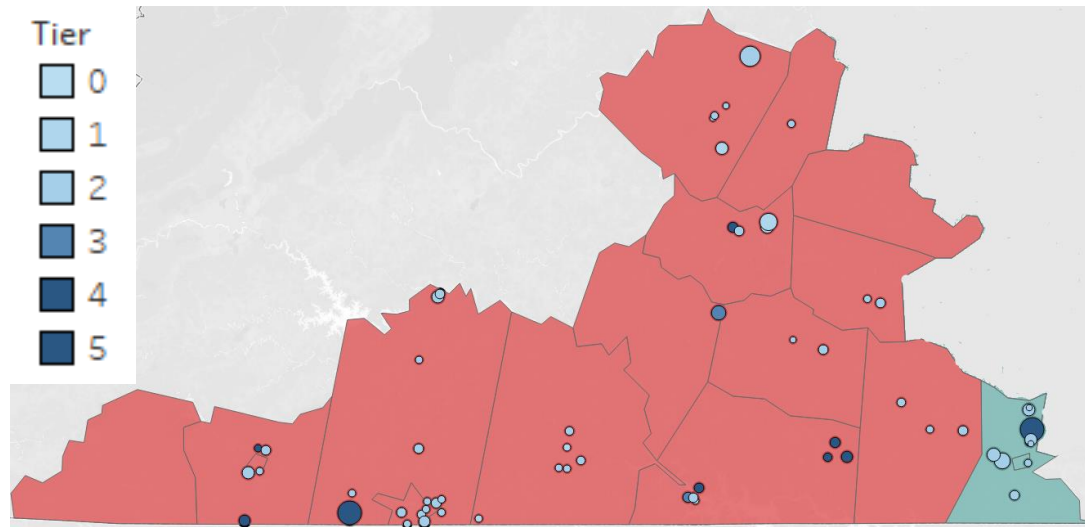
GO Virginia (#)	Tier 0-2	Tier 3	Tier 4-5	Total
Southwest Virginia (1)	19 (90%)	-	2 <sup>1</sup> (10%)	<b>21</b> (100%)
Roanoke/New River/ Lynchburg (2)	36 (80%)	5 (11%)	4 (9%)	<b>45</b> (100%)
Southern Virginia (3)	41 <sup>2</sup> (80%)	2 (4%)	8 <sup>1</sup> (16%)	<b>51</b> (100%)
Greater Richmond (4)	116 (91%)	3 (2%)	8 (6%)	<b>127</b> (100%)
Hampton Roads (5)	67 (93%)	2 (3%)	3 <sup>1</sup> (4%)	<b>72</b> (100%)
Greater Fredericksburg (6)	61 (98%)	1 (2%)	-	<b>62</b> (100%)
Northern Virginia (7)	7 (100%)	-	-	<b>7</b> (100%)
Shenandoah Valley (8)	40 (89%)	3 (7%)	2 (4%)	<b>45</b> (100%)
Greater Charlottesville (9)	31 (86%)	2 (6%)	3 <sup>1</sup> (8%)	<b>36</b> (100%)
<b>Total</b>	<b>418</b> (90%)	<b>18</b> (4%)	<b>30</b> (6%)	<b>466</b> (100%)

1. Across VA, there were four previously-characterized project-ready parcels (i.e. smaller, distinct tracts of land within a broader site) that lie within a site that was not characterized as project-ready during the Enhanced Site Characterization Initiative. Also, there were two previously-characterized project-ready sites in Virginia Scan that were below the 25 acre threshold for the Initiative.

Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

# SOVA IS A LEADING REGION FOR SITE PREPAREDNESS IN VIRGINIA, BUT POSSESSES LIMITED ABILITY TO BACKFILL

## GOVA 3, Emporia, & Greenville Sites<sup>1</sup>



Tier Level	GOVA Region 3	Emporia & Greenville <sup>2</sup>
Tier 4-5	8	2
Tier 3	2	0
Tier 2	36 <sup>3</sup>	8
Tier 1	5	0
<b>Total</b>	<b>51</b>	<b>10</b>

1 Counts are based on analysis of full sites or business parks

2. Emporia and Greenville fall within GOVA Region 4 but are members of Virginia's Growth Alliance

3 Patrick County has an additional Tier 2 site that was added to the Initiative after the 466 sites were analyzed

Source: Enhanced Site Characterization Initiative data, VEDP analysis

# SITE DEVELOPMENT SHOULD SUPPORT YOUR STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

## A rough framework for determining if site development is right for your region

- ☒ Develop a strategic plan for economic development
  - Your plan should include target sector and job growth goals
- ☒ Determine if sites are integral to attracting companies in your target sectors
  - GOVA 3's target sectors include advanced manufacturing: companies will be looking for project-ready sites
- ☒ Determine if you have enough project-ready sites to meet your goals
  - Are your sites ready for a company to start building their facility? (Many)
- ☐ If not, make investments in site readiness
  - Evaluate the attractiveness of your investment options based on your goals

The goal of VEDP's Site Development Initiative is to collaborate with localities to make strategic investments in site development.

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# VEDP EVALUATED SITES IN THE STUDY ALONG TWO DIMENSIONS TO DETERMINE TOP CANDIDATES FOR INVESTMENT

## Site factors

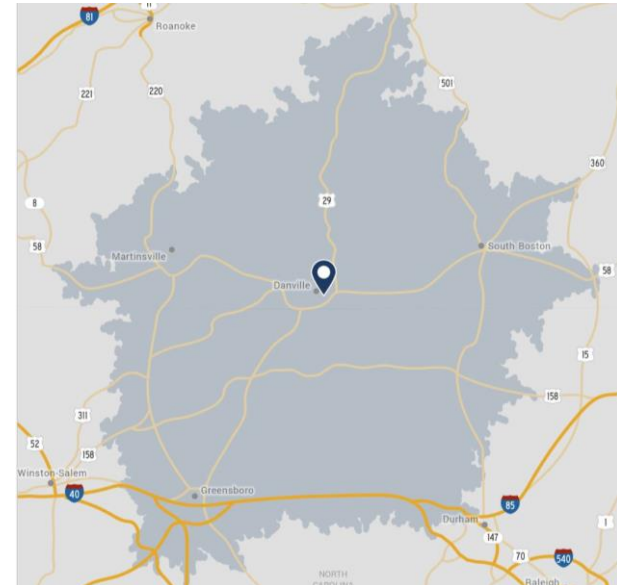
Including but not limited to:

- Acreage
- Power
- Natural gas
- Water / sewer
- Topography

## Location factors

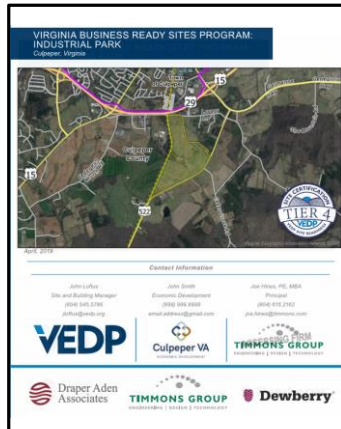
Including but not limited to:

- Talent availability
- Labor quality
- Labor cost
- Quality of life
- Taxes



# FINAL DELIVERABLES INCLUDE FOUR DISTINCT PIECES OF INFORMATION FOR EACH OF THE 466 SITES

## Individual site characterization reports



Inform

## Site developability score

Category	Raw Score Details	Weight (%)	Points
<b>1 Percent Developable Acreage</b>	75% (140 ac / 185 Available Acres)	<b>10</b>	<b>7.5</b>
<b>2 Transportation Access</b>		<b>15</b>	<b>10</b>
2.1 - Distance to Four Lane Highway / Interstate	6 - 3.4 mi / U.S. Highway 15	5	3
2.2 - Access to the site (VDOT Functional Classification)	6 - Major or Minor Collector	5	3
2.3 - Industrial Access Quality / Expected Improvements	8 - Only Entr. Improv. Req'd	5	4
<b>3 Electrical Capacity / Availability</b>		<b>10</b>	<b>7</b>
3.1 - Power Availability	10 - Bridging & Long-Term Power Available	7	7
3.2 - Power Capacity	Requires Additional Study	3	0
<b>4 Wet Utility Capacity</b>	6 - On-Site / Adjacent w/ Minor System Upgrades Anticipated	<b>10</b>	<b>6</b>
<b>5 Natural Gas Availability</b>	- Not Provided -	<b>5</b>	<b>0</b>
<b>6 Fiber / Telecom Availability</b>	10 - One Fiber Provider Servicing Today	<b>5</b>	<b>5</b>
<b>7 Environmental, Geographic and Geological</b>		<b>15</b>	<b>14</b>
7.1 - Wetlands / Streams (Waters of the US)	8 - <10% Wetlands Coverage (Dev. Area)	5	4
7.2 - Geology	10 - No Karst or Seismic Concerns	5	5
7.3 - Floodplains	10 - Zone X (No Floodplain Study / Impacts Anticipated)	5	5
<b>8 Topography</b>	8 - 10-20% of Dev. Area Contains Challenging Slope	<b>10</b>	<b>8</b>
<b>9 Site Build-out Potential / Yield</b>	4,471 SF / AC	<b>10</b>	<b>4</b>
<b>10 Additional Considerations</b>	8 - Slightly Enhanced Potential	<b>10</b>	<b>8</b>
<b>Total Points</b>	<b>This site</b>		<b>70.0</b>
	Statewide	Minimum: 16.6   Median: 72.6   Maximum: 96.4	
	Statewide	Minimum: 46.3   Median: 75.4   Maximum: 96.4	

**Notes:**  
Located adjacent to NASA Wallops facility with access via railway to the NASA Runway. Power provider did not submit requested information for this study, therefore the electrical score could change if this is supplied at a later date.

Study ID: 001-241061

## Location competitiveness data

Details		Advanced Manufacturing (Small)		
	Category	Units	Weight	KPMG Score
Talent Availability	Total Laborforce	# of People	3.0%	215521
	Targeted Workforce Percentage	% of Workforce	6.0%	8.1%
	Targeted Workforce Size	# of Workers	4.0%	15920
	5-Year Projected Workforce Growth	% of Workforce	2.0%	1.5%
	Enrollment Graduate School	# of Students	2.0%	6814
	Enrollment Undergraduate	# of Students	2.0%	27691
	Enrollment Grade 9-12	# of Students	1.0%	20034

Inform

## Sector suitability

### At-a-glance

Property ID

Site Name

Mega Projects

Super Projects

Advanced Manufacturing (Large)

Advanced Manufacturing (Small)

Light Manufacturing (Large)

Light Manufacturing (Small)

Distribution, Logistics (Large)

Distribution, Logistics (Small)

Suitability score

Score (0-100)

Not Considered	-
Not Considered	-
Not Considered	-
Highly Suitable	52
Not Considered	-
Suitable	55
Highly Suitable	65
Suitable	67

\*Minimum, Median, and Maximum of subset of sites considered for each sector by KPMG analysis



# ENGINEERS GATHERED DATA AND PREPARED DETAILED REPORTS FOR ALL PREVIOUSLY UNCHARACTERIZED SITES

## Each characterization report includes:

Report cover

Tier certification letter

Site summary

- Site background and history
- Wet utilities (water and sewer)
- Dry utilities (electricity, natural gas, and fiber)
- Transportation and access issues

Site readiness roadmap

- Steps to achieve up to Tier 3

Exhibits

- Aerial and environmental
- Utilities
- All constraints mapping
- Site schematic build-out

Each report is a 'snapshot in time' based on readily available information, much like a financial statement or audit

**VIRGINIA BUSINESS READY SITES PROGRAM:**  
**INDUSTRIAL SITE**  
Gotham County, Virginia

September 2019

Contact Information		
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<b>VEDP</b>	COUNTY LOGO HERE	<b>TIMMONS GROUP</b> ENGINEERING   DESIGN   TECHNOLOGY

**Draper Aden Associates** **TIMMONS GROUP**  
ENGINEERING | DESIGN | TECHNOLOGY **Dewberry**



# THE SITE DEVELOPABILITY REPORT TURNS THE DATA FROM THE CHARACTERIZATION INTO A SCORE - ALL SITES RECEIVED A SCORE



## Site A - Richmond Area

Category	%	Pts	Details
1 Percent Developable Acreage	10%	8	80% (337 ac / 423 Available Acres)
2 Transportation Access	15%	12	Total
2.1 - Distance to Four Lane Highway / Interstate	5%	4	8 - 1.2 mi / I-99
2.2 - Access to the site (VDOT Functional Classification)	5%	3	6 - Major or Minor Collector
2.3 - Industrial Access Quality / Expected Improvements	5%	5	10 - Ex. Improved Entrance to Site, No Roadway Improv. Anticipated
3 Electrical Capacity / Availability	10%	10	Total
3.1 - Power Availability	7%	7	10 - Bridging & Long-Term Power Available
3.2 - Power Capacity	3%	3	Probable
4 Wet Utility Capacity	10%	10	10 - On-Site / Adjacent w/ No System Upgrades Anticipated
5 Natural Gas Availability	5%	5	10 - Able to provide gas to Med. Ind. User w/in < 12 mon
6 Fiber / Telecom Availability	5%	5	10 - One Fiber Provider Servicing Today
7 Environmental, Geographic and Geological	15%	14	Total
7.1 - Wetlands / Streams (Waters of the US)	5%	4	8 - <10% Wetlands Coverage (Dev. Area)
7.2 - Geology	5%	5	10 - No Karst or Bedrock Concerns
7.3 - Floodplains	5%	5	10 - No Floodplain or Impacts Anticipated - Zone X
8 Topography	10%	10	10 - <10% of Dev. Area Contains Challenging Slope
9 Site Build-out Potential / Yield	10%	7.2	7,190 SF / AC (3,000,000 SF / 417 Available Ac)
10 Additional Considerations	10%	8	8 - Slightly Enhanced Potential
<b>Total Points</b>	<b>100%</b>	<b>89.2</b>	

### Notes:

Site has very few issues on-site - all of which have been defined and studied in past due diligence. The only outstanding issue that could affect development is potential air attainment within the vicinity. Some work has also been completed for stormwater management.

8 Topography	10%	10	10 - <10% of Dev. Area Contains Challenging Slope
9 Site Build-out Potential / Yield	10%	8.9	8,890 SF / AC (1,200,000 SF / 135 Available A
10 Additional Considerations	10%	4	4 - Minor Negative Impact
<b>Total Points</b>	<b>100%</b>	<b>81.7</b>	

### Notes:

Site has good potential and excellent location for visibility but requires some significant, costly upgrades to a nearby bridge to support full buildout of the site.

8 Topography	10%	10	10 - <10% of Dev. Area Contains Challenging Slope
9 Site Build-out Potential / Yield	10%	6.7	6,667 SF / AC (1,000,000 SF / 165
10 Additional Considerations	10%	0	0 - Minimal to No Development
<b>Total Points</b>	<b>100%</b>	<b>55</b>	

### Notes:

Site has significant environmental issues, even with the assumption that some could be mitigated. Additional some sizable work to provide industrial access to the site.

Developability score is independent of tier level

A unique site evaluation score allows sites to be compared within a region or service territory, by size and by industry

89.2

81.7

55

## THE DEVELOPABILITY SCORE WAS DEVELOPED WITH INPUT FROM THE SITES ADVISORY GROUP

### Sites Advisory Group Participants

**Jim Noel**, VEDA Representative (Local)

**Linda Green**, VEDA Representative (Regional)

**Faith McClintic**, GO Virginia Region 8

**Chris Lloyd**, GO Virginia Foundation

**Matt Weaver**, Department of Housing and Community Development

**Kent Hill**, Dominion Energy

**John Smolak**, American Electric Power

**David Hudgins**, Old Dominion Electric Cooperative

**George Faatz**, Virginia Natural Gas

**Todd House**, Washington Gas

**Gina Slaunwhite**, Columbia Gas

**Russ Held**, Port of Virginia

**Amanda Nesmith**, Norfolk Southern

**Scott Cox**, CSX

**Jeff Steers**, Virginia Department of Environmental Quality

**Ronique Day**, Office of Intermodal Planning and Investment

**Tim Pfohl**, Tobacco Region Revitalization Commission

**Ray Lamura**, Virginia Cable Telecommunications Association

**Tad Deriso**, Mid-Atlantic Broadband Communities Corporation

**Phil Abraham**, Virginia Association for Commercial Real Estate

**Jenny Carter**, Virginia Community College System

**Jeff Merriman**, Verizon

**Lang Williams**, Colliers International (Hampton Roads)

**John Lesinski**, Colliers International (Winchester)

**David Williams**, Commonwealth Commercial (Greater Richmond)

**Matt Anderson**, Colliers International

# THE SITE DEVELOPABILITY REPORT EVALUATES THE SITE ACROSS TEN FACTORS RELATED TO COST AND TIMELINE OF DEVELOPMENT

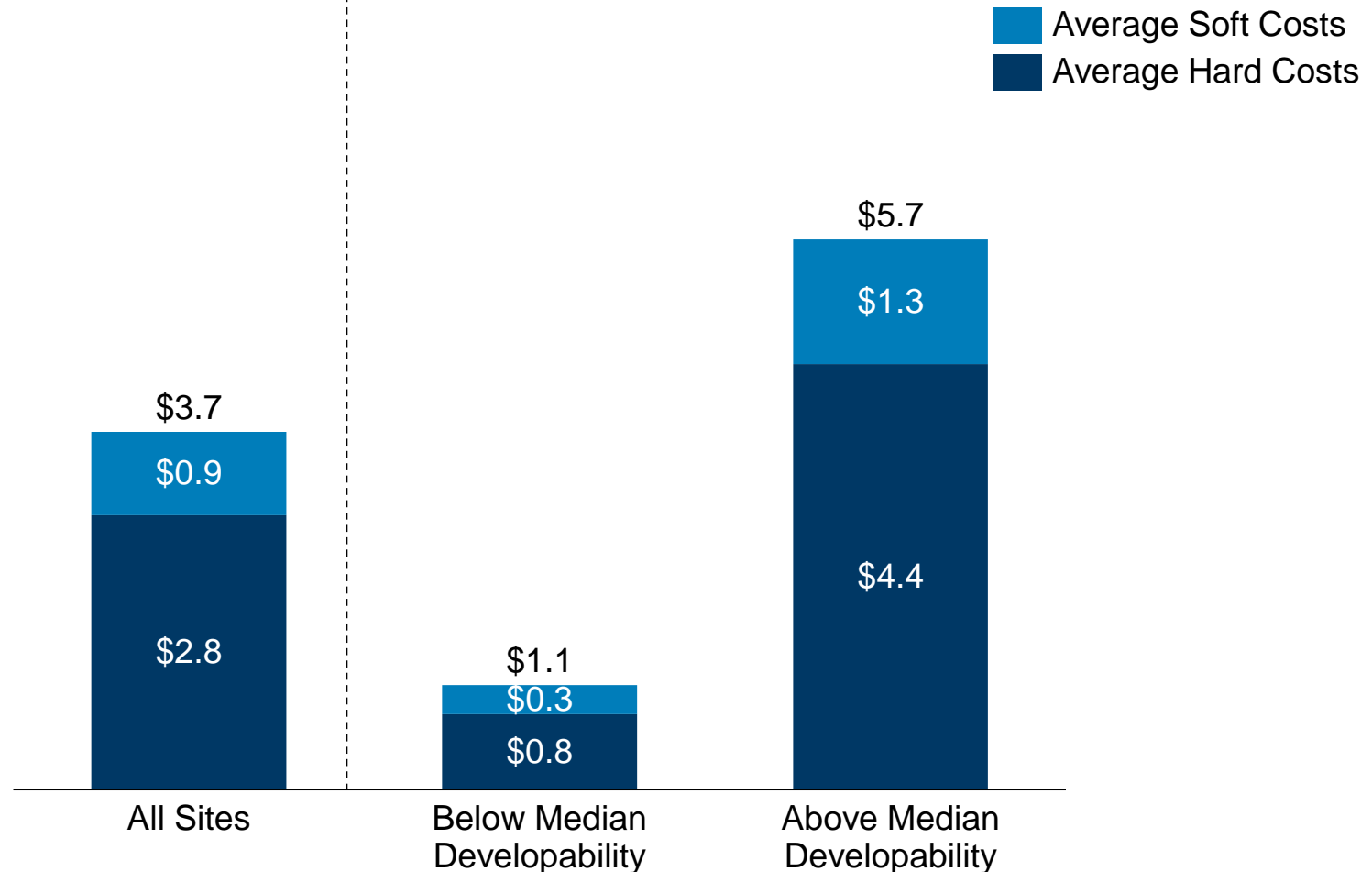
Higher scores reflect that the site is more attractive from a development perspective

Criteria	Weight
1. Percent Developable Acreage	10%
2. Transportation Access	15%
3. Electrical Capacity/Availability	10%
4. Wet (Water & Sewer) Utility Capacity	10%
5. Natural Gas Availability	5%
6. Fiber / Telecom Availability	5%
7. Environmental, Geographic & Geological Features	15%
8. Topography	10%
9. Site Build-out Potential / Yield	10%
10. Additional Considerations / Intangibles	10%
<b>Total</b>	<b>100%</b>

## DEVELOPABILITY SCORES WILL ALLOW GOVA 3 TO IDENTIFY LESS COSTLY SITES, INCREASING POTENTIAL FOR RETURNS

**Estimated average total development costs per site by developability score**

USD millions; State average is \$4.6M



# ACCESS TO FIBER, WATER, SEWER AND ACCESS ROADS AIDS SITE DEVELOPMENT IN GOVA REGION 3

Strength	Details
<b>Access Roads</b>	87% of GOVA 3's access roads require no or minor improvements
	46% of GOVA 3's access roads require no improvements
<b>Fiber/Broadband</b>	98% of GOVA 3's sites could be serviced within 6 months
<b>Wet Utilities</b>	75% of GOVA 3's sites do not require major capacity upgrades or a main extension of greater than 2,500 feet
	54% of sites currently had sufficient wet utilities on site
<b>Geology</b>	No karst or bedrock concerns were identified on GOVA 3's sites

## FLOODPLAINS, TOPOGRAPHY, LACK OF POWER AND NATURAL GAS ARE OBSTACLES TO SITE DEVELOPMENT IN GOVA 3

Challenge	Details
<b>Floodplains</b>	35% of GOVA 3's sites require a Floodplain study due to the presence of Zone A or AE.
<b>Topography</b>	27% of GOVA 3's sites have challenging slopes on more than a fifth of the site.
	13% of GOVA 3's sites have challenging slopes on more than a third of the site.
<b>Power Availability and Capacity</b>	27% of GOVA 3's sites require extensive study to provide sufficient power for a medium industrial user with 12-18 months.
<b>Natural Gas</b>	23% of GOVA 3's sites required more than 24 months to provide sufficient natural gas for a medium industrial user
	40% of GOVA 3's sites did not provide natural gas information or did not have a clear timeline for the provision of natural gas

# KPMG'S SITE SELECTION TEAM EVALUATED EACH LOCATION IN THE STUDY FOR SUITABILITY ACROSS EIGHT DIFFERENT SECTORS

Criteria	Mega Project	Super Project	Advanced Manufacturing (Large Scale)	Advanced Manufacturing (Small Scale)	Light Manufacturing (Large Scale)	Light Manufacturing (Small Scale)	Distribution & Logistics (Large Scale)	Distribution & Logistics (Small Scale)
<b>Example Industries</b>	Automotive OEM	Automotive Parts Manufacturer, Aerospace & Defense	Advanced Materials, Aerospace & Defense	Advanced Materials, Aerospace & Defense	Food & Beverage Processing, Wood Products	Food & Beverage Processing, Wood Products	Logistics / Distribution, Online Retailer	Logistics / Distribution, Online Retailer
<b>Site Characteristics</b>								
<b>Contiguous Acreage</b>	>=1,000	>=500	>=150	>0	>=150	>0	>=50	>0
<b>Employment Characteristics</b>								
<b>Total Workforce Threshold</b>	NA	>100,000	>40,000	>10,000	>40,000	>10,000	>100,000	>10,000
<b>Drive Time Data Capture</b>	60 Min	60 Min	45 Min	30 Min	45 Min	30 Min	45 Min	30 Min



## THE LOCATION COMPETITIVENESS SCORES ARE CALCULATED BY SECTOR AND FORCE RANK SITES AGAINST EACH OTHER

Criteria	Weight
Talent availability	10-35%
Labor quality	5-20%
Labor cost	20-40%
Transportation	5-35%
Quality-of-life	5-20%
Industry compatibility	5-10%
Taxes	5%
<b>Total</b>	<b>100%</b>

### KPMG's Scoring Methodology

Each criteria is force ranked on a 0-100 scale.

Criteria include:

- Talent availability
  - Total laborforce and projected laborforce growth
  - Targeted workforce size and percentage of total
  - Graduate, undergraduate, and high school enrollment
- Labor quality
  - Degree attainment
- Labor cost
- Transportation
  - Proximity to roadways, ports, and airports
- Quality-of-life
  - Median and discretionary income
  - Median home value
  - Average commute time
- Industrial compatibility
  - Attainment status
  - Natural disaster risk
- Taxes



## LOW COST OF LABOR, EXISTING MANUFACTURING CLUSTER DRIVE GOVA REGION 3'S VALUE PROPOSITION

Strength	Details
<b>Labor Costs</b>	Second-lowest manufacturing/distribution labor costs of Virginia's regions
<b>Manufacturing Workforce</b>	High share of workforce employed in manufacturing
	More associates degrees per capita than state average
<b>Cost of Living</b>	Housing affordability reduces upward pressure on wages

## SMALL LABORFORCE, LACK OF TRANSPORTATION ACCESS ARE LOCATION CHALLENGES FOR GOVA REGION 3

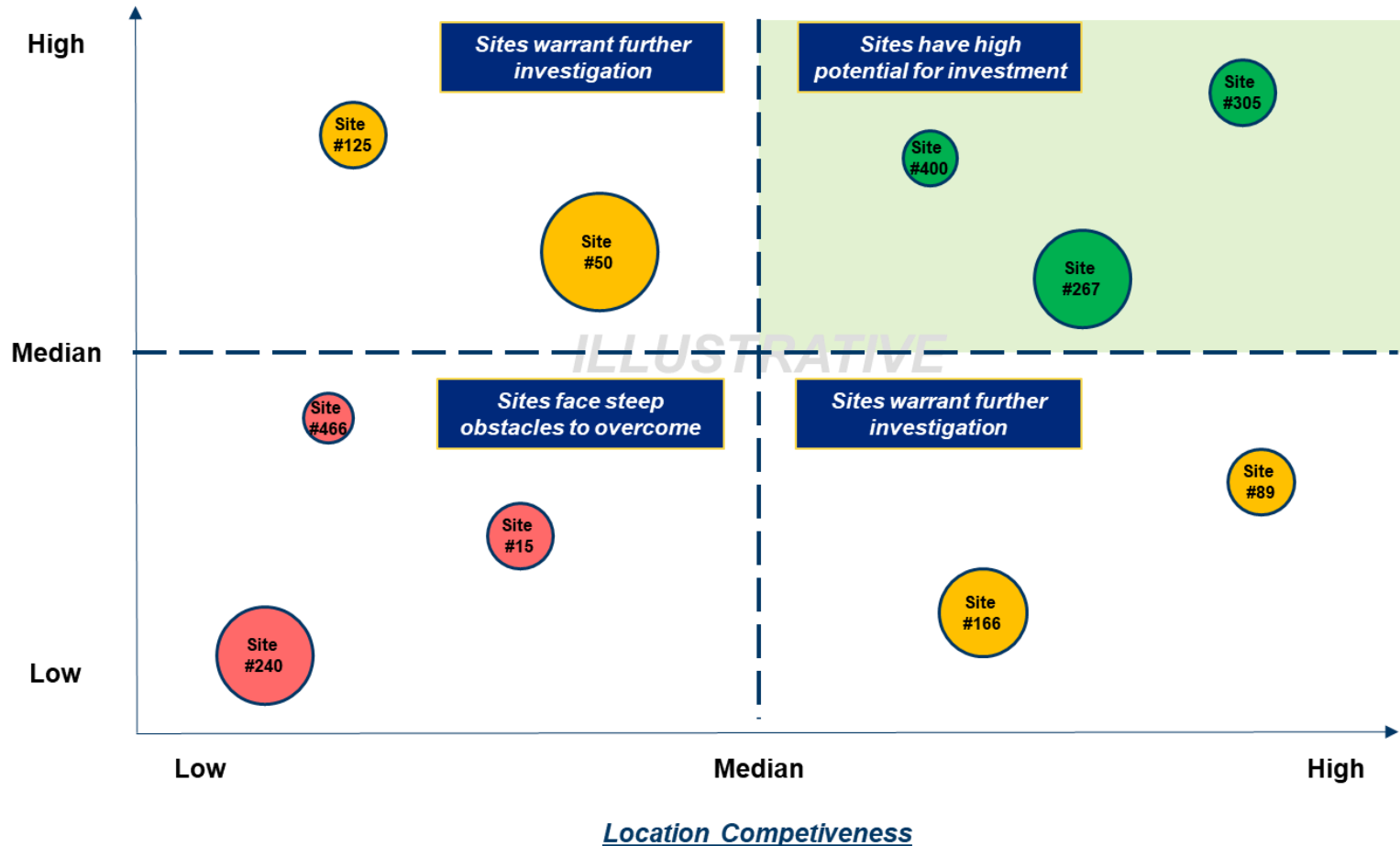
Challenge	Details
<b>Talent Availability</b>	Small laborforce with limited projected growth/projected decline
	Small share of population with baccalaureate and graduate degrees
<b>Transportation Access</b>	Many sites lack access to interstates, a priority for many distribution/logistics projects and some manufacturers. GOVA Region 3's sites do have competitive access to four-lane highways.
	Distance from Port of Virginia and major commercial airports increases time and expense of moving products and personnel

# USING THESE TWO DIMENSIONS, WE CAN DETERMINE THE TOP SITES FOR ADDITIONAL INVESTMENT

**Industry:** Advanced Manufacturing (Small Scale)  
**Geography:** GOVA Region 3

○ Size of circle based on site acreage

**Site Developability**



**WITH THESE TWO DIMENSIONS, WE CAN HELP GOVA REGION 3  
DETERMINE TOP SITES FOR ADDITIONAL INVESTMENT**

Shift to live visualization

# THESE TWO DIMENSIONS DO NOT TELL THE FULL STORY, OTHER ELEMENTS SHOULD BE CONSIDERED

## Industry cluster concentration

- A strong presence of the target industry in the area will be a major attractor to companies, something that KPMG's analysis does not capture

## Recent project wins in target industry

- Even if the industry is not highly concentrated in a location, recent project wins reflect an attractive value proposition and may serve to attract additional companies

## Regional impact

- Localities / Regions are the best source of detailed information on the transformational potential of a site – they provide this information via their funding applications
- High impact projects may warrant above average development costs

## Community commitment

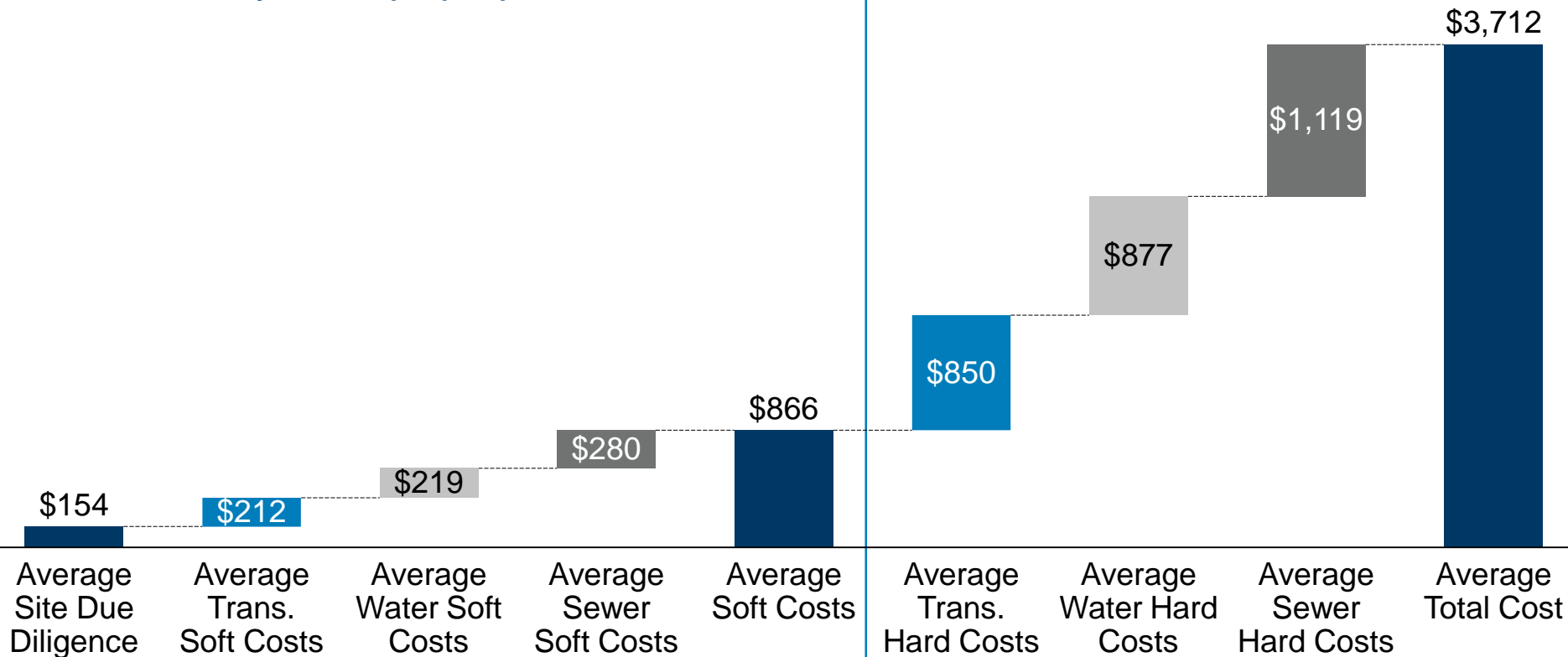
- The most important element of successful site development and project wins is local commitment
- Community commitment, often in the form of matching funding (dependent on community resources), should be strongly considered when evaluating investments

# PRE-PROSPECT INVESTMENT SHOULD FOCUS ON SOFT COSTS, STARTING WITH DUE DILIGENCE (ACHIEVING TIER 3 STATUS)

Estimated average development costs per site by category

USD Thousands

Primary focus of pre-prospect investment



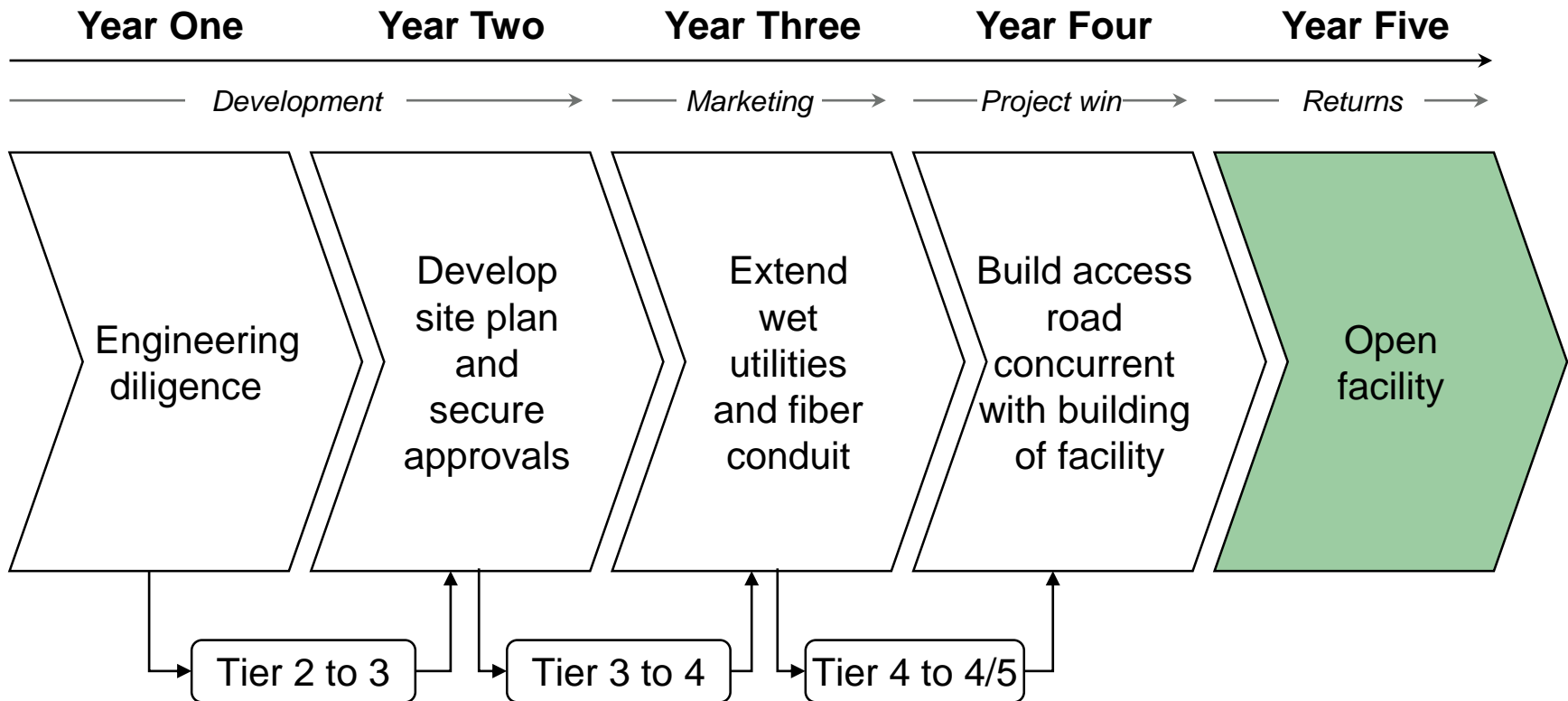
1. Does not include power, natural gas infrastructure, or land acquisition costs.

Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

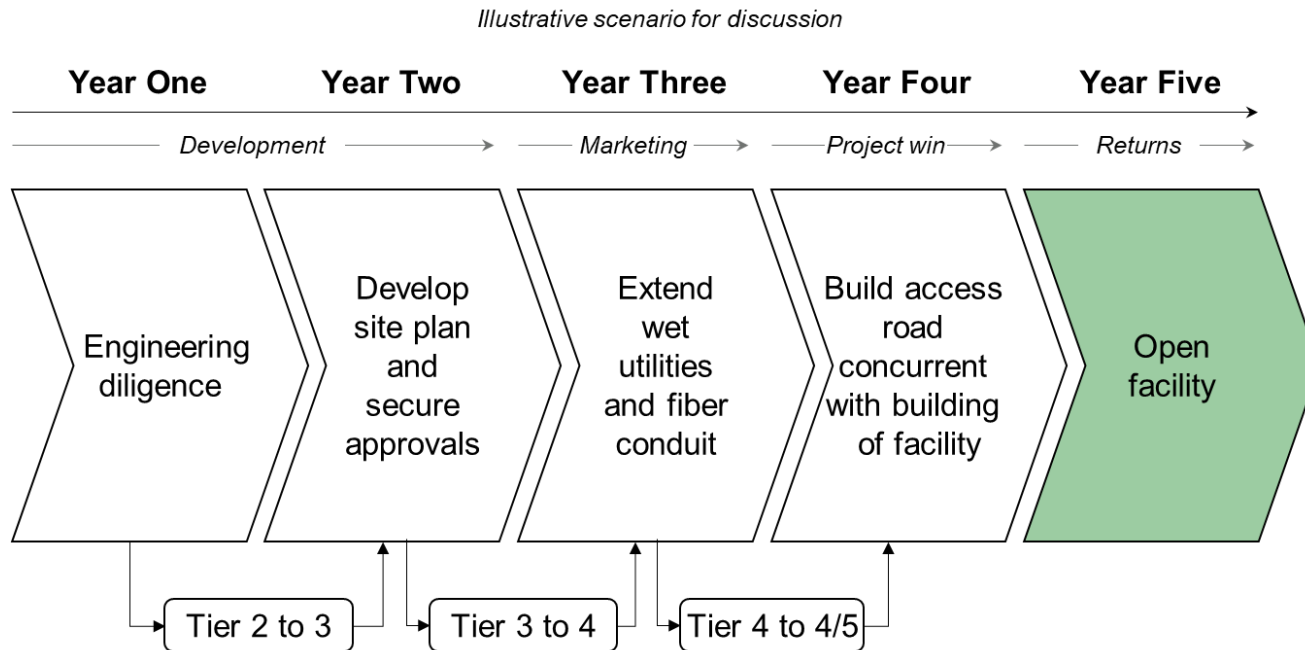
# GIVEN THE TIMELINES ASSOCIATED WITH SITE DEVELOPMENT WE NEED TO INVEST NOW TO GENERATE FUTURE RETURNS

Sites can take 2-5 years to develop with larger sites requiring over 10 years

*Illustrative scenario for discussion*



# ADDITIONAL SITE DEVELOPMENT TIMELINE CONSIDERATIONS



- Sourcing matching funding can prolong the site development process
- Spending the money to complete due diligence (achieve tier 3) on multiple sites will facilitate making more informed investment decisions on the larger investments needed to achieve Tier 4
- Investments must be made to advance sites from lower tier-levels in order to maintain a pipeline of sites to backfill for project wins



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
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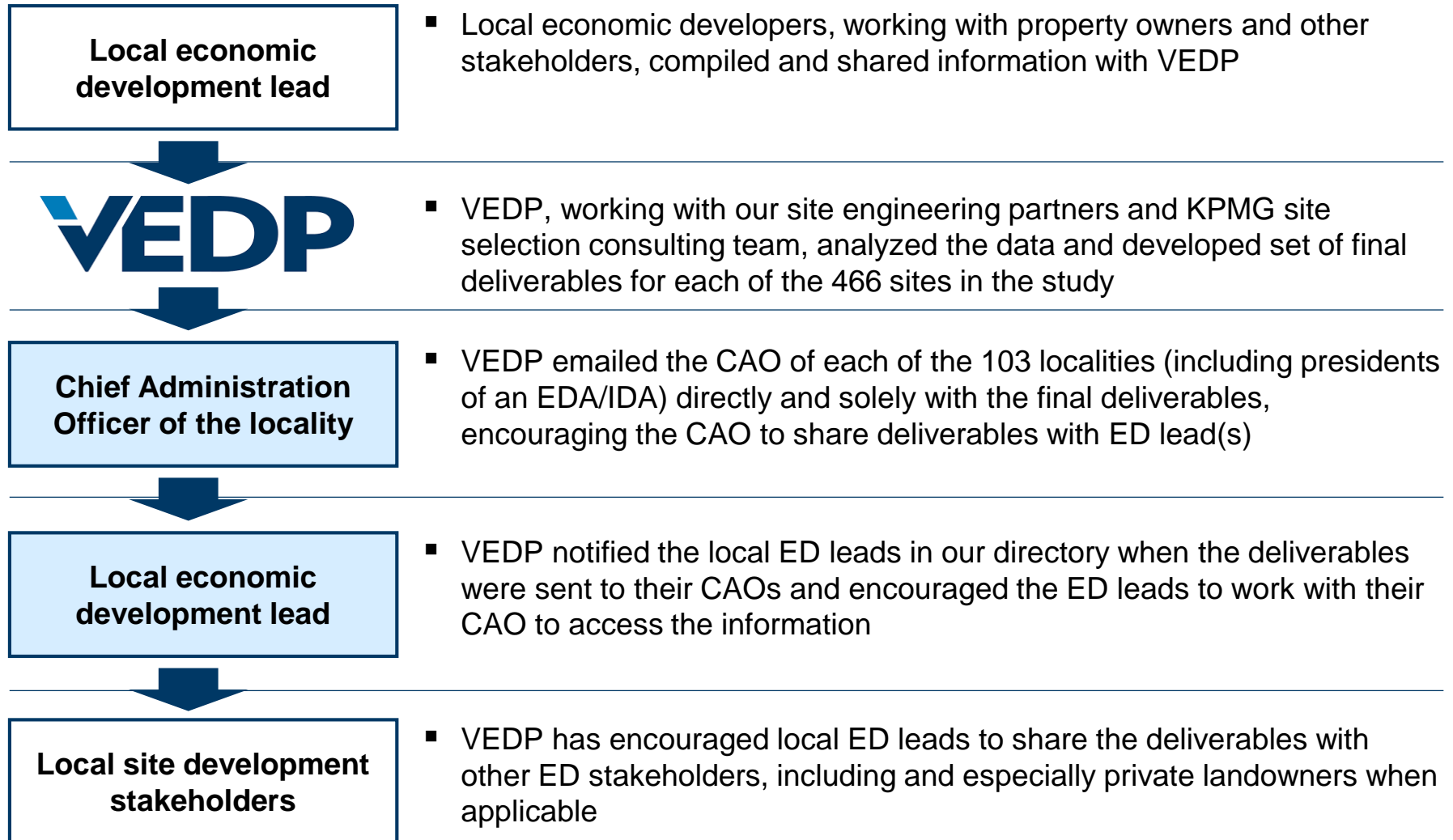
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## NEAR-TERM NEXT STEPS




<b>Collaborate to review and share data</b>	Site reports were sent to localities for review on 11/12/19
	Most localities have provided feedback to VEDP
	VEDP is working with engineers to review and update reports
	VEDP will update VirginiaScan following the audit period
	Now that localities have reviewed information, we encourage them to share with their REDO and GOVA support org
<b>Identify top sites for additional investment</b>	Using aggregated data evaluate sites using two-dimensional approach
	Integrate local / regional perspectives for further evaluation
	Collaborate with VEDP when additional analysis is desired
<b>Develop plan of action</b>	Identify sources of local funding
	Coordinate with VEDP to identify state-level funding and prepare applications

# TO MAINTAIN CONFIDENTIALITY AND EMPOWER EACH LOCALITY TO DECIDE WITH WHOM TO SHARE DELIVERABLES, VEDP SHARED THE FINAL DELIVERABLES SOLELY WITH EACH LOCALITY'S CAO

 Local “owner” of site deliverables



# VEDP IS AVAILABLE TO ASSIST IN NAVIGATING FUNDING OPTIONS AND APPLYING FOR FUNDING

Owner	Program	Due diligence	Tier 4 soft costs	Tier 4 hard costs	Restrictions
	Virginia Business Ready Sites Program (VBRSP)	✓	✓	✗	<ul style="list-style-type: none"> <li>100 acre+ site</li> <li>Local match</li> </ul>
	GO Virginia economic development grants (regional and competitive)	✓	✓	Limited	<ul style="list-style-type: none"> <li>Regional collaboration</li> <li>Local match</li> </ul>
Utilities	Utility right-of-way acquisition program	✗	✓	✗	<ul style="list-style-type: none"> <li>Tier 3 and above</li> </ul>
Public power companies	Power line extension pilot program	✗	✗	✓	<ul style="list-style-type: none"> <li>RIFA</li> <li>Opportunity zone</li> <li>3 sites per provider</li> </ul>
Commonwealth Transportation Board	Economic Development Access Program	✗	✓	✓	<ul style="list-style-type: none"> <li>Pre-prospect requires locality bond</li> </ul>
Commonwealth Transportation Board	Rail Industrial Access Program	✗	✗	✗	<ul style="list-style-type: none"> <li>Rail only</li> <li>Committed prospect</li> </ul>
	Tobacco Commission economic development funds	✓	✓	✓	<ul style="list-style-type: none"> <li>Geographic</li> </ul>

# VBRSP AND GOVA SITE DEVELOPMENT EFFORTS ARE COMPLEMENTARY, AND BOTH NECESSARY TO DRIVE IMPACT



## Takeaways

- Funding that can be applied to single-locality sites and can directly advance Commonwealth priorities
- Regional per capita funding pool as well as competitive pool can be used to develop regionally-significant sites prioritized by each region

## Site development program

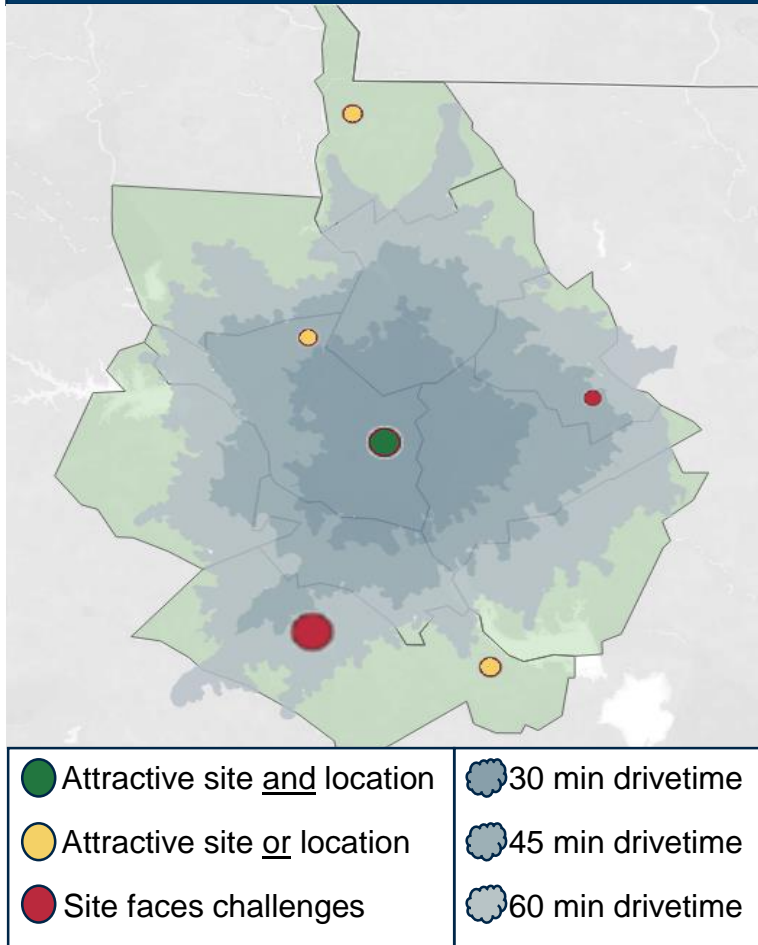
- Virginia Business Ready Sites Program (VBRSP) matches local funds for site characterizations (up to \$5K per site) or site development (up to \$500K per site)
- Regions can apply regional per capita allocations (between \$1-4M, depending on population) to site characterizations or development and/or submit an application to win competitive funds to apply to site development

## Distinctive features

- VBRSP is Virginia's only funding pool solely dedicated to site development
- VBRSP funds can be applied to "single locality" sites (i.e., does not require multi-locality collaboration)
- Incentivizes bringing more local dollars and revenue sharing to regional priority sites
- Minimum of two localities must participate, though there is flexibility in determining qualifying participation
- State Board determines investment priorities; regions prioritize projects submitted for possible funding which are aligned with their regional priorities

# GOVA FUNDING: REGIONAL COLLABORATION CAN MAXIMIZE PARTICIPATION IN SITE DEVELOPMENT AND PROJECT WINS

## Illustrative: Project-ready site creates jobs for multiple localities



## Why Regional Collaboration?

- Job creation crosses locality boundaries
  - Not every locality has or needs a competitive site
- Lowers costs of development
  - Focus on sites with fewest obstacles
  - Multiple localities provide matching funds
- Potentially shortens timeline to project-ready
  - Consolidates investments vs spreading out over multiple competing sites

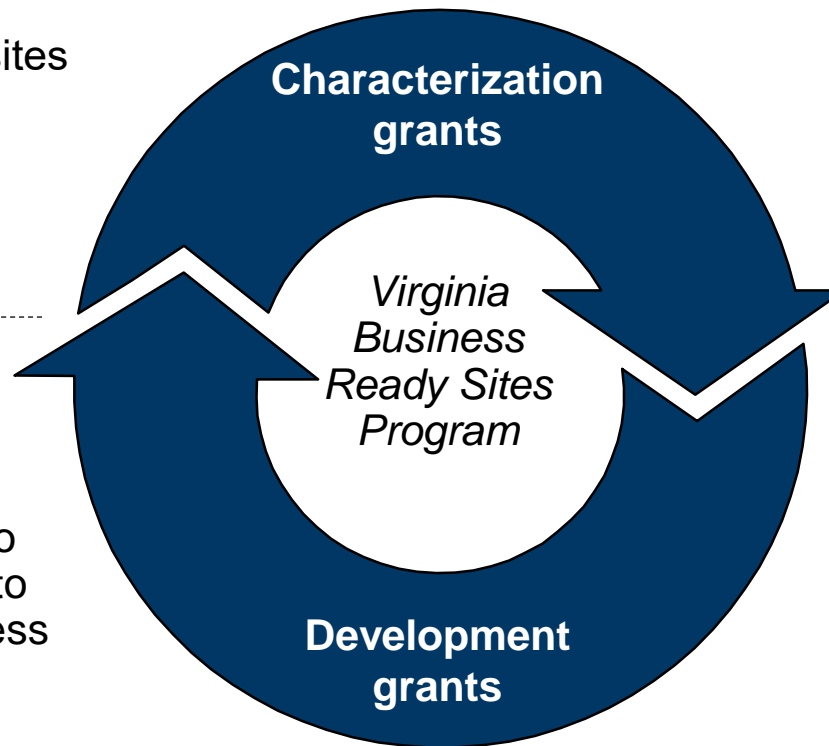
# VIRGINIA'S BUSINESS READY SITES PROGRAM (VBRSP) AWARDS

## TWO TYPES OF GRANTS

### Purpose

- Assess existing levels of readiness and next steps for development for Virginia's 100+ acre sites

- Fund targeted development efforts to move identified sites to higher tiers of readiness



### Process

- Characterization grants of up to **\$5K** per site are awarded to sites selected from an applicant pool by a private-sector led working group

- Development grants of up to **\$500K** per site are awarded to sites selected from an applicant pool by a private sector-led working group

# **THE VIRGINIA BUSINESS READY SITES PROGRAM IS EXPECTED TO GROW**

## **VBRSP may receive additional funding for FY20-22**

- The governor's Biennium Budget includes \$5M in funding
- Potential for additional funding for current FY in the caboose budget

## **If VEDP receives additional funding it will have regional allocation and competitive components**

- A large portion of funding will be allocated to each region
- Some funding will be reserved for sites with potential for state-level impact

## **VBRSP policy is being updated**

- Specific policy language will depend on level of funding
- 100 acre size requirement is in Code and is expected to remain
- Possibility for localities to apply for grants on behalf of private sites



**VEDP wants to collaborate to advance site development**

**How can VEDP help you achieve your goals?**



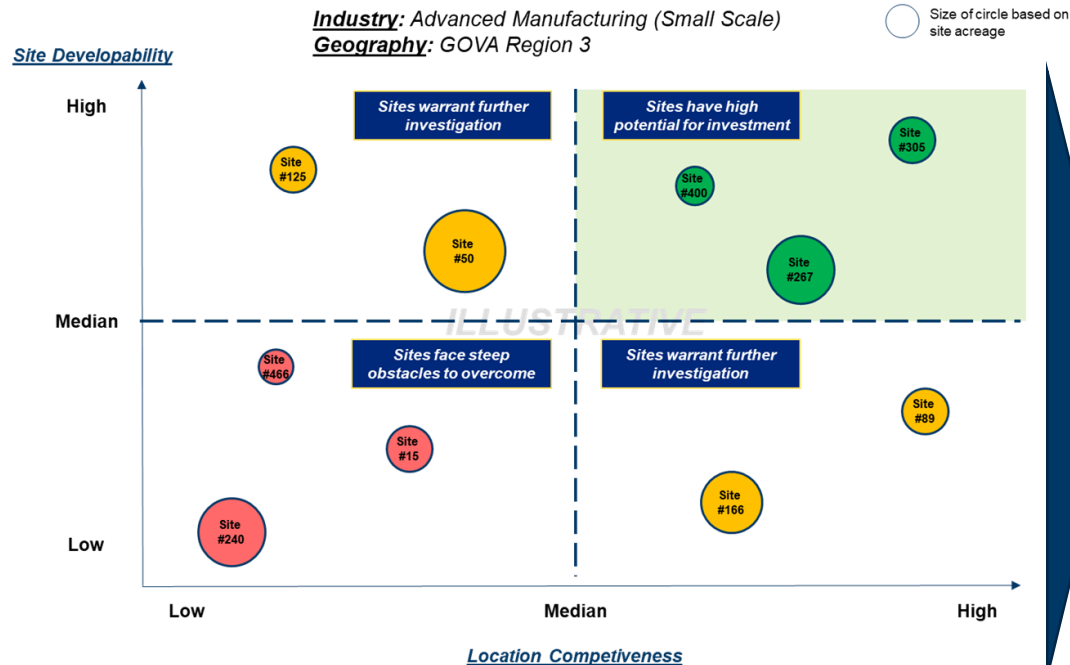


# Questions?

# APPENDIX

January 24, 2020

# IDENTIFYING THE MOST PROMISING SITES REQUIRES CONSIDERATION OF MULTIPLE DIMENSIONS



Regional transformation considerations

## Top right-hand quadrant (GREEN)

- These sites are top candidates for additional investment

## Top left-hand quadrant (YELLOW)

- Sites are attractive from a development perspective, but less so from location perspective
- If we were to develop these sites, Virginia's Talent Accelerator could be key to attracting companies

## Bottom right-hand quadrant (YELLOW)

- Sites are attractive from location perspective, but less so from development perspective
- Sites in this quadrant should conduct additional due diligence to improve cost estimates and evaluate ROI

## Bottom left-hand quadrant (RED)

- Look for alternative investments, particularly collaborative investments within the GOVA region

# LACK OF WET UTILITIES AND NATURAL GAS INFRASTRUCTURE ARE BARRIERS TO DEVELOPMENT ACROSS VA

Share of sites within a region facing significant physical obstacles to development<sup>1</sup>

	More than 50% of sites face significant obstacles
	Between 25-50% of sites face significant obstacles

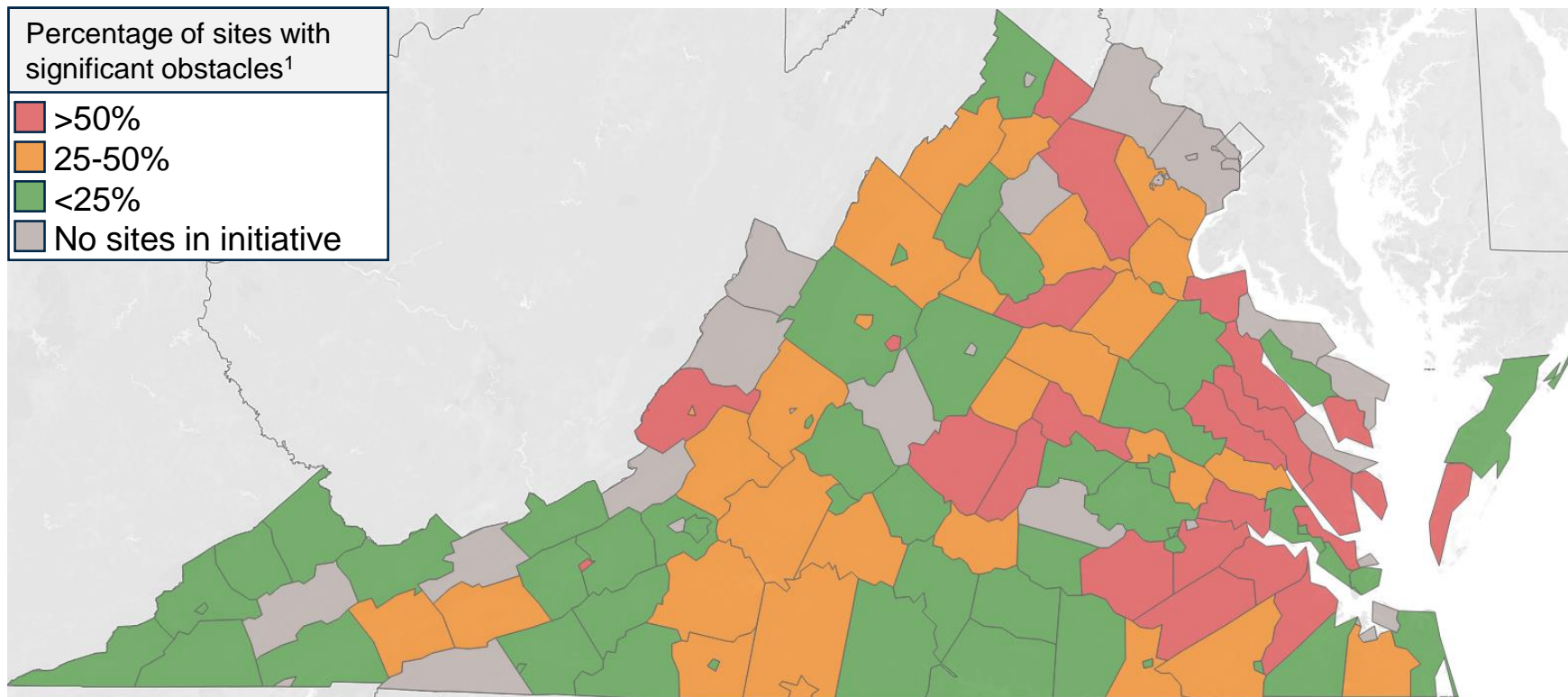
GOVA region	Infrastructure					Natural features					
	Transportation	Electrical	Wet Utility	Natural Gas	Fiber	Percent Developable	Wetlands	Geology	Flood-plains	Topography	Site Yield
Southwest	10%	48%	19%	33%	67%	52%	0%	48%	10%	24%	43%
Roanoke/New River/ Lynchburg	11%	13%	27%	62%	11%	27%	0%	11%	2%	29%	36%
Southside	10%	27%	24%	63%	2%	14%	12%	0%	35%	29%	41%
Greater Richmond	13%	11%	46%	71%	20%	20%	6%	0%	13%	13%	29%
Hampton Roads	4%	13%	32%	58%	0%	14%	11%	0%	10%	3%	25%
Greater Fredericksburg	8%	14%	44%	81%	44%	34%	12%	0%	10%	22%	41%
Northern Virginia	33%	0%	17%	50%	83%	50%	33%	0%	17%	0%	50%
Shenandoah Valley	9%	18%	22%	49%	22%	13%	0%	16%	0%	4%	18%
Greater Charlottesville	16%	5%	49%	86%	65%	0%	0%	0%	5%	3%	16%

<sup>1</sup> Based on the number of sites receiving less than half of the potential points in a category

<sup>1</sup> Sites receiving less than half of possible points in each category

Source: VEDP Enhanced Sites Characterization data, VEDP internal analysis

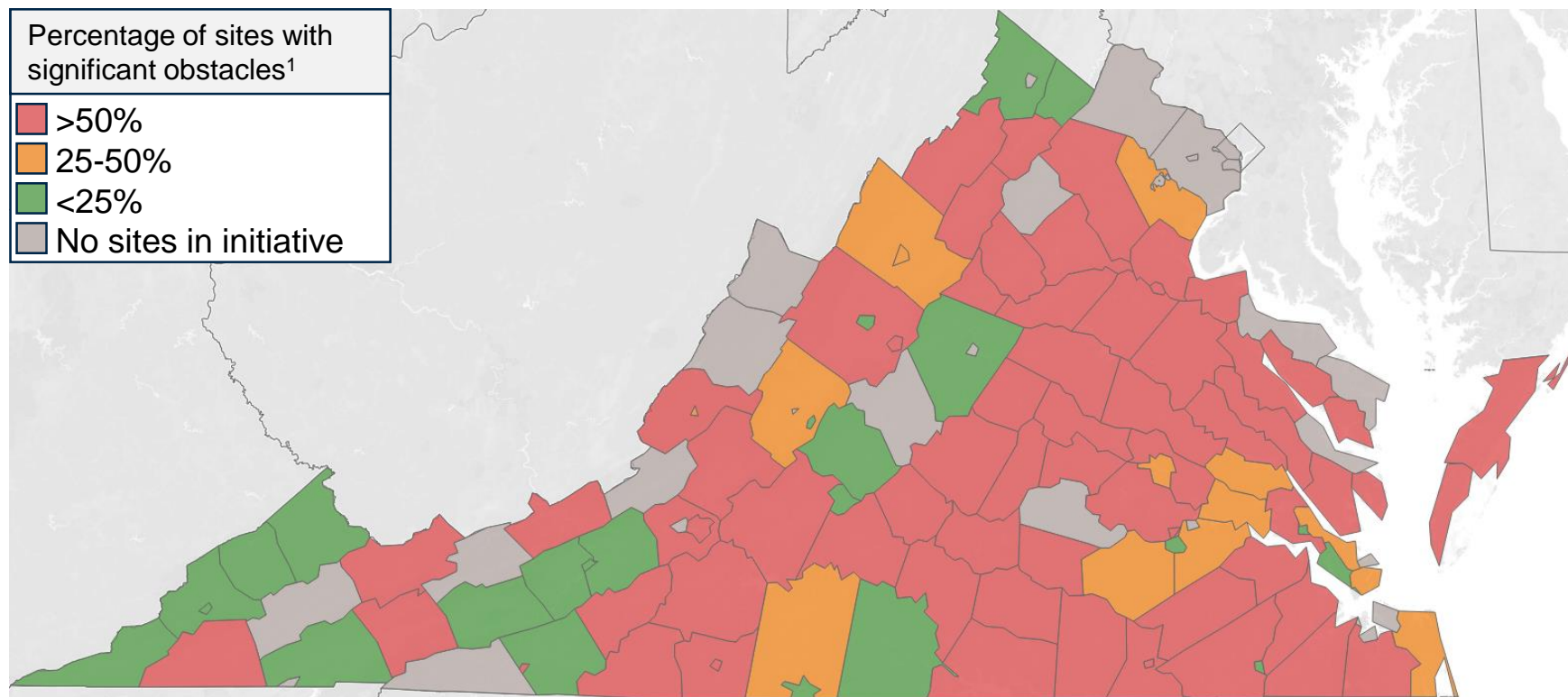
## WET UTILITY CONNECTIVITY POSES CHALLENGES TO SITE DEVELOPMENT IN MANY REGIONS



<sup>1</sup> Sites requiring a main extension of greater than 2500' or major systems upgrades

Source: VEDP Enhanced Sites Characterization data, VEDP internal analysis

## LACK OF NATURAL GAS IS A CONSTRAINT ON SITE DEVELOPMENT THROUGHOUT THE COMMONWEALTH



<sup>1</sup> Sites requiring more than 24 months to provide natural gas to a medium industrial user  
Source: VEDP Enhanced Sites Characterization data, VEDP internal analysis