



Prince George County Economic Development Strategic Plan



2013



Prince George County Economic Development Strategic Plan

Adopted by the Prince George County
Board of Supervisors
November 2013

*Prepared by
Management Analysis, Incorporated*

Prince George County Economic Development Strategic Plan

Contents

<i>EXECUTIVE SUMMARY</i>	1
I. INTRODUCTION	4
<i>Purpose of this Strategic Plan</i>	4
<i>Proposed Vision for Economic Development</i>	5
<i>Goals for Economic Development Efforts</i>	5
<i>Project Objectives</i>	5
<i>Sources of Data, Information and Best Practices</i>	6
<i>Stakeholder Involvement</i>	7
<i>How Priorities Were Evaluated</i>	7
II. ECONOMIC OVERVIEW	8
<i>Regional Economy</i>	9
<i>Economic Drivers</i>	9
<i>Key Findings & Recommendations</i>	15
III. ANALYSIS	18
<i>Perspective on the Changing Economy</i>	18
<i>What Businesses Look for in an Investment Destination</i>	19
<i>Advantages of Doing Business in Prince George – Where the Momentum Came From</i>	20
<i>SWOT Analysis Summary</i>	24
IV. RECOMMENDED STRATEGIES FOR FUTURE GROWTH	25
<i>Key Issues</i>	25
<i>Recommended Industry Targets for Prince George County</i>	25
1. <i>Military Contractors – Professional & Technical Services</i>	26
2. <i>Advanced Manufacturing, Metal Cluster</i>	26
3. <i>Food Processing & Distribution</i>	26
4. <i>Logistics, Warehousing and Distribution</i>	27
5. <i>Agriculture</i>	28
6. <i>Tourism & Hospitality</i>	29
<i>SUMMARY OF ECONOMIC DEVELOPMENT STRATEGIES</i>	33
V. MEASUREMENTS OF RESULTS	36

<i>How to Measure Success of This Strategic Economic Development Plan</i>	<i>36</i>
APPENDIX.....	37



Prince George County Economic Development Strategic Plan

EXECUTIVE SUMMARY

To help the County identify key issues and chart a new way forward, in 2012 the government of Prince George County, Virginia undertook an initiative to develop a new economic development strategic plan. This plan was researched and prepared for the County by independent Virginia-based economic development consultants Management Analysis, Incorporated (MAI). This report and the recommendations it contains incorporates data, feedback and opinions contributed by local and regional stakeholders in 2012 and 2013.

The mission of this plan is to help County leaders understand and make decisions on key issues that affect the efficiency and future growth potential of the local economy. The strategies and recommendations contained in this plan address strengths, weaknesses, opportunities and potential threats to the economy as perceived by local stakeholders.

Throughout the planning effort it was discussed that Prince George must strive to achieve balance and sustainability in economic growth. This strategic plan provides perspectives and recommendations for essential economic development policymaking, business sustainability and marketing focus to attract new businesses. A companion to this volume, the proposed Action Plan that outlines specific projects and initiatives to implement the strategies is intended as a working document for implementation by stakeholders.

Prince George, in south-central Virginia, is a growing business destination that has benefitted from significant investment over the past six years. Located at key crossroads for the Commonwealth and Mid-Atlantic, Prince George has several major advantages in its favor:

- Fort Lee, one of America's top training and logistics centers for the U.S. Army. The installation has recently doubled in size with \$1.5 billion in investments by the federal government;
- Rolls-Royce Aerospace Division. The decision by this world-class firm to locate in Prince George is bringing \$500 million in investment and hundreds of jobs to its Crosspointe manufacturing and research campus. The move has already created confidence among other businesses that are inquiring about additional space;
- The Commonwealth Center for Advanced Manufacturing (CCAM), a world-class center for innovation. CCAM is already working on 15 projects and has recently won a national "New Workforce" award. A second research facility -- the Commonwealth Center for Applied Logistics (CCAL) -- is now in startup mode within the County;
- The Southpoint Business Park. This is a business location of several well-known food producers and suppliers, metal-working manufacturers, and a leading home improvement distribution center;

- The agriculture industry that has been the heritage and lifeblood of Prince George County for more than 400 years.

With all of these advantages, Prince George is in an enviable position for future economic growth and job creation. This business growth will eventually lead to additional revenues that will help the County to invest in improving the lives of local citizens. However, the research for this plan demonstrates that the economy is not running efficiently due to significant leakage of revenues to other areas. Additionally, the demands of growth must be balanced with the needs of this largely rural community. Many residents recognize the need to conserve valuable green spaces and agricultural lands – essentially preserving a way of life that citizens have valued through the centuries.

Key issues discussed in the plan indicate a need to link economic growth to the community:

- The importance of supporting the workforce needs of new businesses with housing and community amenities that will attract workers and their household spending to Prince George
- The importance of building and maintaining working relationships with Fort Lee, a major economic driver which creates both opportunity and vulnerability for the local economy
- The need to provide a supportive atmosphere with infrastructure for local entrepreneurs and existing small businesses
- The opportunity to focus economic development marketing efforts on industries that best match the assets and long-term interests of the County
- The importance of ensuring that economic growth brings the right level of prosperity to the County, while not significantly detracting from the natural assets and character of Prince George

Target industries that are recommended for special marketing focus include:

Professional & technical services (Defense contracting)
Advanced manufacturing
Food production
Warehousing and distribution
Agriculture
Tourism

A summary of economic development goals and strategies, and an action plan specifically for tourism are listed on the following pages.

PRINCE GEORGE COUNTY STRATEGIC ECONOMIC DEVELOPMENT PLAN

Goals

- Grow County revenues through business growth (vs. increased taxes)
- Provide a stable business climate that promotes private sector job creation
- Attract new businesses that are in stable or growing industries
- Promote entrepreneurship. Support locally-owned businesses
- Leverage Virginia and Federal economic development resources
- Measure economic development results

STRATEGIES			
New Business Attraction	Existing Business Retention & Expansion, Entrepreneurship	Workforce Development	Community Development
Target industries: advanced manufacturing, food production, warehousing and distribution, professional & technical services, tourism	Develop opportunities to link small businesses to industrial parks, CCAM and CCAL	Plan for a long-term worker pipeline to meet industry needs; address “labor importation” (commuting) issue	Prioritize people-centered infrastructure to improve the quality of life for residents: parks, recreation, healthcare, entertainment, essential services and education
Create more move-in ready industrial sites with infrastructure in place	Provide essential information and links to technical assistance, training, and grants	Develop & promote training in the technical skills needed to fill the new jobs being created in the County's industrial parks	Promote quality commercial development to follow industrial and residential development, providing more amenities for residents. Ensure that the right ambiance is created through zoning and design standards
Promote new or existing businesses that link to the County's agricultural heritage	Develop broadband access to more areas of the County to support entrepreneurship and the growth of small businesses		
COUNTY LEADERSHIP: Promote consistent business-friendly development policy			
ECONOMIC DEVELOPMENT: Expand capacity and program (full time, 1-stop assistance)			
HOUSING: Match housing development to workforce needs; promote development of step-up housing.			
INFRASTRUCTURE: Use Public-Private Partnerships to finance infrastructure and provide opportunities for private sector investment; partner regionally to develop jointly-needed infrastructure.			

I. INTRODUCTION

Purpose of this Strategic Plan

This strategic plan is part of ongoing efforts by Prince George County, Virginia to stimulate economic growth and job creation for the benefit of local citizens. The plan offers a way forward to help guide policy decisions regarding the development of the local economy.

This *Economic Development Strategic Plan* was sponsored by funds from the Prince George Industrial Development Authority (IDA) and the Department of Economic Development. In Prince George, the Economic Development Department is a function of the Office of the County Administrator. It is tasked with promoting the attraction of new businesses and retention of existing employers, visitors, jobs, and tax revenue. In 2012, the County hired Management Analysis, Incorporated (MAI), a Virginia small business headquartered in Vienna to conduct an independent, unbiased study of the local economy and assist the County in creating new economic development strategies.

The County's economy has enjoyed significant positive momentum due in part to the \$1.5 billion expansion of the Fort Lee "Army Sustainment Center of Excellence," a focused training base for military supply, subsistence, maintenance, munitions and transportation which is located entirely within the County. In other private sector developments, Rolls-Royce's Aviation Division has established a manufacturing plant and research center in the Crosspointe Industrial Park. The Southpoint Business Park, another industrial location established by the County has welcomed a number of large businesses engaged in manufacturing (primarily metals and food products), warehousing and distribution.

To support these major developments and create a dialogue with other businesses, the County government expanded its economic development efforts. In the past two years the Economic Development Department has begun business visits, a new "Business Roundtable program," and started a "One-Stop Shop" initiative among the County offices that provide community development services.

Beginning in 2007, the U.S. economy slid into a recession, but the effects weren't felt in most locations across the U.S. until 2009. The recession was caused by numerous converging factors: the after-effect of the opening of World Trade and increasing foreign competition for manufacturing, the U.S. financial crisis, the mortgage crisis and years of deficit spending in the federal government. These developments have all occurred since the County's last economic development plan was released in 2007.

Taking into consideration the changes that have occurred over the last five years, the research for this plan revisited current economic conditions in the County. The resulting plan which is described in this document incorporates new strategies and proposed priorities that are designed to help the County achieve the following vision and goals:

Proposed Vision for Economic Development

To provide the right environment for balanced, sustainable growth. This in turn will yield tax revenues that can be re-invested in improving local infrastructure and community services. In this manner, economic development efforts of Prince George County will lead to an improved quality of life for local citizens.

Goals for Economic Development Efforts

- Growth of County revenues through business growth (rather than increased taxes)
- Stable business climate that promotes private sector job creation
- Attraction of desirable new businesses: stable, growing, diverse, recession-proof
- Efficiently and successfully promote entrepreneurship, prosperity and growth of existing businesses operating within the County
- Leverage State and Federal economic development resources to the greatest extent possible
- Properly measure and evaluate the returns generated by public investments in economic development.

Project Objectives

- Aid the County leadership and citizens in achieving a greater understanding of the local economy and current trends affecting growth and prosperity
- Identify key industries that the County should prioritize in its marketing efforts to potential new businesses
- Provide strategies that incorporate feedback from stakeholders to help synchronize economic development efforts
- Provide recommendations for how to measure return on investment for economic development activities over time

This strategic plan discusses the “big picture” of economic development in the County and its place in the region, while also recognizing the rural character of the community. Finally, this plan provides recommendations for specific strategies, projects and initiatives that are designed to make the County a more successful investment destination for the future.

How the Work Was Performed

This plan incorporates an evaluation of statistics of the County economy through calendar year 2012. It also makes use of opinions and advice gathered through stakeholder interviews, focus groups and public meetings conducted over approximately eight months from October 2012 to June 2013. Key research questions included:

- What are the advantages of doing business in Prince George County that have led to its success in attracting new businesses?

- What issues should be addressed now to make for a better business environment in the future?
- Is the local economy functioning efficiently and achieving maximum benefit from what is currently being earned in the County?
- Can Prince George County continue to achieve growth if current conditions remain the same?
- Are there opportunities to improve the economy that have been overlooked?

Sources of Data, Information and Best Practices

To develop the recommendations, the team reviewed a wide range of statistics and information from the following sources:

Crater Planning District Commission
 Crater Regional Workforce Investment Group
 Fort Lee publication - *Economic Impact of Fort Lee on the Petersburg Region (2012)*
 Friends of the Lower Appomattox River
 Hopewell-Prince George Chamber of Commerce
 Petersburg Area Regional Tourism Partnership (PART)
 Prince George County Farm Bureau
 Prince George County Industrial Development Authority
 Prince George County Administrator & Deputy Administrator, Community Development
 Prince George Regional Heritage Center
 U.S. Department of Commerce, Census Bureau
 U.S. Department of Agriculture
 U.S. Department of Labor, Bureau of Labor Statistics
 U.S. Department of Fish & Wildlife, James River National Wildlife Refuge
 Various real estate sources
 Smith Travel Research – hotel statistics (on contract to PART)
 Virginia Economic Development Partnership
 Virginia Employment Commission
 Virginia's Gateway Region Economic Development Organization
 Virginia Tourism Corporation

The team also incorporated current research from the International Economic Development Council (IEDC), the National Council for Public-Private Partnerships, and several economic development networks.

Finally, the MAI contributed the company's collective experience in economic development and government efficiency as consultants to local, state, federal and international government clients over the past 37 years.

Stakeholder Involvement

To understand Prince George County's unique situation, one of the most important aspects of this study was individual interviews conducted with experienced people from the County's industries, both large and small businesses, non-profit organizations, and local officials. The team also consulted with the management of several regional entities that are involved in supporting and marketing the County as a business destination.

A focus group was sponsored by MAI and conducted at the office of the Hopewell-Prince George Chamber of Commerce for the purpose of understanding the strengths, weaknesses, threats and opportunities for existing businesses in the County. The group consisted of both Chamber members and non-members.

Taken collectively, these stakeholders offered many candid opinions and recommendations based on their knowledge of working and/or living in Prince George County. With great consistency, the opinions of stakeholders carried certain key themes which gave validity to the analysis of statistics regarding the County's economy.

How Priorities Were Evaluated

An important goal of this report is to help Prince George County leverage its existing strengths, i.e. its central location, reasonable cost of land, and existing momentum of two industrial parks. The report also identifies certain weaknesses that, if left unattended, will eventually hinder the County's ability to expand the existing tax and employment base.

When developing conclusions, the team recognized that all recommendations must leverage limited resources. An effort was made to focus on practical, implementable strategies that can be scheduled for short, medium, and long-term action.

Public briefings on the key findings and recommendations developed for this *Economic Development Strategic Plan* were held beginning in January 2013. Feedback was solicited from the Prince George County Board of Supervisors, the Prince George Industrial Development Authority, County department heads, and through a public meeting hosted by the County at the Disputanta Community Center.

Key findings, strategies and recommendations are discussed throughout this report and are summarized in Chapter IV.

II. ECONOMIC OVERVIEW

The economy of the Prince George County began more than 400 years ago when the first English settlers sailed up the James River and established the first agricultural plantations and commercial businesses. At that time, Prince George encompassed a larger area which has now been sectioned into several counties and incorporated cities.

Today, Prince George County largely consists of farmland and forests. It is also comprised of a County seat with a Courthouse, Administration Building, Public Safety Building, Public Library, and Heritage Museum.

In the eastern part of the County there are several housing areas. This includes an upscale housing area and golf course near Jordon Point. There are scattered neighborhoods near the Courthouse and Fort Lee, several elementary schools, and one high school. There are no towns or centralized villages. Commercial developments (i.e. stores, restaurants, service stations, professional services and other amenities) are relatively sparse within this County of 36,555 people.¹

Most commercial, recreational, and medical needs of County residents are provided for in Colonial Heights or in the nearby cities of Hopewell and Petersburg. Chesterfield County has a high concentration of shopping centers and recreational options.

Fort Lee, a national center for U.S. Army training and logistics, is located entirely within Prince George County. The Fort's daily population typically exceeds 45,000. As many as 70,000 troops pass through its classrooms each year, making it the third largest training site in the Army. Many of these troops in training stay in local hotels during their extended stays. In 2013, the Army opened a 1,000-room hotel on the base next to the Logistics University. Some 400+ military families that live on or off-base also patronize local businesses, although many choose to take advantage of the lower-cost shopping, services and recreation within Fort Lee.

The County also provides space for the Federal Correctional Institute and Riverside Jail, which serve several Eastern states and the Tri-cities region.²

The scenic northeast side of the County is fronted by many miles of undeveloped land, farmlands, some housing, and one marina on the James River. Also next to the James is 4,200 acres of forest and wetland habitats which are reserved under the U.S. Fish and Wildlife Service for the James River National Wildlife Refuge. This wilderness area is protected habitat for the American Bald Eagle, which at one time was an endangered species.³ Beyond the Refuge there is the historic Flowerdew, one of the County's largest plantations that has recently changed ownership and is now awaiting future uses.

¹ 2010 U.S. Census

² Approximately 5,000 people are incarcerated within these facilities; data for inmates are not incorporated in other statistics provided within this report.

³ The Bald Eagle is now off of the endangered list due to the success of locations such as this refuge.

Regional Economy

The economy of the region is closely inter-twined. Three small cities – namely Colonial Heights, Petersburg and Hopewell – lie across the river and to the north and west. Businesses in these cities (which were part of the original Prince George County) provide employment opportunities for many County residents; people who work in the Prince George industrial parks and Fort Lee installation also commute from these cities and Chesterfield County.

Prince George County is 25 miles southeast of Virginia’s capital city of Richmond. The Richmond metropolitan area stretches throughout the region and impacts Prince George and other surrounding counties and Tri-cities.

Prince George’s economy is favorably impacted by commerce coming through the Virginia Seaport in the Hampton Roads to other parts of the state and the Eastern U.S. Additionally, tens of thousands of tourists pass Prince George each year on their way to and from Virginia Beach and Colonial Williamsburg – two of the most popular tourist destinations in America. Many of these tourists make a brief stopover in Prince George.

As a participant in the regional economy, Prince George County helps fund the efforts of several regional economic development organizations, marketing partnerships and planning organizations. These include the Virginia’s Gateway Regional Economic Development Organization, the Crater Regional Planning Commission, and the Petersburg Area Regional Tourism (PART) partnership.

Economic Drivers

The private sector economy of Prince George has created a healthy diversity of jobs, which can be seen in *Appendix A* and *B*. The diversity of industries and the jobs they provide puts Prince George in an enviable position for economic development, especially for a community of this size and rural nature.

Business diversity is always healthy. An over-dominance of any one industry or company could harm the economy if that company or industry were to suddenly down-size. An example of this are the hundreds of locations around the U.S. which lost major sources of revenue and jobs in the losses of the apparel industry in the last decade following the opening of world trade. A similar situation occurred in many automobile manufacturing communities.

The Prince George County economy currently has several economic drivers and primary industries: Defense contracting and other business associated with Fort Lee; advanced manufacturing, food processing and warehousing; agriculture and forestry.⁴ Small commercial businesses that cater to the needs of local consumers are also discussed within this section, although they generally do not generate “new” income in the economy.

⁴ Although the federal government’s expenditures do provide some revenue back to the County to cover costs, for purposes of this economic development plan, the federal prison facilities are not considered as economic drivers.

Defense Contractors & Off-base Business with Fort Lee

The presence of Fort Lee has a major impact on the local economy and historically this has been the case since the installation's establishment at the beginning of World War I.⁵ It is estimated that total annual impact of Fort Lee is 28,000 jobs and \$2.4 billion in economic output. This represents nearly 14% of the 2008 Gross Domestic Product of the three counties and Tri-city region surrounding the Fort.⁶

The presence of the Fort is a significant advantage for various types of businesses that cater to the military, and a number of local businesses have been established specifically for this reason. The military contractors that do business with the Fort provide a wide range of technical services, training, logistics, and supplies.

People living and working at the Fort provide a significant off-base market opportunity for the entire region. Substantial revenue is generated for hotels, restaurants, retailers, and other types of businesses that have become dependent upon the Fort personnel as a large share of their customers. A good case in point, Prince George's hotels rely on incoming Army trainees and military contractors for as much as 80% of their revenue.

Without a doubt, the Fort Lee business provides a necessary foundation for the economy. At the same time, it makes Prince George somewhat vulnerable as decisions made in and about the Fort's operations can cause sudden changes in the local economy. Reductions in staffing caused by federal "Sequestration," for example, could result in highly negative economic consequences for the region. Virtually all of those decisions are beyond the control of the local governments.

Manufacturing, Warehousing and Distribution

The two industrial parks developed initially by Prince George County in the 1970's with the support of the Commonwealth of Virginia and private developers provide jobs for several thousand people from Prince George and the region. These parks have created substantial momentum for the local economy by generating exports and economic activity, including business for vendors, logistics and transportation providers throughout the region.

The Crosspointe Centre is anchored by Rolls-Royce, which in late 2007 announced intentions to open a \$500 million aircraft parts plant that will eventually employ as many as 500 workers. The opening of the first facility in 2011 was the catalyst for infrastructure support to the County from the Commonwealth of Virginia totaling \$21M. The Rolls-Royce entry into Prince George has brought national and international recognition to the industrial park, as well as needed tax

⁵ Named for Civil War General Robert E. Lee, Camp Lee was established beginning in 1917, just 18 days after a state of war with Germany was declared. Some 25 farms were included in the original block of land. *Where History was Made*, Prince George County, Virginia (2002)

⁶ "Economic Impact of Fort Lee on the Petersburg Region," Research and Technical Assistance Report, sponsored by the Office of Economic Adjustment, Department of Defense (2012)

revenue for both the County and the State. According to all sources, the future looks bright for additional growth with associated business partners of Rolls-Royce.

As noted by numerous stakeholders, a potential vulnerability for the businesses in these industrial parks will be continued access to an adequate workforce. In fact, some businesses report that they already spend considerable time and attention making sure there is an adequate “pipeline” of workers by collaborating with regional colleges. Collaboration a positive development, but can further growth be achieved when the supply of workers living within a comfortable commuting radius is exhausted?

Because there are “step-up” housing types in nearby jurisdictions and few housing options in Prince George, today many -- if not the majority -- of the people who work in the industrial parks commute.⁷ This is true for people at profession – from entry level up to senior management.

Of course jurisdictional lines are virtually invisible to these commuters. In other words, most people do not think about the fact that they live in one County and work in another. For Prince George, however, the fact that people live, shop, dine, enjoy recreation and buy virtually all services they need in other communities represents “economic leakage” and missed opportunity.

The impact of commuting can be seen in Appendix E. Today, approximately 4,951 people commute into Prince George County to work in the industrial parks, to do business with Fort Lee and to work in other businesses in the County. As shown in the table below, this commuter population represents 35% of all workers, and 70% of all of the private sector employment.

Employment by Sector	
Federal government	5,244
County government	1,599
State government	74
Private sector	<u>7,083</u>
Total employment	14,000
Commuters into the County	4,951 35.40%

Source: Virginia Employment Commission data

Agriculture & Forestry

Agriculture and forestry together make up Virginia’s largest industry, producing nearly \$80 billion in annual economic activity.⁸ Within Prince George County’s 266 square miles, 89% of

⁷ The phrase “step-up housing” refers to a variety of housing types that give people options to gradually move towards first-time home ownership. It typically begins with apartments, condominiums and then steps up to single family homes with mortgages priced just above the cost of rentals.

the land is forested or in crop production. A few descendants of the original farmers and Czech and Slovakian immigrant families still operate working farms today.⁹

According to the *2007 Census of Agriculture* of the U.S. Department of Agriculture, Prince George has 186 working farms. The Virginia Farm Bureau further reports that approximately 130 residents identify farming as their principal occupation.

Farming utilizes 15% of the land in the County, and while there are many issues that affect agricultural production, the primary issue economic developers need to address is succession planning and long-term sustainability of this changing industry.

Farming revenue and employment provides for just a small portion of the County's economy (*see Appendices A and B*). Nevertheless, it has been -- and continues to be -- an important source of livelihood that sustains local families. Farms have been passed down for several generations, growing livestock and such commercial crops as peanuts, soybeans, and corn. Other varieties of fruit and vegetables are mainly grown for consumption by residents and sold at local stores and the County-sponsored Farmer's Market.

According to leadership of the Prince George Farm Bureau, the agricultural industry has gone through considerable change due to new technology. New equipment -- which is more efficient but more expensive to own -- affects the commercial viability of farms as it requires more capital and therefore more acreage and volume to make a profit.

Another common concern in Prince George as in other parts of the county is that the hard work of farming is not for everyone. As a result, some farm owners want to retire and sell their properties rather than passing them down to family members who don't have an interest in pursuing farming as a career. As young family members leave rural areas to pursue college educations, it is not uncommon that they come to enjoy a wider variety in recreation and entertainment and don't return to the lifestyle they grew up with (this is not unique to Prince George, but actually quite common in rural areas).

The dilemmas of how to preserve the farms of the County and perhaps even more importantly to continue essential production of fresh food in America are key issues that requires collaboration and long-term thinking. Organizations like the Virginia Farm Bureau, local educational institutions, the 4H clubs and the U.S. Department of Agriculture continue to seek long-term solutions. In the meantime, each time an owner decides to sell their property, there is a certain risk that it will be developed for other uses. Once the land has a building in the middle of it, it is typically lost forever to farming.

Forestry: Reported jointly with farming and fishing in the labor statistics of the federal government, timber production is another industry which provides an export for Prince George.

⁸ Press release from the Office of Virginia Governor Bob McDonnell, as quoted in the Richmond Times-Dispatch, March 8, 2013.

⁹ In the early 1900's immigrants began to farm in an area which is still known as New Bohemia. In those days, the price of land was very inexpensive and despite early hardships and a lack of financing, these hard-working European farmers persevered through the years.

Forests are an important part of the natural environment, covering more than 74% of the County's landscape. These forests are owned primarily by private individuals or private corporations. Over 50% of timberland is yellow pine; other hardwood species include oak, hickory and gum trees.

Employment provided by this industry is low, yet Prince George still ranked 21st in the state in total value of timber production out of 98 localities with a \$3.6 million harvest value recorded in 2006.

While it may never become a large industry as compared to other segments of the local economy, the growth potential for timber production in Prince George today is "excellent," according to local sources quoted in the *County's 2012 Comprehensive Plan*. Good forest-management practices and forest fire prevention are prerequisites for growth. As of the time of this report, the current annual growth quantities exceed cut quantities.

Businesses that Cater to the Local Population

Small businesses, namely retailers, restaurants, service stations, and range of other service providers make up the balance of the private sector economy of Prince George County.

In the County there are only a few unincorporated village centers. These communities include the hamlets of Prince George, Burrowsville, Carson and Disputanta. The few commercial establishments are generally spread through the County, located at or near the larger intersections. The County has two major grocery stores and only a few other small retail and restaurant establishments.

Why aren't there more commercial businesses? Economies of scale are in part to blame for the lack of establishments. With a small population, many retailers simply do not have enough customers to serve. Additionally, there is a great deal of competition right outside of County lines. As stated earlier, most residents fulfill their shopping, recreational and medical needs in Colonial Heights, other parts of Chesterfield County, or in the nearby cities of Hopewell and Petersburg. Chesterfield County has a high concentration of these options. Most military personnel, their families and other veterans are eligible for tax-free shopping, recreation and service privileges within Fort Lee.

In recent years, a number of mixed-use developments have been proposed for the County, which would include some retail operations. It is the opinion of the consultants for this project that some guided development is needed, particularly near the industrial parks and County Courthouse area.

It is also worth pointing out here that while many people think of small businesses as "mom & pop" stores that have just a handful of employees, the size standard is actually quite larger. This is an advantage because a number of small Prince George businesses are eligible to take advantage of procurement preferences in serving federal contracts at Fort Lee. The Commonwealth of Virginia currently defines small businesses as:

“... a business that is at least 51% independently owned and controlled by one or more individuals who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. One or more of these individual owners shall control both the management and daily business operations of the small business.”¹⁰

However, even with the small business advantage, one of the challenging aspects of operating a business outside of the Fort or the industrial parks is the lack of high-speed Internet service. This is a long-term issue that the County leadership is currently working to resolve in cooperation with other jurisdictions and regional service providers.

¹⁰ Virginia.gov website at <http://www.dmbv.virginia.gov/faq.html#program>

Key Findings & Recommendations

- **Fort Lee:** Some \$1.5 billion in investments in Fort Lee over the past six years have contributed to economic growth in Prince George and the region. Many local contractors, as well as businesses from other parts of the State and region have benefitted. Local companies continue to support Fort Lee; however, their continued success depends on competitive pricing and quality services versus other Defense contractors that come into the region to do business. This means that local companies must have access to high speed Internet services and a skilled workforce.

It must be underscored that while the effects of Fort Lee business are certainly very positive, the overall economic impact also depends on federal budget decisions. Prince George and the regional economy is vulnerable due to the dependency.

Fort Lee also decides which commercial operations are allowed to operate within the installation. Businesses within the base have a substantial advantage in competing with businesses outside the base. According to local stakeholders, the incidence of on-base businesses and services is increasing.

Recommendation: It is critical to the success of local planning and economic forecasting that County leadership consider the personnel movements and budget levels of Fort Lee. County officials should strive to keep informed of – and pro-actively give input to – major changes that will affect local businesses. Because the leadership of the Fort typically rotates every few years, the County should take the lead in keeping the lines of communication open and building working relationships.

Recommendation: Because many businesses that do business with the Fort need high speed Internet access to provide competitive services, it is important to their survival that Prince George leaders pursue efforts to secure broadband internet for more areas of the County.

Recommendation: Another way to develop more economic benefit from Fort Lee's presence is to create more special events, recreational opportunities and amenities targeted for adults in the community. On any given weekend, it is estimated that as many as 30,000 people have the opportunity to leave the base. This is huge additional potential for local businesses to tap into. Local events and recreation should be marketed to military personnel and their families through base publications as well as the Moral, Welfare and Recreation Agency of Fort Lee.

- **Industrial Parks:** Prince George has enjoyed significant economic development momentum with the entrance of Rolls-Royce, not to mention the operation of other large businesses at the two industrial parks. Rolls-Royce and other businesses have also sponsored the Commonwealth Center for Advanced Manufacturing (CCAM) and the new Commonwealth Center for Applied Logistics (CCAL), a second research facility under

development. With this momentum, and Rolls-Royce as a catalyst, the future looks bright for additional tenants to the industrial parks. The parks will likely reach their capacity in the next few years.

Recommendation: Because it would take years to set aside land and develop infrastructure for additional business sites, the County should anticipate reaching this capacity and make a determination as to whether to create additional industrial parks expansion opportunities for the future. It is the opinion of the consulting team for this project that additional businesses could become interested in locating in Prince George if access to an adequate workforce is available.

- **Workforce Issues:** Several thousand jobs have been created within the County in recent years due to the growth of Fort Lee and investments in the industrial parks. This is a positive sign that Prince George is an attractive location to do business. However, because there are few housing options and a lack of amenities that would normally attract people to live in the area where they work, many people commute. There is a shortage of commercial operations and amenities within the County to meet the needs of current residents as well as these commuters. Eventually, the workforce capacity of the region that is located within an acceptable commuting distance will be exceeded.
- **Economic Leakage:** The high incidence of commuting-in means the economy is inefficient. Paychecks that are earned within the County -- and would normally circulate several times -- now immediately leave to the surrounding jurisdictions.

Recommendations: Because access to a continuous supply of qualified employees is vitally important to any business, Prince George County officials should actively take part in ensuring there is an adequate “pipeline” of workers for its businesses. The County’s economic development team should maintain a program of ongoing and active dialogue with businesses, educational institutions and the Virginia Employment Commission to advocate for additional training resources. It should also monitor federal grant opportunities through the U.S. Department of Labor. It is essential for the region (if not the County) to provide technical training that will help prepare citizens and place them in the new jobs that have been created.

Because it is important to the County to localize decisions based on its own citizenry, a lot can be learned by comparing the demographics of communities, educational attainment levels, and job requirements within an acceptable commuting radius around the industrial parks. Sources of data and statistics to monitor are the Virginia Employment Commission and U.S. DOL Bureau of Labor Statistics. Although it serves the region and not just the County, an essential partner in planning efforts is the Crater Regional Workforce Investment Group LWIA XI, which has recently published *An Alignment Strategy Strategic Plan for 2013-2017*.

- **Commuting:** An acceptable commuting time for most workers is generally considered to be 30 miles or less, although longer commutes are not uncommon in Virginia. The rule of thumb is that the higher the pay a worker receives, the longer they are willing to commute. For the entry-level to mid-level positions in the industrial parks which make up the majority of the positions, most people will generally not want to commute longer than 30 minutes. Factors such as traffic levels, the cost of gasoline, local unemployment rates, and the availability of other attractive employment options in the region may all impact decisions about how far workers will be willing to commute to fill jobs within the County.

Recommendation: The County should allow a certain amount of residential and commercial development to follow industrial development in order to realize more of the benefits of the economic development. If this does not occur, the County's economy will eventually stall as potential new businesses may not find enough employees within the commuting radius. Alternatively, the price of labor may go up due to the competition for workers – a development that could drive up the cost of doing business. While it is understandable that the County may not wish to allow scattered development of subdivisions and commercial operations, guided development should occur in the areas currently zoned for such uses.

Recommendation: In order to avoid commercial development that may not be attractive to existing County residents, it is recommended that the County put in place site design and architectural standards for new commercial areas. The County should also consider future investments in landscaping roadways and medians, and requiring landscaping around new developments to maintain an attractive atmosphere. Both of these recommendations will have the added benefit of creating additional appeal and ultimately they will increase the value of properties where this is implemented.

Recommendation: Development of attractive and affordable housing with amenities should be matched to the needs – and projected salary levels – of jobs being created in the County. The housing should include a range of choices such as multi-family units, townhouses, condominiums and single family homes. Affordable housing is considered to be a rental or mortgage payment that is no greater than 30% of the take home salary of the worker, with other expenses considered. For a further projection of affordable housing costs in the region where workers are commuting from, please see *Appendix I*.

III. ANALYSIS

Perspective on the Changing Economy

In today's economy, companies have virtually unlimited choices in where to do business and the competition among locations within the U.S. has never been stronger nor more sophisticated. Attracting new businesses usually requires savvy marketing by economic developers and a supportive business climate provided by local communities.

Because of its prime location and the presence of a military training and logistics center, Prince George has fared exceptionally well in its economic development efforts. The future looks bright for continued growth; however, the time is right for an evaluation and some new strategies.

An understanding of recent changes in the U.S. economy is helpful to strategic thinking about what it takes to be a competitive business destination. Since the 2005 opening of world trade agreements and the lifting of quotas for imported goods into the U.S. by many foreign countries, America has lost a great deal of its competitiveness in traditional manufacturing. This created a major ripple effect on the U.S. economy.

As a result of rising costs of doing business in America -- which now competes with China and other low-cost foreign competition -- in the last decade, 8 million jobs or more moved to overseas locations with lower costs of labor and other expenses. The impact of this foreign competition devastated many manufacturing communities, their local governments, and this also impacted the federal government due to reduced tax revenues.

In 2009, the financial and mortgage crisis created additional hardships and had a major impact on consumer spending. Very fortunately for Prince George, 2009 was the same year that Rolls-Royce began construction on their first facility in the County. The need for new, innovative "advanced" manufacturing methods is just one of the reasons such a leading firm as Rolls-Royce sought to develop a new manufacturing and research campus in this location.

But while Rolls-Royce and other large businesses were establishing their operations in Prince George's industrial parks, the federal government began to feel the effects of the downturn in the larger economy. The American Recovery & Reinvestment Act (ARRA) in 2009 made some funding available for infrastructure improvements, but then when the funding ended, "Sequestration" began in March of 2013. The reductions in budget have now been felt across many federal agencies, including the U.S. Department of Defense -- which impacts the budget and personnel training at Fort Lee.

Another pressure that has affected the economy of Prince George has been technological advancements in the business of farming. While agriculture may not be the leading economic

driver that it once was, the industry is still a mainstay of the local economy that supports many long-standing Prince George residents.

What Businesses Look for in an Investment Destination

Prince George County has had phenomenal opportunities that many other communities have had not in recent years. To understand these opportunities and why they must not be taken for granted, it is important to first understand what companies look for when evaluating where to do business.

As part of the analysis for this study, the research team provided the following insights based on feedback from site selectors and leading economic development organizations. The following table lists desired location characteristics in no particular order, as every business makes decisions based on the needs of their industry and their company; however, it is often the case that “access to a skilled workforce” is the leading consideration. Comments regarding the County’s ranking in each of the favorable investment characteristic are provided in Table B.

Table B. What Businesses Look for in a Competitive Investment Destination

Desired Characteristic	Feedback from Prince George Stakeholders
Proximity to customers	Strength based on mid-Atlantic location, access to Fort Lee military base
Transportation access	Strength
Cost of doing business	Strength in most aspects
Stable political environment	Strength
Stable local economy	Strength, but may change with federal budget cuts
Natural environment	Strength
Access to resources: raw materials, shared research facilities	Strength
Workforce	Proximity to higher education is strength. However, the pipeline of workers needs attention for the long-term. A shortage may occur with additional business growth in the region. More vocational training is needed to prepare resident workers for jobs.
Infrastructure	Satisfactory in most areas of the industrial parks; needs improvement in other locations
Quality of life	Enjoyable for those who like rural environments Not enough amenities for many people. Long-term issues: affordable housing, recreation opportunities, schools, services

To provide additional perspective, MAI identified industry characteristics that would make “ideal” candidates for Prince George to target with its economic development marketing. These are outlined in Table C.

Table C. Ideal Industry Targets for Economic Development

INDUSTRIES that ...
Are growing = create new jobs and tax revenues
Take advantage of the County’s unique assets
Are less vulnerable to recession (and federal budget cuts)
Support or enhance existing businesses
Are a catalyst for additional investment by others
Offer jobs that are a good match for the skills of existing population
Offer good wages

Advantages of Doing Business in Prince George – Where the Momentum Came From

Throughout this project, stakeholders provided feedback on Prince George’s strengths, weaknesses, opportunities and threats as a business destination. A “SWOT” analysis was compiled by the research team and shared with County officials. Several of the key strengths and weaknesses are summarized below.

Strength: Prince George County offers a prime location to do business because of its easily accessible location near the Port of Virginia, which is also central to the U.S. East Coast and within reach of 40% of the U.S. population.

The 276-square-mile County is located in what’s known as “Virginia’s Gateway Region” in southeastern Virginia just 90 miles northwest of the Port of Virginia, which offers the deepest harbor and port on the East Coast. The Port operates multiple facilities with millions of containers moved each year to and from foreign locations and American markets. This convenient location offers advantages for companies that need access to the seaport or to distribute goods across multiple Eastern states. In the coming years, the Virginia seaport is expected to take on even greater importance as a competitive hub of shipping and logistics for the U.S. with the planned expansion of the seaport and the Panama Canal.

Prince George is 25 miles southeast of Richmond and 125 miles south of Washington D.C. It is considered part of the “Tri-Cities” area, as the County is bordered by the city of Petersburg and the City of Colonial Heights on the southwest borders and the City of Hopewell which forms the northeast border.

Strength: Key to the success of the Prince George's location is its excellent transportation access with nearby freeways running north to south and connecting east to west.

Proximity to freeways – namely Interstates 95 and 295 near the interstate confluence of I-95, I-85, I-295 and I-64 as well as U.S. Route 460 -- is a key advantage. More than 100 trucking companies are based in the Richmond metropolitan area, operating more than 21,000 trucks based in the region. Rail lines CSX and Norfolk Southern, as well as UPS and FedEx Freight hubs are also located within the region. Half of Virginia's total intermodal hubs operate and transfer cargo in the region.

The climate is mild and the land is virtually flat, which makes it safer for trucking and logistics. Additional freeway access is slated to be completed within five years with the expansion of the new Interstate 460. This major development will further reduce travel time to the seaport and is expected to increase the attractiveness of Prince George as a business location.

Strength: The County is considered business-friendly, which is primarily due to the success of two industrial parks that offered move-in ready business sites with room for expansion. Site selectors and corporate relocation offices prefer sites that can be up and in operation within six months or less.

In the mid-1970's, the leadership of Prince George County had the foresight to acquire land and create the Southpoint Business Park as a means of achieving economic development. The park has been marketed through a public-private partnership with the Hollingsworth Companies, which has also offered tailored building solutions within the park.

In recent years, a number of large businesses including such well-known brands as Purdue, ACE Hardware and Goya Foods have established operations. A number of manufacturers have also successfully established at the park, forming a metal working industry cluster.

After a global site selection process, Rolls-Royce's aviation division has opened a campus for advanced manufacturing and research in Prince George. A new industrial park called Crosspointe Centre was opened especially for this firm and its suppliers. With this major development came investments by the Commonwealth of Virginia which provided \$21M in grants to help Prince George construct new roads needed to support Rolls-Royce's plans and benefit numerous other businesses in the Southpoint Industrial Park.

Strength: The presence of Rolls-Royce and a number of other well-known businesses have created confidence and stimulated growth among other businesses, acting as a catalyst for additional investment.

Since the entrance of Rolls-Royce, additional suppliers of the firm have been eying future sites in the Crosspointe Centre for future development. In a few years' time, it is expected that both Crosspointe and Southpoint industrial parks will reach their capacity with all spaces filled.

Strength: Opportunities for the future are further enhanced by the presence of the new Commonwealth CCAM, a state-of-the-art research facility that is now being promoted internationally.

Located within the Crosspointe campus, CCAM is a collaborative research and development facility where top research and teaching institutions can work with sponsors Rolls-Royce, Siemens, Cannon, Newport News Shipbuilding and others to invent new “production-ready” manufacturing methods. CCAM is part of a global network of research centers which includes similar facilities in England, Scotland and Singapore. CCAM operates in partnership with Virginia’s universities, including University of Virginia, Virginia Tech, and Virginia State University.

Strength: The Commonwealth Center for Applied Logistics (CCAL) is another research facility under development that will focus on improvements in the design and analysis of logistical systems for the military, industry, consumer and emergency applications, businesses and government agencies.

Patterned after the CCAM model, CCAL has been designed to take advantage of the Fort Lee’s Army Logistics University and Sustainment Center, the Defense Logistics Agency and combine efforts of several universities and businesses. CCAL will be the cornerstone of a Virginia Logistics Innovation Zone. Within 10 years, the research center is projected to operate with an annual budget of \$14 million with more than 30 industry members and as many as 120 full-time staff, graduate research assistants and student interns.¹¹ This research facility will be a significant attraction for logistics businesses.

Strength: The presence of Fort Lee, a key training center and global logistics center for the U.S. Army’s worldwide operations provides ongoing opportunities for defense service providers, logistics companies, hotels, retailers, recreation providers and other support businesses that cater to military clientele.

Between 2006 and 2012, Fort Lee doubled in population in order to accommodate more training and logistics operation functions. This has created many private sector opportunities and billions of dollars in positive economic impact for the region.

Weakness: Local businesses lament the fact that more businesses have recently opened within Fort Lee. These have an advantage in competing with businesses outside the fence.

In January 2013, a new 1,000-room hotel was opened at the installation, taking some business away from area hotels. Fort Lee also has a range of other stores, restaurants and amenities for military personnel and their families. These businesses do not charge taxes, which means their prices are lower than other local businesses.

Weakness: Many local businesses are dependent upon Fort Lee for their livelihood. Therefore, when there are personnel or budget cutbacks, local businesses are vulnerable.

¹¹ Source: Virginia’s Gateway Region Economic Development Organization website: www.gatewayregion.com

An example of this is the local hospitality industry, which relies on Army contracts to fill hotel rooms with long-staying guests. Especially in the winter season when there are less leisure travelers, there are simply not enough visitors of other types to utilize the capacity of area hotels.

Strength and Weakness: Land in the County is available at reasonable prices, but needed infrastructure -- including broadband Internet, water and sewer service -- is not available in all locations.

It is recognized that the County is working on the complex issues of how to provide these services; however, the lack of service impacts usability of land, the value of land, and locations where new businesses can be established. Would-be entrepreneurs and small businesses that are not located within the industrial parks are the most adversely impacted.

Weakness: Population growth within the County has been limited by the availability of housing and range of different housing types. As a result, many of the people who have filled new jobs in the industrial parks now live outside the County.

While there are certainly pros and cons to development, the high incidence of in-commuting affects the local economy in numerous ways: 1) It limits the number of people who are interested in applying for jobs in the County; and 2), it has the effect of removing dollars too quickly from circulation in the local economy as workers bring their paychecks home to other jurisdictions.

Weakness: Due to the small population, restrictions on the growth of commercial businesses, and strong competition from immediately surrounding areas, there are very few retail, dining and entertainment options available within County lines. As a result, most residents and business people who are working within the County must travel to other locations to fulfill these needs.

Strength and Weakness: The County's economic development policy with regard to the growth of industrial businesses has been perceived as welcoming; however, for the development of housing and commercial businesses, it has been somewhat restrictive.

A summary of the Strengths, Weaknesses, Opportunities, and Threats as expressed by stakeholders follows this page.

Prince George County as a Location to do Business

SWOT Analysis Summary

Strengths

Strategic location in the region / VA / East Coast – near population centers, transportation hubs
Transportation access
Fort Lee
Successful industrial parks
Growth industries: manufacturing of metal products, food products, warehousing / distribution
Rolls-Royce
World-class research facility - Commonwealth Center for Applied Manufacturing (CCAM)
New power plant planned
Beautiful nature – forests, farms, wildlife, James River
Reasonably-priced land
Relatively low taxes
Good work ethic of County residents
Educational opportunities in the region
Good local schools

Weaknesses

Possibility of labor shortages which will limit future growth
Lack of shopping, restaurants, entertainment
High incidence of in-commuting (earnings leave the economy, lack of commitment to local community)
Fort Lee dependency / too much business stays on base, competes with local businesses
Lack of water / sewer infrastructure affects land usability and value
Lack of reasonably-priced high-speed Internet service affects small businesses and residents
Agriculture is struggling due to turnover of farms, changing technology
Perception of uncertain economic development policy

Opportunities

Expansion of Virginia Seaport = increase in business opportunity
New Route 460
Expansion of industrial parks
Encourage entrepreneurship / grow small businesses
Planned Commonwealth Center for Advanced Logistics Systems (CCALS)
James River – opportunity to develop tourism

Threats

Federal budget cuts – regional economy highly dependent on federal dollars

IV. RECOMMENDED STRATEGIES FOR FUTURE GROWTH

In the introduction to this strategic plan, a vision was provided, which is to develop the tax base and employment opportunities over time. This will lead to greater opportunities for the long-term benefit of Prince George residents. This chapter further describes the key issues and recommended strategies to encourage and nurture further growth opportunities.

Key Issues

- How to improve efficiency in terms of dollars circulating in the local economy;
- The importance of supporting the workforce needs of new businesses with housing and community amenities that will attract workers to Prince George;
- The importance of building working relationships with Fort Lee, a major economic driver which creates both opportunity and vulnerability for the local economy
- The need to provide a supportive atmosphere with infrastructure for local entrepreneurs and existing small businesses
- The opportunity to focus economic development marketing efforts to industries that best match the assets -- and long-term interests -- of the County
- How to ensure that economic growth brings the right level of prosperity to the County, while not significantly detracting from the natural assets and character of Prince George

The following strategies address strengths and weaknesses in the economy and offer a way forward in creating a more efficient economy that will achieve growth over time. Specific objectives for growth should be established by County leadership in the coming years. However, the following strategies are offered to aid the County government in overall economic development policymaking.

Recommended Industry Targets for Prince George County

A “best practice” in the field of economic development today is to develop a targeted approach to the marketing and attraction of primary industries. As discussed in Chapter III, businesses evaluate locations based on certain favorable attributes which tend to draw similar companies. It is generally a good practice for economic developers to strengthen industry clusters by inviting in compatible and similar businesses, especially when they do not overly compete with one another. The cluster approach does not detract from the growth of other types of businesses. However, it offers special advantages for educational institutions which can then specialize in

preparing the workforce for certain industries and professions. Industry specialties in certain locations also help job-seekers to identify where they might like to live, based on their chosen field of work.

Prince George County has several industries which have already been established which should be further promoted. The following industries are recommended for future economic development efforts.

1. Military Contractors – Professional & Technical Services

Due to the proximity to Fort Lee and other nearby military bases in Virginia, the Tri-Cities region is a good location for military contractors that specialize in logistics, training, technology and a number of other service specialties used by the Department of Defense. Generally, these types of companies offer good compensation and benefits for their workers. Some of the key essentials military contractors require to do business are: reliable, high-speed Internet access; secure, modern working environments; reliable transportation and most importantly -- access to a skilled workforce.

Most professional and technical service companies that cater to the military are already familiar with where military installations are; therefore, it is not necessary for the County to do much marketing to this industry segment.

2. Advanced Manufacturing, Metal Cluster

With the entrance of Rolls-Royce (2011) and several other metal products manufacturers including Metl-Span Inc. (1999) and Service Center Metal, Inc. (2003), Prince George has become known as a location for metals manufacturing. A certain number of workers in the region have been trained and local trade schools have developed curriculums to continue to support this specialty.

With the recent opening of the CCAM research facility, manufacturers can now take advantage of partnerships with top educational institutions in Virginia and other companies to develop new production methods for complex products. Advanced manufacturing of the kind that is now being developed at CCAM is different from traditional manufacturing in that it uses automation and other cutting edge technologies. This reduces the high dependency that most traditional manufacturing has on manual labor, and therefore increases the opportunity for efficiency. The presence of this research center will become a major draw for Prince George and the region.

3. Food Processing & Distribution

People will always need food, so it is natural that food processing and distribution is a relatively recession-proof industry. Just a few keys to success in this industry are: access to resources, the ability to operate efficiently and control costs, security, maintaining adequate inventory levels, monitoring new trends in customer tastes, developing new products, effective consumer

marketing, and reliable, cost-effective transportation. As with other industries, access to a skilled workforce is also vitally important. Because food processing and storage must be climate-controlled which requires energy, it is essential that food processing companies have access to low-cost, reliable power and natural gas. Proper distribution also requires communicating with customers and vendors; therefore, access to good telecommunications, including high-speed data and Internet access is essential.

Several well-known food processing and/or distribution companies have been operating successfully within the County for several years. This is proof that this is a good location for such businesses. These include Food Lion, Inc. (grocery distribution center), Goya Foods (food distribution/warehousing), Perdue (distributor of pre-packaged chicken), Reinhart Food Service (food distribution) and Sterling Gelatin (pharmaceutical and food gelatins distribution).

4. Logistics, Warehousing and Distribution

Because of the central location of Prince George which has been described in the preceding pages, Southpoint is a good location for warehousing and logistics operations. These businesses are supported by a large regional capacity of trucking and logistics companies, which are well equipped to move cargo by virtually every form of transportation – road, rail, air and sea.

A number of logistics, warehousing and distribution businesses already exist and have been operating successfully in the County. ACE Hardware, for example, is an example of a well-known American business that has its regional distribution center in Southpoint. The products of this firm are relatively recession-proof as every household needs them, and in a recession, even more consumers tend to flock to hardware stores for home improvement supplies.¹² Other non-manufacturing companies that operate in the logistics, warehousing and/or distribution business include LMR (Logistics Management Resources), Noland (distribution for HVAC, plumbing and electrical supplies), Oaklay Logistics (liquid chemical transport) and Standard Motor Products, Inc. (motor vehicle supplies and parts).

Once again, a consideration for warehousing and logistics for the future will be access to the workforce. The majority of jobs are warehouse workers, as well as transportation, maintenance, and office workers. These jobs typically offer low to mid-range salaries that do not support long commutes.¹³ According to managers of firms within Southpoint, access to workers has not yet become a problem, but this is something that is being watched as other new businesses like Amazon.com and others have opened large distribution centers elsewhere in the region.

¹² Hurricane Sandy also had an effect on sales of home improvement products.

¹³ For more information about salary ranges, please see “Wages by Occupation – Prince George County,” on the IEDC Data Set Table 11 on the Virginia’s Gateway Region Economic Development Organization website: <http://www.gatewayregion.com/data-downloads/iedc-data-set/>

5. Agriculture

Throughout this report, agriculture has been discussed as a traditional driver of the local economy. The primary challenge for agriculture is changing technology and the farming business model, as well as continued access to financing, labor, water, and access to customers that are willing to pay the right prices. Unlike other industries, agriculture is also highly reliant on weather conditions and intense price competition from large corporate farming.

Issues for the future of agriculture in Prince George will need to be addressed in close coordination with County leadership on future uses and restrictions on land, and infrastructure development that will affect farmlands and forestry. As previously discussed, another issue is succession planning. Farming is a career choice that is in some decline in America due to the nature of the work that requires constant dedication and certain lifestyle choices that come with living in rural locations.

It is recommended that Prince George continue to work closely with its Farm Bureau and local colleges and universities that provide agricultural support. The County and its farmers should also closely monitor federal, state and private grant programs and utilize them to the greatest extent possible.

Opportunity: Linking Veterans to Agriculture

Originating in San Diego, California, there is a new movement to create a link between agriculture and America's veterans. The "Veterans Sustainable Agriculture Training Program" was created by decorated Marine Sergeant Colin Archipley, who wanted to pass on agricultural knowledge to veterans who were returning from overseas. This program which makes use of private support and federal grants from the U.S. Department of Agriculture offers a six-week training course for veterans to learn farming techniques. Studies have shown that farming is a good career for veterans who enjoy this "healing lifestyle" after experiencing active duty.

The program was recently presented to President Barak Obama in early 2013. In a radio in connection with the visit, a representative of the program stated that they will be looking for new locations over the next five years.

Prince George would make an ideal location for this program for at least the two strategic reasons: 1) There are small farms in the County which may need additional support and "new energy" from potential successors who would like to get into agriculture as a business; 2) Veterans typically like to continue their civilian careers and/or retire in proximity to military installations like Fort Lee where they can comfortably take advantage of base privileges and a variety of supportive services from other military personnel.

For more information on this program which has already graduated 100 veterans in farming techniques as of 2013, please see the U.S. Department of Agriculture website at:

<http://blogs.usda.gov/2012/05/11/military-veterans-the-next-generation-of-organic-farmers/#more-40045>

6. Tourism & Hospitality

As part of this project, the County government requested that MAI prepare an analysis of the tourism industry and create a tourism development plan. A summary of the recommended strategies can be found in Appendix J. An accompanying plan document is being prepared a separate volume in connection with this *Strategic Economic Development Plan*.

When considering the existing tourism assets within Prince George County, some might ask, “Why should tourism be a priority?” Tourism and Hospitality revenue are exports due to the fact that money from outside the jurisdiction is spent in the local community. The more options visitors have to spend their money in the destination, generally the more successful destinations become.

In Prince George, “tourism” at this time is primarily related to the hospitality industry. The County’s hotels earn income from visitors that are primarily coming to visit Fort Lee. These are Army personnel that are coming for long-term training (30 days or more), military contractors that are coming to do business with the Fort, and family members that are coming to visit military personnel. According to local hoteliers, Fort-related visitors make up the largest share of their customers at roughly 70% to 80% of all visitors throughout the year.

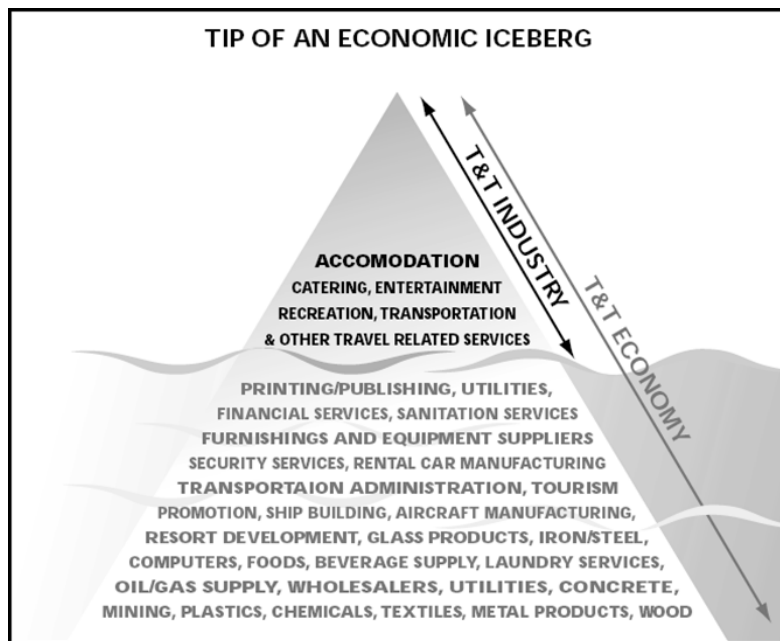
The second largest tourist market is visitors that are traveling through the area on their way to other locations. These overnight “stopovers” are traveling to see historic sites in the region, Colonial Williamsburg, Virginia Beach or points further north or south inside and outside of the state. During the summertime, it is common to see families traveling with children; in the wintertime, the travelers are primarily couples.

Another category of Prince George visitors are traveling families that are coming to the County for reunions and special occasions. Finally, there are traveling youth sports teams, their coaches and their families that are coming into the area to compete in seasonal tournaments.

The Virginia Tourism Corporation (VTC) provides annual estimates of tourism based on tax receipts of hotels and other accommodation providers. In 2011, they projected that the economic benefits of visitors to Prince George County equaled \$69.2 Million in total visitor expenditures. This level of expenditure provided \$950,297 in local tax receipts and funded 716 Jobs.¹⁴ The VTC ranks Prince George 66th out of 134 Virginia counties and incorporated cities in visitor revenue. It is important to note that the VTC considers the multiplier effect of all visitor spending across numerous industries. This spending is not necessarily limited to Prince George County, but also includes the nearby region.

Most people think of tourism simply as a benefit for hotels and restaurants. However, As the *Model of a Tourism Economy* illustrates below, tourism can actually have a much broader benefit in the economy.

¹⁴ Virginia Tourism Corporation reports can be found at www.vatc.org/research/economicimpact. Economic multiplier figures for tourism make use of a model developed by the U.S. Travel Association, which incorporates certain percentages of revenue from as many as 10 industries that all benefit from visitor spending.



Tourism in the Economy Pyramid

Although Prince George does not have many tourism attractions as of this time, additional opportunity for tourism development exists for several reasons:

- 1) Prince George County already has mature hotels which were built to serve regional stopover visitors and Fort Lee. Visitation associated with the Fort ebbs and flows according to Defense contracts and federal budgets available for Army training. Overdependence on any one market is risky; therefore, it would be wise for the County with the support of its tourism marketing arm – the Petersburg Area Regional Tourism partnership -- to develop other markets to support the existing hotels. It is important to avoid a potential situation where a sudden loss of military business creates hardship on these and other businesses around them.
- 2) Another good reason to develop tourism is that thousands of people travel through the region on the highways each year and need convenient stopover location. Locations such as Exit 45 off which has several brand hotels provide such an opportunity. If there are ample attractions within the County that can be marketed along the highway and on the Internet, longer stays and more spending in the local economy might be encouraged.

Tourism Product Development

For Prince George to develop tourism, the County will need to invest time, creativity and resources in product development. In essence, visitors need more reasons to come. There are several opportunities for “niche market” tourism as follows:

Nature-based tourism or “ecotourism” as it is commonly referred to is a rising niche market that is increasing in popularity around the world. Whether it is for active nature experiences such as kayaking, canoeing, hiking or bird-watching – or simply quiet enjoyment of the view of the James river, the presence of beautiful unspoiled nature provides opportunity. It has been said that waterfronts are “gold” in attracting visitors. Prince George has untapped nature attractions along the James and Appomattox Rivers, but the County currently lacks river access to take advantage of this opportunity.

Recommendations: To better take advantage of the rivers as an attraction, more parks, riverside trails, boat ramps and other types of nature experiences should be developed to provide reasons for people to come to the County. The presence of boat ramps could also help encourage boat rentals, the opening of small tour companies and stores that cater to boaters and fishermen.

Collaborations with non-profit organizations are helpful in creating new outdoor endeavors, not to mention the fact that they provide welcome opportunities for local residents. The “Friends of the Lower Appomattox River” (www.folar-va.org), the James River Advisory Council and the “Envision the James River Initiative” (www.envisiontheJames.org) are three such groups that are currently engaged in recreation and heritage activities along the rivers.

Another site along the river that represents untapped tourism and educational opportunities is the James River National Wildlife Refuge. A federal site managed by the U.S. Fish & Wildlife Service, the refuge is a habitat for America’s national bird, the bald eagle. An interpretive center at the Refuge would make an ideal visitor attraction.

Heritage Tourism. Untapped historic sites and special events are another opportunity to develop tourism. Prince George is one of the original sites of American settlers, yet many interesting stories and locations where history took place remains relatively unknown. For the casual traveler, there is very little information to attract attention.

Recommendation: With some investments in interpretation, a number of special sites could be revived and their stories appreciated by tourists and future generations. The County should launch a heritage initiative to help ensure that these stories are not forgotten and that they can become an economic development tool through tourism. Federal and private foundation grants for historic preservation and possible state support through the Virginia Tourism Corporation should be pursued for this purpose.

Heritage events – such as the “Great Beefsteak Raid,” an event held each September which was based on a historical event from Civil War history -- and a Prince George County Fair offer opportunities to invite visitors and expand the events beyond County lines. It is recommended that these events be marketed with the help of the Virginia Tourism Corporation and PART.

Agritourism is yet another trending form of tourism that could tie in with and promote the farming heritage of Prince George. Agritourism has been highly successful in other areas of

Virginia. For example, the Shenandoah Region's "Fields of Gold" project has placed a particular emphasis on developing visitor attractions associated with farming. The Shenandoah Planning Commission estimates that as much as \$35M per year in income and 800 jobs in the region are supported through the following types of activities:

- Pick-your-own harvests
- Fruit and vegetable stands
- Farmer's markets
- B&B's located on farms
- Working farm tours
- Horseback riding on farms
- Farm-to-table menus in local restaurants
- Homemade goods using local products
- Wineries

Recommendation: The County should sponsor an Agritourism workshop after the Fall harvest to promote this form of tourism with local farmers.

Sports Tourism is one more opportunity that the County has begun to develop through the purchase of land near the Courthouse for future sports fields. Over time the following types of sports could be developed, which will bring in additional visitors:

- Youth team sports
- Adventure sports for adults
- Special sporting events – running, biking and walking events
- Hunting events for tourists

Recommendation: Continue to develop sports facilities. The key to success of sports for tourism is advance planning and marketing. Both youth and adult sports should be considered. The market for adult sports can include the personnel of Fort Lee -- ready-made opportunity due to the proximity of the installation.

Recommendation: Encouraging more people to stay longer in the County will require a long-term effort and marketing. Developing tourism would work best with community involvement, including hotels, non-profit community groups and sports organizations. Tourists prefer to stay in areas where there are activities, restaurants and shopping areas. For more information on how to develop tourism, please see Appendix J for a summary of tourism strategies and specific recommendations for projects and initiatives.

SUMMARY OF ECONOMIC DEVELOPMENT STRATEGIES

Following are the key strategies discussed throughout this planning document. Headings are provided to aid the reader in considering major topics.

Strategies for Business Attraction

- Establish and articulate a focus on key industries for economic development marketing efforts.
- Promote new research facilities to support industrial development.
- Encourage more involvement by the local community in the industrial parks and research facilities.
- Consider future expansion of the industrial parks for long-term growth.

Workforce Development

- Build a workforce “pipeline” that will meet current and future needs.
- Develop workforce training that is matched to the jobs that are being created.
- Develop affordable housing to support the workforce of locally-based companies.
- Develop affordable housing and “step-up housing” that gives options for people of different incomes and eventually leads to first-time home buying.

Commercial & Community Development

- Allow some commercial development to follow industrial and residential development to encourage spending within the local economy and improvement the quality of life.
- Develop people-focused infrastructure (parks, recreational facilities).
- Use zoning and design standards to control the location, quality and overall “ambiance” of new commercial development.

Infrastructure Development

- Use Public-Private Partnerships (PPPs) to finance needed infrastructure development. Partner regionally to develop jointly. (*See additional explanation of best practices in the following pages.*)

Economic Development functions

- Expand the County’s economic development function beyond part-time.
- Establish a 1-stop source for County development information, statistics, information on training, technical assistance, grants.
- Place greater emphasis on entrepreneurship and small business programs.
- Track statistics, trends, return on economic development investments and provide advice to County leadership & businesses.
- Pursue federal and state grants for economic development projects.
- Proactively partner with regional and state organizations to leverage resources.
- Consider an expansion of the Industrial Development Authority to include other types of financial assistance and incentives for businesses.

Best Practice: Public-Private Partnerships as an Economic Development Tool

More than any other infrastructure need, many small business owners and residents in Prince George have lamented the lack of high-speed internet service throughout the County. The lack of service has made it difficult for entrepreneurs to start businesses and for small businesses to compete. The lack of high-speed Internet also affects student learning and recreational uses of the Internet from private homes throughout the County.

In addition to Internet service, other infrastructure needs repeatedly discussed during this study included water and wastewater. Without access to adequate services, the use of land and its overall value remains lower than surrounding areas with such services.

Another infrastructure need cited by some has been additional schools. There is clearly a concern that if additional housing is to be developed, eventually more schools will be needed – leading to additional burdens on local taxpayers.

The level of investment required to place broadband fiber throughout the County, to develop new water lines, new sewer lines and additional schools clearly exceeds the capacity of the Prince George budget. The question then becomes: what other sources of investment are there and how can they be attracted to the County?

This problem is by no means unique to this location. Jurisdictions around the U.S. face growing infrastructure financing gaps -- i.e., gaps between the sum of required new investment in infrastructure and required operations and maintenance, and the actual expenditures on capital investment, operations and maintenance. In many locations, this problem is compounded as government leaders face pressures to keep the cost of providing services below the point of cost recovery.

Given these challenges, there has been a growing effort by state and local governments to engage the participation of the private sector in the provision of infrastructure and public services.

A public-private partnership or “PPP” is “a contractual agreement between a public agency (Federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.” (See National Council for Public-Private Partnerships website, www.ncppp.org). A PPP differs from privatization in that ownership of the infrastructure asset remains with the public sector.

Increasingly, PPPs are used as tools for economic development. As early as 2002, a study commissioned by the U.S. Department of Commerce Economic Development Administration concluded that PPPs “are now a standard concept in business and state and local government circles, especially in the economic development realm.”

This model can be used for any type of asset for which user fees are applicable, such as a water or power plant. The potential for, and magnitude of, an up-front payment is, of course, dependent upon the private party's assessment of the long-term revenue stream to be derived from the asset. One way that this revenue is generated is through management efficiencies and technology insertions made by the private partner.

Another example is a real estate-based partnership, in which the private sector is granted use of unutilized real estate in exchange for developing an asset for the community. For example, in Washington D.C., the James F. Oyster School, a \$12.5 million public middle school, was built for the District by a private developer at no cost to the government in exchange for the right to build an apartment building on vacant District land adjacent to the school site. (The developer also received tax abatement for the apartment building.)

The above example is just one of many PPP models available, but it gives an idea of their variety and flexibility. It is recommended that Prince George County pursue PPPs as part of the solution to its infrastructure needs. Not all projects are suitable for PPPs, and public sector funding will continue to be an important part of infrastructure financing. However, to the extent that this funding can be leveraged by private sector financing, it will be to County's benefit.

V. MEASUREMENTS OF RESULTS

How to Measure Success of This Strategic Economic Development Plan

In today's economy, governments must be able to justify the uses of taxpayer funds to promote economic development. How can success of this plan and other economic development efforts be evaluated over time?

It has been said that statistics tell us whether the things we think and believe are true. The following key performance measures should be tracked by the Prince George Economic Development Department and should be reported to the County leadership and citizens on a regular basis:

- Retention and expansion of existing businesses
- Growth of businesses located at the Southpoint and Crosspointe Industrial Parks
- New businesses attracted in the industries the County has targeted
- Entrepreneurship: new business start-ups in the County
- Self-sustaining small businesses that last beyond their first 5 years
- Improvements in infrastructure funded through public-private partnerships
- Hotel occupancy and average daily rate
- The number of visitors to various sites and attractions (to be developed as part of a tourism initiative)

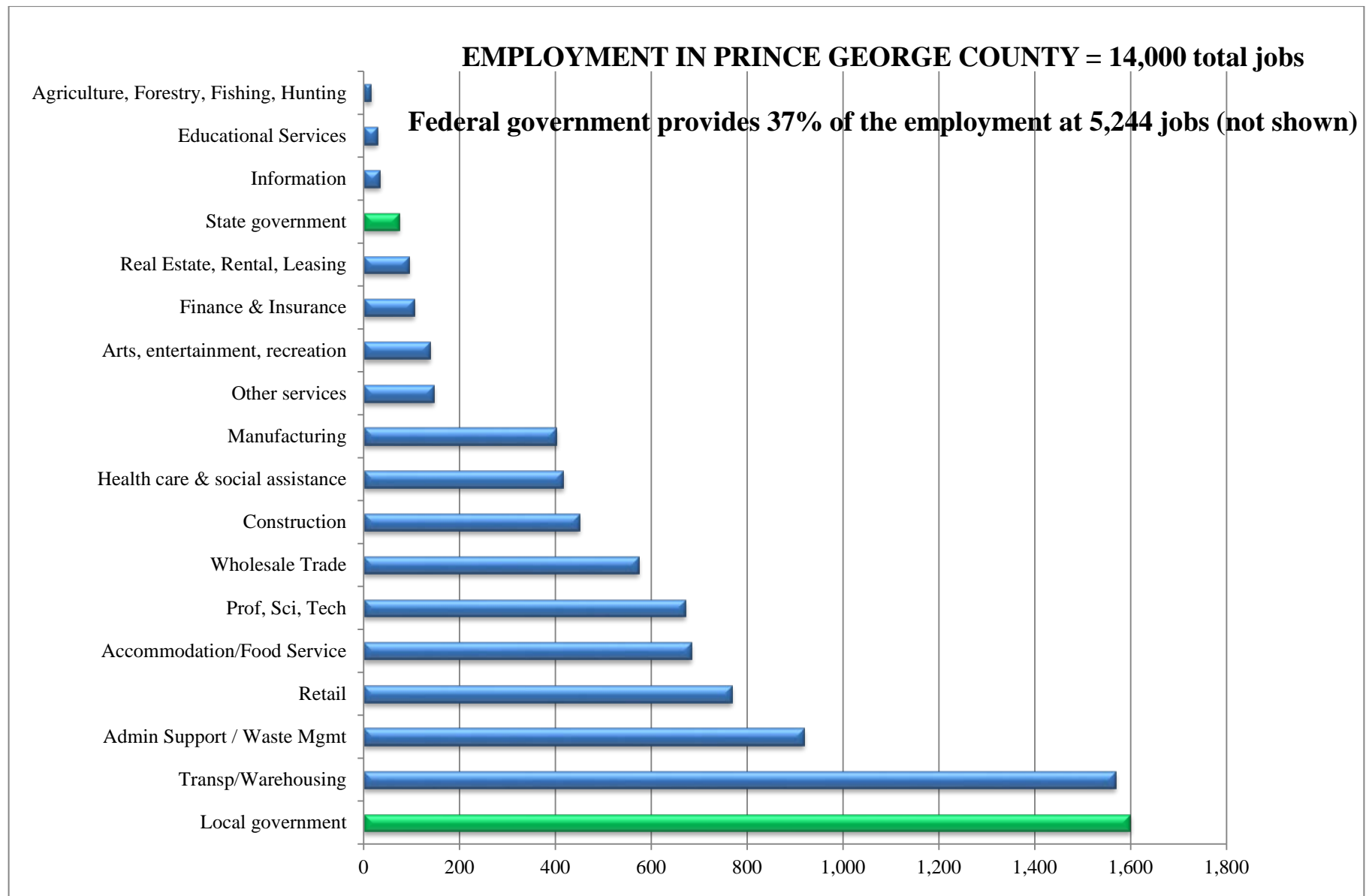
The successful results of these measures will result in:

- Jobs saved from cutbacks
- New jobs created in the private sector, offering opportunities for Prince George citizens
- Generation of local tax revenues, which can be reinvested in local infrastructure, community facilities and services
- A better quality of life for Prince George citizens

APPENDIX

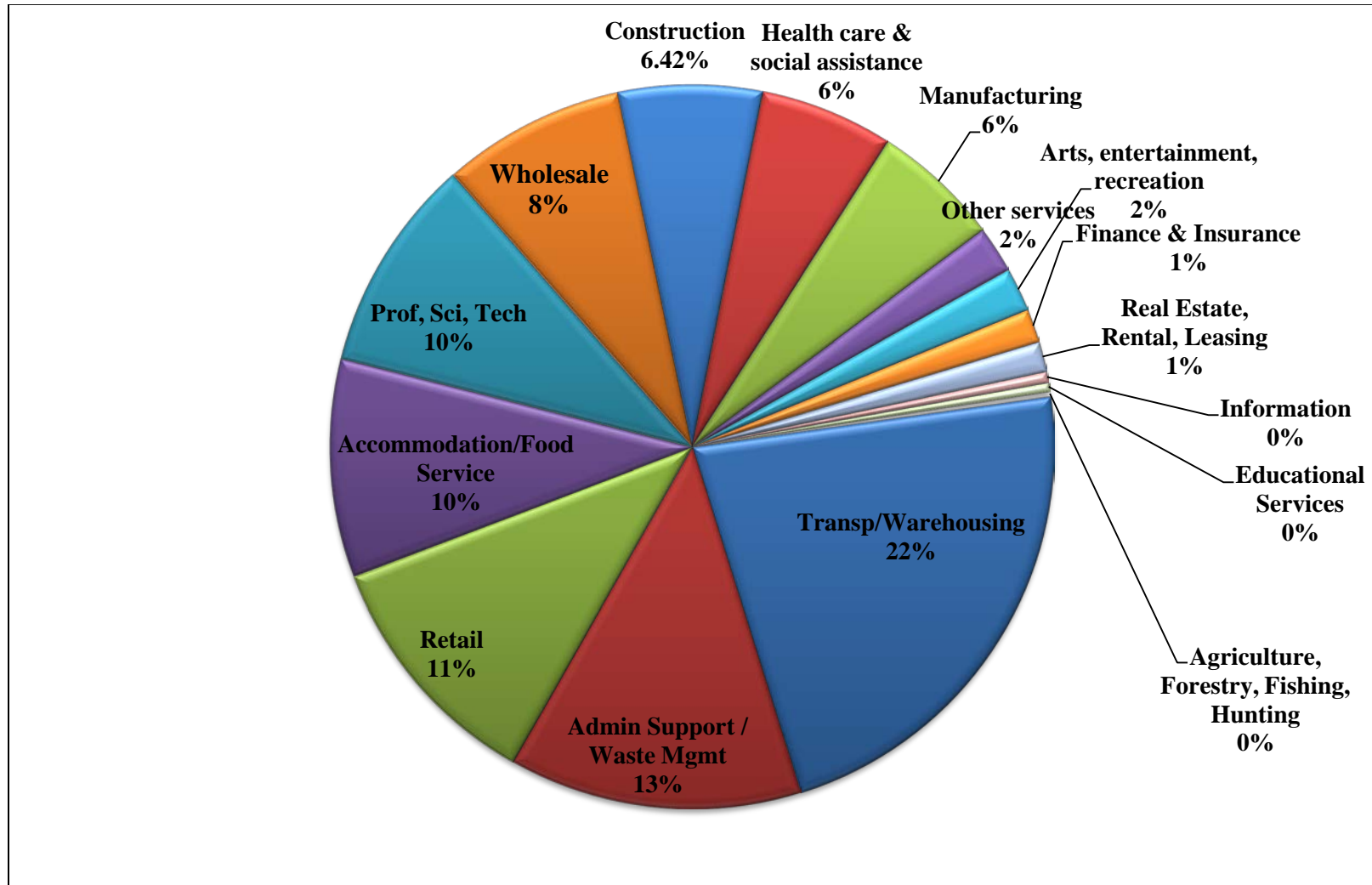
The following graphs and charts provide selected economic indicators that are designed to share insights about trends in the economy of Prince George County.

Appendix A. Employment in Prince George County



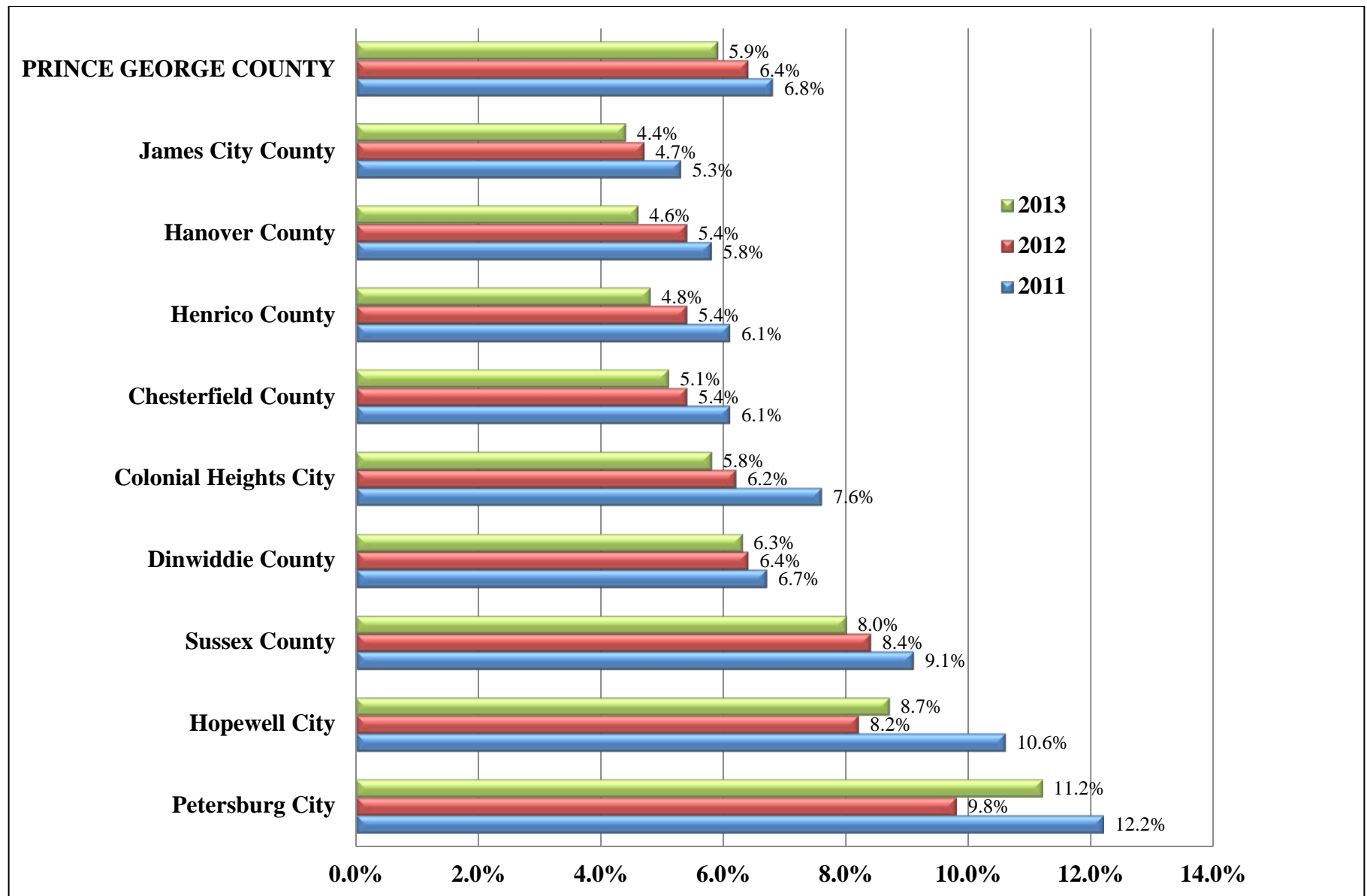
Source: Virginia Employment Commission - Quarterly Census of Employment & Wages (July/Aug/Sept 2012)

Appendix B
Diversity of Private Sector Employment in Prince George County



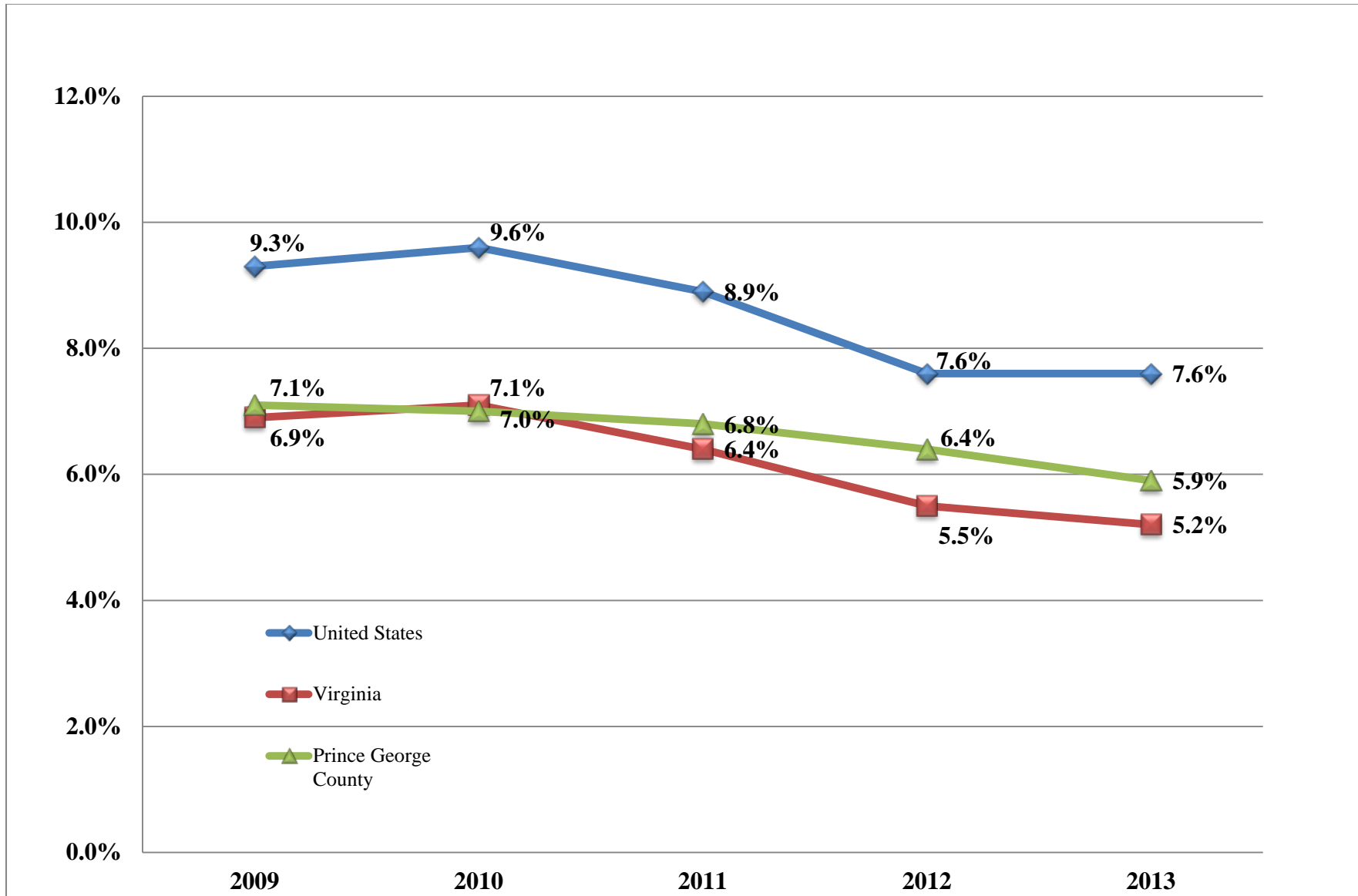
Source: Virginia Employment Commission - Quarterly Census of Employment & Wages (July/Aug/Sept 2012)

Appendix C - Comparison of Unemployment Rates by County



Source: Virginia Employment Commission

Appendix D
Comparison of Prince George County Unemployment Rate to Virginia and United States Unemployment Rates



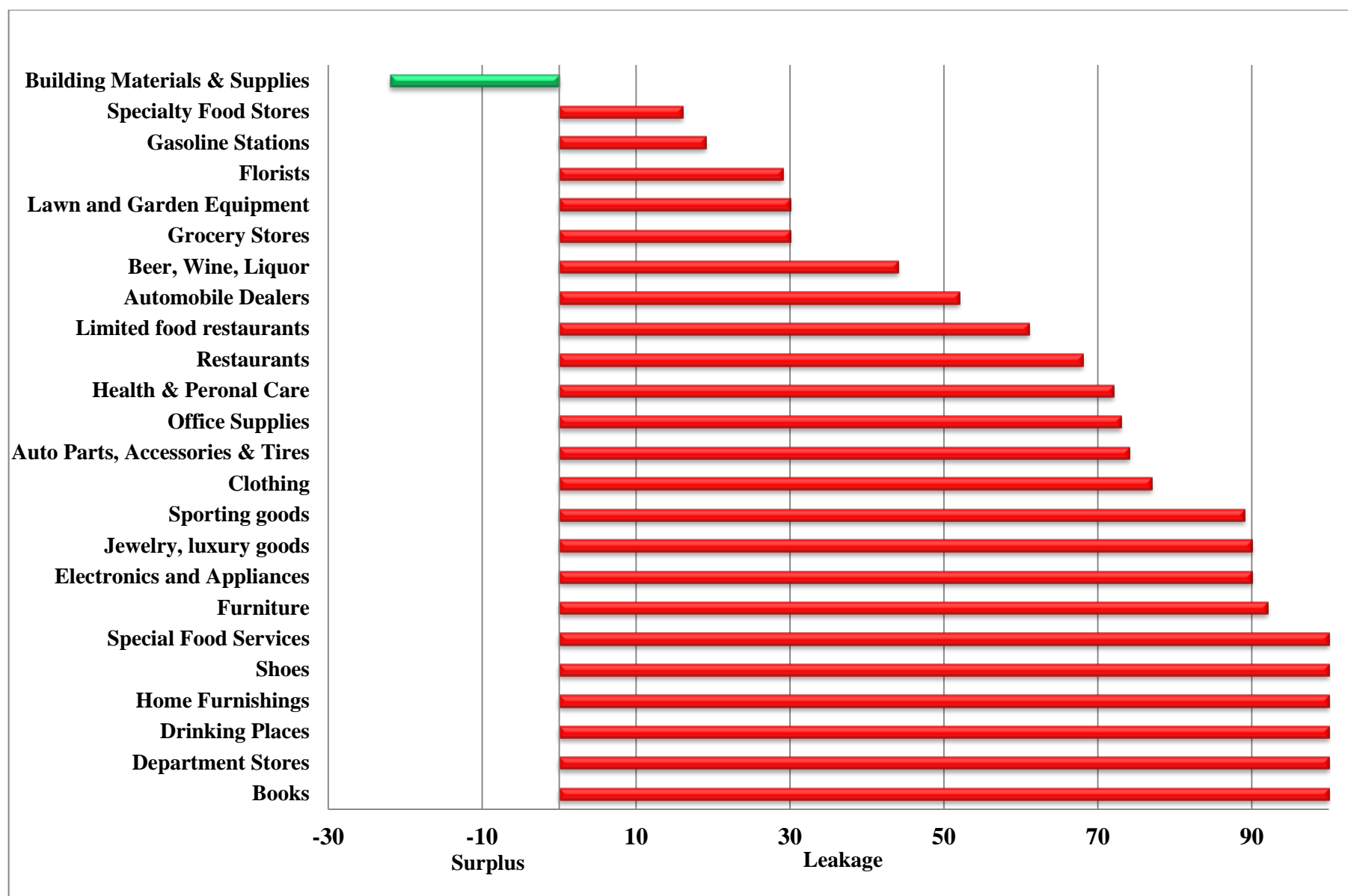
Source: Virginia Employment Commission, Local Area Unemployment Statistics

Appendix E
Commuting In and Out of Prince George County

Location	Commute In	Commute Out	PGC Residents who live and work in County
PRINCE GEORGE COUNTY			1,935
Chesterfield County	1,444	1,978	
Petersburg City	834	962	
Hopewell City	697	1,240	
Dinwiddie County	620	232	
Colonial Heights City	380	475	
Henrico County	323	1,240	
Sussex	277	0	
Richmond City	141	1,260	
Hanover County	120	220	
Newport News City	115	0	
Fairfax County	0	286	
Virginia Beach City	0	238	
TOTALS	4,951	8,131	1,935

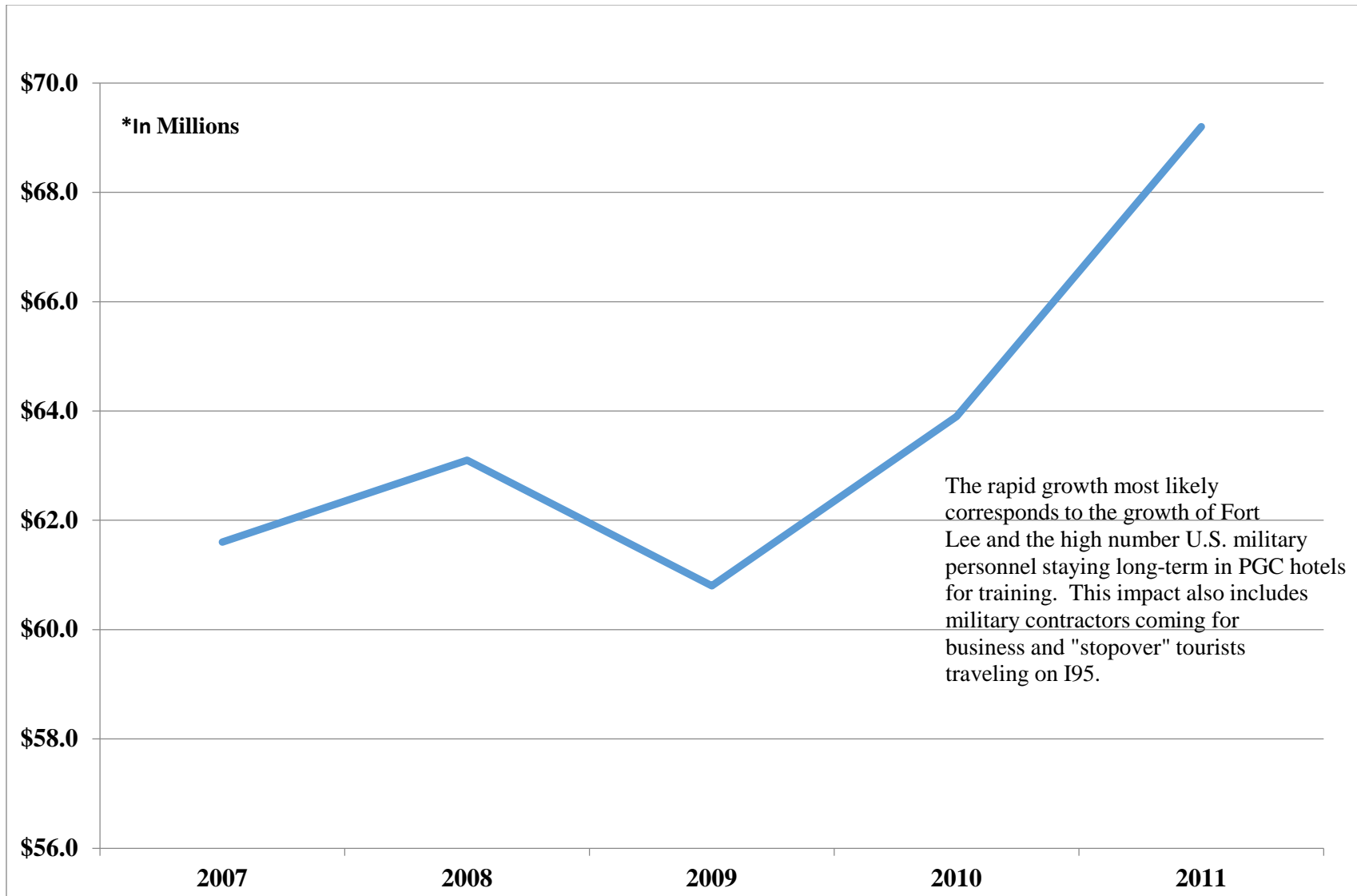
*Source: U.S. Census Bureau
OnTheMap Application and LEHD Origin-Destination Employment Statistics,
2010*

Appendix F. Retail Leakage/Surplus Factor by Category



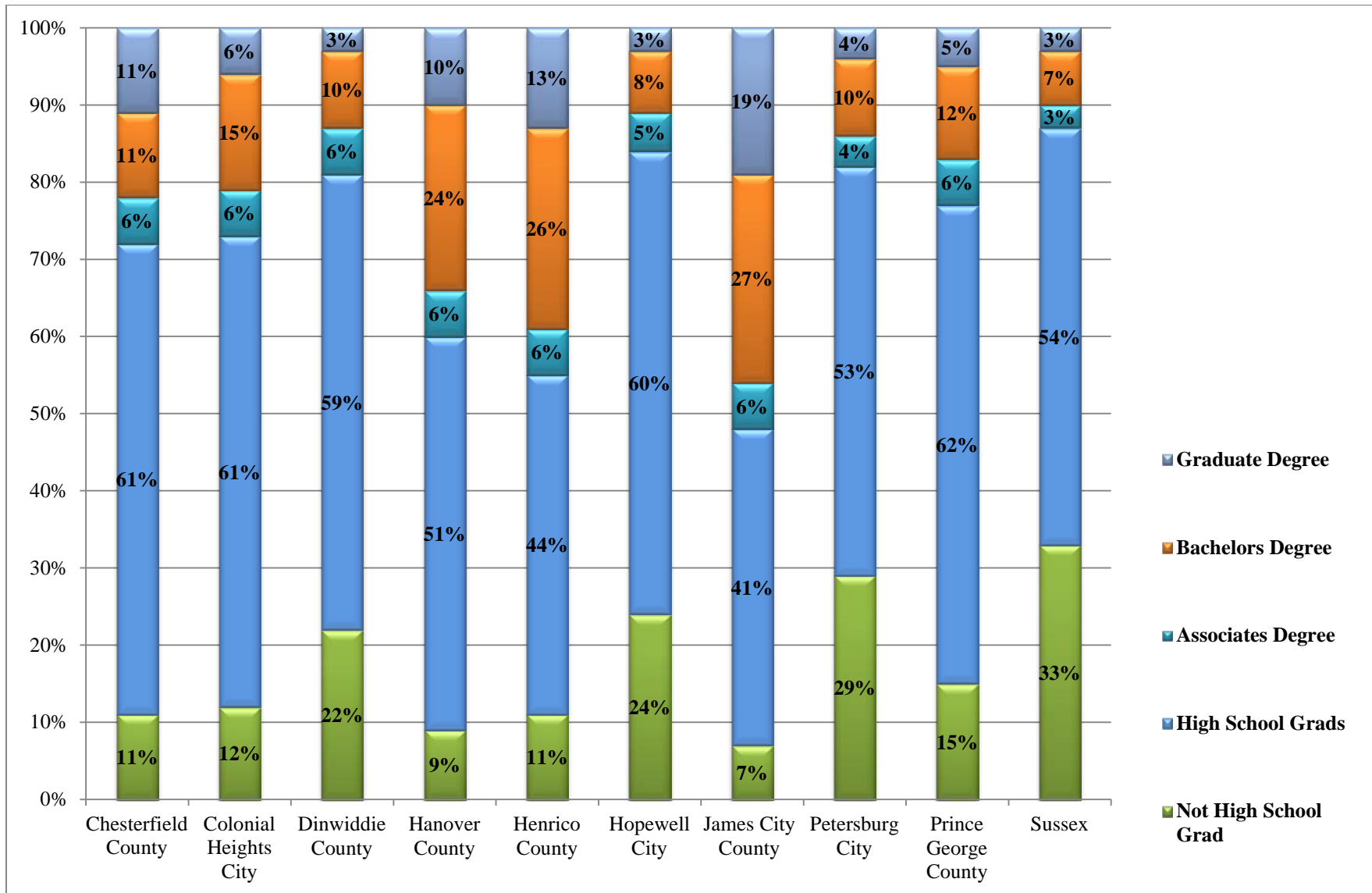
Source: Based on spending patterns, U.S. Bureau of Labor Statistics

Appendix G
Economic Impact of Visitors to Prince George County



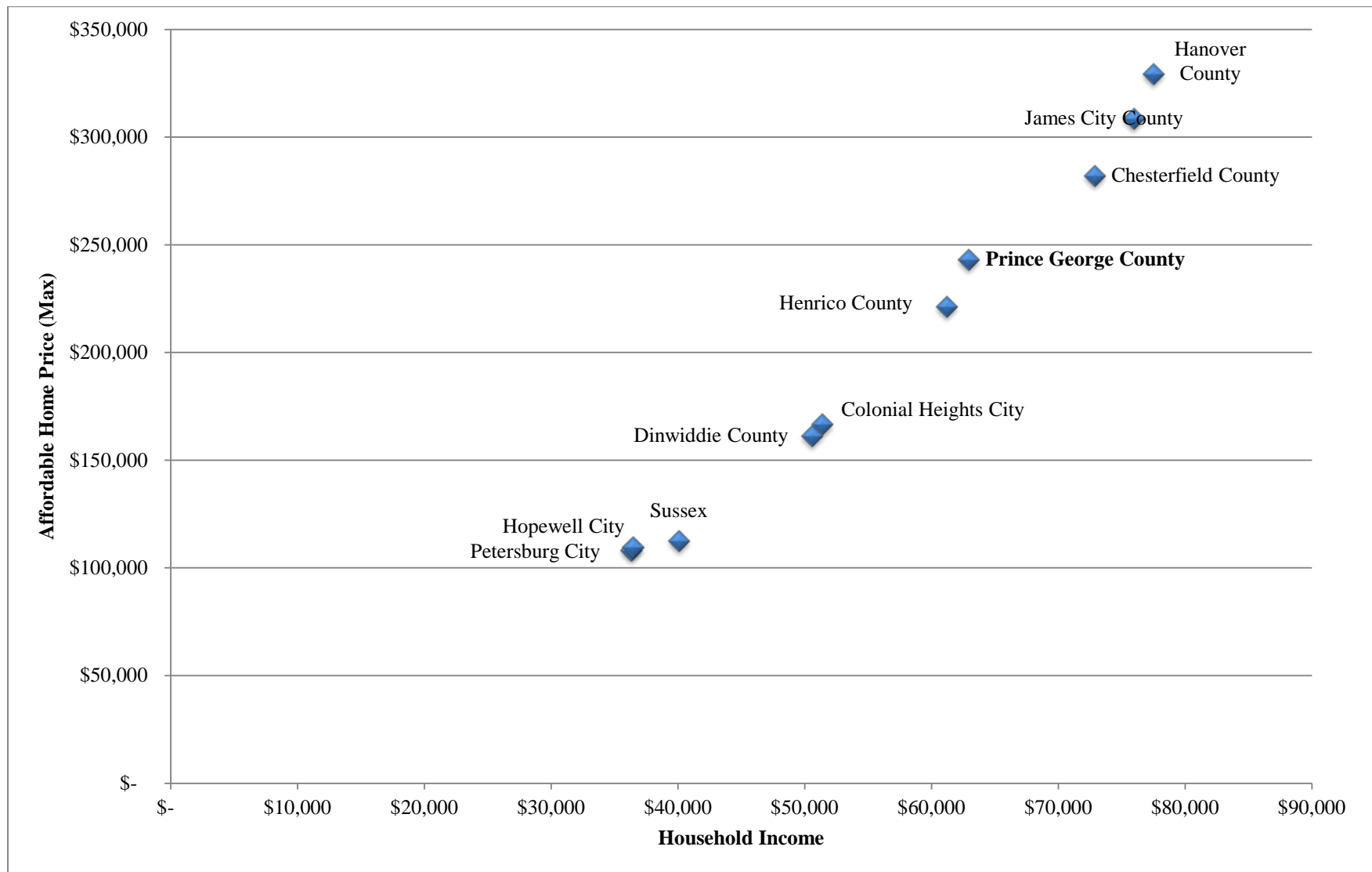
Source: Virginia Tourism Corporation

Appendix H. Educational Level by County



Source: Virginia Employment Commission

Appendix I. Household Income vs. Affordable Home Price (Max)



Estimate based on a mortgage payment of no more than 30% of household family income. Figures for median household income are from the 2010 U.S. Census.

Appendix J. Proposed Prince George County Tourism Development Strategies

KEY OBJECTIVES

Grow County revenues through visitor spending.
 Grow tourism to support sustainability of existing businesses that rely on visitor revenue.
 Product development: create new tourism attractions that focus on the County's heritage and nature
 Leverage regional tourism attractions and marketing to promote visitation to Prince George County.
 Track visitor spending and trends; report on return on investment of taxpayer revenues used for tourism development.

STRATEGIES & INITIATIVES

Agritourism	Heritage Tourism	Nature-based Tourism (Ecotourism)	Sports Tourism
Lead a County initiative to develop and promote Agritourism. (Begin with a community workshop.)	Develop more interpretation of the stories of people and places where history was made.	Promote development of trails for walking, bird watching, biking.	Develop sports playing fields for youths and adults.
Support training to help local farmers who wish to open their properties as income-earning Agritourism attractions.	Develop special events that showcase the County's history and give people reason to come to Prince George (i.e. County Fair, Beefsteak Raid, other cultural heritage events).	Promote development of water access for boats, canoes, kayaks and picnics along the James and Appomattox Rivers	Develop and promote special sporting events (such as bike races, half marathons and other low-impact competitive sports).
Long-term: Market the County's Agricultural heritage and attractions.	Develop and market heritage driving trails in cooperation with other jurisdictions that have historic sites	Encourage private sector development of a campground	Provide more river access for fishing and a boat ramp for kayaking and canoeing

COUNTY LEADERSHIP (POLICY): Promote tourism product development (development of new attractions).
 Set aside County-owned properties for parks and tourism purposes in suitable areas.
 Consider developing a tourism zone program along the James River.

ECONOMIC DEVELOPMENT (MARKETING): Continue to fund tourism marketing, focusing on local attractions that exist in the County. Market local attractions and special events to Fort Lee personnel through the Morale, Welfare & Recreation Office. Advocate on behalf of local businesses for signage opportunities along major highways with the Virginia Department of Transportation to reach the "Stopover" market. Continue dialogue with existing businesses that rely on visitor revenues to understand trends. Develop tourism statistics for the County (as separate from the region). Monitor grants and other opportunities available through the Virginia Tourism Corporation.