

# Economic Development Plan for Stafford County, VA



Presented To:  
Stafford County Board of Supervisors  
Prepared By:  
Basile Baumann Prost & Associates (BBP)  
July, 2006

# Outline

- Report Summary
- Great Foundation
- Industry Clusters of Note
- Action Plan -Highlights

# Report Summary

- 100 page Report Addressing
  - BBP assessments and evaluations of local economy, conditions and policies
  - Foundation for economic development in Stafford County
  - Economic development strategies: getting organized for new economic development opportunities
  - Current Stafford business strategies: existing business retention and expansion
  - Support for economic development strategies: incentives and workforce development
  - Lessons learned case studies
  - Special Planning
    - Bos well's Corner
    - Courtho use Area
    - Falmouth/Rt. 17

# Report Summary (Cont.)

- We offer 51 recommendations focused on:
  - Marketing (2)
  - Interdepartmental Cooperation (2)
  - Community Cooperation (3)
  - Tourism (2)
  - Development Sites (9)
  - Business Retention Efforts (3)
  - Business Recruitment Efforts (9)
  - Economic Development Process (2)
  - Others (19)
    - Budgeting, outreach efforts, funding approaches, others

# Great Economic Foundation

- Discovered through our Interviews, Site Visits, Research and Benchmarking Against other Communities
- Pro-Active Economic Community
  - Marketing Books, Websites, Economic Surveys, Promotion Trips
  - Previous Stafford Economic Plans

# Positive Economic Environment

- BRAC Impact
  - Quantico will gain substantially
  - Post 9/11 Government Building Requirements
  - General D.C. Business Expansion
- Workforce in Place
  - Educated Workforce
- Stafford's Location and Infrastructure
  - I-95, South of DC, Proximity to Airports/Ports

# Industry Clusters of Note

- What is a Cluster Analysis?
- Clusters of Note
  - Finance and Industry
  - Professional Business or Technology Firms
  - Wholesale Trade
  - Transportation and Warehousing
  - Construction
  - Arts, Entertainment & Recreation

# Action Plan

- Focus on 33 Recommendations
  - Marketing: *“Emphasize Publicity of Economic Development Efforts”*
  - Interdepartmental Cooperation: *“Implement Desired Development in Identified Opportunity Areas through Development District Zoning Categories”*
  - Community Cooperation: *“Continue to Conduct Biennial Business Survey & Targeted Surveys as Needed”*



## Action Plan (Cont.)

- Tourism: *“Identify Tourism Development Zones”*
- Development Sites: *“Boswell’s Corner, Courthouse and Falmouth”*
- Business Retention Efforts: *“Develop a List of Companies to Visit”*
- Business Recruitment Efforts: *“Perform Ongoing Benchmarking of Incentives”*
- Process: *“Construct an Economic Model to Definitively Measure the Economic Benefit of Each Cluster in Stafford County”*

## **EXECUTIVE SUMMARY**

Basile Baumann Prost & Associates, Inc. (BBP), working in association with the Stafford County Economic Development and Tourism Department, was retained to develop an Economic Strategic Plan for Stafford County.

This Comprehensive Economic Strategic plan was formulated in order to: assist the County in attracting new businesses and industries to aide in community growth; to provide employment closer to home for its residents; increase tax base diversification; and further enhance the strong quality of life. This plan was formulated taking into consideration the County's goals and objectives while being sensitive to resident concerns about the impact of economic development on the overall quality of life and community culture and identity.

### **Regional Strengths**

Stafford County, as illustrated throughout this plan, has several regional strengths on which it can build. One of the major advantages the County has is its educated and skilled workforce. The County is rich in key talent and ideas to focus on desirable industry clusters which will increase the number of high growth businesses within the local economy while diversifying the County's tax base.

Stafford County can also benefit economically from its strategic location along I-95, its proximity to Washington, D.C., the Quantico Marine base and historic tourist attractions. Further, the County's location and proximity to major highways, airports and rail lines is another advantage and draw for businesses in various industry clusters. Stafford County utilizes its location as a marketing tool to attract prospects when promoting the economic opportunity that exists within its borders.

Another major strength of the County includes its community support and quality life. Invested community members have actively participated in the formulation of this plan. Because of this interaction and feedback, our strategies focus on maintaining the quality of life that Stafford County residents desire while attracting new businesses in order to diversify the tax base and further economic development.

### **Implementation**

The true value of any plan or strategy is found in its implementation. This is not to say that a plan is not a success unless every recommendation is put into action. Even within a relatively short time, economic, political and other conditions in Stafford County, Virginia, the US and the world will change in unforeseen ways that may make it difficult to fulfill all of the components of this plan.

Based on extensive research, BBP developed a series of 51 recommendations to accomplish this plan. All 51 recommendations offered in this report are both (1) sustainable, since they promote consistent and long-term economic growth, and (2) strategic, since they are tailored and coordinated to meet the region's long-term objectives.

The immediate emphasis of this plan will be on establishing the mechanisms and procedures that will enable Stafford County's key economic diversification goals to be met over the next few months and years.

## **Recommendations of Immediate Focus**

In taking into consideration all of the information provided the Department of Economic Development will focus its immediate efforts by working to, among other initiatives, implement the following 32 recommendations:

### *Marketing*

- Recommendation 4: Emphasize Economic Development Efforts
- Recommendation 9: Continue to Expand and Develop County Marketing Tools such as Marketing Booklets and the Website

### *Interdepartmental Cooperation*

- Recommendation 5: Implement Desired Development in Identified Opportunity Areas through Development District Zoning Categories
- Recommendation 6: Develop the Site Review Process So that It Provides Time Consistency to Applicants

### *Community Communication*

- Recommendation 3: Codify Economic Development Efforts into a Program Presented to the Board of Supervisors through an Economic Development Scorecard and Ensure the Inclusion of All Invested Economic Development Parties in Stafford County
- Recommendation 17: Continue to Conduct Biennial Business Survey & Targeted Surveys as Needed
- Recommendation 20: Continue to Incorporate Local Educational Institutions to Conduct and Analyze Surveys

### *Tourism*

- Recommendation 11: Continue to Develop the County's Tourism Management Infrastructure
- Recommendation 16: Identify Tourism Development Zones

### *Development Sites*

- Recommendation 14: Plan and Develop Boswell's Corner to Maximize its Economic Potential  
(Adopting recommendations 43-48 in the Boswell's Corner section)
- Recommendation 45: Ensure that Design Guidelines "Mark" Boswell's Corner
- Recommendation 46: Ensure Design Guidelines of New Office Park Developments have Grid Streets Patterns Where Appropriate
- Recommendation 47: Incorporate Green Space into Commercial Area
- Recommendation 48: Transform Route 1 along Boswell's Corner into a Boulevard
- Recommendation 15: Plan and Develop the Courthouse Area to Become a Community Anchor of Stafford County.  
(Adopting recommendations 49-51 in the Courthouse Area section)
- Recommendation 49: Develop Additional Streets around the Courthouse Area to Create a Grid Street Pattern

- Recommendation 50: Establish the Intersection of Courthouse Road and U.S. Route 1 as the Center of Stafford County
- Recommendation 51: Ensure the Courthouse Area and other Mixed-use Developments are Pedestrian Friendly

Further, the opportunity site at Falmouth/Route17 has recently been designated as an economic opportunity site, and will be treated on par with the above mentioned sites in the future. At the time of this report, estimates are being gathered for a similar graphic visioning process to occur as was done for the Boswell's Corner and Courthouse locations.

*Business Retention Efforts*

- Recommendation 18: Develop a List of Companies in the Community to be the Focus of Outreach Efforts and Conduct Site Visits
- Recommendation 19: Delegate Business Liaisons to Volunteers
- Recommendation 21: Provide for Ongoing Evaluation of the Business Visitation Program

*Business Recruitment Efforts*

- Recommendation 32: Explore the Prospect of Establishing a Technology Zone in the County to Spur Economic Diversification
- Recommendation 33: Explore the Potential to Tax Certain Business Items at Partial Rates or Exempt Certain Items Completely
- Recommendation 23: Adopt Policy Statements to Guide Actions When Regulatory Variances and Incentives are Proposed to Ensure Due Diligence Analysis before Offering Incentives
- Recommendation 24: Develop a Grant Program to Subsidize Development Contingent on Higher Wages, and the Establishment of "Clawback" Policies
- Recommendation 25: Establish Special Utility Rates for Uses Generating New Desirable Jobs in the County
- Recommendation 26: Explore the Establishment of a Tax Increment Financing (TIF) District to Spur Development in Desired Locations
- Recommendation 29: Define where Final Negotiating Authority Lies and Be Clear with Prospects
- Recommendation 30: Perform Ongoing Benchmarking of Incentives
- Recommendation 34: Consider the Potential for Non-Monetary Incentives to Spur Desired Development in Specific Areas

*Process*

- Recommendation 2: Construct an Economic Model to Definitively Measure the Economic Benefit of Each Cluster in Stafford County
- Recommendation 10: Plan and Budget for New Economic Development Plan Every Five Years

### **Strategic Plan Elements**

Implementation of these key strategies is essential to the success of the Stafford County's economic development. Additional details, supporting data and timelines for implementation are provided throughout the plan.

The Economic Diversification Plan is structured in the following seven sections:

#### **Section A: Assessments & Evaluations**

1. Purpose
2. Review of Relevant Plans, Studies & Regulatory Documents
3. Economic Factors Influencing Stafford County Economic Development
4. Profile: Infrastructure Assets Available for Commercial Industrial Growth
5. Strengths, Weaknesses, Opportunities and Constraints

#### **Section B: Foundation for Economic Development**

1. Compensation Analysis
2. Shift Share Analysis
3. Cluster Analysis

#### **Section C: Getting Organized for New Economic Development Opportunities**

1. Current Assessment and Recommended Organization Changes
2. Priority Sites for New Economic Development

#### **Section D: Existing Business Retention and Expansion**

1. Business Retention Techniques
2. Business Expansion Strategies

#### **Section E: Support for Economic Development Strategies: Incentives and Workforce Development**

1. Programs for New Development
  - a. Regulatory Incentives
  - b. Monetary Incentives
  - c. Non-Monetary Incentives
2. Workforce Development Measures
  - a. Local Training Needs
  - b. State Program Descriptions

#### **Section F: Lessons Learned Case Studies**

1. Successful Programs
2. Successful Economic Development Techniques

#### **Section G: Special Planning**

Boswell's Corner, Courthouse, Falmouth/U.S. Route 17

## **Conclusion**

Stafford County continues to actively recruit industries and companies that will bring quality employment and investment to the county. The information provided in the strategic plan will be taken into consideration along with input from the Economic Development Authority, Planning Commission and Commissioner of Revenue. Specific target industries will be developed in the near future.

The preparation of this plan has engaged many Stafford County establishments – from public officials, to educators, private sector executives, and the media. Stafford County has significant assets that allow for continued optimism for the future. The community must continue to engage in a concerted economic development effort to diversify and strengthen its economy. Stafford County has the talent, experience, and spirit of innovation desired by high impact businesses. If these attributes are successfully built upon, as recommended in this plan, the region will experience unprecedented economic growth and prosperity.

## Table of Contents

	<u>Page</u>
Executive Summary	
A. Assessment & Evaluations	
1. Purpose	1
2. Review of relevant plans studies & regulatory documents	1-5
3. Economic factors influencing Stafford County economic development	5-11
4. Profile: Infrastructure assets available for commercial industrial growth	12-14
5. SWOC	15-17
B. Foundation for Economic Development	
1. Compensation analysis	18-20
2. Shift share analysis	20-28
3. Cluster analysis	28-34
C. Getting Organized for New Economic Development Opportunities	
1. Current assessment and recommended organization changes	35- 44
2. Priority sites for new economic development	44-48
D. Existing Business Retention and Expansion Strategies	
1. Business retention techniques	49- 52
2. Business expansion strategies	52- 56
E. Support for Economic Development Strategies: Incentives & Workforce Development	
1. Programs for New Development	
a. Regulatory incentives	57 - 60
b. Monetary incentives	61- 68
c. Non-monetary incentives	69
2. Workforce development measures	
a. Local training needs	69
b. State program descriptions	70 - 79
F. Lessons Learned Case Studies	
1. Successful Programs	80- 82
2. Successful Economic Development Techniques	82- 89
G. Special Planning	
Boswell's Corner, Courthouse, Falmouth/U.S. Route 17	90- 93

**EXECUTIVE SUMMARY**

*[To be completed once draft is approved by Stafford County]*



## A. ASSESSMENT & EVALUATIONS

### **Purpose**

The purpose of this study is to prepare a strategic plan for the Department of Economic Development and Legislative Affairs that will help guide the County's program for the next five years. Basile Baumann Prost and Associates Inc. (BBP) formulated this strategic plan so that it would:

- be comprehensive and include the Department's activities;
- guide the County's overall economic development effort;
- provide specific goals and objectives for the County's economic development program; and
- identify roles for key players in the County's economic development efforts.

BBP conducted 16 interviews, including community stakeholders, representative staff from several county departments and both former and current members of the County Board of Supervisors. In addition, BBP held frequent meetings and discussions with representatives of the Department of Economic Development and Legislative Affairs. These contacts, coupled with much in depth research, provided BBP with many guideposts to follow as it prepared this strategic plan.

### **Review of Relevant Plans, Studies & Regulatory Documents**

Stafford County's most current comprehensive economic development document was completed in December 1994. The "Economic Development Strategy Five-Year Program" provides insight into the county's growth, economic development progress and current economic environment needs. Before this plan, the County had economic development plans produced in 1987 and 1982.

#### *Changing Economy*

While the Stafford County Economic Development Department does not follow this expired document, it does show how regional economies can shift. The 1994 document states, "The remainder of the 1990's is seen as a period of continued diminution of the relative importance to Stafford County's economy of the Federal Government and possibly it's Defense Department." Current regional economic trends, discussed later in this section, detail the viability and increasing importance of the government/military sector to Stafford County's present economy and future growth.

In step with the then- perceived declining government employment presence, the 1994 Plan advocates a Stafford County industrial incubator. In part, such a facility would "assist those skilled individuals transitioning from declining federal employment who seek to start their own business." No industrial incubator is proposed in this document due to the changing nature of Washington, D.C. area federal employment. Further, the continued diminishment of Stafford County's manufacturing sector, which declined from providing 5.1% of Stafford employment in 1998, to 2.7% in 2003, does not warrant such

investment. (The last year for which data from the U.S. Census Bureau County Business Patterns was available at the time of this report was 2003.)

#### *Relevant Cluster Information*

The 1994 Plan promoted some industry targets no longer being actively pursued in the current economic environment: back office computer services and temporary personnel services industries. However, it did identify certain industries that current information also reveals as viable secondary target industries, discussed later, to be pursued today. *Heavy construction* and *wholesale trade* are both industries still identified as strong clusters in Stafford County in the current economic environment. As in 1994, Stafford County's strengths match up well with the requirements and needs of both industries. The reasons for this match between region and industry are outlined later in this section.

#### *Current Business Surveys*

The Stafford County Economic Development department conducted a business area survey in 2004. The survey tackled a variety of general issues and concerns of area businesses. This information was subsequently used to determine new methods of outreach, programs and support by the Economic Development Department toward the business community. The Department has just completed another survey in 2006. The Economic Development Department further supports such outreach efforts through frequent informal communication with area businesses through site visits and dialogue.

#### *Existing Economic Development Efforts*

Stafford County has several economic development ventures to promote County economic growth. These efforts derive not only from the labors of the Stafford County Economic Development Department, but regional entities as well. The Greater Washington Initiative promotes the metropolitan Washington area (including suburban Maryland) as an ideal location for locating or expanding a business. More specific to economic development in Stafford County is the Fredericksburg Regional Alliance. The Alliance promotes economic development and business recruitment solely for Stafford, Caroline, Spotsylvania and King George counties and the city of Fredericksburg. These partnerships should be continued in the future as they add value to Stafford County's Economic Development efforts.

While these regional entities promote the region as a whole, their efforts do benefit Stafford County directly. A main reason for such economic benefit stems from Stafford County's position in the geographic path of regional economic expansion from the Washington, D.C. area. However, Stafford's Economic Department alone is responsible for promoting Stafford County on its own merits to interested businesses.

### *County Economic Development Tools*

Stafford County produces an array of marketing tools to promote the County's assets and opportunities. Indeed, the 1994 Plan calls for an upgrade in the Economic Development Department's promotional and computer capabilities, both have been accomplished to a great extent. To initiate a positive first impression, the Department produces a high quality booklet that provides an overview of the County's accessibility, assets, opportunities and business environment. Among the booklet's highlights are the County's demographics (a growing population with a high education attainment), business environment (no Business, Professional, and Occupational Licenses (BPOL) tax), its quality of life (public schools, home values, historical and recreational assets), and available commercial sites and buildings.

The County also produces a CD for interested entrepreneurs called "An Interactive Guide to Doing Business in Stafford County". This tool assists aspiring entrepreneurs through the multiple initial decisions involved in locating a start-up business in the County. The CD details the methods to organize a business from partnership to corporation, writing a business plan and provides helpful links to County, State and National organizations. These tools help promote the area and demonstrate its commitment to attract and support business.

The County further produces a twice-yearly newsletter on its current economic development environment. Over 4,500 newsletters have been distributed in the last 18 months to invested members of the community. This document details important aspects of Stafford County's economic life such as new business openings, economic development approvals, transit improvements and economic development current events. Among the topics covered in the July 2005 newsletter were information updates on new Class A office space under development, progress on a new visitor center, and the overall County economy. The newsletter is distributed to a large number of constituents on a maintained mailing list. As economic development efforts grow, the Department will seek to expand further publication of its newsletter.

Stafford County has further unveiled an updated and expanded website for economic development. The website is located at the internet-friendly location of [www.GoStaffordVA.com](http://www.GoStaffordVA.com) and offers a wealth of information and direction for businesses. The website works in concert with the marketing booklet as its tabs are the same as the booklet (accessibility, assets, opportunities, receptive, convenient, investment, enviable). In addition to this recruitment information, the website also offers more detailed business assistance information.

The new *Go Stafford VA* economic development website provides a listing of available commercial buildings and sites. This information was previously available on the earlier website only as a PDF document. The new website offers a more fluid, updated listing that details total square footage, square footage available and zoning designation and will soon have GIS mapping technology. The fluidity is provided in part by real estate professionals, property owners and managers being able to submit available sites and

buildings as they become available. The website also provides an additional outlet for interested parties to see and hear Stafford County's television and radio spots marketing the area.

*Stafford County Economic Development Authority*

Deleted: 1

The website also links the interested party to the Stafford County Economic Development Authority (EDA). The EDA, appointed by the County Board of Supervisors, is another organization contributing to Stafford County's economic prosperity. The incentives offered by the EDA include grants, industrial revenue bonds, loans and workforce training. The EDA further assists the County through studies done to better inform the Board of Supervisors of economic development efforts and needs.

***Recommendation 1 : Address Annual Assistance Budget Available to the EDA***

Historically, over the past several years the EDA has received \$200,000 in annual funding. It is recommended that the EDA and the Board of Supervisors meet to discuss FY 2007 funding, and future funding, to better compete with business assistance monies offered by Stafford's regional competitors.

*Fredericksburg Regional Chamber of Commerce*

The work of the Stafford County Economic Development Department is further supported by the Fredericksburg Regional Chamber of Commerce. While the Chamber's work does include other counties and the City of Fredericksburg, its work does aid economic development in Stafford County. Activities held by the Chamber includes morning and after hours meetings for its members to network, business expos centering on single entity topics (the Spring '05 one centered on business expansion techniques), access to local SCORE representatives and recognition of successful enterprises through annual awards. The Chamber of Commerce and Stafford County Economic Development Department often communicate on respective efforts and coordinate resources.

*Fredericksburg Regional Alliance*

The Fredericksburg Regional Alliance (FRA) provides a marketing arm for the entire region, including Stafford County. The FRA promotes economic development in Stafford, Spotsylvania, Caroline and King George Counties and the City of Fredericksburg. FRA representatives attend trade shows and trade missions to emphasize the opportunities that exist in Stafford County. Stafford County representatives occasionally accompany FRA representatives on these trips. The FRA website also provides a link to relevant economic agencies and a link to available buildings and sites in the area. In addition, the FRA produced a study in 2003 detailing the commuting patterns of area. The study is being updated in 2006. This study demonstrated the dramatic amount of commuting of the region's workforce. The FRA also recently completed the first ever comprehensive economic assessment of the region. These initiatives and programs continue to demonstrate the FRA's commitment to developing Stafford County and the region.

All Stafford County economic development efforts point to community awareness of the importance of continued economic growth to quality of life. At the head of this effort, the Economic Development Department is proactive in its communication and promotion of the area. The next step in the County's continued growth will be the identification of what economic trends will affect economic sectors important to Stafford County, and the pursuit of relevant businesses and employers.

Deleted: 1

#### **Economic Factors Influencing Stafford County Economic Development**

Business development in the metropolitan Washington, D.C. area is being driven by several converging factors. These dimensions make the *outer* Washington DC area an increasingly competitive location for securing new entities. The strengths of Stafford County match up particularly well with affected employment sectors. The events of September 11<sup>th</sup> have dramatically altered the locational decision making practice of both government and business entities. The recent decisions by the Defense Department's Base Realignment and Closure (BRAC) have also impacted market area demand. These trends combined with Stafford's location and its skilled workforce population produces a business environment with significant potential.

#### *Economic Development Engine: Defense Sector*

The Stafford County region is home to three military bases and the FBI Academy and National Crime Lab. With Stafford County's location, all three may add to the growth of business development in the County. The Marine Corps Base Quantico, Fort A.P. Hill and the Dahlgren Naval Surface Warfare Center each play a key role in the economy of the area. As the Marine Corps Base Quantico is the only one located in Stafford County, it provides the greatest economic development potential.

The Quantico base is home to the Marine Corps Combat Development Command, the Presidential Helicopter Squadron, the Amphibious Warfare School and the FBI Academy. The FBI's new five-story, 465,000 sq. ft. crime laboratory employs over 650 highly skilled people. Currently, Quantico's Marine Corps Systems Commands, whose primary mission is, "To serve as the Commandant's principal agent for acquisition and sustainment of systems and equipment used by the Operating Forces to accomplish their warfighting mission" attracts defense contractors specializing in technical support systems. Further, Quantico's colleges and training programs such as Marine Corps War College, Marine Corps Command & Staff College and Marine Corps College of Continuing Education make it attractive to defense contractors that specialize in technology training systems and programs.

In addition, the Base Realignment and Closure Commission (BRAC), which helps oversee military space, recommends increasing the amount of jobs located at Quantico. The economic impact portion of the initial Pentagon report says the base's area could see a net gain of 5,121 jobs with the shifting of military and civilian personnel and defense contractors to Quantico, and the corresponding "indirect" impact to other sectors of the work force.

Such a relocation of facilities will have ripple effects that impact secondary business companies. As one developer interviewed has stated: "If an agency is moving out of Arlington, a contractor is not going to stay there. They are going to follow the agency out to where it goes." Contractors that seek to remain in close proximity to federal agencies will also drive demand for additional facility needs pursuant to federal location decisions. Stafford's educated workforce and location near these military facilities further contributes to its attraction of defense related contractors and industries. Development of high quality office space nearby would significantly impact the capture rate for these potential jobs.

Defense contractors already in the Stafford County area work in various fields. Firms like McQ Systems Innovations, Inc. specialize in high-technology remote surveillance, security and environmental monitoring products. In total, the recommendations call for approximately 500 military, 1,300 civilians as well as 1,200 defense contractors to move to Quantico for a direct area economic impact of 3,000 jobs. (Again, an additional 2,121 jobs would indirectly result from supporting the 3,000 employees moved to Quantico) The recommendations would result in the need for at least 650,000-750,000 square feet in new building space according to Lt. Col. Richard Long, director of the Quantico Public Affairs Office.

These factors support the planned upscale office and research facility being built near Quantico named the Quantico Corporate Center. The project of up to 1 million square feet will offer office space, research facilities, an educational campus and supporting retail. Such development will assist in providing the ability to capture defense contractors who wish to locate in the area.

Since 1941, Fort A.P. Hill, located to the southeast in Caroline County, has also steadily increased its stature as one of the nation's most outstanding, all-purpose, year-round military training destinations. Dahlgren, located about 30 miles from the heart of Stafford County, continues to serve as one of the nation's premier naval scientific and engineering institutions. Since 1918, Dahlgren's research, development, testing and evaluation efforts have consistently produced state-of-the-art combat weapons systems. In the past four years, Stafford County has become home to over 30 defense contracting companies that provide about 2,000 local jobs, according to the Stafford County Economic Development Department. This economic development trend should continue with the continued development of proper support facilities.

#### *Post 9/11 Building Standards*

New standards are in place for construction of new federal facilities, and became mandatory in October 2005 for new leases. Beginning in 2009, leases for federal facilities can not be renewed unless those requirements are met. These building standards naturally add to the cost of new construction. In the Northern Virginia region, such requirements can add \$30 to \$40 a square foot to construction costs according to an

article in the Washington Post. To accommodate such development standards, firms and government agencies are seeking locations farther away from the Washington, D.C. core.

These standards are the result of precautions arising from the September 11<sup>th</sup>, 2001 (9/11) terrorist attack, and are designed to increase the security and safety of government facilities. Among the new government construction facility requirements are:

- Facilities for the Department of Defense to be set back at least 82 feet from traffic; FBI facilities to be set back 100 feet; and less restrictive requirements will be implemented for other government agencies to protect against truck bombs
- Facilities built with reinforced columns to minimize potential collapse
- Elimination of below ground-or-rooftop parking
- Protective window glazing
- Mailroom ventilation
- Emergency shutoff switches for air distribution

#### *Recent Government-Related Relocation Decisions*

The new government building requirements are impacting agency locations. Several present locations can not meet such stringent regulations. Retrofitting current buildings to meet such standards is not economically feasible, or simply not possible due to space limitations. The Department of Defense plans to relocate 23,000 employees (perhaps up to 50,000) from Northern Virginia since current office space does not meet these post 9/11 facility requirements. The Department currently leases eight million square feet of office space in Northern Virginia and four million square feet in Arlington. In Northern Virginia, new federal building standards could negatively affect 32 properties in Arlington County, eight properties in Alexandria, two properties in Falls Church, and two properties in Fairfax County.

Many of these displaced employment opportunities are being relocated farther out in Northern Virginia or suburban Maryland. The National Geospatial-Intelligence Agency is consolidating two million square feet of space from its Reston and Bethesda locations to Fort Belvoir in Virginia, which is approximately 15 miles from Stafford County's northern border and 20 miles south of Washington, DC. Also targeted for relocation are military workers in leased office space, as well as workers in the Missile Defense Agency and the Defense Information Systems Agency. Critics contend that such moves would erect barriers between researchers who are now concentrated in Arlington at the National Science Foundation and at the Defense Advanced Research Projects Agency and other military research agencies; hence, at this writing, no clear-cut decisions have been made as to specific relocation decisions.

Major federal government-related relocation decisions also trigger private market relocation decisions. BNA Inc., a publishing company with 1,300 employees, will move its headquarters from the District of Columbia to Arlington County in 2007. BNA, which publishes print and electronic reports from government agencies, will move in the midst of local anxiety over the Pentagon's plan to shift 23,000 Northern Virginia defense jobs from inside the Capital Beltway to Fort Belvoir and elsewhere. The State of Virginia used a \$1 million grant from the Governor's Opportunity Fund to lure this private concern to the Crystal City area.

#### *BRAC Impact*

As mentioned earlier, BRAC's decisions concerning facility locations should positively impact Stafford County's economic development. The BRAC plan would shift tens of thousands of military personnel from dated facilities like the Walter Reed Army Medical Center in Northwest Washington, and also vacate millions of square feet of commercial office space that the Department of Defense currently leases in Crystal City and other Washington area locations.

Fort Belvoir may have the opportunity to accommodate an additional 18 million square feet of office space, if developers can overcome traffic and environmental issues. Part of this space demand results from relocation plans affecting nearly 6,000 jobs from Walter Reed Army Medical Center in Washington to Bethesda and Fort Belvoir.

Further, the latest BRAC announcements move the Naval Criminal Investigation functions from Washington DC, as well as the Army Naval Criminal Investigation Command from Fort Belvoir to Quantico. In addition, the military's Counterintelligence Field Activity and Defense Security Service will relocate from Washington DC to Quantico.

#### *Federal Government Market*

In this mix of new construction standards and BRAC relocation decisions, market competition continues among geographic locations for federal government-related activities. The FBI move of its Northern Virginia office from Fairfax County to Prince William County noted above is an example. Prince William Board of County Supervisors Chairman Sean T. Connaughton stated: "This is the first major GSA (General Services Administration) announcement in Prince William County and continues our path from being a bedroom community for the federal government to being a place of employment for both the public and private sectors."

FBI officials remarked they chose the location for several reasons, including new security standards. The agency set a rule that its new buildings must be set back 100 feet from traffic and have no roof or below ground parking. Further, FBI officials noted this location will provide Washington area employees a reverse commute.



These agencies spend heavily in the state as evidenced in the most recent federal procurement figures. For the federal government's fiscal year of 2003, the Department of Defense and Department of Homeland Security were number one and three on the list of federal agency dollars contracted in the state of Virginia. The Department of Defense had over \$19 billion in procurement, more than five times what the agency in second place on the list -- the General Services Administration -- spends in Virginia. The Department of Homeland Security was number three on the list, after not making the top five in 2002. Its procurement of over \$3 billion was nearly triple the agency in the fourth position on the list, which is the Department of the Interior.

#### *Potential Private Sector Market Segments*

Besides military and government building standard trends, other factors are impacting the economic environment of Stafford County and provide opportunity. Stafford County's proximity to Washington, D.C., along I-95, and accessibility to Virginia's ports make it an excellent center for distribution centers. An example of this attraction comes from the new FedEx location near the Stafford County Regional Airport. The 40,000 square foot FedEx facility sits on a 12.6 acre site that could eventually house a building of up to 70,000 square feet. The developer remarked the facility site was chosen for its proximity to the new I-95 interchange (Exit 136) and not for its proximity to the airport. Packages distributed through the facility will be for ground transportation only.

Stafford County stands to further develop *wholesale trade and transportation and warehouse* industries through its location. A distribution center is any facility a company uses to facilitate the flow of its raw materials and finished goods. It can range in size from a small corner of a public warehouse to a larger facility operated by the manufacturer or its contract logistics provider. There are multiple factors for Stafford County to capitalize on this emerging industry. Its central location to major air and sea ports and its proximity to a strong retail market provide an excellent foundation to grow this industry with further investment. Current Stafford companies involved in these industries are firms such as McLane Midatlantic, Market Fare Foods and 84 Lumber.

Distribution center transportation costs, both inbound and outbound, often comprise up to 50%-60% of a company's total distribution expense. Failure to understand the strategic importance of the distribution center location in relation to supplier and customer locations can severely affect a company's competitiveness. At some point, most products move by truck--even if that truck goes straight to an airport or seaport. Therefore, proximity to interstates and highways is essential. In addition, "Some cities have a well-deserved reputation for traffic jams at many hours of the day," stated one industry analyst. The same analyst notes, "As a result, if your town offers easy access to major transportation arteries without all of the hassles, that could be a plus." Congestion of highways and port areas in the West and Northeast are driving companies to look at areas in the South served by ports such as Hampton Roads, Savannah, Jacksonville, Mobile, Charleston, and New Orleans. Investments to make continued access to the area's highway system, through lobbying for road funds and ensuring proper commercial zoning (to reduce congestion by ensuring commuter traffic is not anchored near industrial

commercial centers as much as possible), will aid in attracting distribution centers to Stafford County.

In addition, the best space in growing distribution markets sometimes is already taken. A state-of-the-art, efficient, private facility waiting to be occupied provides a substantial advantage. This could be of particular importance as old low-cost areas become a victim of their own success. As one industry analyst noted, "Just 10 years ago, Phoenix was a fairly low-cost location, but today the land costs have skyrocketed, so it is now a high-cost area." These potential facilities must be built with industry advantages in mind.

As an example, a distribution center should have enough truck doors to facilitate the smooth flow of inbound and outbound shipments. One sure way to create a distribution bottleneck is to get a facility with too few places for trucks to make pick-ups or deliveries. Wide turning radii and ample parking for oversized trucks are essential. Tenants want space that facilitates distribution, not storage, and concentrate on sites in intermodal markets—near ports, airports, rail lines and interstates. Investors gravitate toward to the top tier "big-box" markets, typically near 24-hour cities, which service primary population centers.

Further, according to the Urban Land Institute's *Emerging Trends in Real Estate Report 2005*, "Vacancies stubbornly lurk near record highs in some markets, but institutional buyers bid up pricing well above replacement cost on existing big-box industrial properties, and developers see opportunity: It's cheaper to lease up new projects." An improving regional economy should lift demand further for newer, more desirable space."

In addition, technological changes in supply chain management are rippling through the industrial property market. "A whole new class of user has entered the market, creating new demand for warehouse space," says Darla Longo, an industrial property broker in the Ontario, California, office of CB Richard Ellis. She notes that many of these new users are dot.com companies, but they also include established brand-name companies that are expanding into e-commerce.

#### *Additional Factor Influencing Economic Development*

##### *Workforce*

Stafford County has a higher educational attainment among its population than the national average. From the 2000 U.S. Census, 29.6% of Stafford County residents over the age of 25 had obtained a bachelor's degree or higher, compared to 24.4% of U.S. residents. (This is the most recent information the U.S. Census has regarding this measurement for Stafford County.) To obtain positions commiserate with their educational level, many Stafford County residents commute toward the inner metropolitan DC area. This travel pattern leads to a Stafford County workers commute time being 15 minutes longer than the national average. As the County's insightful marketing brochure states, many residents would prefer to work closer to home, and may take salary reductions to ascertain such employment. This skilled workforce, located in

the path of business expansion, may itself increase business growth as employers discover such a base talent pool. Many companies have discovered that placing satellite operations in Stafford County, closer to where their employees live, make for a more productive workforce.

## **Profile of Infrastructure Assets Available for Commercial Industrial Growth**

The following section outlines Stafford County's solid infrastructure assets available to attract business.

### *Water and Sewer*

Stafford County provides water through two reservoirs and 483 miles of water lines. In addition, the County is actively upgrading the water system through \$13.42 million in revenue bonds issued in FY1996 to finance two projects. Approximately \$3.7 million of the proceeds will be used to finance the acquisition of property for the Rocky Pen Run Reservoir project. The remaining \$9.5 million was used for the Smith Lake Reservoir expansion. It is expected that additional bonds will be issued to complete the Rocky Pen Run Reservoir project resulting in a final estimated cost of \$54 million for the project when it is completed in 2011.

These combined reservoir projects will increase the County's water capacity to 21.7 million gallons per day (MGD). Currently, the County averages 10 MGD, with a maximum capacity of 18.0 MGD. The expansion of Stafford County's water capabilities will facilitate a smooth transition to expanding economic needs.

The County's sewer needs are provided by two facilities connected by 400 miles of sewer lines. The County's current average daily use is 8.3 MGD and a maximum daily capacity of 12.5 MGD. The County appears to have no major obstacles in potential expansion to meet the needs of future business.

### *Roads and Highways*

Stafford County's main transportation artery for business is I-95 which runs through the County. The resulting commuter congestion toward Northern Virginia resulted in Stafford County commute times recorded at 15 minutes longer than the national average according to the 2000 U.S. Census. Further, U.S. Route 1 provides another north-south corridor running parallel to I-95. Overall, Stafford County has 566 miles roads maintained by the state, including 16 miles of the abovementioned interstate highway.

The most significant development in the Stafford County road system comes from the opening of a new highway interchange along I-95 in the heart of Stafford County. The interchange (Exit 136) is located near the Stafford County Regional Airport and will open a new area for attractive commercial development. Further, improvements to Stafford County roads in the recent federal Highway Bill include \$5 million for the widening of U.S. 17 between Interstate 95 and Stafford Lakes Parkway, that can be leveraged in state matching dollars, and \$1 million from the county and up to \$5 million pledged by the Silver Cos., developer of nearby Celebrate Virginia.

### *Railroads*

Stafford County has access to sufficient railway service through a major rail line running through the county east of I-95. CSX owns the rail system. This rail line serves both freight service and the Virginia Railway Express commuter and Amtrak passenger lines. To demonstrate the benefits of Stafford County's existing railroad, 84 Lumber has been approved to build upon this resource through a state grant to create a spur in South Stafford.

### *Airports*

Stafford County is served by five airports, four of them major commercial airports. As documented in Stafford County's economic development promotional material, Ronald Reagan National Airport is 45 minutes from the County, Dulles International Airport one hour away, Richmond International Airport one hour away, and Baltimore Washington International Airport one and half hours away.

The Stafford Regional Airport, opened in 2002, does not have daily service but is available for general aviation and chartered flights. The 550-acre facility can accommodate 75,000 annual operations and 100 based aircraft, including corporate business jets. An additional 25 acres of rough-graded finished lots are available for lease development of individual, corporate and T-hangar aircraft storage buildings and other aviation related business facilities. The ultimate build-out of the Stafford Regional Airport can include: a contemporary comfortable terminal building, full precision instrument approach capabilities and the expansion of all aviation support facilities. The potential build out of the Airport suggests that it become a major focus of economic development in the County.

### *Transit*

Stafford County is served by three Virginia Railway Express (VRE) stations nearby. Two of the stations are located in Stafford County (Brooke and Leeland Road), and one in Fredericksburg (Fredericksburg). This provides commuter's direct access to stations in Northern Virginia and Washington, DC, where the morning commute ends at Union Station. However, the closest Washington Metropolitan Area Transportation Agency (WMATA) "metro stop" is 25 miles away in the Franconia-Springfield area.

Other public and private transit opportunities include the Fredericksburg Regional Transit, the National Coach Works of Virginia and the D&B Bus/Quick Commuter Bus. The Fredericksburg Regional Transit provides bus service into Stafford County for \$0.25 a ride, or a \$10 monthly pass. For a \$20 one day fee, or \$210 monthly fee, commuters can also use the Martz Virginia commuter bus from Fredericksburg to Washington, DC. The Quick Commuter Bus provides daily service to Washington DC for a bi-weekly fee of \$90. As noted, public transit is geared to routes that primarily serve "one way in, one way out" of metropolitan Washington area locations.

### *IT Capabilities*

With its concentration of technology based defense contractors, it follows that Stafford County stands on a firm foundation of broadband and fiber optic capability. The Stafford County Economic Development Department conducted a study in November of 2004 detailing the availability of such service along Stafford County's major road arteries. The study demonstrated that all areas within the core of Stafford County along its major road arteries (I-95, U.S. Route 1, U.S. 17 and route 610) are capable of receiving and conducting business along such a service. However, comprehensive coverage County wide should remain the ultimate goal.

### *Ports*

Stafford County is within two hours of three deep water ports. Two of the ports are in Virginia, (Hampton Roads and Virginia Inland), while one is in Maryland, (Baltimore Harbor).

Stafford County's infrastructure combined with its workforce and location provides an excellent foundation for continued vibrant economic development. A business locating in Stafford County would find the resources available to succeed, as many entities have already discovered. The future economic development course for the County relies on a further sharpening of its economic development tools, and a focusing on the correct industries that present the greatest return to the County. The County's economic development organizations have committed to a re-examination of the environment. Through their assistance and input, combined with research and analysis of Basile Baumann Prost, this document will illuminate further methods to further economic tools. Further, this economic development plan will further identify the industries in the present, and near future economy that could aid Stafford County in furthering its quality of life.

## Strengths, Weaknesses, Opportunities and Constraints

Listed below are a few of the strengths, weaknesses, opportunities and constraints that residents and workers in Stafford County noted in interviews conducted or revealed by research of available data that impact economic development activities:

### Strengths

- A critical mass of well-educated men and women, many of whom possess advanced degrees, and many of whom desire to work closer to home
- A good quality of life characterized by strong home values, well funded public schools and recreational opportunities
- A relatively low cost of living, including housing, compared to the Northern Virginia market
- Location of the Marine Base Quantico within the County, and other military installations in the region
- A strategic location along I-95 providing access to major cities along the east coast
- Close proximity to Washington, D.C. and Richmond
- Property along the new I-95 interchange (Exit 136) that is particularly attractive for business uses (including commercial, office, retail and industrial) due to the transportation accessibility
- County pursuit of strategies to increase its capacity to provide treated water exemplified through passage of bonds
- Proximity to educational institutions- University of Mary Washington with their graduate campus located in Stafford County and Germanna Community College- with strong programs to assist business workforce development
- Rail service provided by CSX railroad
- Air service available through several international airports, and chartered flights and general aviation through the Stafford Regional Airport.
- Proximity to Virginia and Maryland deep water ports
- An active and visible Economic Development Department
- A strong support network of regional economic development organizations to foster development (ex: Fredericksburg Regional Alliance, Fredericksburg Regional Chamber of Commerce, Greater Washington Initiative)
- No Business, Professional, and Occupational Licenses (BPOL) tax
- New Class A office space in development
- Extensive IT capabilities to service new business
- Strong local public educational system
- Heritage Tourism Sites of National Significance

Formatted: Bullets and Numbering

### Weaknesses

- Improved understanding that economic development through appropriate planning can alleviate congestion and improve the overall quality of life in the county
- The lack of understanding by many citizens that economic development must be multifaceted and consist of the development, expansion, and retention of small business, and pursuit of key industries with creative and innovative financing
- Site Plan Review Process is cumbersome
- A perception of Stafford County as an emerging bedroom community compared to reality of a dynamic economic engine
- Continued concerns over traffic congestion
- The lack of employment opportunities to meet the employment levels of the County's workforce
- A lack of affordable housing which contributes to a lack of a service workforce
- Limited demographic diversity and participation by ethnic minorities in Stafford County's civic and economic life
- No concentrated city center

### Opportunities

- Close proximity to Washington, D.C. which creates opportunities for economic development in specific expanding sectors
- Availability of land suitable for development
- Lack of physical obstacles to development
- Recognition of Stafford County's ability to be a successful location for distribution, evidenced by FedEx development
- The increasing number of technology-oriented entities locating at Quantico, which encourage high end-technology defense contractors to locate in the area
- BRAC decisions to shift employment to Quantico
- Building standards post 9/11 favoring government entities to locate in the outer D.C. region
- An updated Comprehensive Plan that will clarify future County development patterns
- New master plans for Boswells Corner and Courthouse Area
- Approval of significant new office park development

### Constraints

- Sprawl pressures emanating from Northern Virginia
- Lack of business opportunities to match up with the skill set of the local population
- Potential for economy to focus too heavily on defense related industries
- Increasing cost of living as population grows
- Traffic congestion on major arterial roads



### *The Way Ahead*

Overall, the results of these exchanges reflect awareness of the need to develop a competent economic development strategy that is sensitive to concerns about the impact of economic development on the overall quality of life. An understanding exists of Stafford County's assets and opportunities based on its location, infrastructure assets and economic development efforts. Further, an understanding exists on the need to *plan* for the development trends that come—rather than deal with each economic opportunity independently.

An obstacle to further economic growth continually raised has been the County's site approval process. Several participants highlighted this as an obstacle that can drive business toward another jurisdiction that has more reliable times. Yet, as current business trends indicate, further economic opportunity is available if the community acts, unified, to attract and develop this opportunity in the appropriate manner.

## **B. FOUNDATION FOR ECONOMIC DEVELOPMENT**

The following compensation analysis, along with the corresponding Cluster and Shift-Share Analysis, works to provide an overview of the strengths and weaknesses of Stafford County's economy. The compensation analysis allows an examination of the wages offered to Stafford County residents and insight into its current community development pattern.

### **Compensation Analysis**

A compensation analysis compares the relationship between employee payroll and company revenues, i.e. shipments, sales, and/or receipts. When annual payroll is divided by the number of employees it is possible to determine average employee income. This is done at the county, state and national levels. A comparison can then be made between: (1) the county and the state; (2) the county and the national level. Because all economic sectors found at the state level are not represented at the County level, only those sectors available at the County level were recorded. The data was ascertained from the 2002 U.S. Economic Census, the most recent economic census available (the next economic census will be 2007).

**Stafford County Average Income Calculation**

	<b>Payroll</b>	<b>Employees</b>	<b>Average Income</b>
Manufacturing	\$19,538,000	674	\$28,988
Wholesale Trade	\$53,440,000	1,646	\$32,467
Retail Trade	\$59,517,000	2,896	\$20,551
Information	\$9,063,000	215	\$42,153
Real Estate & Rental Leasing	\$5,679,000	238	\$23,861
Professional, Scientific & Tech Services	\$54,053,000	1,098	\$49,229
Administrative & Support & Waste Management & Remediation Services	\$43,208,000	1,426	\$30,300
Health care & Social Assistance	\$31,394,000	1,230	\$25,524
Arts, Entertainment & Recreation	\$5,294,000	464	\$11,409
Accommodation & Food Services	\$23,389,000	2,150	\$10,879

Source: 2002 U.S. Economic Census, BBP

### Virginia and U.S. Average Income Calculation

	Virginia Payroll	Virginia Employees	Virginia Average Income	U.S. Payroll	U.S. Employees	U.S. Average Income
Manufacturing	\$11,632,963,000	311,787	\$37,311	\$576,170,541,000	14,699,536	\$39,197
Wholesale Trade	\$4,503,110,000	105,641	\$42,627	\$259,653,080,000	5,878,405	\$44,171
Retail Trade	\$8,078,467,000	401,921	\$20,100	\$302,113,581,000	14,647,675	\$20,625
Information	\$7,028,552,000	130,939	\$53,678	\$194,670,163,000	3,736,061	\$52,106
Real Estate & Rental Leasing	\$1,537,532,000	49,863	\$30,835	\$60,222,584,000	1,948,657	\$30,905
Professional, Scientific & Tech Services	\$17,555,444,000	309,824	\$56,663	\$376,090,052,000	7,243,505	\$51,921
Administrative & Support & Waste management & remediation services	\$5,699,265,000	233,563	\$24,401	\$206,439,329,000	8,741,854	\$23,615
Health care & social assistance	\$10,983,448,000	328,476	\$33,438	\$495,845,829,000	15,052,255	\$32,942
Arts, entertainment & recreation	\$803,352,000	45,991	\$17,468	\$45,169,117,000	1,848,674	\$24,433
Accommodation & food services	\$3,094,285,000	256,341	\$12,071	\$127,554,483,000	10,120,951	\$12,603

Source: Source: 2002 U.S. Economic Census, BBP

The compensation analysis provided additional insight into why residents of Stafford County leave daily for their employment. Of the 10 industries available for examination, eight Stafford County industries had compensation per employee lower than the state and national average. These eight Stafford County industry categories were significantly below the state and national average payroll, as outlined below:

- Manufacturing Compensation: 29% less than the state average, 35% less than the national average
- Wholesale Trade Compensation: 31% less than the state average, 36% less than the national average
- Information Compensation: 27% less than the state average, 24% less than the national average
- Real Estate & Rental Leasing Compensation: 29% less than the state average, 30% less than the national average
- Professional, Scientific & Tech Services Compensation: 15% less than the state average, 5% less than the national average
- Health Care & Social Services Compensation: 31% less than the state average, 29% less than the national average
- Arts, Entertainment & Recreation Compensation: 53% less than the state average, 114% less than the national average

- Accommodation & Food Services Compensation: 11% less than the state average, 16% less than the national average

**Stafford Compensation Comparison**

	<b>Stafford Average Income</b>	<b>Virginia Average Income</b>	<b>U.S. Average Income</b>
Manufacturing	\$28,988	\$37,311	\$39,197
Wholesale Trade	\$32,467	\$42,627	\$44,171
Retail Trade	\$20,551	\$20,100	\$20,625
Information	\$42,153	\$53,678	\$52,106
Real Estate & Rental Leasing	\$23,861	\$30,835	\$30,905
Professional, Scientific & Tech Services	\$49,229	\$56,663	\$51,921
Administrative & Support & Waste management & remediation services	\$30,300	\$24,401	\$23,615
Health care & social assistance	\$25,524	\$33,438	\$32,942
Arts, entertainment & recreation	\$11,409	\$17,468	\$24,433
Accommodation & food services	\$10,879	\$12,071	\$12,603

Source: BBP

*Impact on the Local Economy*

These wages belie Stafford County's standard of living for its residents. As of the 2000 census, Stafford County's median household income was 43% higher than the Virginia median household average and 59% higher than the national average. Again, to achieve this standard of living, Stafford County residents daily commute to work averages 10 minutes more than the state and 15 more than the nation.

The Administrative & Support & Waste Management & Remediation Services calculated compensation was higher than the state or national average at \$30,300 (compared to \$24,401 for the state, and \$23,615 for the nation). Stafford County's Retail Trade category had higher compensation than state average (\$20,551 to \$20,100) but, was lower than the national average (\$20,551 to \$20,625).

**Shift-Share Analysis**

The number of jobs in a given area is a reliable indicator of local economic health and vitality. Shift-share analysis is a methodology or technique that is used to analyze the composition of economic growth in a given area. This technique makes it possible to separate growth into three distinct components: national growth, industrial structure and regional competition.

The national growth component measures the increase in county industries that will occur if all county industries grew at the same rate as the Gross Domestic Product. The industrial structure accounts for the impact of the area's industrial composition. A county with a large number of high growth industries will have a positive industrial structure effect; one with a high concentration of low growth industries will have a negative industrial effect. Finally, the regional competition measures the difference between area and national industrial growth rates. A positive competitive position implies that, after accounting for national and individual industrial growth trends, the area's economic performance is superior to the average region of the country.

The shift share analysis covers the years from 1998-2003. This is the most recent data available from the U.S. Census bureau that provides industry specific employment data at a county level. Over the period 1998-2003, employment in Stafford County grew by 5,970 jobs. In terms of employment growth, the Construction sector was the most important industry (1,102 jobs) in Stafford County, followed by Administration, Support, Waste Management, Remediation Services (1,005 jobs) and Professional, Scientific & Technical Services (768 jobs). The greatest percentage change in employment growth was in Utilities; however, this figure is misleading as the small amount of overall jobs in this industry led to its high percentage increase (from 10 jobs to 60). The Administration, Support, Waste Management, Remediation Services industry grew the next fastest in Stafford County at 173%. Overall, Stafford County recorded only two industries losing jobs over the time period. These industries were Manufacturing, and Management of Companies and Enterprises. This finding is reflective of the overall expanding economy of Stafford County.

#### Increase in Stafford County Jobs per Industry: 1998-2003

Industries	1998	2003	Number of New Jobs	Percent Increase
Forestry, fishing, hunting, and agriculture support	10	10	0	0.0%
Mining	60	60	0	0.0%
Utilities	10	60	50	500.0%
Construction	1,699	2,801	1,102	64.9%
Manufacturing	781	529	-252	-32.3%
Wholesale Trade	1,156	1,691	535	46.3%
Retail Trade	2,207	2,950	743	33.7%
Transportation & warehousing	574	919	345	60.1%
Information	227	245	18	7.9%
Finance & Insurance	2,776	3,334	558	20.1%
Real Estate & Rental & Leasing	205	317	112	54.6%
Professional, scientific & technical services	529	1,297	768	145.2%
Management of companies & enterprises	60	10	-50	-83.3%
Admin, support, waste mgt, remediation services	579	1,584	1,005	173.6%
Educational services	69	128	59	85.5%
Health care and social assistance	1,053	1,466	413	39.2%
Arts, entertainment & recreation	350	569	219	62.6%
Accommodation & Food Services	1,969	2,314	345	17.5%
Total			5,970	

Source: BBP

When these data are utilized to perform a Shift-Share Analysis, changes in employment are decomposed into three sources that explain what caused the changes: (1) changes that are traced to the growth or contraction in the national economy (the national growth component); (2) changes caused by the cyclical effects of business in general (the industrial mix component); and, (3) the remaining employment change that is left over after accounting for the national and industrial mix components (the competitive share component).

To analyze Stafford County using a Shift-Share analysis, the following three steps occurred.

- First, the rate of the *National Growth Component* was computed. The rate was derived from calculating the rate of growth in national employment from 1998 to 2003. Upon this rate's computation, it was then applied to 1998 Stafford County employment per industry. The amount of jobs derived from this calculation per industry was the employment that resulted from the growth of the overall national economy.
- Second, the rate of the individual *Industrial Mix Components* was computed. These rates were computed per industry growth in employment from 1998 to 2003. For example, construction grew from 5,798,261 in 1998 to 6,381,404 in 2003, an industrial growth rate of 10.1%. However, this rate is not the final rate used in the *industrial mix component* calculation. The national growth rate must then be subtracted from the initial industrial growth rate to avoid applying the national growth rate twice on individual industries. For the construction industry, the final industrial growth component rate was 5.2% (10.1%-4.9%). The rates were then applied to Stafford County employment per industry in 1998. The number of jobs that results per industry is the amount of employment responsible to specific industry trends.
- The third component of Shift Share analysis is the *Competitive Share Component*. As seen in the chart above, the number of new jobs per industry in Stafford County from 1998 through 2003 has been calculated. Subtracting the amount of jobs responsible per industry from the national growth (*national growth component*), and industrial trends (*industrial mix component*), results in the amount of jobs produced by Stafford County's own assets and resources.

#### *The National Growth Component*

The first source of change is the growth or contraction in the United States economy. During the time period 1998 to 2003, the nation's employment grew by 4.9% (Source: 2002 County Business Patterns, U.S. Census). The effect of the national growth component is felt most acutely during the peaks and valleys of the business cycle, i.e. during recessions and boom times. Local businesses are very aware of how the general business climate affects them.

Stafford County's largest employment sector (Finance and Insurance) had the highest national growth component. Overall, the national growth component was responsible for a total of 701 jobs created in Stafford County from 1998 through 2003.

**National Growth Component Impact on Stafford County Industries**

<b>Industries</b>	<b>National Growth Component, Percent</b>	<b>National Growth Component, New Stafford Jobs (1998-2003)</b>
Forestry, fishing, hunting, and agriculture support	4.9%	0
Mining	4.9%	3
Utilities	4.9%	0
Construction	4.9%	83
Manufacturing	4.9%	38
Wholesale Trade	4.9%	57
Retail Trade	4.9%	108
Transportation & warehousing	4.9%	28
Information	4.9%	11
Finance & Insurance	4.9%	136
Real Estate & Rental & Leasing	4.9%	10
Professional, scientific & technical services	4.9%	26
Management of companies & enterprises	4.9%	3
Admin, support, waste mgt, remediation services	4.9%	28
Educational services	4.9%	3
Health care and social assistance	4.9%	52
Arts, entertainment & recreation	4.9%	17
Accommodation & Food Services	4.9%	96
<b>Total</b>		<b>701</b>

Source: BBP

An understandable goal of some local leaders is to make their economy more "recession proof." Economies with more employment in government, military and education will experience less fluctuation because those sectors are not directly related to the business cycle. Also, economic sectors that are experiencing more growth will provide larger employment gains to a local economy.

Because of the proximity of the Washington, D.C. metropolitan area, the region has enjoyed relative immunity from wide economic fluctuations. The region's supply of government and military-based employment has significantly contributed to Stafford County's growth. Current business trends indicate government entities continue to locate farther out in the metropolitan D.C. This trend, combined with the skill set of Stafford

County's residents, alludes to continued business economic growth. However, as with all regions, opportunities to continually diversify the economy should be manifested as well.

*The Industrial Mix Component*

Insight into Stafford County's expanding sectors is provided by the second aspect of a shift-share analysis-- the industrial mix component. This component is found by calculating the percent growth rate for an economic sector at the national level and subtracting from it the national growth component. Thus, the industrial mix component measures how well an industry has grown, net of effects from the business cycle.

**Individual National Industrial Growth Component Rates**

Industries	1998	2003	Number of New Jobs	Percent Increase
Forestry, fishing, hunting, and agriculture support	187,133	180,673	-6,460	-3.5%
Mining	497,843	454,550	-43,293	-8.7%
Utilities	682,217	675,938	-6,279	-0.9%
Construction	5,798,261	6,381,404	583,143	10.1%
Manufacturing	16,945,834	14,132,020	-2,813,814	-16.6%
Wholesale Trade	5,884,946	5,863,860	-21,086	-0.4%
Retail Trade	14,240,726	14,867,825	627,099	4.4%
Transportation & warehousing	3,462,472	4,067,935	605,463	17.5%
Information	3,141,957	3,599,902	457,945	14.6%
Finance & Insurance	5,770,209	6,463,706	693,497	12.0%
Real Estate & Rental & Leasing	1,812,621	2,044,738	232,117	12.8%
Professional, scientific & technical services	6,051,636	7,340,246	1,288,610	21.3%
Management of companies & enterprises	2,703,798	2,879,156	175,358	6.5%
Admin, support, waste mgt, remediation services	7,774,610	8,511,138	736,528	9.5%
Educational services	2,323,744	2,776,615	452,871	19.5%
Health care and social assistance	13,757,996	15,472,183	1,714,187	12.5%
Arts, entertainment & recreation	1,583,783	1,832,985	249,202	15.7%
Accommodation & Food Services	9,466,088	10,439,651	973,563	10.3%

Source: BBP



## Industrial and National Growth Component Impact on Stafford County Industries

Industries	National Growth Component, Percent	National Growth Component, New Stafford Jobs	Industrial Mix Component, Percent	Industrial Mix Component, New Stafford Jobs
Forestry, fishing, hunting, and agriculture support	4.9%	0	-8.4%	-1
Mining	4.9%	3	-13.6%	-8
Utilities	4.9%	0	-5.8%	-1
Construction	4.9%	83	5.2%	88
Manufacturing	4.9%	38	-21.5%	-168
Wholesale Trade	4.9%	57	-5.3%	-61
Retail Trade	4.9%	108	-0.5%	-11
Transportation & warehousing	4.9%	28	12.6%	72
Information	4.9%	11	9.7%	22
Finance & Insurance	4.9%	136	7.1%	198
Real Estate & Rental & Leasing	4.9%	10	7.9%	16
Professional, scientific & technical services	4.9%	26	16.4%	87
Management of companies & enterprises	4.9%	3	1.6%	1
Admin, support, waste mgt, remediation services	4.9%	28	4.6%	26
Educational services	4.9%	3	14.6%	10
Health care and social assistance	4.9%	52	7.6%	80
Arts, entertainment & recreation	4.9%	17	10.8%	38
Accommodation & Food Services	4.9%	96	5.4%	106
<b>Total</b>		<b>701</b>		<b>494</b>

Source: BBP

If Stafford County's employment were concentrated in these sectors with higher industrial mix components, then the area could expect greater employment growth. Shift-share analysis does not explain why an economic sector has slower or faster growth. Rather, the local development official must use knowledge about the business conditions facing particular industries to understand this shift. For example, in some rural counties the manufacturing sector was once dominated by apparel firms. The availability of low-priced imported clothing in the 1990's has meant that many apparel firms have gone out of business. Many counties, therefore, have a negative industrial mix component for manufacturing.

### *The Competitive Share Component*

The third and final component of shift-share analysis is called the competitive share. It is the remaining employment change that remains after accounting for the national and industrial mix components. If a sector's competitive share is positive, then the sector has a local advantage in promoting employment growth.

In Stafford County, the top three sectors in competitive share (after Utilities) were: Administration, Support, Waste Management, and Remediation Services; Professional, Scientific & Technical Services; and Educational Services. This calculation indicates that Stafford County is competitive in securing additional employment as employment grew beyond national and industrial growth trends. Further, these results are also further indication of Stafford's composition and growth. These specific industrial growth patterns additionally demonstrate the white collar make up of the workforce and the County's substantial population growth with the increase in public and educational services.

**Competitive, Industrial and National Growth Component Impact on Stafford County Employment**

<b>Industries</b>	<b>Number of New Stafford County Jobs 1998-2003</b>	<b>National Growth Component, New Stafford Jobs 1998-2003</b>	<b>Industrial Mix Component, New Stafford Jobs 1998-2003</b>	<b>Resulting Competitive Share Component, New Stafford Jobs 1998-2003</b>
Forestry, fishing, hunting, and agriculture support	0	0	-1	0
Mining	0	3	-8	5
Utilities	50	0	-1	50
Construction	1,102	83	88	931
Manufacturing	-252	38	-168	-122
Wholesale Trade	535	57	-61	539
Retail Trade	743	108	-11	646
Transportation & warehousing	345	28	72	245
Information	18	11	22	-15
Finance & Insurance	558	136	198	224
Real Estate & Rental & Leasing	112	10	16	86
Professional, scientific & technical services	768	26	87	655
Management of companies & enterprises	-50	3	1	-54
Admin, support, waste mgt, remediation services	1,005	28	26	950
Educational services	59	3	10	46
Health care and social assistance	413	52	80	282
Arts, entertainment & recreation	219	17	38	164
Accommodation & Food Services	345	96	106	142
<i>Total</i>	<b>5,970</b>	<b>701</b>	<b>494</b>	<b>4,774</b>

Source: BBP

**Competitive, Industrial and National Growth Component Impact on Stafford  
County Industries by Growth Rate and Jobs**

Industries	National Growth Component, Percent	National Growth Component, New Stafford Jobs	Industrial Mix Component, Percent	Industrial Mix Component, New Stafford Jobs	Competitive Share Component, Percent	Competitive Share Component, Jobs
Forestry, fishing, hunting, and agriculture support	4.9%	0	-8.4%	-1	3.5%	0
Mining	4.9%	3	-13.6%	-8	8.7%	5
Utilities	4.9%	0	-5.8%	-1	500.9%	50
Construction	4.9%	83	5.2%	88	54.8%	931
Manufacturing	4.9%	38	-21.5%	-168	-15.7%	-122
Wholesale Trade	4.9%	57	-5.3%	-61	46.6%	539
Retail Trade	4.9%	108	-0.5%	-11	29.3%	646
Transportation & warehousing	4.9%	28	12.6%	72	42.6%	245
Information	4.9%	11	9.7%	22	-6.6%	-15
Finance & Insurance	4.9%	136	7.1%	198	8.1%	224
Real Estate & Rental & Leasing	4.9%	10	7.9%	16	41.8%	86
Professional, scientific & technical services	4.9%	26	16.4%	87	123.9%	655
Management of companies & enterprises	4.9%	3	1.6%	1	-89.8%	-54
Admin. support, waste mgt, remediation services	4.9%	28	4.6%	26	164.1%	950
Educational services	4.9%	3	14.6%	10	66.0%	46
Health care and social assistance	4.9%	52	7.6%	80	26.8%	282
Arts, entertainment & recreation	4.9%	17	10.8%	38	46.8%	164
Accommodation & Food Services	4.9%	96	5.4%	106	7.2%	142
<b>Total</b>		<b>701</b>		<b>494</b>		<b>4,774</b>

Source: BBP

A positive competitive share component also indicates that the county has a productive advantage. This advantage could be due to local firms having superior technology, management or market access, or the local labor force having higher productivity and/or lower wages. A negative competitive share component could be caused by local shortcomings in all these areas.

After totaling all 18 sectors, it appears that the area has a general concentration of employment in industries that are increasing nationwide, in terms of employment. The industry that stands apart from this distinction is Wholesale Trade. In Stafford County, wholesale trade's competitive share component was 46.6% of jobs created, compared to a national wholesale trade employment decrease of 5.3%. Retail trade also experienced this with a positive competitive share component of 29.3% to a national retail trade employment decrease of -0.5%. Three other industries experienced this scenario as well, although their significance to the overall Stafford County economy is minimal: utilities, mining, and forestry, fishing, hunting and agricultural support.

For Stafford County, the shift share analysis further demonstrates the strength of Stafford County's economy. In 15 of the 18 industrial categories examined, Stafford County industries had a positive competitive share component. The industries with negative competitive share components were manufacturing, information and management of companies and enterprises. The shift share analysis combined with the cluster analysis

will identify the industry sectors with the greatest potential to continue Stafford County's economic growth and quality employment. This final analysis of strong specific industrial sectors will appear after the Cluster Analysis section.

By examining the competitive share components for each industry, the development community can easily identify which local industries have a positive competitive share component, or which industries have competitive advantages over other counties and regions. Local officials can then devise strategies to improve local conditions faced by particular industries selected for focus. These strategies may include specialized training programs for workers and management, improved access to input and product markets through transportation and telecommunications, or arranged financial alternatives for new machinery and equipment.

#### **Cluster Analysis**

Cluster analysis refers to a group of industries that are linked by common product markets, labor pools, knowledge base, similar technologies, supplier chains, specialized services, networks, and research and development and/or other economic ties. Clusters are determined with the use of local labor market information, anecdotal information and employer feedback. By aggregating industries into clusters, economic development professionals can determine appropriate and cross - cutting training needs for multiple firms with similar skill needs, and help derive a market based approach to workforce development. Clustering also establishes industry networks that lead to the dissemination of best practices, process innovations, and joint market or product initiatives.

Employment location quotients are first computed; these quotients measure an industry's employment concentration in a region relative to some reference. This measure is used to assess the strength of an industry. Employment location quotients are determined by calculating the percentage of employment within each industry represented within the county, as compared to total county employment in a given time period. The percentage is then compared against the percentage of total employment in that same industry for state and national employment.

An area with a local employment percentage greater than both the state and national average in an industry (a location quotient greater than one) may indicate a possible competitive advantage in developing this industry. The theory is that by employing more workers than the national average, the industry is producing more goods and services than the region alone can consume; thus, the industries export excess product out of the region. This measure also identifies potential industry clusters to focus on in which investments would be likely to yield high returns, i.e. high growth potential, pay higher than average wages, and offer significant competitive advantage, depending on the industry.

An area with an employment percentage less than the state or national average (a location quotient less than one) may indicate that the area has less than its share of activity, or is minimally competitive. Also, such industries generally pay low salaries and their products and services are entirely consumed within the area. See the following table for

the specific Stafford County industries with greater employment percentages per industry than Virginia and the nation. The data was pulled from the 2003 U.S. Census County Business Patterns, the most recent information available at the time of this report. This analysis suggests that at least five strong clusters with the potential to be pursued by Stafford County in its economic development efforts. Shading indicates a target industry cluster for Stafford County.

**Percent of Employment: 2003**

Industry Code Description	2003 % of Employment: Stafford County	2003 % of Employment: Virginia	2003 % of Employment: United States
Forestry, fishing, hunting, and agriculture support	0.1%	0.1%	0.2%
Mining	0.3%	0.4%	0.4%
Utilities	0.3%	0.6%	0.6%
<b>Construction</b>	<b>14.1%</b>	<b>7.4%</b>	<b>6.0%</b>
Manufacturing	2.7%	11.3%	13.3%
<b>Wholesale trade</b>	<b>8.5%</b>	<b>3.9%</b>	<b>5.5%</b>
Retail trade	14.9%	14.9%	14.0%
<b>Transportation &amp; warehousing</b>	<b>4.6%</b>	<b>3.6%</b>	<b>3.8%</b>
Information	1.2%	4.6%	3.4%
<b>Finance &amp; insurance</b>	<b>16.8%</b>	<b>6.3%</b>	<b>6.1%</b>
Real estate & rental & leasing	1.6%	2.1%	1.9%
Professional, scientific & technical services	6.5%	11.3%	6.9%
Management of companies & enterprises	0.1%	1.9%	2.7%
Admin, support, waste mgt, remediation services	8.0%	7.7%	8.0%
Educational services	0.6%	2.1%	2.6%
Health care and social assistance	7.4%	12.4%	14.6%
<b>Arts, entertainment &amp; recreation</b>	<b>2.9%</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Accommodation &amp; food services</b>	<b>11.7%</b>	<b>9.7%</b>	<b>9.9%</b>

Source: 2003 County Business Patterns, U.S. Census (highlighted portions indicate potential target clusters)

***Finance and Insurance as an Industry Cluster of Note***

The first industry cluster that demonstrates growth potential in Stafford County is *Finance and Insurance*. The Finance and Insurance industry accounts for 16.8% of employment in Stafford County, which is 10% higher than the industry's corresponding percentage for the state (6.3%) and nation (6.1%).

**Industry Classification Codes and Sub-Sectors for Finance and Insurance Cluster**

<b>Sector and North American Industry Classification System (NAICS) Code</b>	<b>Sub-Sector</b>	<b>Sub-Sector and North American Industry Classification System (NAICS) Code</b>
Finance and Insurance (52)	Insurance Carriers & Related Activities	524

Source: 2003 County Business Patterns, U.S. Census

Further, this cluster’s prominence is suggested by the Stafford’s highly-skilled residential population. This cluster reflects Stafford’s population skills and white collar employment trends, as demonstrated in the table below. The most recent U.S. Census confirmed that Stafford’s residents hold employment in management, professional and related occupations—regardless of location of employment.

**Employment of Residents: 2000**

	<b>Stafford County</b>	<b>Virginia</b>	<b>United States</b>
Management, professional, and related occupations	41.1%	38.2%	33.6%
Service occupations	13.3%	13.7%	14.9%
Sales and office occupations	25.7%	25.5%	26.7%
Farming, fishing, and forestry occupations	0.1%	0.5%	0.7%
Construction, extraction, and maintenance occupations	11.7%	9.6%	9.4%
Production, transportation, and material moving occupations	8.0%	12.5%	14.6%

Source: U.S. Census

***Professional Business or Technology Firms as an Industry Cluster of Note***

The nature of Stafford counties residents’ employment skills and location of their employment differentiate its cluster analysis from standard locations. Stafford County is unique as its rate of out- commuting residents is substantially higher than the region or nation. A cluster analysis traditionally only examines the employment positions *within* the targeted geography, however, Stafford’s residents demonstrates a unique additional cluster. As its residents are employed in higher-paying, white-collar jobs in surrounding communities, as shown in the chart below, another industry is produced, which is *professional business or technology firms*. Strategies to attract and retain these businesses and to aid in allowing Stafford residents to work in the County are discussed later in the economic development plan. The County is aware of this imbalance and continues to work to rectify it, as also discussed in further detail later in this plan.

Sector and North American Industry Classification System (NAICS) Code	Sub-Sector	Sub-Sector and North American Industry Classification System (NAICS) Code
Professional, Scientific and Technical Services (54)	Legal Services	5411
	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	5412
	Architectural, Engineering, and Related Services	5413
	Specialized Design Services	5414
	Computer Systems Design and Related Services	5415
	Management, Scientific, and Technical Consulting Services	5416
	Scientific Research and Development Services	5417
	Advertising and Related Services	5118
	Other Professional, Scientific, and Technical Services	5419

Source: U.S. Census

#### Location of Employment: 2000

Location	Work in County of Residence	Work Outside County of Residence	Worked Outside State of Residence
Stafford County	29.1%	61.1%	9.7%
Virginia	51.7%	38.9%	9.4%
United States	76.1%	20.4%	3.5%

Source: U.S. Census

The cluster analysis of Stafford County identifies additional clusters with the potential to focus on. These clusters differ from the white-collar industries identified above, but can aide to diversify the Stafford economy. However, the industries that follow are not as desirable as those listed above because of the lower wages produced and individual growth within each industry. In a question of allocation of resources more emphasis should be placed on the previous higher wage clusters.

#### *Wholesale Trade as an Industry Cluster of Note*

The third appropriate industry cluster demonstrating growth potential would be *Wholesale Trade* with 8.5% of countywide employment. This percentage of local employment is double the rates for the state (3.9%) and nation (3.8%). The Wholesale

Trade sector often comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The wholesale sector includes: merchant wholesalers who buy and take title to the goods they sell, manufacturers' sales branches and offices who sell products manufactured domestically by their own company, and agents and brokers who collect a commission or fee for arranging the sale of merchandise owned by others. *Wholesale Trade* has increased its percentage of employment since 1998, from 7.6% in 1998 to 8.5% in 2003. For the Wholesale Trade cluster, there are two main sub-clusters non-durable and durable goods, which provide an umbrella for a host of subsequent sub-clusters under each category.

**Industry Classification Codes and Sub-Sectors for Wholesale Trade Cluster**

Sector and North American Industry Classification System (NAICS) Code	Sub-Sector	Sub-Sector and North American Industry Classification System (NAICS) Code
Wholesale Trade (400)	Non-Durable Goods	422
	Durable Goods	421

Source: 2003 County Business Patterns, U.S. Census

***Transportation and Warehousing as an Industry Cluster of Note***

A fourth cluster would work in unison with wholesale trade-- *Transportation and Warehousing*. This industry is also an emerging cluster; its percentage of county employment increased from 3.8% to 4.6% over the examined timeframe. While not as dramatic compared to other clusters, the county's percentage was higher than the state's (3.6%) and nation's (3.8%). Stafford County's location along I-95, and the County's proximity to Washington D.C. and Richmond, contributes to industry advantages in distribution, warehousing and transportation.

**Industry Classification Codes and Sub-Sectors for Transportation and Warehousing Cluster**

Sector and North American Industry Classification System (NAICS) Code	Sub-Sector	Sub-Sector and North American Industry Classification System (NAICS) Code
Transportation and Warehousing (48)	Truck Transportation	484

Source: 2003 County Business Patterns, U.S. Census

***Construction as an Industry Cluster of Note***

An additional appropriate industry cluster to monitor would be *Construction*. The pace of business and residential growth in Stafford County contributes to the high employment rates in this field. As forecasts predict Stafford's continued residential expansion, and business trends point to continued location of business entities to the area, the construction industry should see continued growth. Further, as a percentage of employment in Stafford County, *Construction* has increased from 1998-2003 (the last year with data available). In 1998, *Construction* accounted for 11.1% of county employment, and in 2003 it accounted for 14.1% of county employment. This percentage



of county employment was substantially higher than the state percentage (7.4%) and nation (6.0%). A closer examination of U.S. Census data regarding construction employment underscores which construction sub-sectors using the North American Industry Classification System (NAICS) are most favored by Stafford County.

**Construction Sub-Sector Employment: 2003**

Industry Code Description	2003 % of Employment: Stafford	2003 % of Employment: Virginia	2003 % of Employment: United States
Special trade contractors	9.1%	4.3%	3.6%
Building, developing & general contracting	3.3%	1.9%	1.5%
Heavy Construction	1.6%	1.0%	0.8%

Source: 2003 County Business Patterns, U.S. Census

**Industry Classification Codes and Sub-Sectors for Construction Cluster**

Sector and North American Industry Classification System (NAICS) Code	Sub-Sector	Sub-Sector and North American Industry Classification System (NAICS) Code
Construction (23)	Special Trade Contractors	235
	Building, Developing, & General Contracting	233
	Heavy Construction	234

Source: 2003 County Business Patterns, U.S. Census

*Arts, Entertainment & Recreation as an Industry Cluster of Note*

Finally, the above percentages also identify *Arts, Entertainment & Recreation* as a potential industry cluster of interest. Arts, entertainment & recreation presents in some ways a 'clean' industry available to the Stafford economic community. Visitors from outside the County spend their money while exploring Stafford's growing Tourism industry (National Museum of the Marine Corps, ferry farm, government island, etc.) which adds to the overall tax generation. However, their presence does not necessitate additional investment in schools or infrastructure due to the temporary nature of their visit.

Unfortunately, *Arts, Entertainment & Recreation* and its corresponding *Accommodation & Food Services* do not traditionally provide the high wages sought in Stafford County. However, these industries can add to Stafford County's overall tax generation. According to the economic development department, there are 17 hotels in Stafford County which will soon expand to 20, and projected to further grow to 22 or 23 over the next several years. The recent focus on the tourism industry provides for a beneficial circular relationship. The tax generation from these establishments allow for the development of tourist assets, such as the new visitor center, and the addition of these assets then results in an expanded tourist industry.

***Recommendation 2 : Construct an Economic Model to Definitively Measure the Economic Benefit of Each Cluster in Stafford County***

Formatted: Bullets and Numbering

The Stafford County Commissioner of Revenue does not keep tax generation records by industry. However, an economic model should be developed to bring understanding to each industry's projected impact on Stafford County. The subsequent economic model will provide further insight into what each industry will generate in secondary employment, earnings and tax revenue. Such insight will allow Stafford County's economic development community to further sharpen their focus on desirable and profitable compatible industry clusters.

One such economic impact model is produced by the U.S. Bureau of Economic Analysis called RIMS II. This model allows for a multiplier to be applied to a certain industry's employment and earnings, to understand what secondary benefits are derived. The employment numbers and total earnings of the original base industry must be known first however. For example, industry X may employ 100 employees, which would result in an employment multiplier of 1.31 thus creating 131 additional jobs. Industry Y, in contrast, which employs 100 workers, may only have a multiplier of 1.05, thus creating only 105 additional jobs. An economic model, that produces industry multipliers can provide insight into the benefits an industry can provide beyond the jobs at each businesses individual sites. The U.S. Bureau of Economic Analysis provides RIMS II tables for industries specific to Stafford County.

**C. ECONOMIC DEVELOPMENT STRATEGIES: GETTING ORGANIZED FOR NEW  
ECONOMIC DEVELOPMENT OPPORTUNITIES**

**Assessment –Existing Efforts**

As highlighted previously, Stafford County's economic development effort is comprehensive and forward-thinking. The Stafford County Economic Development Department produces high quality brochures and booklets outlining the advantages of locating business in Stafford County. The County's economic development website provides in-depth demographic and available site information. Through interviews with invested Stafford County entities, it is evident an open line of communication exists between the area's businesses and the economic development department. The economic development staff conducted a survey of area businesses in 2004 and recently concluded another survey in 2006. Further, a strong regional advocacy network exists to further economic development in Stafford County.

The Stafford County Economic Development Department has strong relationships with regional economic development advocates and partakes in trade missions with them when appropriate. The Fredericksburg Regional Alliance markets the entire region to potential clients and acts as a one-stop source for information of the region including Stafford County. As documented earlier, the Fredericksburg Regional Chamber of Commerce provides opportunities for area businesses to network, and the Chamber also holds periodic informative business expos among its activities.

The sound integration of Stafford County's economic development efforts is also evident in the workforce programs at post-secondary institutions. Both the University of Mary Washington and Germanna Community College have ties to the business community. These ties have led to training programs developed specifically to further the development of area businesses' and their employees.

**Recommended Approaches**

The course of economic development efforts in Stafford County is sound. The formalization of such efforts should be the next step. The Stafford County Economic Development Department actively uses several efforts to forward County economic development; however, the department often does so in an informal manner. As an example, the County staff does have an open line of communication with businesses, but no formal program to contact a certain number of businesses per month. The concern of current lack of codification is not that it will hinder the achievement of current staff. The concern arises that these efforts continue to be departmental fixtures that may not survive natural staff turnover. Formalization will further ensure that such a program continues into the future. In addition, formalization of the department's efforts will aid in continual review and improvement of present initiatives.

***Recommendation 3 :Codify Economic Development Efforts into a Program Presented to the Board of Supervisors through an Economic Development Scorecard and Ensure the Inclusion of All Invested Economic Development Parties in Stafford County***

Formatted: Bullets and Numbering

One approach to formalize Stafford County economic development measures is to develop an economic development and tourism "scorecard". This scorecard would list the various goals and products to be accomplished in a given time period. The scorecard would be presented to the Board of Supervisors at a public hearing to gain feedback and approval of the overall program. Its ease of understanding and viewing would aid economic development efforts. Its one page format would be simple, and small enough, to be published in articles about Stafford County economic development upon its yearly (or quarterly) presentation before the board. Its nature also allows residents to gain a quick glance understanding of the programs to be initiated, the responsibility of those involved (including them) and a designated timeframe.

The basics for maintaining such an economic development scorecard exists in several outlets already produced by the economic development department. These previous efforts will streamline the amount of time necessary to produce this valuable system. Presently, the Economic Development Department sends a quarterly report to the Board of Supervisors. This report lists the accomplishments of the department and ongoing initiatives. The last report available at the time of this report (April 2006) detailed several programs. The report noted: the EDA's recent endorsement of a pilot project that offers grants to local businesses to assist in e-commerce development; overview results of a local business survey conducted in partnership with the University of Mary Washington; and an overview of the local economy. In addition, the biannual Stafford County newsletter also details accomplishments of the Stafford County Economic Development Department.

Started at the beginning of the fiscal calendar, the economic development scorecard would outline desired steps for the upcoming year. The quarterly report to the Board of Supervisors and biannual newsletter could provide analysis of steps beyond the simple graphic representation of progress.

While concerns about putting the Economic Development Department "on the line" may arise, the benefits are significant. The scorecard illuminates the *total* community effort needed for economic development success. The scorecard would identify all facets of county economic development entities and their needed contribution in the upcoming year. For example, Stafford County tourism would have a section of the scorecard devoted specifically to implementing tourist attractions and projects, updating marketing materials and potentially attracting conventions, reunions and other groups to Stafford County.

An all-inclusive scorecard is also an example of “critical path planning”. This type of planning provides identification of where a program can wither without necessary support, or the critical step on its path to completion.

The City of Snohomish, Washington presents an excellent example of an inclusive scorecard. The City’s scorecard referenced below includes the following:

- *Tasks:* The scorecard outlines the broad tasks necessary to foster economic development and provides subtasks to contribute to that overall task. An example on that scorecard is an overall task of WORKFORCE with corresponding subtasks of: develop job and technical training; recruit day care providers; and, create job listing links with website.
- *Priority:* The scorecard further identifies each subtask as either a high, medium or low priority.
- *Invested: Parties:* This scorecard identifies 11 town parties which could impact various economic development efforts and their needed contribution for success. These entities include the City Council, Economic Development Department, School District, private employers and private real estate developers. The parties role in each subtask is noted with either an “A” for approval, “L” for leading role, “P” for major participating role or blank if it is not applicable.
- *Schedule:* The scorecard then lists a four-year schedule indicating when each task is to be completed.

This scorecard further demonstrates future budget needs and an individual program’s relation to the economic development effort as a whole. An example would be funding of a survey to be conducted regarding the Stafford County permit process. Under a task of *Benchmark Economic Development Environment*, the subtask could be *Survey Businesses on Permit Process* as a High task to be completed in year one of the scorecard. The Economic Development Department, Board of Supervisors and private business would be identified as participants. The corresponding roles would be “A” for approval role, “L” for leading management role and “P” for participating role. A sample of this economic development scorecard is shown below, a full example of the City of Snohomish, Washington Economic Scorecard is in the Appendix.

		City Council	Planning Commission	Economic Development Department	Community Services/Support Services Department	Chamber of Commerce	Snohomish County EDC	Washington State CTED, DSHS, MRC etc.	Snohomish School District	Private Employers	Public City residents/property owners	private realtors/developers	Year 1	Year 2	Year 3	Year 4
<b>General</b>																
Establish economic coordinating function	high	A		L	P								X			
Improve Development Procedures	mdm	A	A	L	L	P					P	P	X	X		
Develop GIS database and maps	high			P	L	P	P						X	X	X	
Develop website capability and linkages	high			P	L	L	P	P	P	P		P	X			
<b>Bickford</b>																
Create Neighborhood Program and Plan	high	A	A	P	L	P	P			P	P	P	X			
Initiate annexation agreements	mdm	A			P						L			X		
Initiate packaging/marketing program	mdm			P		L	L	P				L			X	

A = Approval Role  
L = Leading Role  
P = Major Participating Role

**Recommendation 4 :Emphasize Economic Development Efforts**

Formatted: Bullets and Numbering

The inclusive economic development scorecard should then be posted to the Economic Development website. It provides a quick, accessible way for the public to see the success of programs of the County’s economic development team. The quarterly report to the Board of Supervisors should be listed on the website, perhaps under a link titled, “Update of Economic Development Efforts.” The website stands as an information portal to both potential businesses and the community. The publicity of tangible implementation of an economic development program further demonstrates Stafford County’s business savvy. For Stafford County citizens, it further informs them of the county’s vision and process for achieving it.

**Recommendation 5 :Implement Desired Development in Identified Opportunity Areas through Development District Zoning Categories**

Formatted: Bullets and Numbering

An overwhelming influence on Stafford County’s growth is that its location will naturally attract economic development. As discussed earlier, Stafford County’s geography that straddles I-95, its proximity to Quantico Marine Base and the government location trends make it a target for future business development. As noted through several interviews with community entities, concern exists relating to the location and quality of future development.

The planned vision for the opportunity areas of Boswell's Corner and Courthouse Area must be cemented through zoning designations and design guidelines. Development pressures may call for approval of projects piecemeal that meet current code but not the desired future community vision. The Comprehensive Plan must be updated with elements to identify the future vision for these areas. Courts have established precedents that zoning laws must first match the master plan before it becomes law. As both of these processes can take time, a cognizant effort to implement these measures should be started at the earliest.

In turn, a special development district can be overlaid on the desired areas to ensure future growth meets the community's vision. This overlay is of particular importance in trying to build a pedestrian friendly city center at the Courthouse opportunity site.

The City of Port Orchard, WA established such a district to foster specific development. They City's Downtown Development District specified height requirements, approved uses, and established design and sign guidelines. The City was also able to improve its permitting process through specific regulations fostering the desired vision. Projects submitted were reviewed administratively, thus reducing the time for approval.

***Recommendation 6 :Develop the Site Review Process So that It Provides Time Consistency to Applicants***

Formatted: Bullets and Numbering

The Stafford County site review process must be configured to provide shorter review times, and subsequent predictability to length. Through interviews with area developers and anecdotal evidence, the site review process in Stafford County can vary from a few months to a year. Other surrounding jurisdictions such as Spotsylvania, Prince William and Fairfax Counties provide review processes to its development community that is typically quicker and more efficiently.

A recent report commissioned by the American Institute of Architects noted the economic impacts between a long permit process and economic development. It noted six main points between the length of a permit review process and its subsequent impact on the local economy:

- Reduced permitting times will encourage economic development
- Permitting delays raise tenant costs in both new and existing buildings
- With competition between jurisdictions for new development dollars, a more efficient process can permanently increase local government revenue
- Increased construction spending provides broader economic benefits
- Because of the economic importance of investment in structures, even modest efficiency gains in the permitting process can have larger impacts.

For example, an efficient permit process allows a building to be completed quicker than other jurisdictions; it then allows a business landlord to collect lease revenue sooner, to pay off their initial investment, an attractive proposition. In turn, increased county tax collections from economic projects being completed (and attracted in greater numbers) can provide the revenue source to update review systems and procedural improvements.

**Recommendation 7 :Hold Community “Office Hours” in the Opportunity Areas**

Formatted: Bullets and Numbering

Public support is critical to any economic development effort. Economic development staff should present themselves to the community to promote the economic development program and future area development plans.

While a much larger city, the City of San Francisco’s community outreach efforts demonstrate an applicable example. With various city area plans, city staff held “office hours” at central locations in area neighborhoods at convenient times. Citizens could stop by to speak with a representative about the area plan and timeline, and discuss displayed maps. In addition, city staff planned weekend walking tours of the areas designated for a new community plan. These actions further invest the community in the plan to gather valuable support. It also allows staff the opportunity to frame the debate and not let the debate frame the proposed vision.

**Recommendation 8 :Hold Community Economic Development “Road Shows” to Demonstrate the Importance of Economic Development to the County’s Residents**

Formatted: Bullets and Numbering

Through interviews with vested Stafford County community members, it is apparent Stafford County’s vision of economic development is at times misconstrued in the community. Vocal members of the community object to community efforts at economic growth; they fear additional traffic congestion and sprawl.

The Economic Development Department is proactive in bridging different sectors of the development community in guiding development. Members of the department currently attend public meetings of the planning commission, and meetings of the technical review committee and design review when a project is submitted. To further combat a one-sided vision, the County staff can be additionally proactive in presenting plans, ideas, visions and the program to the community in their neighborhoods. These “road shows” at various community centers could explain the benefits of economic development (increased funds for services, an ability to reduce commute times through local employment, etc.) and how current efforts are seeking to alleviate community concerns such as poor design (new design guidelines), sprawl (through concentrating development in the Courthouse, I-95 Exit 136 interchange, and Boswell’s Corner) and improved pedestrian environment (Courthouse County Center). After a presentation, staff would take questions from the audience to provide additional information.

An example of the initiative’s potential education of citizens would be the impact of tourism on Stafford County. Some citizens feel that expanded County tourism would add unwanted development and congestion. However, tourism dollars are cited as “clean economic dollars”. The money spent on tourism does not cause a further burden on schools nor dramatically impact county services. And, as its nature, tourism visitors come from outside the County and provide economic impact without additional residential



development. Proactive dialogue with the community will build support for various initiatives when projects go before local boards for approval and erode misconceptions.

***Recommendation 9 :Continue to Expand and Develop County Marketing Tools such as Marketing Booklets and the Website***

Formatted: Bullets and Numbering

Stafford County produces high quality materials to assist prospective clients and entrepreneurs. However, the County should continue this innovation in providing additional informational materials. Further, a provision should be implemented within the economic development and tourism scorecard to update, refresh and expand marketing materials at regular intervals.

A handbook describing the permit process can improve efficiency while saving the customer and local government time and money. While the County has an excellent CD dedicated to new entrepreneurs, it does not have one that solely overviews the commercial development process. A detailed planning and building code development handbook that provides basic step-by-step information would reduce questions received by review staff and thus free their time for concrete review and analysis, and enable customers to gather necessary information before submitting applications.

Many cities are publishing booklets and brochures guiding customers through the land use and construction process. The City of Pinecrest, FL, has available a 24-page booklet, that outlines frequently-asked questions (When and Why a Variance is Needed), a schedule of critical dates (Application Deadlines/ Planning Commission Meetings), a chart showing who reviews an application (Planning/ Fire/Building), a fee schedule, and required forms. Pinecrest makes this available on their website, while other municipalities provide an e-mail for handbook requests. Additionally, examples of completed forms and standard draft plans could be included to eliminate further questions regarding submissions.

The County's website also stands as a paradigm for economic development websites. In the 1994 Economic Development Strategy, the plan referenced how the Economic Development Department had made great marketing strides through having a new "collapsible trade show display". This point demonstrates how quickly the pace of technology and communication can change. In that regard, the Stafford County Economic Development and Tourism website might consider being the host site for monthly on-line chats with a member of the Economic Development Department. Also an "economic-development news blog" may be considered where staff can post quick responses to stories of the day. The tourism arm of the economic development department has recently started just this sort of initiative. An example of such a posting would be when the latest Base Realignment and Closure (BRAC) announcements were released earlier this year. Again, the importance of community education and investment in programs are the key to such initiatives.

Further, the existing Stafford County tourism website can be developed into a model to spur economic tourism development. One industry survey reported that 20% of Web site

visitors decided to visit the destination after visiting the Web site. In addition, the percentage of perspective travelers who used the internet to book their future travel plans continued to grow in 2005. Travelers who used the internet to book their travel increased 25% from the year before, while the percentage that used the internet to book their accommodations increased 9%. The further development of Stafford County's Tourism website, with continual updated links to area tourism accommodations, can strengthen this sector of the local economy.

***Recommendation 10 :Plan and Budget for New Economic Development Plans Every Five Years***

Formatted: Bullets and Numbering

Review of the 1994 Economic Development Strategy reveals how times have changed. Government employment ten years ago was seen to eventually fade. The current market trends now underscore and demonstrate the importance of the sector to Stafford County's economic development. The examination of current business trends and County characteristics does clearly point to the identified clusters of construction, wholesale trade, transportation and warehousing, marketing and finance, and professional business firms. However, economies can change over time due to unforeseen events and therefore must be monitored.

An example of such a changing economy may be the tourism industry. Upon development of the Marine Corps Heritage Museum, George Washington's boyhood home of Ferry Farm, the National Slavery Museum, and potential museum and cultural center in the Courthouse Area, the region may stand as a significant regional tourism destination. As tourism continues to grow, a separate specific Stafford County tourism overview plan should also be scheduled and budgeted for every five years, in concert with new economic development plans.

***Recommendation 11 :Continue to Develop the County's Tourism Management Infrastructure***

Formatted: Bullets and Numbering

Stafford County's volunteer Tourism Advisory Council was initiated in 2004. The council provides ideas and feedback on Stafford tourism activities and initiatives and works directly with the county's tourism manager. The ideas the Council develop could be added to the economic development scorecard, tourism section, for measurement of success, implementation and an understanding of future resources needed throughout the year. The inclusion of this 'volunteer' organization will also demonstrate how Stafford County economic development is able to incorporate dedicated citizens into tangible development of its community.

Work is further underway to develop a multi-departmental "Cultural Management Team" to further assist the development of the tourist industry in Stafford County. The team will help to identify, preserve, acquire and adaptively reuse cultural resources in an effort to develop such sites into Stafford County tourist attractions. Among the departmental representatives the Cultural Management Team should have are members of the tourism, economic development, finance, planning and utilities department, along with members

of the Tourism Advisory Council. Through a 'one-stop' meeting group, ideas and an action plan with subsequent steps can be more easily developed, in less time than moving a project through each department separately. The establishment of a "Cultural Management Team" should be a priority.

### **Potential Funding Support**

The Stafford County Economic Development Department is currently funded by Stafford County General Funds. Stafford County tourism is funded through a 5% lodging tax, with 3% going to tourism marketing. As the Stafford County economy expands, the economic development department must have the resources to meet demand. The economic development scorecard will assist in demonstrating this point. Although appropriate funding from the general fund is required, other opportunities must be explored as well. These include various state-supporting programs and innovative funding programs developed by the economic development department. Federal program assistance for economic development is geared toward communities facing economic hardships. Stafford County's continued economic growth, low unemployment rate and median income, therefore, makes it ineligible for most of these programs.

**Recommendation 12 :Continue to Tap State Funding Programs to Support Economic Development Efforts**

Formatted: Bullets and Numbering

The following state programs can supplement the budget provided to the economic development department by Stafford County general funds such as:

- *The Virtual Building Grant Program.* The Grant Program was created to increase the marketable inventory of business properties within Virginia through the development of new "Virtual Buildings." As with last year's program, five (5) localities/regions will be competitively selected to receive up to \$15,000 in matching funds to complete a "Virtual Building" that has all essential infrastructure in place, preliminary design work, costs and construction timeframes, development team and site plan permit approval. This program could help further market opportunity sites in the County.
- *The designation of a Virginia Enterprise Zone at identified Stafford County opportunity sites.* Once a local enterprise zone is designated, the local assessing officer records the base-assessed value of the real estate or machinery and tools, or both, in the zone as of January 1 preceding the establishment of the zone. Each year, all or a specified percentage of the increase in the real estate taxes or machinery and tools taxes, or both (attributable to the difference between the base assessed value and the current assessed value) will be paid into a local enterprise zone development fund. These funds may be used to promote economic development within the enterprise zone through: enhanced law enforcement and governmental services, including transportation projects;

grants to chambers of commerce and similar organizations within the locality; grants to any industrial development authority created by the locality. At the end of each tax year, monies in the local enterprise zone development fund not used for one of these purposes are returned to the locality's general fund.

- *The Department of Housing and Community Development's Block Grant Program.* The Community Development Block Grant Program provides grants to local governments to help support a range of projects that benefit low- and moderate-income residents, address urgent needs or eliminate blighting influences.
- *The Governor's Opportunity Fund.* This fund provides either grants or loans to local governments to promote investment and the creation of new jobs.

***Recommendation 13 :Consider Sponsorship of Local Marketing Materials***

Formatted: Bullets and Numbering

The cost of production of the high quality of Stafford County promotional materials can be offset by private sponsorships. Done in a tactful manner, acknowledgment of various community sponsors will not detract from the professionalism of the document. Further, it can also demonstrate the economic vitality of the area by demonstrating companies presently represented.

**Priority Sites for Future Economic Developments**

Stafford County has three significant economic development opportunity areas. All three opportunity sites run along the economic spine of Stafford County, I-95. Locations along I-95 are attractive due to direct access to Quantico Marine Base, Northern Virginia and Washington, D.C. The areas' direct access route makes it easier for businesses' employees, clients, visitors and products to reach their desired destination. With the type and amount of development foreshadowed through business trends and new government regulations, these sites could act as economic catch basins for future growth. Through proper preparation and planning, the development of these sites can add to the quality of life and economic stability of Stafford County. A failure to develop a comprehensive strategy for their development can lead to held fears of overwhelming sprawl and congestion. The following Stafford County opportunity areas are discussed in geographic order from north to south. More specific development plans to advance economic development at Boswell's Corner and the Courthouse Area are discussed at the end of this report.

***Recommendation 14 :Plan and Develop Boswell's Corner to Maximize its Economic Potential***

Formatted: Bullets and Numbering

Boswell's Corner itself is signified by the intersection of US Route 1 and Telegraph Road. The opportunity area discussed here concerns the land that stretches into Quantico

Deleted: ¶

Marine Corps Base in the northernmost point of Stafford County. This area is also bordered on the west by I-95 and on the east by US Route 1 and Quantico.

#### Current Condition

The Boswell's Corner area is underutilized and underdeveloped as an economic force in Stafford County. Business development in the area is sparse and varied. A few trucking and distribution centers and various specialty stores mark the extent of current business anchors. The topography on the eastern portion of the site rises quickly from US Route 1 precluding significant future office development. There exists no major office space or retail development. The sparsely developed area features a few new town homes and older housing stock.

#### Opportunity Site

The Boswell's Corner area exists as a future economic development site due to location and road access. The Quantico Marine Corps Base will see a significant gain in employment through the BRAC process. As mentioned earlier, the BRAC recommendations call for approximately 500 military, 1,200 civilians as well as 1,200 defense contractors to move to Quantico. This realignment will lead to private sector contractors seeking to relocate near their business opportunities. Boswell's Corner's location makes it a prominent potential destination for businesses that support the activities at Quantico. A significant amount of office space will be required to accommodate the new business development. The approved Quantico Corporate Center, although a significant leader in the area, will not be the sole provider to meet the demand for future office development.

The BRAC decision to relocate employees to Quantico continues a recent trend of the continued expansion of Quantico's purpose. The FBI built their new crime laboratory at Quantico in 2003 bringing 650 new employees to the area. In addition, the National Museum of the Marine Corps is slated to open in November 2006 that will further strengthen the heritage tourism attractions to draw visitors to Stafford County. The roughly \$54 million facility is being built on a 135-acre site beside Interstate 95, just outside Quantico Marine Corps Base's main gate. The site, known as the Marine Corps Heritage Center, eventually is to include a hotel, a conference center, an IMAX theater, parade grounds and Semper Fidelis Memorial Park. The museum will have a full-time staff of more than 35 civil servants. The facility's will generate expected high, worldwide visitor traffic, with conservative estimates predicting 250,000 visitors annually. This high visitor traffic will present the area with a further development opportunity, tourism support amenities. These visitors will need accommodations outside of the hotel provided by the base. The future demand for hotel and support amenities should be taken into consideration when potential Boswell Corner zoning adjustments are developed.

This area stands as the gateway to Stafford County from the north. Development of high quality office space and supporting retail would announce that Stafford County is an area for economic progress and not solely as a bedroom community.

***Recommendation 15 :Plan and Develop the Courthouse Area to Become a Community Anchor of Stafford County***

Formatted: Bullets and Numbering

The Courthouse area stands as the government center of Stafford County. The area houses the government complex and as name alludes, the historic county courthouse. The intersection of Courthouse Road and US Route 1 mark the center of this Stafford County opportunity area.

**Current Condition**

While the Courthouse area houses the government of Stafford County, the surrounding area does not contain a proper amount of support amenities. There exists limited retail and restaurant activity to support the employees or visitors to the complex. This seems particularly unusual considering there are over 650 county employees and the Schol Board administration complex alone at the location and three schools within two miles at the present time.

**Opportunity Site**

The Courthouse area stands as an opportunity site because of its location and current and future economic anchors. The intersection of Courthouse Road and US Route 1 is one mile from I-95 exit 140. Further, the Courthouse area has three development resources planned that could transform the area: a new hospital; a new I-95 interchange; and a new courthouse complex. The hospital will bring additional employees and visitors to this area. The proposed new interchange should make it easier for visitors and residents to reach this future concentration of activity. The area has long been talked about as a future location for a tourist visitor center, open air market, and town square. While these facilities will support increased day pedestrian traffic via the new hospital and improved courthouse complex, they will also facilitate visitation and use at times outside the professional workday. Corresponding with the increased pedestrian traffic will be the opportunity, and need, for supporting amenities such as eating establishments and retail.

The opportunity for the County to develop this area into an active pedestrian location can be assisted by the proposed new courthouse. All interviews conducted by BBP revealed a desire for greater density in this location, in part to foster a pedestrian environment. The area is currently not a pedestrian friendly environment. Part of what isolates the area is the location of the entrance to the government complex. While a marked, designated entrance awaits citizens to the rear of the building where parking exists, no significant entrance faces either Courthouse Road or US Route 1. This creates a situation isolating citizens and employees from potential interaction with the surrounding area. A new courthouse complex in this area should be developed cognizant of a sense of integration with surrounding resources. Businesses such as restaurants and supporting convenience retail will be desired by employees and visitors. The development would add to the diversity of the County as well. The County could then not only boast of strong business parks, health services, recreational activities but also, an active, pedestrian town center. In addition, the Courthouse area complex could include the Stafford Museum & Visitor

Center, and other tourist attractions (perhaps an outdoor market; theater, amphitheater, town square, playground, and museum) to keep visitors and bring residents to the town center outside of standard business hours to further use the corresponding support amenities of restaurants and retail.

*Plan and Develop New Economic Opportunity Sites at the New I-95 Interchange at Falmouth/Rt. 17 in line with Identified Clusters*

The new I-95 exit is located near the Stafford County Regional Airport. Now users of the airport can obtain easy access via Exit 136, the fourth I-95 exit in Stafford.

Current Condition

The site of the new interchange is mostly vacant, allowing land for many capital projects. The presence of a new I-95 exit is already producing positive economic development. FedEx has located a new distribution center near the new exit. The 40,000 square feet FedEx facility sits on a 12.6 acre site that could eventually house a building of up to 70,000 square feet. The developer remarked the facility site was chosen for its proximity to the new I-95 interchange (exit 136) and not for its proximity to the airport.

Opportunity Site

The I-95 exit 136 interchange breaks up a 7 mile stretch in Stafford County between interchanges. As a representative of FedEx stated, the location and access to I-95 attracted their new complex. With increased demand through business trends, governmental decisions and a solid base of distribution focused companies, additional projects of this nature could be developed at this location. Strategies to develop additional projects in Stafford County, such as a Build-To Suit program, are discussed in the next section. If other growth is desired by the County at this location, proper visioning must be done immediately to ensure “desired” growth is targeted.

Additional opportunity sites are poised for further study to establish economic and community opportunities for Stafford County. First among these sites is the area of Falmouth/Route 17. This area due to its geographic location and access to transportation will provide another center of to cultivate economic opportunity that adds to Stafford’s economic strength in the future.

**Recommendation 16 :Identify Tourism Development Zones**

Stafford County is situated in an area with several historic attributes. Where there is a concentration of cultural resources, Stafford County, led by its tourism office, should proactively identify such areas as Tourism Development Zones. The Cultural Management Team should then outline a plan, with all needed implementation steps to develop the zone into a tourist attraction. At present, the Historic Port of Falmouth, Widewater State Park, and Government Island stand as candidates for such consideration. In addition, the team would examine available state and federal resources (tax incentives and grants) to develop such entities. Among the types of incentives offered are: tax

Formatted: Bullets and Numbering

Deleted: ¶

incentives for rehabilitating a historic building; state grants to survey architectural and archaeological resources, and prepare nominations to the National Register of Historic Places; and a cost share program in which localities can partner with the Virginia Department of Historic Resources to take stock of their historic assets.



**D. ECONOMIC DEVELOPMENT STRATEGIES: EXISTING BUSINESS  
RETENTION AND EXPANSION**

**Business Retention Techniques**

Stafford County would benefit from the establishment of a formal “Business Retention and Growth Program” designed to retain existing businesses. This program will in turn attract new development through enhancing the overall Stafford County environment. This program, in concert with other measures such as a formal Ombudsman program, would not only assist new business seeking development opportunities, but also help current businesses to obtain new expansion avenues. Increased communication and networking among banks, business, Chamber of Commerce, and sector networking meetings and seminars will foster greater responsiveness.

While a larger city, the Yonkers, NY economic retention program provides several examples relevant to Stafford County. Yonkers emphasizes that its economic development division “works closely with the Yonkers Chamber of Commerce, the local banking community, the utility companies, the various service companies and the not for profits in evaluating needs of the business community.” Yonkers assigns a team dedicated to visiting local businesses and assessing needs. Stafford County currently executes many of these actions, but does not have a formal process or staff primarily dedicated to the implementation of these actions.

A survey of businesses can identify local business needs as well. Stafford County did complete a business survey in Spring 2004, and just completed a 2006 survey, that yielded positive applicable information. A formal plan to have regular surveys should be implemented and budgeted to continue the flow of information. This survey will need to be staffed, either as an additional responsibility of an expanded Economic Development Department, or through additional cooperation with the University of Mary Washington College of Professional and Graduate Studies or other local entity. Such surveying can continue to discover businesses needs regarding expansion:

- Is their expansion pushing them outside the County?
- Do workforce skills match?
- Are County regulations understandable?

With a growth hurdle identified, a vibrant active business network of public and private entities can then work in coordination to develop measures to solve the problem. Ascertain the correct information and discovering and addressing potential issues before businesses relocate for greater space, skilled work, or government incentives can make the difference in vibrant communities. In addition, specific surveys should be launched to pinpoint specific hurdles in the economic development process.

*Action Plan*

For this business retention initiative to work, it is vital that Stafford County have the will and the resources to follow-up on problems individual businesses identify, as well as persistent issues that affect a broad set of businesses (and industry clusters).

***Recommendation 17 :Continue to Conduct Biennial Business Survey & Targeted Surveys***

Formatted: Bullets and Numbering

Deleted: ¶

In addition to the regular general business surveys the Stafford County Economic Development Department engages in every two years, a more specific survey of business needs may be conducted to elicit opinions about major issues. These surveys should be sent to targeted groups of businesses. A current example could be a survey of the permit process. This survey sent to developers and builders could further identify obstacles in the permit approval process and opportunities to improve the business climate for expansion in Stafford County. These surveys will be an important evaluation tool for understanding business perceptions of the effectiveness of the economic development program.

***Recommendation 18 :Develop a List of Companies in the Community to be the Focus of Outreach Efforts and Conduct Site Visits***

Formatted: Bullets and Numbering

Deleted: ¶

In addition, to the formal surveys, care should be taken to develop continual outreach to targeted companies and tourism assets on an ongoing basis. Stafford County's efforts should create a working list of 40-50 companies that will receive in-person site visits. These companies should include major employers and representatives of key industry groups (such as those that the County wants to attract more of in the future). A list of 10-20 companies suggests an average of 2-3 site visits per month. Beyond this base, following up with companies that leave the County in order to understand their reasons for relocating is highly recommended. The EDA could play an active role in this outreach.

It is important to try to visit the major businesses in the community in person. Physically going to their facility immediately provides some insight into how their businesses are run, which is valuable to understand. It also demonstrates the County's interest in working with them on their terms. Visitation programs solicit information about the problems and concerns of individual businesses and attempt to identify company specific and area-wide barriers to further business expansion. The County should ask about the companies' operations and identify specific barriers to progress that may be directly attributable to local government conditions and/or policies. Training for these visits by Economic Development staff will enable that a consistent type of information is gathered at each location, along with the opening of dialogue to express specific issues that pertain to individual businesses. Any such program, the personnel for such an operation could either be an additional responsibility of an expanded Economic Development Department, or through additional cooperation with the University of Mary Washington College of Professional and Graduate Studies, or through volunteers of the Chamber of Commerce.

Again, while a strong relationship exists with the business community and the economic development department—no formal program or team exists to institute this program. This important effort, may demonstrate the need to expand the personnel of the economic development department and tourism operation.

#### **Easier to Do, Low Cost Approaches**

The nature of sound economic development requires investment of time, effort and monetary resources. The recommended approaches listed above do require additional funding, particularly regarding current staff time in providing additional community outreach. The 1994 Economic Development Strategy called for an additional staff member to be hired by the Economic Development Department. While this plan does not specifically advocate such a measure, it does note it may be necessary upon review of implemented programs. However, there are examples of ways the economic development of Stafford County can move forward with reduced strain on resources and staff time.

***Recommendation 19 :Delegate Business Liaisons to Volunteers***

Formatted: Bullets and Numbering

The open dialogue between Stafford County businesses and the economic development staff stands as a strength of the area’s economic development efforts. Proposed business visitation and additional communication (regular phone follow-up calls) can be handled by economic development volunteers, as in other jurisdictions. In Stafford County, each member of the Economic Development Authority has agreed to meet with an area business or perspective business representative six times a year. This initial connection will not only provide a good link between the area government and the business community, but set an example for similar efforts by other invested community members.

Large commitments are not required from all advocates; nor are they reasonable to expect. There should be a core group of volunteers that supports economic development, and can be called upon to assist in times of need. Potential pools of advocates and ambassadors may come from retired business executives, current business leaders, community organizers and interns. In other communities, the local economic development authority or chamber of commerce has taken to organize these volunteers. An overall training session, which the economic development department would be significantly involved in, would be periodically required of new volunteers to ensure proper representation of the economic development department, and the type of information to be ascertained in communication with area businesses. While the entire process of business visitation and feedback should not be solely designated, it can be divided up allowing for a reasonable time commitment from county staff.

***Recommendation 20 :Continue to Incorporate Local Educational Institutions to Conduct and Initially Analyze Surveys***

Formatted: Bullets and Numbering

The business surveys conducted by Stafford County provide a valuable resource for economic development. The department conducted another business survey in 2006. In addition, this document recommends the ability for as needed topic surveys to be conducted periodically. All of these efforts take time and resources of staff to organize, conduct and analyze the gathered data. Working with area post-secondary education institutions could minimize such extraction of resources. As a current example, the Economic Development Department currently works with the University of Mary Washington's School of Graduate and Professional Studies to conduct their business surveys in 2004 and 2006.

As a further example of partnership between academic institutions and local government, students from the University of Michigan's School of Architecture and Urban Planning often conduct business surveys for area economic organizations. Students conducted and analyzed a business survey for the Southwest Detroit Business Association. One of the discoveries was that businesses left the area at a certain growth point due to lack of additional expansion space. The findings were presented to the Executive Board of the Association and all data was left with staff for additional assistance, if required.

***Recommendation 21 :Provide for Ongoing Evaluation of the Business Visitation Program***

Formatted: Bullets and Numbering

It is important to evaluate the benefits to both the businesses and the County of the visitation program. Because it is a time consuming effort, it should be determined whether sufficient gains are achieved for both parties. After a two-year period, the County should assess the need to continue, expand, contract or adjust the program.

A program designed to monitor business for future adjustments should be monitored as well. A fluid business environment may cause a different industry to emerge in the region, shifting the list of companies to be visited. Further, the base questions asked in visitations may need to be changed. As an example, increased development of Boswell's Corner and other high quality office space may lead to a future question of, "As your company grows, do you see the ability of your company to remain in Stafford County? Is so, which portion of the County would you relocate to?"

***Business Expansion Strategies***

In addition to the County's interaction with local businesses to produce the best environment for businesses to grow, the Commonwealth of Virginia offers a variety of programs for local businesses to expand. These programs should be publicized and connected to the local business community.

***Recommendation 22 :Publicize and Ensure Full Participation in State Programs for Local Businesses to Expand***

Formatted: Bullets and Numbering

*Governor's Opportunity Fund*

The Governor's Opportunity Fund (GOF) is designed as a "deal closing" fund to be employed at the Governor's discretion when necessary to secure a company location or expansion in Virginia. The GOF serves as a final resource for Virginia in the face of serious competition from other states or countries. Awards are made with the expectation that the grant to a locality will result in a favorable decision for the Commonwealth. Grants are made at a locality's request for a project under the following conditions:

- Project investment and job creation minimums are achieved
- The locality participates with a matching financial commitment
- The project is not an intrastate relocation
- A performance agreement is effected between the community and the company to ensure fulfillment of promised job creation and investment
- Public announcement of the project is coordinated by the Virginia Economic Development Partnership (VEDP)

The performance grant is a negotiated amount determined by the Secretary of Commerce and Trade, based on the recommendation of the Virginia Economic Development Partnership (VEDP) and subject to the approval of the Governor. Monies may be used for such things as public and private utility extension or capacity development on and off site; road, rail or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving and any other activity required to prepare a site for construction; construction or buildout of publicly owned buildings; grants or loans to an Industrial Development Authority, Housing and Redevelopment Authority or other political subdivision pursuant to its duties or powers; training; or anything else permitted by law. Once a company decides on one potential Virginia location, the locality works with the VEDP within the guidelines of this program to seek the funds necessary to apply toward the project. The success of the GOF application is based on the locality's eligibility and financial support for the project, as well as the actual project requirements and availability of funds. As with all Virginia incentives, the Commonwealth's investment must make good fiscal sense for both sides, and must carry a suitable return for Virginia, based on a return on investment computed for every project.

#### *Virginia Investment Partnership Grant Fund*

The Virginia Investment Partnership Grant Fund is a discretionary performance incentive program in which grants are negotiated and made to selected projects that invest in Virginia and promote stable or growing employment opportunities. The program is targeted to companies that have operated in Virginia for at least five years and propose projects that fall into one of the following two categories:

Tier One - Virginia manufacturers that make a capitalized investment of at least \$25 million to increase the productivity of a Virginia manufacturing facility or to utilize a more advanced technology, while at least maintaining stable employment levels.

Tier Two - Virginia basic employers that make a capitalized investment of at least \$100 million and create at least 1,000 new jobs.

Corporate headquarters or other basic employers making a capital investment of at least \$100 million and creating at least 400 jobs paying at least twice the prevailing wage for the area may see a reduction in the required 1,000 job threshold. The reduction is in proportion to the factor by which the wages for the new jobs exceed the prevailing average wage for the area. For example, if a company's wages were twice the area's wages, the employment threshold would be reduced to 500.

In addition to meeting the above eligibility requirements, companies may receive grants under the following conditions:

- Virginia must face serious competition for the project from another state or country
- The performance grant is negotiated, based on new project-generated revenue to the Commonwealth and is subject to the approval of the Governor
- The project must not be publicly announced prior to award of a grant
  
- Grants are paid in five equal annual installments beginning in the sixth year after the capital investment and/or job creation is completed or in the fourth year if the company is locating in a fiscally distressed area of the state
- A performance agreement must be effected between the company and the Commonwealth to ensure fulfillment of promised investment and job creation

As with all Virginia incentives, the Commonwealth's investment must make good fiscal sense for all parties, and must carry a suitable return for Virginia, based on a return on investment computed for every project.

#### *Virginia Small Business Financing Authority*

For businesses on a much smaller scale, the Virginia Small Business Financing Authority (VSBFA), which is housed within the Virginia Department of Business Assistance, offers programs to provide businesses and communities with access to capital needed for economic growth and expansion.

#### *Industrial Development Bonds and the Umbrella Bond Program*

The VSBFA issues both tax-exempt and taxable bonds to provide businesses with access to long-term, fixed asset financing at favorable interest rates and terms. In addition, the

VSBFA offers an Umbrella Bond Program, which provides a cost-efficient means for companies to sell their bonds in the public bond market, particularly for smaller projects with limited access to this market.

#### *Virginia Economic Development Loan Fund*

The Virginia Economic Development Loan Fund encourages capital investment in Virginia's communities through "gap" financing and loan guaranties. Eligible borrowers include local Industrial Development Authorities (IDAs); businesses engaged in technology, biotechnology, tourism, engine and vehicle manufacturers for the professional motor sports industry, basic industries, manufacturing, and those businesses or entities that provide for a locality's economic and "quality of life" development. Businesses that derived 15 percent or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing may also apply.

Eligible projects must provide for a locality's economic development through job creation or retention or by enhancing a locality's ability to attract private capital investment. A minimum wage of \$8 per hour is required for jobs created. Additionally, businesses must meet the VSBFA definition of "small" business. As the lender, the VSBFA can finance 40 percent of a business project or \$1 million, whichever is less. Terms are generally five years with amortizations based on the life of the asset or the borrower's ability to repay. Rates vary based on risk profile and can be fixed or floating. Loans are secured by assets and personal guaranties.

#### *VSBFA DIRECT*

The VSBFA DIRECT is a loan program designed to provide access to capital to new and existing small businesses and economic development authorities. Eligible borrowers include local Industrial Development Authorities (IDAs); businesses engaged in technology, biotechnology, tourism, engine and vehicle manufacturers for the professional motor sports industry, basic industries, manufacturing, and those businesses or entities that provide for a locality's economic and "quality of life" development. Borrowers must create at least two new full-time positions (at an \$8 per hour minimum wage) for every \$100,000 received under this program. Additionally, businesses must meet the VSBFA definition of "small" business. Borrowers must be unable to obtain financing elsewhere.

The maximum loan amount is 75 percent of a project or \$500,000, whichever is less. Loans for fixed assets have a five year maturity with amortizations based on the life of the assets financed or the borrower's ability to repay. The maximum amount of allowable funding for permanent working capital is \$250,000, and the maximum maturity is three years. Rates are market-based and set based on credit risk factors.

#### *Loan Guaranty Program*

The Loan Guaranty Program is designed to reduce a bank's risk in making loans and, thereby, increase the availability of short-term capital for small businesses. The maximum guaranty under the program is 75 percent of the loan or line of credit up to a maximum guaranty of \$500,000. Businesses must meet the VSBFA definition of a "small" business. Typical borrowings include lines of credit to finance accounts receivable and inventory, and term loans for permanent working capital and fixed-asset purchases, such as office or research equipment.

#### *Virginia Capital Access Program*

The Virginia Capital Access Program provides a form of loan portfolio insurance for participating banks through special loan-loss reserve accounts. These accounts are funded by loan enrollment premiums paid by the bank/borrower and matched by the VSBFA. The program allows the banks to exceed their normal risk thresholds for business loans of all types, and thereby, accommodates a broader array of loan requests. The maximum amount of enrollment is \$250,000, with fees ranging from three percent to seven percent.

#### *Small Business Environmental Compliance Assistance Fund*

This fund is designed to provide Virginia businesses with financing for the purchase of 1) equipment to comply with the federal Clean Air Act, 2) equipment to implement voluntary pollution prevention measures, or 3) equipment or structures to implement voluntary agricultural best management practices (BMP). These direct loans from the VSBFA can be up to \$100,000 at a three percent fixed interest rate. Amortizations are typically tied to the useful life of the equipment purchased or the life of the BMP. This fund is for small businesses employing 100 people or less. Eligible projects are certified by the Department of Environmental Quality for air quality or pollution prevention projects, or by the Department of Conservation and Recreation for agricultural best management practices.



**E. SUPPORT FOR ECONOMIC DEVELOPMENT STRATEGIES: INCENTIVES & WORKFORCE DEVELOPMENT**

Through local, state and federal programs, a variety of methods exist to provide incentives to spur economic development. These programs can not only spur economic development through job creation, but also can attract desired economic growth to Stafford County sites.

**Regulatory Program Incentives**

***Recommendation 23 :Adopt Policy Statements to Guide Actions When Regulatory Variances and Incentives are Proposed to Ensure Due Diligence Analysis before Offering Incentives***

Formatted: Bullets and Numbering

Stafford County should adopt policy statements to provide a basis for County staff and officials to consider site-specific regulatory variances and incentives. Policy statements should identify:

- Where the County wishes to encourage development that is in the best interest of the community
- What types of development the County wishes to encourage
- Types of specific allowances the County will consider

Potential actions to further strengthen incentives in Stafford County can be grouped into short-term and long-term actions. In the short term, the County may focus on those actions that will encourage development on multiple sites, particularly near the new I-95 interchange, and Courthouse and Boswells Corner areas. Those policy statements can then provide additional direction for property owners, developers, County staff and officials with regard to allowable and desired growth in the County.

While Stafford County has not traditionally offered incentives to companies interested in locating to the area, it should have a policy in place to measure such incentives if the situation arises. Incentives to recruit companies to the County should not place existing companies and/or taxpayers at a competitive disadvantage. The County should utilize incentives only after due diligence is complete, and should only offer incentives where good business practices have been engaged to support the decision (examining return on investment, partner analysis, credit-worthiness, economic impact).

To come to a final decision regarding potential financial incentives, certain information must be submitted by a potential company in question to County authorities. While different in size, The New York Industrial Development Agency (NYIDA) lists the type of information companies must submit for such analysis. Information required by the NYIDA for companies to submit include their existing lease terms and status (if applicable), potential real estate alternatives, development and occupancy cost projections for the proposed project, current and projected employment, employee

compensation, and financial documents. Information will then be analyzed by county staff to assess the economic employment impact compared to any incentives offered.

As Stafford County resides near the University of Mary Washington and Germanna Community College, a potential exists for the County to extrapolate expertise in analyzing submitted information on a periodic basis. It is of particular importance not to hinder or impact business throughout the state or region as the County must maintain a strong relationship with state agencies and surrounding governments to pursue other economic development goals.

***Recommendation 24 :Develop a Grant Program to Subsidize Development Contingent on Higher Wages, and the Establishment of "Clawback" Policies***

Deleted: 1

Formatted: Bullets and Numbering

A grant program to subsidize selected types of development should be formulated meeting criteria established by Stafford County. This incentive grant program would be a written contractual agreement between the County (or designated local agency) and the new or existing business. Each agreement would be on an individual basis, but would adhere to the overall structure of the grant program.

Items for consideration in authorizing an incentive grant may include:

- The size of the project based upon investment in site development, infrastructure and facilities
- The quantity and quality of employment opportunities
- The type of industrial, commercial and/or retail activities included with the proposed project
- The potential stimulus the project creates for additional development in the vicinity
- Site specific issues that may impact upon local infrastructure responsibilities
- Other issues that may need to be considered relative to an individual project

The City of Roanoke Rapids, NC, uses brief but specific qualifications for commercial industries to be considered before furthering the evaluations. Such qualifications are:

- Minimum size of project: 65,000 square feet of building space
- Minimum # of jobs created: 100 FTE (full-time equivalents)
- Minimum private investment: \$3,000,000

If Stafford County provides taxpayer revenues to companies, it should at least expect the effort to lead to a higher standard of living. Since it's not uncommon for states to provide incentives to firms paying wages much lower than the median wage, the County should tie incentives to a wage floor so that if a certain share of a company's jobs pay below a certain level, they are not eligible for incentives.

Several states have done this. Kansas allows only businesses that pay wages above average for the industry to take its corporate income tax credit. Rhode Island tied eligibility for its investment tax credit to company wage levels. Minnesota won't provide any incentives to businesses that pay below a predetermined wage floor.

Opponents complain that such provisions will deter companies from locating in these states. But in many cases incentives don't swing the decision, and even if they did, the County should not spend money to lower its standard of living. By focusing incentives on firms with higher paying jobs, the County will also attract companies more in line with the current skills of the County workforce.

In many localities, companies that receive incentives pay no penalty if they move out or downsize, even though the locality was basing its incentive package on a promised number of jobs. For example, in Cincinnati, 14 of 85 companies that received property tax abatements for proposed expansions failed to produce the jobs they promised to repay incentives if they fail to meet the objectives they agreed to in the deal. And, in Minnesota, businesses must repay their subsidy if they move out of the state.

***Recommendation 25 :Establish Special Utility Rates for Uses Generating New Desirable Jobs in the County***

Formatted: Bullets and Numbering

Utility rate incentives could serve as an additional way to attract and retain businesses in Stafford County. Currently, the Virginia has the 21st lowest electrical utility rate cost, with nearby states ranked 23rd (Maryland), and 29th (North Carolina), respectively. Adjusting utility rates further can reduce business operating costs, aid a county's attractiveness or remove business expansion hurdles. The resulting active business environment can further prevent rate increases for remaining customers otherwise needed through business loss.

A variety of utility incentive programs can spur economic investment. An energy company in Central New York State, CH Energy Group, offers several incentives. An "economic growth incentive rate" exists that "provides a discount of 25 percent per year for six years and additional discounts for another four years to qualified industrial customers who take service directly at substation or transmission voltage levels. In order to qualify, new or existing customers must demonstrate an increased energy consumption of 500 kilowatts within a 12-month period." An "economic revitalization rate" also exists that "provides a reduction in electric costs for as long as five years to qualified customers who move into vacant space."

The city of Austin, Texas incentives include water and sewer waiver fees and an expedited process of approval for new lines if businesses located in a designated area. These areas are called Desired Development Zones, and such business incentives only apply to specific businesses that locate in them. In addition, all Primary Employer incentives require City Council review and approval.

Stafford County should seek preferential utility rates for selected types of businesses from those providers serving the County, including the Northern Neck Electric Cooperative, the Northern Virginia Electric Cooperative, Dominion Virginia Power, Rappahanock Electric Company, and Columbia Gas of Virginia.

***Recommendation 26 :Explore the Establishment of a Tax Increment Financing (TIF) District to Spur Development in Desired Locations***

Formatted: Bullets and Numbering

Any locality In Virginia may create TIF districts to stimulate private investment in development project areas. Tax increment financing allows counties to create special districts and to make public improvements within those districts that will foster private-sector development. During the development period, the tax base is frozen at the predevelopment level. Property taxes continue to be paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development either go into a special fund created to retire bonds issued to originate the development, or leverage future growth in the district.

A tax increment financing district is created by the adoption of a plan for redevelopment and a TIF plan. The assessed value of the property within the district is then determined according to the last tax roll and represents the "original" (pre-redevelopment) assessed value of the tax increment district. Each of the taxing jurisdictions (municipality, county, school district, and special taxing jurisdiction) continues to receive its share of the taxes collected on the assessed valuation that represents the original assessed value, just as though the district had never been created and there had been no change in the assessed valuation of the area. When the original assessed value of the district has been certified, the municipality may begin the redevelopment and the tax increment financing process.

The tax freeze lasts for a defined period of time, as set forth in the redevelopment plan. At the end of that period, taxing jurisdictions finally enjoy the benefit of increased property values.

The general procedures for establishing TIF financing is as follows:

1. Prepare a finding of necessity, and establish the boundaries of the district. This finding is normally a very detailed study that demonstrates that the district meets the criteria contained in the state's enabling legislation.
2. A redevelopment agency is created by resolution or ordinance. This agency may be the governing body of the municipality, or it may be a new agency appointed by the governing body.
3. A development plan is prepared and approved by the agency and the city.
4. The base year is declared following adoption of the plan.
5. The redevelopment agency will solicit developers and enter development agreements

Careful review of the Code of Virginia, Sections 58.1-3245 through 3245.5 should first be conducted to determine if the desired area(s) meet state statutory requirements.

## Monetary Tax Incentives

### ***Recommendation 27 :Continue to Support and Publicize Local Banks Participation in U.S. Small Business Administration (SBA) Programs***

Formatted: Bullets and Numbering

The U.S. Small Business Administration (SBA) provides loans to small businesses for a variety of needs. Nearly 20 million small businesses have received direct or indirect help from SBA programs since its establishment in 1953. SBA's current business loan portfolio of roughly 219,000 loans worth more than \$45 billion makes it the largest single financial backer of U.S. businesses in the nation. The definition of a small business varies from industry to industry as defined by the Small Business Act.

Stafford County's businesses may be able to benefit from a variety of loan programs available through the Small Business Administration. While there are several diverse programs available, the following provides a basic overview of most basic loans offered.

The Basic 7(a) Loan Guaranty serves as the SBA's primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. It is also the agency's most flexible business loan program, since financing under this program can be guaranteed for a variety of general business purposes. The loan is designed for start-up and existing small businesses, and commercial lending institutions. Individual commercial lending institutions then deliver the loan to the correct institution.

A Basic 7(a) loan can be used for most business purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions).

A Certified Development Company (CDC) under a 504 Loan Program provides long-term, fixed-rate financing to small businesses to acquire real estate, machinery or equipment for expansion or modernization. The Rappahannock Economic Development Corporation is responsible for overseeing the 504 Loan program for Stafford County. Typically a 504 project includes a loan secured from a private-sector lender with a senior lien, a loan secured from a CDC (funded by a 100 percent SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the total cost, and a contribution of at least 10 percent equity from the borrower. The maximum SBA debenture generally is \$1 million (and up to \$1.3 million in some cases). Certified private, nonprofit economic development corporations deliver the individual loans to qualifying companies.

A Microloan under a 7(m) loan program provides short-term loans of up to \$35,000 to small businesses and not-for-profit child-care centers for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment. Proceeds cannot be used to pay existing debts or to purchase real estate. The SBA makes or guarantees a loan to an intermediary (certified non-profits), who in turn, makes the microloan to the

applicant. These organizations also provide management and technical assistance. The loans are not guaranteed by the SBA.

Further, the SBA offers a Loan Prequalification program allowing business applicants to have their loan applications for \$250,000 or less analyzed and potentially sanctioned by the SBA before they are taken to lenders for consideration. The program focuses on the applicant's character, credit, experience and reliability rather than assets. An SBA-designated intermediary works with the business owner to review and strengthen the loan application. The review is based on key financial ratios, credit and business history, and the loan-request terms. The program is administered by the SBA's Office of Field Operations and SBA district offices. The Virginia district office is located in Richmond.

In addition, the Certified Lenders Program (CLP) is designed to provide expeditious service on loan applications received from lenders who have a successful SBA lending track record and a thorough understanding of SBA policies and procedures. Other types of loans available through the SBA include funds for businesses headed by women, minorities or veterans.

***Recommendation 28 :Encourage More Banks to Participate in Community Development Loan Programs to Aid Existing Business***

Formatted: Bullets and Numbering

Capital is critical for economic development. Many local governments operate their own community development loan funds, using them to recycle Community Development Block Grant monies or other federal and state subsidiaries. Such funds can be critical in providing seed financing for main street revitalization programs, micro-enterprise programs or other local small business development.

One of the earliest community development loan programs was established by the Economic Development Administration in 1975. Today there are thousands of community development loan funds. They receive support from private foundations, private banks (as part of meeting Community Reinvestment Act obligations), and from state and federal government programs such as the Small Business Administration, U.S.D.A. and H.U.D. Most of these funds are set up as revolving loan programs to ensure program sustainability. These loan funds are an important source of credit for small businesses unable to obtain credit from commercial lenders (National Association of Development Organizations).

Loan funds can be sponsored directly by local government or by other civic organizations or financial institutions. These programs usually receive their capital from government or foundation grants and use it to create a revolving loan fund for affordable housing, small business development or construction of community facilities. Loan funds do not have to be directly affiliated with banks or credit unions but will often work closely with private bank partners in marketing loan products, reviewing credit worthiness and structuring deals.

In the 1990s, increased federal attention was given to creating more independent community development financial institutions and federal support for technical assistance and capital was made available through the CDFI Fund. Industry estimates are that over 500 independent CDFIs now operate in the US (National Community Capital Association). These CDFIs include banks and credit unions which provide basic financial services to low income customers (check and savings accounts) as well as mortgage and small business loans. Some of these CDFIs have developed venture capital funds to take equity positions in local economic development projects.

***Recommendation 29 :Define where Final Negotiating Authority Lies and Be Clear with Prospects***

Formatted: Bullets and Numbering

A structure in which a political entity has final approval over certain incentives is not uncommon. Many organizations include this check on the process. However, these boards/leadership generally do not involve themselves in negotiations with the prospect, leaving that element to the economic development professionals. In fact, many incentives are applied to all companies that meet the established criteria, eliminating the need for this stringent oversight. The city of Roanoke Rapids, North Carolina established concrete guidelines for its incentives regarding industrial development. The City's guidelines mandated specific amounts of capital to be invested, specific number of jobs to be created, and the that these jobs must represent an increase over prevailing wage rates in the County at the time. Such concrete guidelines regarding incentives can eliminate businesses feeling incentives are discretionary that tend to have a heavy political element.

It is important to clarify the process both internally and externally for prospects to avoid confusion over responsibility and authority. The final negotiating authority is expected to continue to rest with the County, Board of Supervisors or Economic Development Authority will be the entity that will commit County resources in an incentive package. While this strategy is not recommending one approach over another, it does recognize that the incentive negotiating function and authority effectively rests with County leadership.

***Recommendation 30 :Perform Ongoing Benchmarking of Incentives***

Formatted: Bullets and Numbering

To be competitive, it is necessary to monitor, through benchmarking, the incentive programs in other communities. Measures that should be benchmarked, to the extent that information is available, include type and size of incentives available and offered, companies that are offered incentives, companies that expand and relocate into competing regions, and types of requirements and clawback provisions used. Through this benchmarking, the County can ascertain best practices for offering incentives, i.e., what incentives are attracting the types of businesses desired by Stafford County and also assess the competitive position of Stafford County's incentive program relative to competing communities.

The Prince William County Economic Development Agency provided \$2 million for site development of an insulin plant for the Lilly Corporation in 2004. Prince William County

also passed a law that reduced property taxes for investments of more than \$85 million that the company further qualified for as well. Prince William County has provided financial incentives to 10 of the 170 companies that moved there in the past five years. The City of Manassas bought land for an office park that it then offers to businesses at a discount. TML Copiers and Digital Solutions received a 10% discount from the city on three acres of land bought in the park. Further north, Loudon County officials provided \$6 million in tax breaks to the Howard Hughes Medical Institute to open a research campus in Ashburn. Part of the reason to provide such an incentive is to attract other biotech firms to develop a strong area cluster.

Benchmarking may also demonstrate how Stafford County is ahead of the curve. The County does not have a Business, Professional and Occupational License (BPOL) tax. In contrast, Fairfax County only exempts certain businesses from this tax that applies to companies with gross receipts more than \$10,000. The companies Fairfax County exempts are software development companies, government computer hardware/software sellers and nonprofits.



The Commonwealth of Virginia offers several monetary incentives to spur economic development through its counties. Many of the incentive programs discussed in the business expansion section can also be applied to attracting new business. Among the programs previously mentioned applicable to attracting new business are:

- Governor’s Opportunity Fund
- Virginia Investment Partnership Grant Fund
- Industrial Development and the Umbrella Bond Programs
- VSBFA DIRECT

Among the Virginia tax incentives available to qualifying companies are the following:

*Major Business Facility Job Tax Credit*

Qualified companies locating or expanding in Virginia receive a \$1,000 corporate income tax credit for each new full-time job created over a threshold number of jobs. For Stafford County this threshold would be 100 jobs. The credit also offers the following:

- The \$1,000 credit is available for all qualifying jobs in excess of the threshold and is taken in equal installments over three years (\$333 per year)
- Non-qualifying jobs include seasonal positions, building and grounds maintenance, security, and other positions ancillary to the principal activities of the facility
- Credits are available for taxable years beginning on or after January 1, 1995, but before January 1, 2010. Unused credits may be carried over for up to ten years

Workforce Services Division of the Virginia Department of Business Assistance offers applicable programs as well. These programs require a minimum \$8.00 per hour wage to qualify. So, while these programs may not be able to attract the jobs immediately sought by Stafford County, these programs do provide an avenue to help companies provide jobs encompassing the entire socio-economic spectrum of the County.

*New Jobs Program*

Funding and assistance are provided for qualified companies that make a capital investment of more than \$1 million and create a minimum of 25 new jobs. In addition, the company must generate more than 50 percent of company revenues outside of Virginia and present a competitive project, considering at least one other state or country.

*Small Business New Jobs Program*

Deleted: ¶

The Small Business New Jobs Program offers funding and assistance for companies that have operated in the state for at least one year, are for-profit and have 250 employees or less companywide. The company must create at least five new jobs and make a capital investment of at least \$100,000.

***Recommendation 32 :Explore the Prospect of Establishing a Technology Zone in the County to Spur Economic Diversification***

Deleted: ¶

Formatted: Bullets and Numbering

Virginia authorizes its communities to establish technology zones to encourage new technology business to develop. Presently, 16 localities have created zones throughout the state; including the counties of Arlington, Rockingham, Roanoke, Russell and Smyth. All cities, counties and towns may designate one or more zones of up to 125 acres to offer up to ten years of incentives and regulatory flexibility, including reductions of gross receipts tax and permit fees, special zoning, and other features. A prime candidate for such a designation in Stafford County is the Quantico Corporate Center. If this avenue is explored, careful review of the Code of Virginia, Sections 58.1-3850 should first be conducted to determine if a desired area meets state statutory requirements.

***Recommendation 33 :Explore the Potential to Tax Certain Business Items at Partial Rates or Exempt Certain Items Completely***

Formatted: Bullets and Numbering

The Commonwealth of Virginia offer localities the potential to exempt certain business items at reduced rates, or even exempt altogether from tax collection. Again, the consideration of such reduced rates and exemptions should be considered using a due diligence analysis before any such reduction or exemption is provided.

Localities have the option to fully or partially exempt the following property from taxation:

- Rehabilitated commercial/industrial real estate for up to 15 years
- Manufacturers' generating and co-generating equipment
- Certified pollution control facilities and equipment
- Certified recycling equipment
- Certified solar energy devices
- Environmental restoration sites (eligible real estate in the Virginia Voluntary Remediation Program)

Further, localities may elect to tax the following tangible personal property at reduced rates:

- Computer hardware and peripherals
- Tangible personal property used in the provision of certain Internet services
- Aircraft (The Exemption of Aircraft could greatly enhance the attractiveness of Stafford Regional Airport)
- Research and development tangible personal property (Ex: Computer hardware or software)

- Equipment used for biotechnology research, development and production
- Semiconductor manufacturing machinery and tools
- Clean-fuel vehicles

*Non-Monetary Incentives*

**Recommendation 34 :Consider the Potential for Non-Monetary Incentives to Spur Desired Development in Specific Areas**

Formatted: Bullets and Numbering

Specific requirements of the zoning and development regulations are not found to substantially affect the cost of development. However, development incentives often appear in the form of site-specific incentives, particularly those that have the affect of reducing the overall cost of development. These are often identified and approved for specific sites. These incentives may include:

- Density bonuses
- Exemption from some development impact fees
- Reduced requirements for building setbacks, parking, or greenspace
- Increased building height allowances
- Increased allowable floor-area-ratios (FAR's)

As an example of other local communities' economic development incentives to promote development is Loudon County's modified approval process for targeted industries. Loudon County will modify its approval process for appropriate entities in the targeted industries of biotechnology, technology (hardware and software), international business (business with foreign ownership seeking U.S. location), post-high school educational facilities, homeland security and defense contractors, and projects compatible with the operation and future development of Dulles airport. For qualifying projects, reviewing agencies will move projects to the head of the review lines, a special review team from necessary agencies will be assigned to the project through completion, and the county will work with the entity to establish agreed upon timelines.

**Local Technical Training Needs**

With Stafford County's highly skilled workforce, an assumption can be made that workforce development is not as important here as in other developing counties. That assumption would be incorrect. The needs of Stafford County's residents, from professional certification programs and advanced education, to basic job entry training programs are all needed to continue growing Stafford County's most important resource, its residents.

With the education and certification needs of skilled workers changing, as demonstrated by a new accounting requirement detailed in this section, workforce development still remains at the forefront. In addition, the ability to attract business entities in the targeted industry clusters of Wholesale Trade, Transportation and Warehousing, and Finance and Insurance will, in part, rest on the flexible local programs working with companies to

train and develop an adequate workforce. Further, as these industries rely more extensively on technology (whether it be tracking or monitoring shipments, or updating customer files) having a technology knowledgeable workforce can be the deciding factor in an organization's location decision. The following state and local workforce programs demonstrate how the area's overall workforce development can grow and expand.

*State Programs*

***Recommendation 35 :Continue and Promote the Success of Such Programs as the Virginia Applied Research and Development Institute***

Formatted: Bullets and Numbering

The Virginia Applied Research and Development Institute is a proposed partnership for science and technology development to serve the long term interests of industry and the community. The University of Mary Washington is visioned to foster the program and host a multi-tiered educational environment by offering programs and by facilitating and brokering programs from other institutions. Mary Washington and partner institutions are expected to offer programs such as leadership, electrical engineering, systems engineering and computer sciences, including the areas of wireless technologies, next generation cellular communications, sensor technologies, data fusion techniques and web services. The presence of entities such as the Marine Corps Warfighting Lab and Marine Corps System Command played a significant role in spurring this initiative. These potential programs offered by the Mary Washington could directly support, and potentially grow, the economic environment of Stafford County, particularly the defense contracting industry.

The initiative is a direct result of private sector interest, Stafford's resources, its proximity to military installations and the University of Mary Washington. The establishment of this university-affiliated partnership could provide the local community, private and military, with high quality technology research, education, and assessment infrastructure for the application of innovative military and/or commercial investment strategies. The initiative will enhance the high tech capability of the local workforce *and* support and improve the tactical intelligence, surveillance, and reconnaissance systems of local military establishments.

***Recommendation 36 :Explore Potential State Tax Credits for Company Training***

Formatted: Bullets and Numbering

The Commonwealth of Virginia offers a variety of tax incentives through its Workforce Services program to aid companies in workforce training. The Workforce Services Division of the Virginia Department of Business Assistance provides customized recruiting and training services to companies that are creating new jobs or experiencing technological change. Workforce Services offers consulting services, organizational development support, electronic media services and funding.

Eligibility for assistance in any of the following programs offered is limited to projects that create basic employment for the Commonwealth and only to for-profit companies in the following business sectors:

- Distribution Centers
- Corporate HQ's for Companies with Multiple Facilities
- Information Technology Services for Businesses
- Call Centers
- Manufacturing

#### *New Jobs Program*

The program targets expansions of existing companies or new facility locations which involve competition with other states or countries. The following criteria apply in order to qualify for assistance under the New Jobs Program:

- Expansions of existing companies or new company locations creating a minimum of 25 net new jobs and a capital investment of at least \$1,000,000.
- Company must generate more than 50 percent of company revenues outside of Virginia and present a competitive project, considering at least one other state or county.

#### *Small Business New Jobs Program*

The program offers funding and assistance for companies that have operated in the state for at least one year and for-profit and have up to 250 employees, company-wide. The company must create at least five new jobs and make a capital investment of at least \$100,000.

#### *The Retraining Program*

The Workforce Services division provides consulting services and funds to companies for assistance in retraining their existing workforce. To be eligible for this program, a company must demonstrate that it is undergoing:

- Integration of new technology into its production
- A change of product line in keeping with marketplace demands
- Substantial change to its service delivery process, which would require assimilation of new skill and technological capabilities by the firm's existing labor force

Likewise, incumbent worker training programs should be designed to encourage firms to become learning organizations. Many states spend a large share of the training funds on so-called "quick response" training that largely serves as a retention or attraction subsidy to individual companies. Incumbent worker training programs need to do more than simply train workers; they need to help firms become ongoing learning organizations. Programs can do this by requiring firms receiving assistance to develop long-term work-based training plans and by encouraging continuing investments by the employer in training. For example, Louisiana requires a firm to engage in a detailed planning process

as part of submitting a training grant proposal and allows the training program to be up to two years in length. Both aspects support the firm in thinking about an overall training plan for the firm, not just the immediate training problems.

***Recommendation 37 :Create an Incumbent Worker Training Program***

Formatted: Bullets and Numbering

The Federal Workforce Investment Act (WIA), as administered in Virginia by the Virginia Workforce Council, provides grant funding for customized training for existing for-profit businesses. The Act enables companies to effectively retain and stay competitive by upgrading skills training for existing full-time employees. Businesses may use public, private or its own in-house training staff. Companies must demonstrate financial viability and in most states be current on all state tax obligations. The types of training are varied and include industry or company specific skills, technical and computer skills, and what are generally thought of as soft skills, i.e. leadership, teamwork, management skills.

The Virginia Workforce Council will ensure that the loans are directed towards the diverse needs of business, industry and workers in various regions of the state and consider areas most in need. While Stafford County may not be the area in Virginia *most* in need of such assistance, the Council's directive to provide resources to *all* areas of the state allows potential for future assistance through its resources.

Reimbursable training expenses include salaries for instructors, tuition, curriculum development, textbooks, manuals, materials and supplies. However, non-reimbursable expenses include paying trainees' wages during training, travel, training equipment, capital improvements, or costs incurred prior to the approval date of the applicant. These costs may be included as part of the employer contribution.

The training can be conducted at the business' own facility, at a public or private training provider's facility, community colleges, school districts, area vocational-technical schools, state universities, licensed and certified private institutions, or at a combination of sites that best meets the needs of the business.

A number of states, including California, Delaware, Minnesota, Massachusetts, New Jersey, Rhode Island, and Tennessee, assess a small surcharge on the unemployment insurance (UI) tax to pay for employer-based training. For example, Rhode Island assesses an additional 0.2 percent surcharge on employer UI taxes to fund an employer-based training grant program. Most of the funds go to industry consortia focused on upgrading the skills of workers in key industrial sectors. Indiana's training payroll tax funds an apprenticeship and job-training program. These programs not only improve company productivity and reduce the risks of layoffs, but also provide skills to workers so that if they are laid off they can get back to work more quickly.

***Recommendation 38 :Promote the Region's "Workforce Center"***

Formatted: Bullets and Numbering

Typically, the average citizen has difficulty identifying publicly - supported workforce development programs. The Commonwealth of Virginia, however, has established Virginia Workforce Centers to provide access to workforce, employment and training services of various programs and partner organizations. Most Virginia Employment Commission (VEC) locations have been designated as Virginia Workforce Centers, and VEC services are provided through many centers operated by other partner organizations and contractors. The closest comprehensive Workforce Center to Stafford County is located in Fredericksburg at the region's VEC office.

The Workforce Center provides employment assistance through access to thousands of job listings and other resources. Among these resources for employee candidates are:

- Workforce Service representatives to provide advice and counseling
- "Veteran Representatives" to assist with newly discharged veterans re-entering the civilian workforce
- Workshops in resume writing, interviewing techniques
- On-site computer terminals, fax machines, and internet connection

For employers, the Workforce Center charges no fee for postings of job listings, and the Center matches postings to qualified candidates and contacts those candidates through a notice. The Center is also used for on - site recruitment of area workers, and available as a place to hold training sessions for current employees.

### **Workforce Development Measures**

#### ***Recommendation 39 :Promote Workforce Availability Measures***

Formatted: Bullets and Numbering

As businesses establish themselves and continue to grow in Stafford County, a total program to maintain the quality of life for an available workforce must be addressed. This program should address transportation, work force housing and day care concerns.

Public transportation helps to alleviate traffic congestion and provides elements of the workforce a cost- effective way to access jobs. Stafford County does have access to public transportation for its workforce employed in the Washington D.C. area. These options include two Virginia Railway Express stations, with an additional one in Fredericksburg, along with commuter bus options. For a \$20 one- day fee, or a \$210 monthly fee, commuters can also use the Martz Virginia commuter bus from Fredericksburg to Washington, DC. The Quick Commuter Bus provides daily service to Washington DC for a bi-weekly fee of \$90. As noted, public transit is geared to routes that primarily serve "one way in, one way out" of metropolitan Washington area locations.

However, as Stafford County seeks to alleviate traffic concerns, and attract businesses to the County that employ residents locally, greater public transit investment will be needed. Currently, Fredericksburg Regional Transit provides bus service into Stafford County for 25 cents a ride, or a \$10 monthly pass. Eight lines serve Stafford County. As future

economic development sites are transformed from potential to reality, a concerted effort will need to be made to devise and fund new routes from residential to commercial areas. An absence of investment in public transportation will leave Stafford vulnerable to enhanced transit congestion, and reduce its attractiveness to new businesses.

In addition to work commutation costs, adequate workforce housing issues should be addressed. While only 4.5 percent of Stafford County residents live at or below the poverty level (U.S. Census), workforce housing is inadequate. This issue is of added importance as a more affluent population moves into the county and increases home prices through demand. To spur development of adequate housing for all Stafford County residents, several programs exist. One example can come from benchmarking against another affluent growing county in Virginia -- Fairfax County.

Fairfax County has established programs for first-time homebuyers and first time senior home buyers. In addition, the Fairfax County web-site offers posting of affordable dwelling units available for sale to certified eligible first-time homebuyers that is updated weekly. Eligibility is based in part on earning a salary at an established percentage of the Greater Washington Metro population area average. Fairfax County also requires, through its zoning ordinance, residential developments in higher density areas to include affordable units to qualified purchasers.

In addition to transit and housing, Stafford County's residents should be cognizant of day care availability. Awareness and continued support of current centers will aid the Stafford County workforce and in the end aid business. As Stafford County considers potential incentives, benefits to workers should be analyzed as well. Securing on-site day care or partnerships with local private day care centers will aid workforce availability and improve the overall health of the local economic environment as well.

Further, the Commonwealth of Virginia offers a *Day Care Facility Investment Tax Credit*. Businesses may claim a tax credit equal to 25 percent of all expenditures incurred in the construction, renovation, planning or acquisition of facilities for the purpose of providing day care for children of company employees. In addition, any credit not useable for the taxable year may be carried over to the extent usable for the next three taxable years. Companies applying for this credit may receive a maximum credit of \$25,000. The Virginia Tax Commissioner at the Department of Taxation receives and approves applications for this program.

**Recommendation 40 :Create Regional Skills Alliances**

Formatted: Bullets and Numbering

A Regional Skills Alliance (RSA) is an industry led consortium of organizations or companies whereby knowledge and resources are shared to develop long term solutions



to chronic workforce development issues, e.g. removing obstacles that keep young people and others out of certain occupations, retrieving professionals or other skilled persons not currently working in their respective fields, developing better trained entrants into the labor force, providing a sufficient flow of new workers for hard-to fill jobs, and reducing turnover.

An example of a Regional Skills Alliance is the Saginaw Midland Bay Works, one of 13 RSAs in Michigan. A number of other states, including Pennsylvania and Wisconsin, are shifting their focus of workforce training efforts to support industry-led skills alliances. For example, area manufacturers formed the Philadelphia Advanced Manufacturers Academy to address a shortage of skilled machinists through a 61-week program set in a modern learning factory environment. Similarly, Indiana worked with the Inland Steel Corporation and its Indiana-based suppliers to form the Indiana Steel Industry Supplier Training Network. Local jurisdictions play active roles in the creation and co-funding of these alliances by shifting support for training away from individual firms and toward groups of firms and alliances.

Regional Skills Alliances have been under discussion at the federal level since 1998. Several policy studies have been completed by the GAO at the request of individual members of Congress. Several calls have been heard for the creation of a National Skills Corporation and for the leadership of the Federal Department of Labor to fund industry led skills alliances. To date the department has received little interest. Regional Skills Alliances are also very prominent in England and Germany as part of those countries' economic development strategies.

A variation on the RSA is a community consortium formed to address local workforce needs. The consortium generally consists of individual member organizations such as local businesses, community colleges, business and trade associations, chambers of commerce, unions, community based organizations) or an intermediary or convening organization) and school districts. The consortium is based on cooperative relationships among community organizations rather than on formal agreements. Examples of such consortia exist in Austin, TX, Cedar Rapids, IA, Charlotte, NC and Milwaukee WI.

***Recommendation 41 :Ensure Funding for Workforce Training Continues to Grow at Local Post-Secondary Institutions***

**Formatted:** Bullets and Numbering

Stafford County is served primarily by two educational institutions that partner with area businesses to develop and expand the abilities of the area's workforce. Germanna Community College has partnered with 44 companies in the past year, and worked with 700 employees in various training programs developed in partnership with their client business. Further, Germanna's new Center for Workforce and Community Excellence was created to support and assist the region's economic development initiatives. The Center provides low-cost seminars, workshops, credit and non-credit courses, and consulting services. The Center also can assess the training needs of businesses and organizations, and then tailor programs to meet those needs. Programs can be offered on- or off-site. Germanna is also able to tap into the resources of the state's other 22

community colleges through teleconferencing to develop programs to suit the needs of area businesses.

In addition, the University of Mary Washington (UMW) offers assistance to area business in the development of programs for its employees through its College of Graduate and Professional Studies program located in Stafford. In particular, the University offers a variety of programs to assist in certification for employees ranging from human resources to accounting. As an example, UMW worked with area firms to develop courses to meet the shift in requirements for the Certified Public Accountants (CPA) exam in 2006. The new CPA requirements called for additional credits in accounting to be eligible for the exam. UMW also worked with area firms to develop new courses that explored current accounting trends to provide added benefit to area employees who enrolled for the needed courses. Further, the University of Mary Washington's Technology Academy offers non-credit programs and courses to help individuals stay abreast of emerging technologies and gain new knowledge in order to remain competitive as well as productive. These programs include A+ Certification, Microsoft Certified Systems Engineer (MCSE) Windows 2003 Certification, and Microsoft Office Training. While both of these institutions provide valuable contributions to the area economy, they are state- supported, and require continued support to ensure their contribution in the future.

**Examples: Higher Education Efforts to Foster Target Clusters**

*For Wood Products*

Mount Waschuset Community College located in a town once proclaimed to be the 'Chair Capital of the World' established a program to build on the surrounding industry. In 1996 the College created the Forest and Wood Products Institute. Courses offered include Wood Machining Technology and Wood Products Engineering & Management. The Institute works to place students with companies through relationships built between the College and business.

*For Bio-Tech*

Indian Hills Community College operates the Iowa Bioprocess Training Center catering to bioscience based agricultural business. The Center works with local companies to assess bioprocessing training needs. In addition to an expanded two-year credit program, the center also developed specific, various biotechnology training courses to assuredly match student skills with business needs.

While Montgomery College offers a 2 year Biotechnology degree in preparation to transfer to a four year program, the college also offers a Biotechnology Certificate. This 20 credit hour certificate prepares students for immediate employment in the biotechnology field. The College is further preparing to build a 127,000 square foot Bioscience Education Center to house education and training in the field.

*For Tourism*

Hocking Community College's efforts in eco-tourism contribute to the overall economic development of the surrounding area. The eco-tourism program centers on attracting tourist revenue through the promotion of the area's natural, historical, cultural, and environmental assets. A continued successful effort to build the region's tourism industry will provide more students the opportunity to find employment in the local region through supporting tourism businesses such as hotels, as Hocking offers a hotel management program.

Source: <http://travelmontana.state.mt.us/conference>

Compensation to community college students is a complex undertaking. Students range in age from those just out of high school to adults with many years of experience who are seeking to upgrade their skills or enhance their career opportunities. Assisting community college students financially recognizes the importance of integrating learning with practice. Such support also enhances their work experiences and eases their entry into the workforce, into a career or into a promotion or comparable goal. Students can be provided financing that ranges from scholarships to loans. Scholarships and fellowships are defined as financial aid paid directly to students as scholarships, fellowships, stipends, or dependent allowances. Salaries and wages charged to sponsored agreements are paid to students who function as college employees while attending school. Other compensation for assigned work can take several forms, such as apprenticeships, cooperative work-study arrangements with a company or industry, or summer internships.

In an apprenticeship, students earn while they learn from and work for an area employer. The employer receives a better - trained employee and the employee offers more to the business operation. A significant portion of the training is on-the-job (OJT) with the company. A smaller portion of the training is job - related education (JRE). The employer and the college customize both the OJT and the JRE curricula. In the meantime, the student-apprentice continues to earn while he/she learns. Upon completing the community college's curriculum, the student is generally offered a full - time job with the company.

A cooperative work-study program is defined as an academically related work and study experience with business, industry, government or other agencies and organizations. The purpose of the program is to provide students the opportunity to support their academic endeavors with less dependency on student loans. Under this program, the hiring agency is responsible for a percentage of the student employee's hourly wage and the remainder is funded through a state co-op funds. If the hiring agency is so inclined, the student may be offered permanent employment upon completion of his or her studies.

Many companies are in the position to offer full- or part-time, paid summer internships that give college students hands-on opportunities to contribute ideas to challenging projects, to network with company employees and to learn from real-world experiences. While class commitments take precedence during fall and spring semesters, students are expected to spend ten to twelve weeks full - time with the respective companies. Students may also expect the work to be challenging and financially rewarding. Often students join the permanent work force of the company upon graduation.

Not surprisingly, a growing number of community college students are enrolled in career training courses. Yet, while states subsidize enrollment in college-prep courses, many require that students enrolled in non-credit career training courses pay full costs or more. Because they do not get reimbursed or get reimbursed less by the state, colleges have less

incentive to develop non-credit programs. As long as there are adequate standards for the non-credit courses (length of the course, connection to employer-based training, etc.), states often reimburse schools for enrollments.

For example, Texas provides full reimbursement for non-credit courses that employers establish or that students take to get ready to go back to work. Oregon reimburses state community colleges for career courses, just as it does for college – prep courses. As a result, over 30 percent of Oregon students are in career advancement courses. Georgia’s Hope Scholarship allows people to take any course that issues a technical certificate that is recognized by the state. North Carolina subsidizes career education, non-credit courses in order to keep the costs low. Career-oriented, non-credit courses should be placed on a level playing field with credit courses, and ideally work to ensure that non-credit courses are part of certificate programs.

## **F. LESSONS LEARNED CASE STUDIES**

To bring an economic development plan to reality, a sensible understanding of implementation measures must be outlined. One California community witnessed several completed community land use plans languish because of an inability to secure political and financial resources for implementation. This lack of final plan completion not only deprives the community of its expressed desires, but also reduces the community's future enthusiasm for additional government initiatives. Successful economic development plans are approved not only with helpful initiatives and programs, but a strategy of implementation.

### **Successful Programs in Similar Locales**

Some communities develop economic development plans without identifying program timeframes, areas of responsibility, where resources will come from and necessary plan follow up. These oversights leave the document vulnerable, which minimize the ability of community officials to proactively impact local development. The lack of tangible support allows current development forces to continue unabated. These forces then impact the community to create a community different from the document's intended goal. The inability of an economic development plan to positively develop a community may stem from failure to implement necessary zoning changes to guide development, lack of investment to establish workforce training programs, or remaining deficient communication to understand local business needs.

Throughout this document, individual successful examples have been discussed for specific proposed programs. In the discussion of potential Stafford County business incentives, the successful guidelines of Roanoke Rapids, North Carolina are highlighted. This section identifies methods to ensure implementation of an economic development plan in its totality. The following economic development plan examples demonstrate how and why the definition of responsibility, identification of resources and necessary follow up must be included for ultimate success.

#### *City of Charlotte/ Mecklenberg County, North Carolina—Responsibility of Roles Determined*

The City of Charlotte/ Mecklenberg County, North Carolina's Economic Development Plan lists individual community parties' responsibilities needed for plan implementation. The Plan's developers further identified the supporting agencies to secure complete plan execution. The City of Charlotte's Economic Development Office has primary responsibility for coordinating and executing the overall economic development plan for the area. However, other government agencies were assigned with specific plan responsibilities based on outlined tasks. The following examples describe how a handler for a particular initiative was noted in the plan.

For the task of "Develop feasibility and economic impact study for an intermodal facility at the airport", the lead task agency was identified as the Economic Development Office

with the Aviation Authority, Chamber of Commerce, Charlotte Regional Partnership, Utilities and Planning Department's as the support agencies. For the action item of, "Create employment and training partnerships with the Workforce Development Board and local colleges and universities to train adult workers for technology industry", the County's Workforce Development Board was tasked as the lead agency with the Economic Development Office in support. The concrete identification of specific agencies with detailed tasks invests these entities in their accomplishment. The failure to accomplish a task can then be traced to a specific entity to understand why it did not occur.

*Prince George's County, Maryland and City of Gresham, Oregon—Sources of Funds Identified*

Prince George's County, Maryland's, Five Year Economic Development Strategic Plan identifies the potential funding sources for each of the plan's economic development initiatives. For the named strategy of "Develop a taskforce that brings together key stakeholders to create an integrated workforce preparedness program for K-12", the plan has listed the Prince George's County Office of County Executive as the potential funding source. The plan also included state agencies as potential funding sources. For the economic strategy of, "Identify and market existing worker training programs (state, local) to targeted industries", the Maryland agencies of the Department of Business and Economic Development, and the Department of Labor and Licensing and Regulation were listed.

In addition to identifying potential sources of funds, some communities' economic development plans include notations of the availability of necessary funds. An edge community located near the fast developing City of Portland, Oregon, goes a step farther in the detail of available funds in its economic plan. The City of Gresham, Oregon's, economic plan provides a breakdown if funds were available for each program. The potential resource allocation for each task was rated with a "Yes", "Partial", "Limited" and "No". For example, when the task of "Create a forum for local industries to have an on-going dialogue with local leadership, linked to regional transportation and growth management entities", the indication of resources was "No".

Frankness and clarity in a document provides two benefits. It first allows the community to understand that some progressive ideas can not be implemented due to lack of resources. The community's expectations will then be more realistic concerning the plans ultimate success. Further, it allows a priority setting of future resources to continue full implementation of the economic development plan. The plan's tasks identified without proper funds can be scheduled for funding in future budget years. The sting of future budget requests can be diminished by the granting of sufficient time to plan for such an allocation. The setting of future resource priorities, in part, rests on the plan being monitored in the future.

*Benton County, Washington—Success Rates Documented*

The economic development plan of a similar sized community demonstrates the benefits of monitoring an economic development plan. Benton County, with a current population under 150,000, adopted an economic development policy document in 1996. In successive years, the County developed a corresponding appendix to describe their economic development accomplishments. The appendix was then added to the on-line version of the economic development plan on the County's website.

The plan states the County's reasons for such monitoring: *"To ensure that sufficient resources are dedicated to implementing county economic development services and responsibilities, this appendix will be revised and presented annually to the Board of County Commissioners as part of its budgeting process. Each year operational improvements and special projects will be identified for the next five years. Operational improvements are modifications to existing county service methods to achieve stated objectives. These improvements are designed to become routine activities in subsequent years."* The goal of this economic development plan is not simply to develop programs, but to also implement them and monitor them for adjustment.

The benefits of consistent program maintenance can be seen in the spread of agency program monitoring in all forms of city governments. The program "Citistat" is being implemented throughout American cities to improve adherence to policy objectives. This program monitors various city agencies through the reporting of certain number thresholds to benchmarked desired community goals. For instance, the program may monitor the amount of trash collected on time and locations in the city where it was not.

The "Citistat" program grew from "Compstat", a program used by the New York Police Department to reduce the crime rate in half in the 1990's. "CompStat" utilized computer pin mapping and weekly accountability sessions, and is employed today by several police departments around the world. While these monitoring systems are of much larger examples, their methods do speak to the impact they can have on a program's success. Although plan monitoring is not needed on such a regular basis, even a quarterly annual review can ensure proper maintenance and adjustment of an approved Stafford County economic development plan.

**Successful Economic Development Techniques**

This economic development plan outlines individual techniques to foster economic development that range from business retention, workforce development, and government incentives. These branded tasks identify how to build and grow a community's economic base. In concert with individual task implementation, periodic review of the community's entire economic growth program must be measured.

A periodic review of economic programs must be conducted not solely to determine the implementation of an economic development plan, but also to measure the ultimate goal



for a plan-- a community's economic growth. The City of Burlington, Vermont, details how business growth and economic development efforts are measured in its community. Specifically, it measures the progress made on a particular important sector of Burlington's economy-- locally owned enterprises. Burlington's measurement of local business growth details the number of people assisted, new businesses created and jobs retained. These final measurements allow Burlington officials to not only detail who its plan has helped, but the amount of impact of the economic development plan has on its economy.

#### How Burlington (VT) Measures Local Business Growth

### **2003 Consolidated Annual Performance & Evaluation Report Economic Development Goals, Strategies and Funded Activities**

#### **Priority 6: Targeted Strategies - Continued Growth and Development of Locally-Owned Businesses**

**Goal:** Burlington continues to generate a strong, diverse base of locally-owned enterprises.

#### **Five-year Focus:**

- Promote the use of Renewal Community and Vermont Downtown tax incentives.
- Encourage the development of a risk capital fund.
- Identify and target vacant commercial spaces in the Renewal Community and in the rest of the City, and assist property owners with finding tenants that meet community needs.
- Encourage home-based business development.
- Develop more affordable commercial and incubator space downtown and in other designated areas throughout the City.
- Provide businesses with hands-on assistance with the permitting process.
- Develop and disseminate resource guides for entrepreneurs and employers.
- Develop and/or support training and financial resources to support new enterprise and self-employment.
  - Expand microlending programs to increase the number and the size of loans available.
  - Support the Sustainable Jobs Fund, Vermont Job Start, the Vermont Development Credit Union and the Vermont Community Loan Fund's business loan/grant funds.
  - Develop and/or support economic literacy training programs for people interested in starting small businesses.
- Support the Burlington Currency Program's efforts to expand the number and types of businesses participating in this program.
- Develop and/or sustain additional services to increase the competitiveness of small businesses.
  - Support the "Vermont Consultants Network."

- Support energy conservation and cost reduction programs.
- Continue to monitor banking activity to ensure that banks remain responsive to local businesses.
- Direct the purchasing power of major institutions within the City to support local businesses in order to direct dollars to the local economy.
- Encourage individuals and organizations to invest savings in local financial institutions that reinvest funds directly back into the community, and promote active community reinvestment among all local banks and financial institutions.
- Support the Vermont Employee Ownership Center.

**Annual Action Plan – Program Year 2003**

The City expended Community Development Block Grant (CDBG) funds on the following projects and programs in program year 2003 to further the priority of continued growth and development of locally-owned businesses:

Project Title	Relation to Consolidated Plan	CDBG Funds Expended	Other Funds Leveraged	Projected Accomplishments	Actual Accomplishments
Burlington Sustainable Economic Development Strategies	General financial and technical assistance to small and large businesses; targeted assistance to employers with livable wage jobs and to businesses playing a key role to downtown vitality; development of affordable space for small and micro businesses; waterfront development; and redevelopment of vacant or abandoned property	\$96,351	\$17,945,000	Help 100 businesses access <u>Renewal Community and Downtown Program</u> incentives	Applied for and received expanded Designated Downtown District  Mailed RC information to 2,600 businesses  Provided direct assistance to over 40 businesses, accountants, tax advisors & attorneys  Allocated \$6 million in Commercial Revitalization Deductions

				Hold a workshop on accessing venture capital	Presented at venture capital workshop attended by 45 entrepreneurs Became a Gold Sponsor of Vermont Venture Capital Network monthly meetings
Business Financing & Technical Assistance	Promote economic independence for entrepreneurs by providing them technical assistance and access to capital to start or expand their businesses	\$100,401	\$2,315,000	Provide information, financing and/or technical assistance to 140 people	210 people assisted
				Help to start 17 new businesses and retain/expand 8 businesses	17 new business start-ups and 11 retained/expanded
				Create/retain 44 jobs	Created/retained 63 ½ FTE jobs
				Maintain the Commercial Space database	Requests for the database average 8-15 per month
				Update guide to <u>Doing Business in Burlington</u>	Updated and now includes a cd/web version with government forms, planning templates and financial spreadsheets
				Assist refugee entrepreneurs	Assisted 10 refugees
Women's Small Business Program	Foster economic independence by giving women the skills needed for entrepreneurial success	\$10,000	\$54,087	Provide technical assistance to 8 entrepreneurs	13 low/mod entrepreneurs assisted
				Create/retain 3 jobs	Created 5 FT jobs

*Economic Impact Models*

A successful economic development program will result in various industries and projects seeking to locate in the proactive community. These projects' impacts must be gauged in order to adequately enable future community planning efforts. A failure to accurately understand the impact of such projects will cause the community to become reactive instead of asserting its vision. The following examples provide an overview of the economic impact models available to understand future projects impacts.

**Example 1: Commercially Available Economic Impact Model**

**Regional Economic Models Inc. (REMI) Economic Impact Model**

The REMI Economic and Demographic Forecasting and Simulation (EDFS-53) model is one of the most well-regarded and highly used economic impact models in the country. It is also one of the most expensive commercially available systems. The model's structure is complex but well-documented in academic journals. To a large extent, the REMI model is a modified input-output model; its uniqueness and strength is the sophistication of its modifications.

The user is not required to supply any data to "regionalize" the model. REMI is partially based on county-level data from *County Business Patterns* and the Bureau of Economic Analysis (BEA). It can forecast and simulate changes in demand and supply conditions for 53 industrial sectors, across 94 occupations, up to the year 2035. The user can enter other information on the regional structure of the local economy. Contained within its hundreds of equations are a relative-cost model, a labor demand and supply model, and a forecasting model. In brief, the REMI model can be broken down into five highly integrated components (Treyz et al. 1997):

**Output component** – This component incorporates an input-output model into a standard national income product account framework. The output of a regional industry is the addition of regional demand from area consumers, local government, business investments, and national and international demand for its exported goods and services.

**Labor and capital demand component** – The area's relative wage and capital costs to the nation are estimated and used to estimate the demand for labor and capital in the area through the use of a Cobb-Douglas production function. The higher the area's relative wage, the more capital intensive will be its industries.

**Population and labor supply** – Population change is estimated by a cohort-survival demographic model. The model has four components of net migrants of which economic migrants are the most important. Factors that affect economic migrants include economic and amenity factors. Economic factors include a probability function for an unemployed resident getting a job and changes in the region's real after-tax wages.

**Wage, price and profit components** – Production costs are estimated using a relative production cost equation, where the area's wage and capital costs are compared to national averages. Wage rates are a function of the demand for labor across 94 different occupations. Relatively high-wage areas (by industry) will lose business activities and achieve a below-average rate of growth.

**Market share component** – The market share component estimates both the regional purchase coefficients (RPC) for the region's industries and the region's export share (ES) of national and international sales. Both an industry's RPC and ES are based, in large part, on the relative competitiveness of the industry to its national counterparts. One of

the more unique features of the model is that its RPC values are endogenously determined, being a function of the area's profits and industrial mix. Similarly the area's share of national and international output is a function of the area's firm's profits and industrial mix.

***Example 2: State-Sponsored Integrated Economic and Fiscal Impact Model***

**Resource Allocation Model  
Maryland Department of Business and Economic Development**

The Maryland Resource Allocation Model (RAM) includes both an economic impact and fiscal impact component. The model includes five modules: economic impact, tax impact, public expenditure impact, economic development adjustment, and opportunity cost analysis. The state's Department of Business and Economic Development is also constructing RAMs for specific counties that incorporate a cost-benefit analysis similar to the one in the state model.

While the model assumes that the state subsidy is mandatory for business expansion, the company typically must meet one of the following criteria to be considered for an incentive: operations would be highly competitive, the company needs to become more competitive but is denied access to private financing, or an economic development subsidy has been offered by another state.

In addition to estimating fiscal and economic impact, the model offers several other unique estimates: (1) the probability of the company actually moving; (2) the break-even margin from which the maximum allowable state incentive is based (the maximum subsidy is equal to the net present value of both the state receipts from income, sales, and real property taxes generated by the project minus the additional state costs from the increase in demand for state services and the opportunity cost of the state subsidy); and (3) the displacement effect that the company's expansion or closure would have on other state firms in the same industry. If a large portion of the firm's customer base is located in the state, its potential departure would have less of an impact on the state as its in-state competitors would expand to reach the company's former customers.

The model is limited in that it only applies to grants and loans as economic development options. Estimates of technical assistance and job training programs are not included. However, to the extent that technical assistance and job training are offered through a block grant, the model can assess return on public expenditures.

Contact: Pradeep Ganguly, Director, Office of Research, Maryland Department of Business and Economic Development, (410) 767-6398, e-mail: [pganguly@mdbusiness.state.md.us](mailto:pganguly@mdbusiness.state.md.us).

*Example 3: Commercially Available Fiscal Impact Model*

**LOCI-2 Fiscal Impact Model  
Georgia Institute of technology**

The Georgia Institute of technology's LOCI-2 Fiscal Impact Model ventures well beyond other models in providing estimates for direct fiscal impacts of a new plant. It also attempts to measure the full indirect impact such as added property tax revenue generated by persons moving into a area because of a plant opening. However, this feature relies upon the user's perception and a simple input-output model.

The model offers three levels of analysis to measure the impact of a new business:

! **Level 1 is an estimate of the fiscal impact of the construction phase and the ongoing operation of the plant.** Fiscal revenues at this level include only (1) sales tax generated by purchases of goods by the facility and its workers and (2) the facility's property taxes. Costs include only initial public development costs and public service costs generated by the plant's daily operations.

! **Level 2 adds the fiscal impact of the plant's employees to the Level 1 impact** Revenue estimates are expanded to include increases in residential property taxes, user fees paid by new residents and public revenues from other indirect economic activities. The public costs of providing services to the plant's employees are estimated. Added costs include services as public safety, recreation, and utilities. Costs are based on an average per household calculation.

! **Level 3 adds to the impacts of Levels 1 and 2 the full multiplier effect of the facility's purchasing of goods and services from local suppliers and the employees' purchases of goods and personal services from local retailers.** Revenues include local sales taxes and residential property taxes generated by new residents who do not work at the facility but moved to the area due to its increased growth. Also included are property tax revenues from new commercial and retail construction caused by the plant's opening. Costs estimates include the added cost of providing public services demanded from increased commercial, retail and residential development.

To use the model to its full extent (Level 3), users must enter estimates on several difficult-to-obtain variables. To estimates the indirect impact of a new plant, users have two options: (1) supply the model with both an average employment multiplier and an income multiplier for the area or (2) enter local data into a small input-output model component contained in the model. To use this component, the user must (a) provide estimates of the value added per dollar of revenue and revenues per establishment for the area's manufacturing, retail, service, and wholesale sectors and (b) estimate the amount of purchases that the new plant will make from local suppliers in addition to estimating the suppliers' value added to the supplier industry's overall revenues. There is a large probability of error in the Level 3 analysis and the data requirements are very demanding.

A fourth level estimates the fiscal impact of visitors and tourism on the community.

The economic impact component of the model is not of the same quality as using RIMS II or IMPLAN models, but the cost is modest (\$350.00 for a Single CPU model and \$50.00 for program files and technical documentation-subject to change). Purchase of the LOCI-2 model does not include a training session.

***Example 4: Impact Model***

**Project Impact Model  
West Virginia Development Office**

The West Virginia Development Office (WVDO) has produced a fully automated project impact model developed with the assistance of Marshall University's Center for Business and Economic Research (CBER). The project began with an in-house model in Lotus format to estimate state and local public costs, public revenues, and net public revenues attributable to projects. CBER supplied inputs on a project-by-project basis using the state's IMPLAN model. The resulting model is in Excel format that includes an electronic worksheet on which the user can enter inputs.

The model components include (1) a main worksheet for project inputs, tax information, public revenues and costs, operating assumptions, and cost and revenue summary, (2) a tax credit worksheet showing state tax credit calculations for the project, and (3) a database worksheet showing internal bases used in model operation.

The primary customers of the model are economic development representatives working at the local level and WVDO management staff who make project assistance decisions.

Contact: Tom Holder, Strategic planning Manager, West Virginia Development Office, (304) 558-4010, email: [tholder@wdo.org](mailto:tholder@wdo.org).

## G. Special Planning

### Boswell's Corner

As previously mentioned in Recommendation 14, Boswell's Corner exists as a potential economic opportunity area in Stafford County. Boswell's Corner itself is signified by the intersection of US Route 1 and Telegraph Road in the north portion of the County. The attractiveness of Boswell's Corner comes from its location near the Marine Corps Base Quantico, exit 148 from I-95, and Route 1 that flows through the corner. The future personnel growth of Quantico, as mandated by the BRAC report, and the corresponding growth in defense contractors supporting it will necessitate the addition of office space in the area. Recall, the Director of the Quantico Public Affairs Office stated the BRAC report would result in the need for at least 650,000-750,000 square feet in new building space.

Boswell's Corner is currently an underutilized area with sparse businesses and vacant lots, such lack of development provides the ability to support needed commercial growth. However, in an unplanned environment, such anticipated intense development at Boswell's Corner could happen in a haphazard manner. Unplanned development could result not in an integrated new commercial center of Stafford County but, isolated, hidden poorly designed commercial buildings in Stafford County.

#### *Potential Vision of Boswell's Corner*

The rendering of Boswell's Corner that follows is an example of sound vision that can spur economic growth, provide a positive initial impression to Stafford County visitors, and provide an inviting pedestrian environment for workers that does not isolate them in their complexes. The rendering provides a vision that, with proper land use and design regulations, can provide necessary space for commercial development and develop an additional vibrant anchor of Stafford County.

**Recommendation 43 :Craft Area Design Regulations to Ensure Parking is placed at the Rear of New Structures**

Formatted: Bullets and Numbering

The location of parking is important in the development of an area into an active, engaged place. In the rendering, the location of parking to the rear of buildings situated along the west side of Route 1 and north of Telegraph Road demonstrates an important principle of sound land use planning. The parking is located to the rear of buildings and would hide cars from traffic along Route 1. Thus, instead of surface parking lot upon surface parking lot, visitors/guests would see new, attractive commercial buildings perhaps listing the names of companies that have chosen to make a home in Stafford County. The focus of those traveling along Route 1 would be the places of commercial activity (the buildings) and not on parked cars. In addition, having green-space in front of buildings instead of parking lots would provide a more inviting environment for workers to leave their buildings during the day and walk to potential area amenities.



***Recommendation 44 :Ensure that New Building Construction Meets General Federal Building Standards put in Place after 9/11***

Formatted: Bullets and Numbering

This area's building design should still allow new area commercial buildings to meet federal building standards mandated by government regulations after 9/11. New federal building standards include minimum distance from the street, and no parking underneath or above buildings among others. Buildings in this area should be constructed in this manner to ensure multiple potential tenant flexibility. While it is expected that private commercial entities will inhabit these buildings, adhering to federal standards will leave the option to attract federal entities open.

***Recommendation 45 :Ensure that Design Guidelines "Mark" Boswell's Corner***

Formatted: Bullets and Numbering

The rendering also clearly "marks" Boswell's Corner through surrounding building design at the intersection of Telegraph Road and U.S. Route 1. In the rendering, building heights at Boswell's Corner are slightly higher than surrounding buildings, and the west portion of the corner has unique circular buildings. Using urban design to "mark" a corner announces that one has reached Boswell's Corner, such design provides a sense of place. For this area, the significance of the area signifies that one has reached a commercial engine of the county and region.

***Recommendation 46 :Ensure Design Guidelines of New Office Park Developments have Grid Streets Patterns Where Appropriate***

Formatted: Bullets and Numbering

An enhanced grid-street pattern will alleviate the natural increase in traffic due to increased office space. Grid-based networks are best for ensuring efficient traffic along arterial roadways. This pattern can be seen to the east of Boswell's Corner that provides two paths to reach buildings in this portion of the development. A grid street pattern, compared to cul-de-sac, offers multiple ways to access final destinations. In this example, traffic would be assisted by employees wanting to go north on Route 1 taking one exit and those wishing to go south a different street. Grid-based arterial systems serve modern automobile-oriented urban areas well because they facilitate mobility throughout the area. The Milton Keynes Discovery Center notes, "The grid road system permits an infinite range of flexibility between any two points in the city."

***Recommendation 47 :Incorporate Green Space into Commercial Area***

Formatted: Bullets and Numbering

The design of the rendering also incorporates Stafford County's rural beauty into a future commercial engine of Stafford County. Stafford County is changing from its rural roots naturally, but in doing so the County does not need to be transformed into a solely concrete area. The proposed vision of Boswell's Corner has green-space and significant vegetation integrated among the potential new commercial developments. This design

seeks not solely to incorporate Stafford's natural heritage but, also to develop the area as an amenity.

***Recommendation 48 : Transform Route 1 along Boswell's Corner into a Boulevard***

Formatted: Bullets and Numbering

The inclusion of significant vegetation would also transform Route 1 into a Boulevard concept. The addition of trees in the median will help to calm traffic, as numerous studies have demonstrated, and increase pedestrian safety.

**Courthouse**

The Courthouse area, as previously mentioned in Recommendation 18, is where the Stafford County Government Center is located. However, aside from the government center and historic courthouse there are few entities to mark this as the center as the geographic or government heart of Stafford County. However, the Courthouse area has three development projects planned: a new hospital; a new I-95 interchange; and a new courthouse complex. In addition, there are several projects envisioned for the area that will further strengthen Stafford County if developed such as a town square, open air market and theater. The hospital will bring additional employees and visitors to this area. The proposed new interchange should make it easier for visitors and residents to reach this future concentration of activity. Corresponding with the increased pedestrian traffic will be the opportunity, and need, for supporting amenities. These projects enable Stafford County to develop this area as an active, pedestrian-friendly, mixed-use, destination area of Stafford County

***Recommendation 49 : Develop Additional Streets around the Courthouse Area to Create a Grid Street Pattern***

Formatted: Bullets and Numbering

Presently, the Court House area is marked by only two roads, the intersection of Courthouse Road and US Route 1. The addition of smaller roads parallel to these arterial roads would accomplish two main objectives of a new city center: lessen traffic congestion and create a friendlier pedestrian environment. Again, just like Boswell's Corner proposed pattern, a grid street pattern can alleviate traffic congestion. The new uses downtown will draw additional visitors, in fact, that is the goal. However, streets that offer an alternative route to progress through the area will divert traffic from the main arterials and allow potential traffic congestion to lessen.

In addition, a grid street pattern in this area will improve the areas pedestrian environment. A grid street pattern will create smaller, more manageable blocks to traverse for pedestrians.

***Recommendation 50 : Establish the Intersection of Courthouse Road and U.S. Route 1 as the Center of Stafford County***

Formatted: Bullets and Numbering

The four intersections should all provide active uses for residents of Stafford County. There is a strong desire among the community for additional amenities in this area, and

with future large projects planned for the area, a projected population to support such amenities. The planning and ultimate decision of the community will dictate this area's development of a resource for the area.

***Recommendation 51 ;Ensure the Courthouse Area and other Mixed-use Developments are Pedestrian Friendly***

Deleted: 1

Formatted: Bullets and Numbering

The rendering that follows provides a potential vision that marks the intersection through a 'town square' approach. Each corner of the intersection of Courthouse Road and U.S. Route 1 provides space for a different community use. The green-space in front of the historic courthouse provides community open space, while across Courthouse Road space may be set aside for an open air market.

The community spaces at each corner will not meet their potential if pedestrians feel unsafe reaching them. The rendering makes a point to provide wide pedestrian crosswalks and bulbed out sidewalk intersections to lessen the distance between street crossings.

In addition, all mixed-use developments developed in Stafford County should be designed, and implemented, to multiple access by a variety of methods. This should include not only crosswalks and bike lanes, but bike lanes on roads, and the development of shuttle access programs.

Furthermore, opportunity sites are poised for further study to establish economic and community opportunities for Stafford County. First among these sites is the area of Falmouth/Route 17. This area due to its geographic location and access to transportation will provide another center to cultivate economic opportunity that adds to Stafford's economic strength in the future. This opportunity site at Falmouth/Route17 has recently been designated as an economic opportunity site, and will be treated on par with the above-mentioned sites in the future. At the time of this report, estimates are being gathered for a similar graphic visioning process to occur as was done for the Boswell's Corner and Courthouse locations.