

ENHANCED SITES CHARACTERIZATION

GO VIRGINIA BOARD PRESENTATION

December 9, 2019

OVERVIEW OF THE ENHANCED SITES CHARACTERIZATION EFFORT, POTENTIAL BENEFITS, AND LIMITATIONS

Focus for today's conversation

What we have	<ul style="list-style-type: none"> ▪ Robust perspective on the physical development potential and location competitiveness (e.g., talent, quality-of-life, taxes) of 466 sites in 103 localities across the Commonwealth
Who will have this information	<ul style="list-style-type: none"> ▪ Localities will be the primary owners of their data, free to share with whomever they please (e.g., property owners, utilities). VEDP will strongly encourage localities to share their information with their REDOs and GOVA leaders. ▪ VEDP can share data on a site's relative attractiveness compared to other regional and/or statewide sites to aid in
How it can be used	<ul style="list-style-type: none"> ▪ Localities: identify and prioritize sites for investment; enhance current marketing efforts ▪ Regional groups (e.g., GOVA): aggregate data from localities to inform funding decision-making by benchmarking sites relative to each other and against objective measures ▪ Commonwealth: identify top sites for development, encourage localities to prioritize strategic sites and use relative attractiveness measures to aid funding decisions
Keys for success	<ul style="list-style-type: none"> ▪ Education: Localities are the linchpins in this effort. They need to submit sites for funding and provide local match. Thus, strong education push is needed. ▪ Coordination: Pre-prospect funds are available but scattered across various bodies relying on a variety of inputs and data to make funding decisions ▪ Funding: Local funding match requirements are frequent deterrents, leaving many localities on the sidelines
What to keep in mind	<ul style="list-style-type: none"> ▪ Locality-driven; locality-dependent: Even with perfect information, the current pre-prospect site development processes in Virginia require each locality to zone sites appropriately, source matching funding and apply for state-level funding. In short, site development efforts cannot succeed without significant local commitment.

BROAD PUBLIC PARTNERSHIP LEVERAGED PRIVATE SECTOR EXPERTS TO BUILD DEEP INSIGHT INTO STATEWIDE SITES PORTFOLIO

Public sector partners

VEDP partnered with GO Virginia and regional and local economic development partners to identify solutions to develop a geographically-balanced portfolio of project-ready sites

VEDP



103 localities

16 Regional economic development organizations

Private sector experts

Site engineers

- Compiled, reviewed, and assessed physical potential of each site
- Estimated cost to reach project-ready status



Site selection consultant

- Assessed location competitiveness relative to VA & Southeastern peers
- Assessed suitability of each site for 8 sectors



WE LIKELY NOW HAVE THE MOST COMPREHENSIVE INSIGHT INTO STATEWIDE PORTFOLIO OF ANY STATE

We have comprehensive information on

466 sites

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Categories of information

Site developability

- Are there any physical (e.g., topographical, environmental) challenges to developability?
- What is the estimated cost to develop the site to project-ready status?

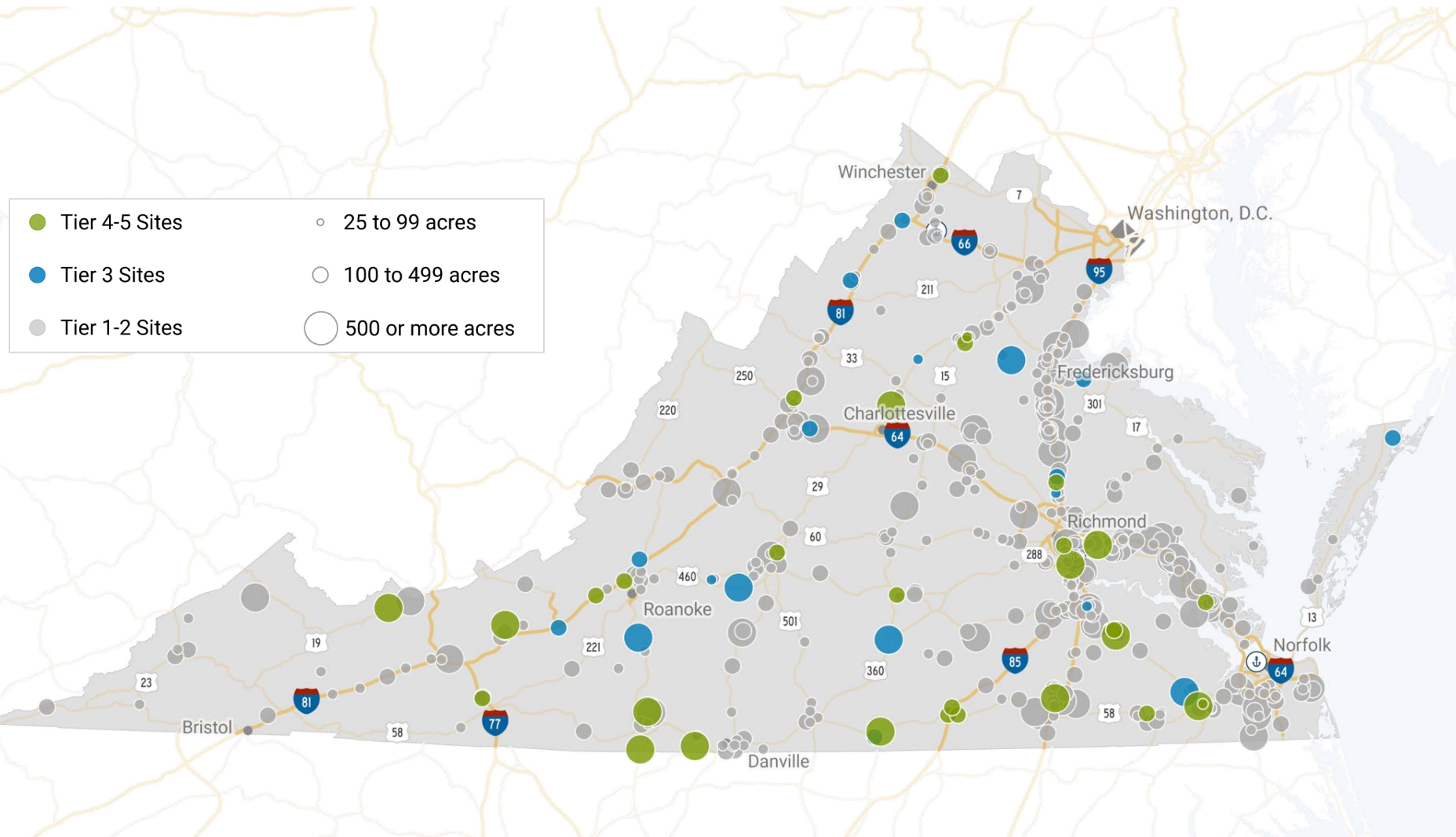
Location competitiveness

- How competitive is the location (or region) relative to regional, statewide, or Southeastern peer locations?

Sector suitability

- Incorporating minimum size and workforce thresholds, how suitable (or competitive) is each site within specific sectors?

VIRGINIA HAS A SIGNIFICANT DEARTH OF PROJECT READY SITES - NEARLY 90% OF SITES ARE TIER 1 AND 2 AND ONLY 30 SITES ARE PROJECT-READY¹



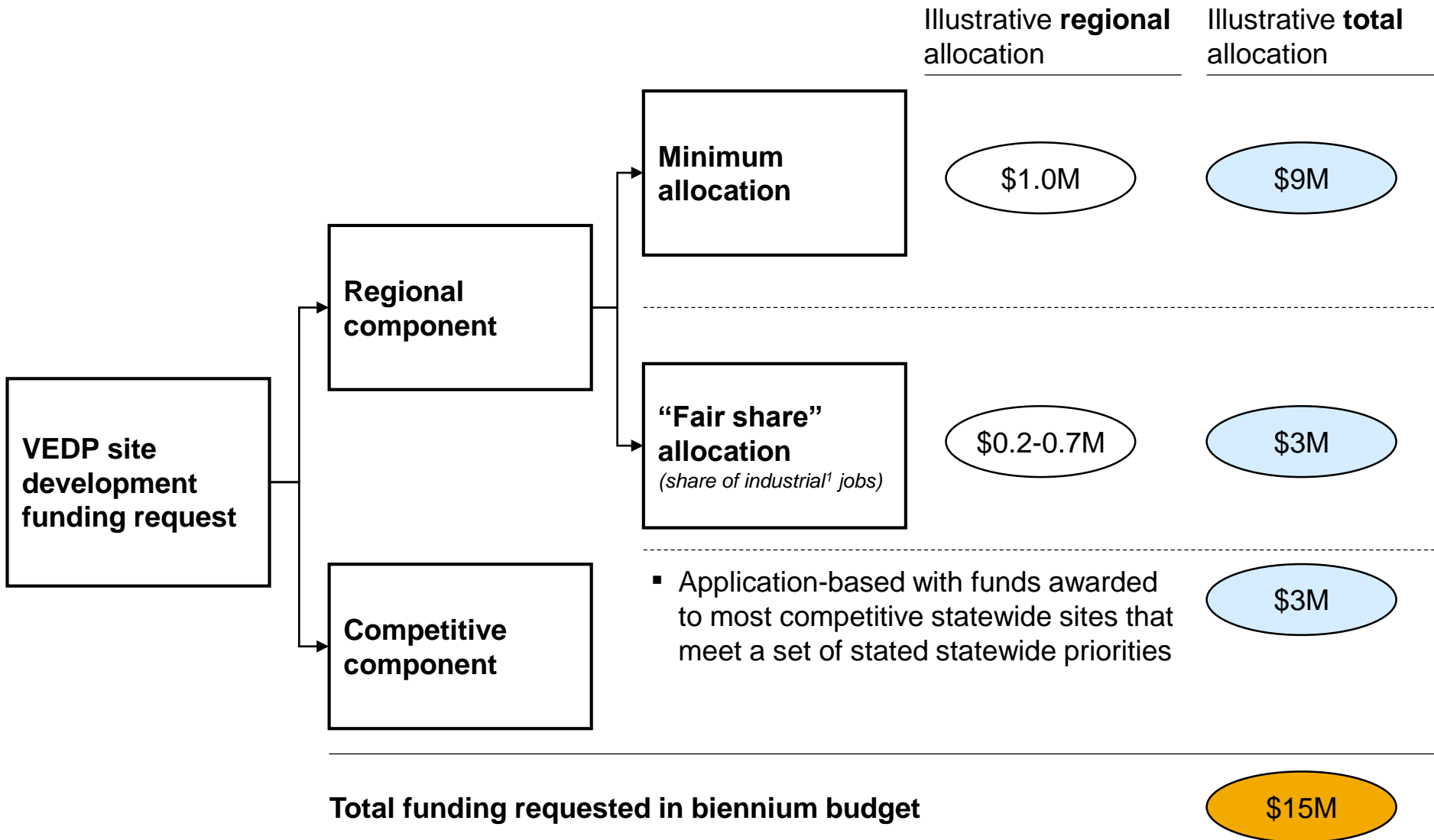
1. Count of project ready sites does not include parcels within a site if the entire site is not project-ready. Parcels within a site that are project ready will continue to be marketed separately from the parent on the VirginiaScan website.

THIS GENERAL DEARTH OF PROJECT-READY SITES EXISTS ACROSS REGIONS

GO Virginia (#)	Incomplete	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total ¹
Southwest (1)	-	3 (14%)	16 (76%)	-	2 (10%)	-	21 (100%)
Roanoke/New River/ Lynchburg (2)	-	14 (31%)	22 (49%)	5 (11%)	3 (7%)	1 (2%)	45 (100%)
Southside (3)	-	5 (10%)	36 (71%)	2 (4%)	8 (16%)	-	51 (100%)
Greater Richmond (4)	-	28 (22%)	88 (69%)	3 (2%)	8 (6%)	-	127 (100%)
Hampton Roads (5)	-	12 (17%)	55 (76%)	2 (3%)	2 (3%)	1 (1%)	72 (100%)
Greater Fredericksburg (6)	2 (3%)	11 (18%)	48 (77%)	1 (2%)	-	-	62 (100%)
Northern Virginia (7)	-	3 (43%)	4 (57%)	-	-	-	7 (100%)
Shenandoah Valley (8)	-	5 (11%)	35 (78%)	3 (7%)	2 (4%)	-	45 (100%)
Greater Charlottesville (9)	-	4 (11%)	27 (75%)	2 (6%)	3 (8%)	-	36 (100%)
Total	2 (<1%)	85 (18%)	331 (71%)	18 (4%)	28 (6%)	2 (<1%)	466 (100%)

1. Counts are based on analysis of full sites or business parks. In addition to 30 full sites currently tier 4 or 5, there are 10 parcels or portions of sites that are tier 4 or 5.

VEDP'S FUNDING REQUEST COULD CONSIST OF REGIONAL ALLOCATIONS AND STATEWIDE COMPETITIVE FUNDS



¹ Industrial jobs are manufacturing and distribution/logistics jobs

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



Takeaways

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

Site development program

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

Distinctive features




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

SEVERAL PRE-PROSPECT SITE DEVELOPMENT FUNDING POOLS EXIST BUT MOST PROGRAMS HAVE SIGNIFICANT CONSTRAINTS...

 Funds with significant restrictions

Owner	Program	Details
	Virginia Business Ready Sites Program (VBRSP)	<ul style="list-style-type: none"> Assigns a site characterization tier to quantify additional investment needed Site must be at least 100 contiguous acres
	GO Virginia economic development grants (regional and competitive)	<ul style="list-style-type: none"> Requires collaboration between localities and site being a regional priority
Utilities	Utility right-of-way acquisition program	<ul style="list-style-type: none"> Application is limited to rights-of-way for utilities
Public Power Companies	Power line extension pilot program	<ul style="list-style-type: none"> Limited to three RIFA sites in opportunity zones per provider Recently enacted with sunset clause in 2023
Commonwealth Transportation Board	Economic Development Access Program (EDAP)	<ul style="list-style-type: none"> EDAP is for existing roadways to accommodate project on site; Requires bond from local entity with high performance requirements
	Rail Industrial Access Program (RIAP)	<ul style="list-style-type: none"> RIAP is for improving and constructing onsite rail access; Awards split 70/30 between department funding and local match
	Tobacco Commission economic development funds	<ul style="list-style-type: none"> Region specific Four grant programs; each must be matched dollar for dollar

... AND MOST PRE-PROSPECT FUNDING POOLS CAN ONLY BE USED FOR SPECIFIC TYPES OF COSTS

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

STAKEHOLDER ENGAGEMENT AND BUY-IN IS CRITICAL

As of December 5, 2019

What have we done?

- Held meetings, webinars and presented updates to stakeholders throughout the process
 - Including GOVA staff and leadership, Secretary of Commerce and Trade, VEDA, VACO, VML, Virginia Business Council, Virginia Chamber of Commerce, REDOs, LEDOs. etc.

Where are we now?

- All information is currently being reviewed by local partners to ensure accuracy (due December 11)
- Continue to engage partners and stakeholder organizations on the initiative, what's next, and how to use the data

What's next?

- Work with engineers and consultants to make any updates needed to data and/or the analysis
- VEDP's Economic Competitiveness team will be hosting roadshows in each GOVA region (Spring 2020)
 - Two-day events will engage local and regional economic developers, local government officials, business leaders, GOVA Councils, etc. on the data and best practices

NEAR-TERM NEXT STEPS

Collaborate to review and share data

- Site reports were sent to localities for review on 11/12/19
- Localities have 30 days to verify information and provide feedback to VEDP
- VEDP will update VirginiaScan following the audit period
- Once localities have reviewed information, they should share with REDO / GOVA or give VEDP permission to share

Evaluate relative attractiveness of sites

- Using aggregated data, evaluate sites using 2-dimensional approach
- Integrate local / regional perspectives for further evaluation
- Collaborate with VEDP when additional analysis is desired

Develop Plan of Action

- Identify sources of local funding
- Coordinate with VEDP to identify state-level funding and prepare applications

APPENDIX

- **Why project-ready sites are important**

- What the Enhanced Sites Characterization effort entailed
- What we found (early statewide takeaways)
- What we can (and will) do
- Additional materials

WHAT DRIVES JOB GROWTH? BUSINESS EXPANSION AND ATTRACTION

 Today's focus



What businesses look for in a location

World-class talent

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

Suitable sites & buildings

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

Supportive business climate

A place that partners with business to drive growth

Attractive quality-of-life







A place that people want to call home

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

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

VIRGINIA HAS HISTORICALLY UNDER-INVESTED IN SITE DEVELOPMENT RELATIVE TO PEER STATES

As of Spring 2019

State	Site program	Overview	Certified sites ¹ , number	Total sites, number	State funding (2018), USD Millions
 North Carolina	North Carolina Certified Sites	<ul style="list-style-type: none"> Certification provides comprehensive information about the site including price, availability, utilities, access to highways and utilities, environmental concerns, and potential development costs 	38	418	\$29M
 South Carolina	Site Certification Program	<ul style="list-style-type: none"> The Palmetto Sites Program meets the industrial certification criteria set by McCallum Sweeney Consulting (MSC), including developability and utility 	125	621	\$15M
 Tennessee ²	Select Tennessee Certified Sites	<ul style="list-style-type: none"> The program sets rigorous standards to give companies detailed information during the site selection process Certification ensures that each site meets high quality standards 	55	450	\$10M
 Alabama	AdvantageSite	<ul style="list-style-type: none"> A collaboration between the private sector and state-local governments Geared toward having prepared sites ready for industrial prospects 	60	466	\$2M
 Georgia	Georgia Ready for Accelerated Development (GRAD)	<ul style="list-style-type: none"> A proactive effort by Georgia's economic development community to develop available sites ready for industrial development Voluntary program that tied to marketing through the Georgia Allies 	60	523	Confidential
 Virginia	Virginia Business Ready Sites Program (VBRSP)	<ul style="list-style-type: none"> VBRSP is a discretionary program that promotes development and characterization of sites 	43 (30 as of Fall 2019)	588	\$0.6M

NOTE: Site certification definitions and requirements vary by state. Figures listed represent sites shared on publicly-available state websites as of Spring 2019.

* Based upon the results of the Enhanced Site Characterization effort, Virginia has 30 Tier 4 or 5 ("certified") sites. The figure reflected on this page is from Spring 2019, before the effort started.

1. Certified sites 25 acres or larger. 2. Total state administered funding for Tennessee excludes the Tennessee Valley Authority

VIRGINIA'S LACK OF INVESTMENT IN SITE DEVELOPMENT HAS LEFT VA OUT OF CONSIDERATION AS A TOP STATE FOR SITES

State	Area Development, 2018	
	"Shovel ready" sites program rank	Overall cost of doing business rank
TN	1	2
GA	2	T-3
AL	3	T-3
SC	4	T-5
NC	5	8
OH	6	-
TX	7	1
IN	T-8	T-5
MS	T-8	T-5
KY	T-10	-
LA	T-10	T-9

- Virginia's top geographic competitors, Tennessee, Georgia, Alabama, South Carolina and North Carolina, ranked 1-5 for Site Development in 2018
- Virginia did not even rank in the top 10 in site development or cost of doing business - two extremely important factors to companies and site selectors

VA's VBRSP program is substantively similar to the other state programs though VBRSP is newer and receives significantly less funding

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

Raw land



- Raw land identified for development and marketing to prospects

Tier 1-2



- Site controlled for marketing and development

Tier 3



- Zoned industrial/commercial, due diligence completed

Tier 4-5



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

Chances of winning a project increase

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TO REACH THE TOP 10 IN JOB GROWTH, VIRGINIA NEEDS MORE PROJECT-READY SITES AND A ROBUST PIPELINE OF SITES

540K – 770K

Job growth over next 10 years to reach goal of Top 10 fastest growing states

260K – 460K

Incremental job growth (i.e., above current baseline forecasts) required to reach goal

38K – 66K

Manufacturing and distribution/logistics sectors expected share of incremental job growth targets

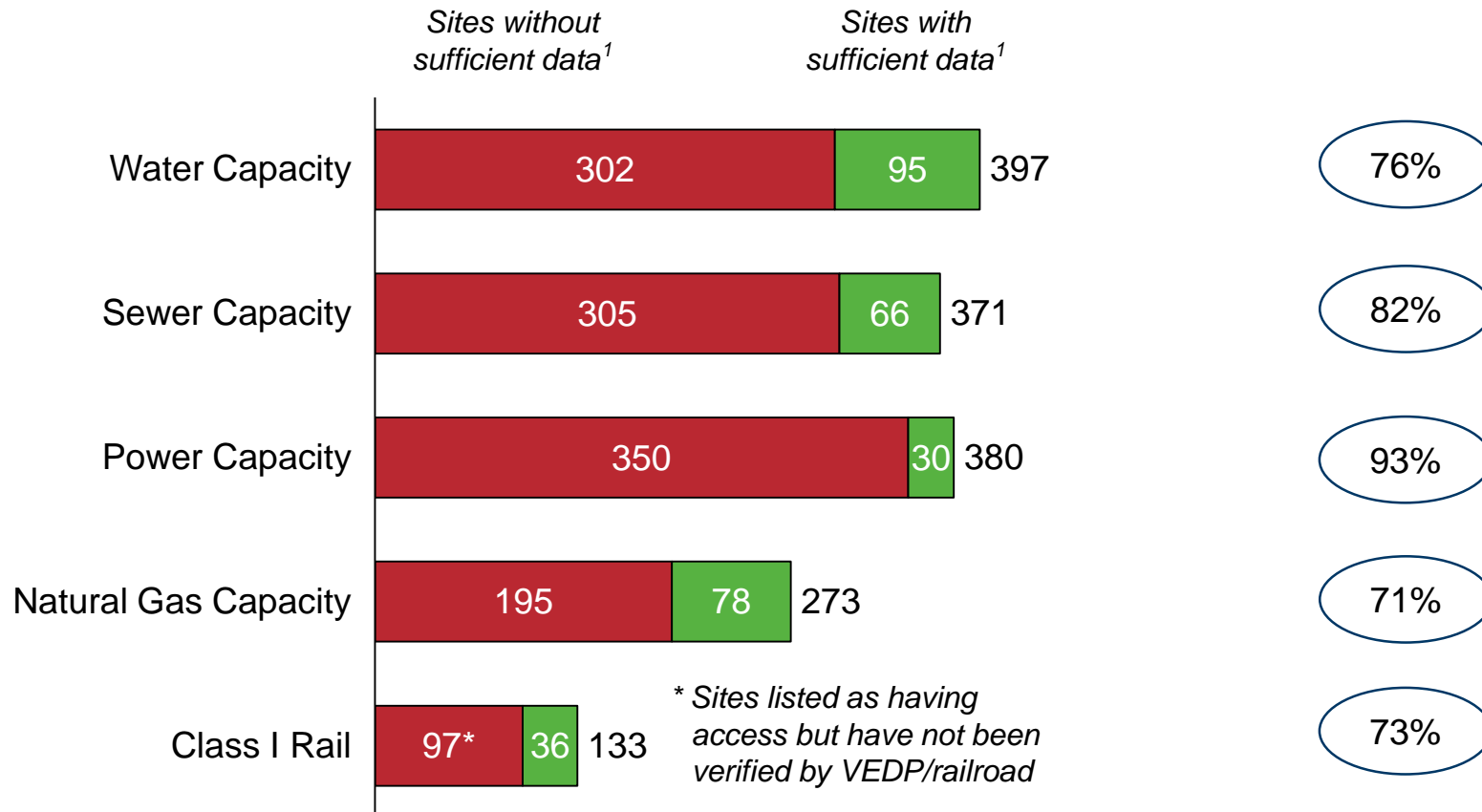
~160 – 200

Additional project-ready sites (above those available for baseline growth) likely needed to support incremental job growth targets

WHEN WE STARTED OUR ANALYSIS, INFORMATION ON THE CURRENT STATE OF OUR SITES WAS SORELY LACKING

Number of sites with access to a category missing detailed data¹

Sites with access missing detailed data



1. Sufficient data means entry has a numeric value (e.g., distance, capacity), except for rail where a workable entry must be certified by rail provider

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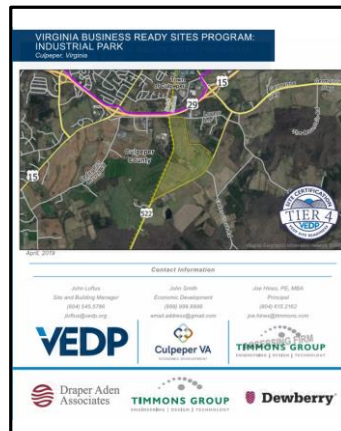
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FINAL DELIVERABLES INCLUDE FOUR DISTINCT PIECES OF INFORMATION FOR EACH OF THE 466 SITES

Individual site characterization reports



Informs

Site developability details

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

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

Study ID: 001-241061

Location competitiveness data

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

Informs

Sector suitability

At-a-glance

Property ID

Site Name

Mega Projects

Super Projects

Advanced Manufacturing (Large)

Advanced Manufacturing (Small)

Light Manufacturing (Large)

Light Manufacturing (Small)

Distribution, Logistics (Large)

Distribution, Logistics (Small)

Suitability score

Score (0-100)

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

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

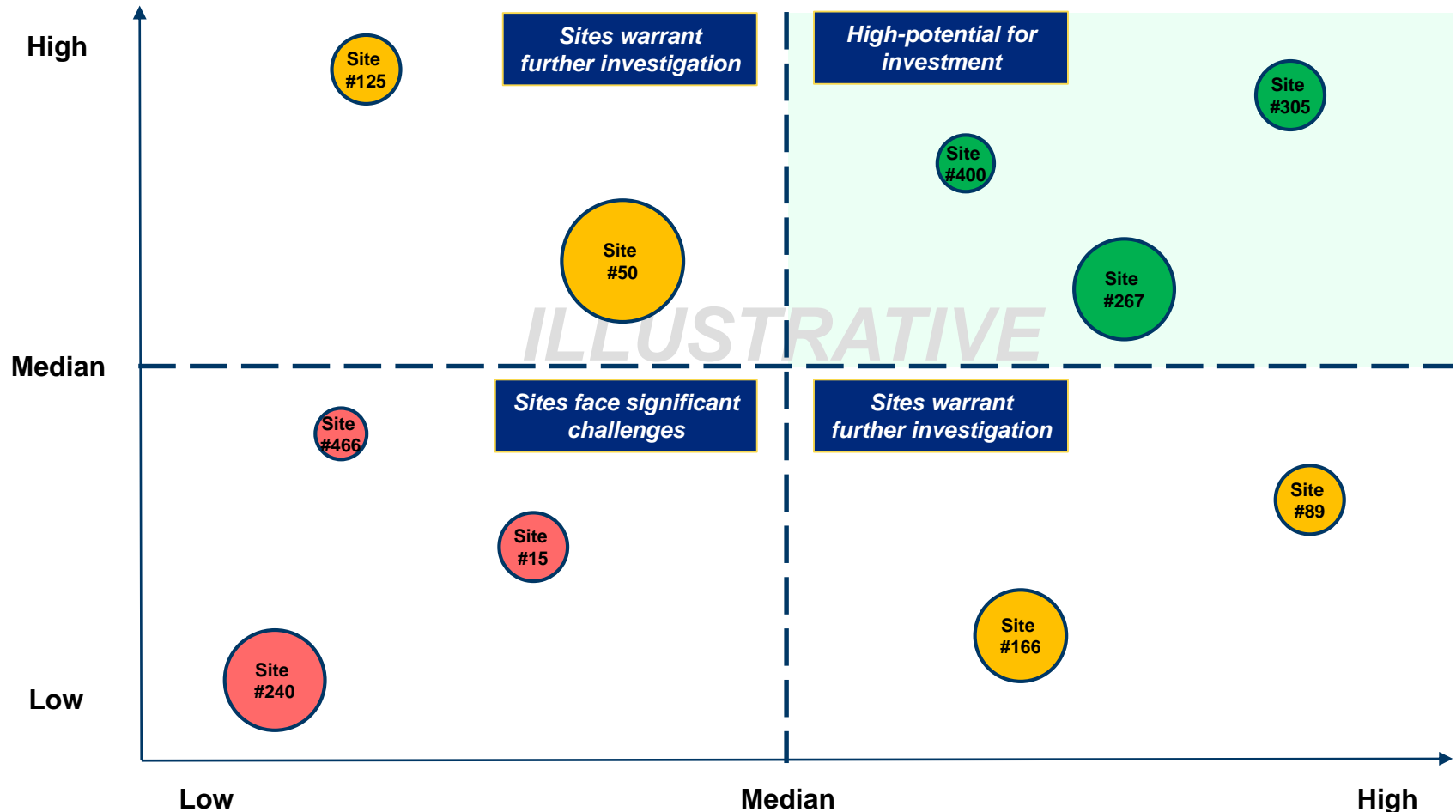
THIS INFORMATION CAN BE USED TO IMPROVE RESOURCE ALLOCATION DECISION MAKING AT MULTIPLE LEVELS

Industry: Advanced Manufacturing (Large Scale)

Geography: GOVA Region 8

○ Size of circle based on site acreage

Site Developability

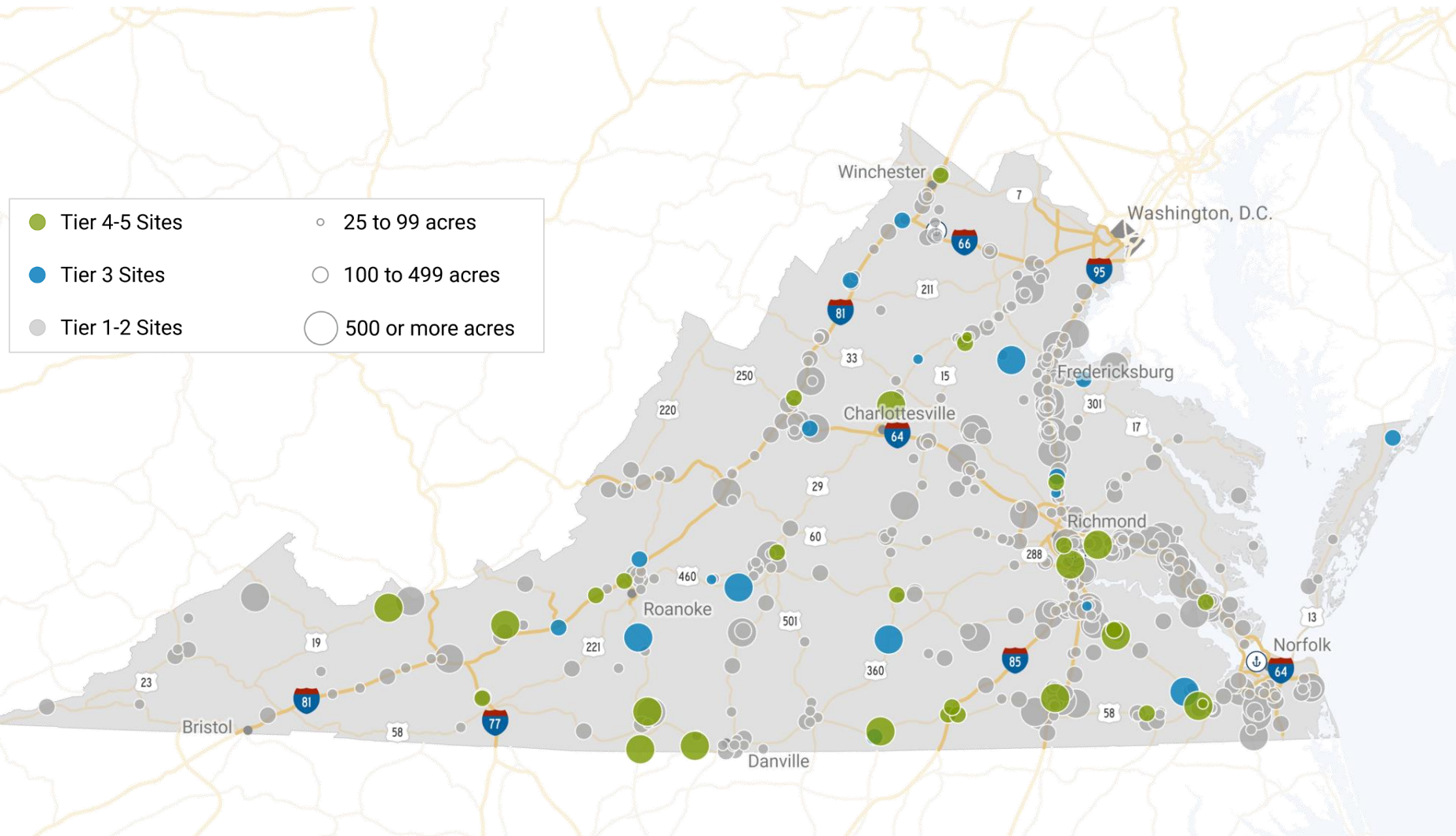


Location Competitiveness

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- What the Enhanced Sites Characterization effort entailed
- **What we found (early statewide takeaways)**
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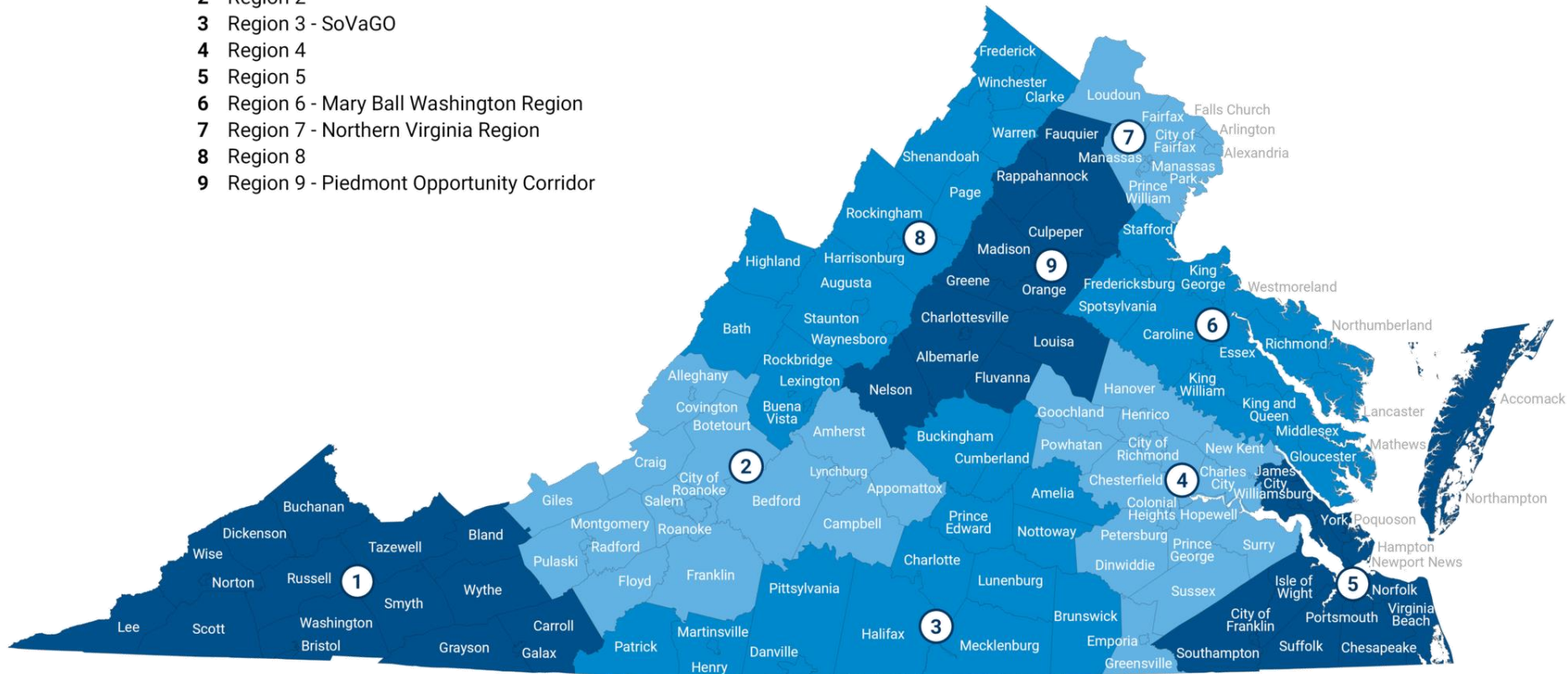


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WE ANALYZED THE RESULTS OF THE SITE CHARACTERIZATION EFFORT BY GO VIRGINIA REGION ...

GO Virginia Regions

- 1 Region 1
- 2 Region 2
- 3 Region 3 - SoVaGO
- 4 Region 4
- 5 Region 5
- 6 Region 6 - Mary Ball Washington Region
- 7 Region 7 - Northern Virginia Region
- 8 Region 8
- 9 Region 9 - Piedmont Opportunity Corridor



... AND FOUND A GENERAL DEARTH OF PROJECT-READY SITES THOUGH AVAILABILITY & DEVELOPABILITY VARIED ACROSS REGIONS

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LACK OF INFRASTRUCTURE IMPEDES MANY REGIONS' SITE DEVELOPMENT



Details to follow

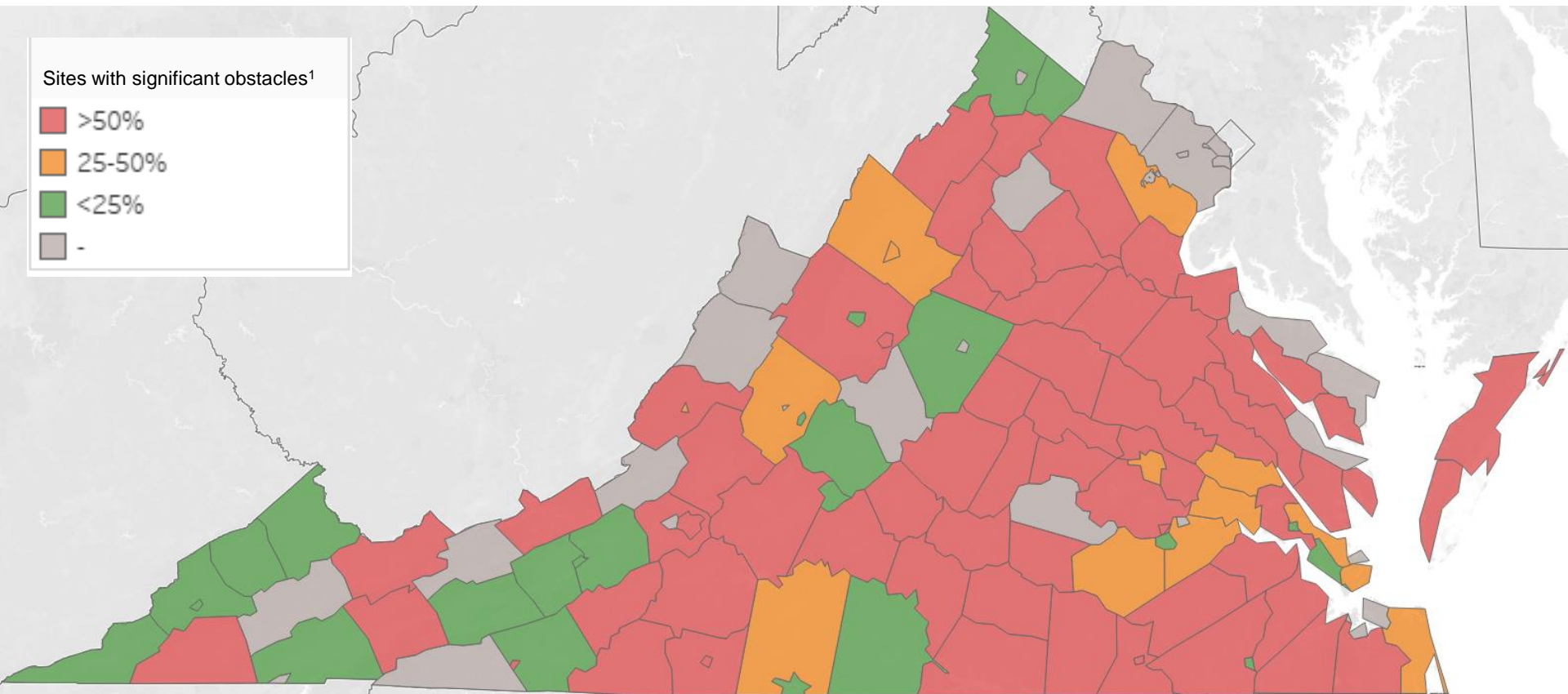
Share of sites within a region facing significant physical obstacles to development¹

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

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

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

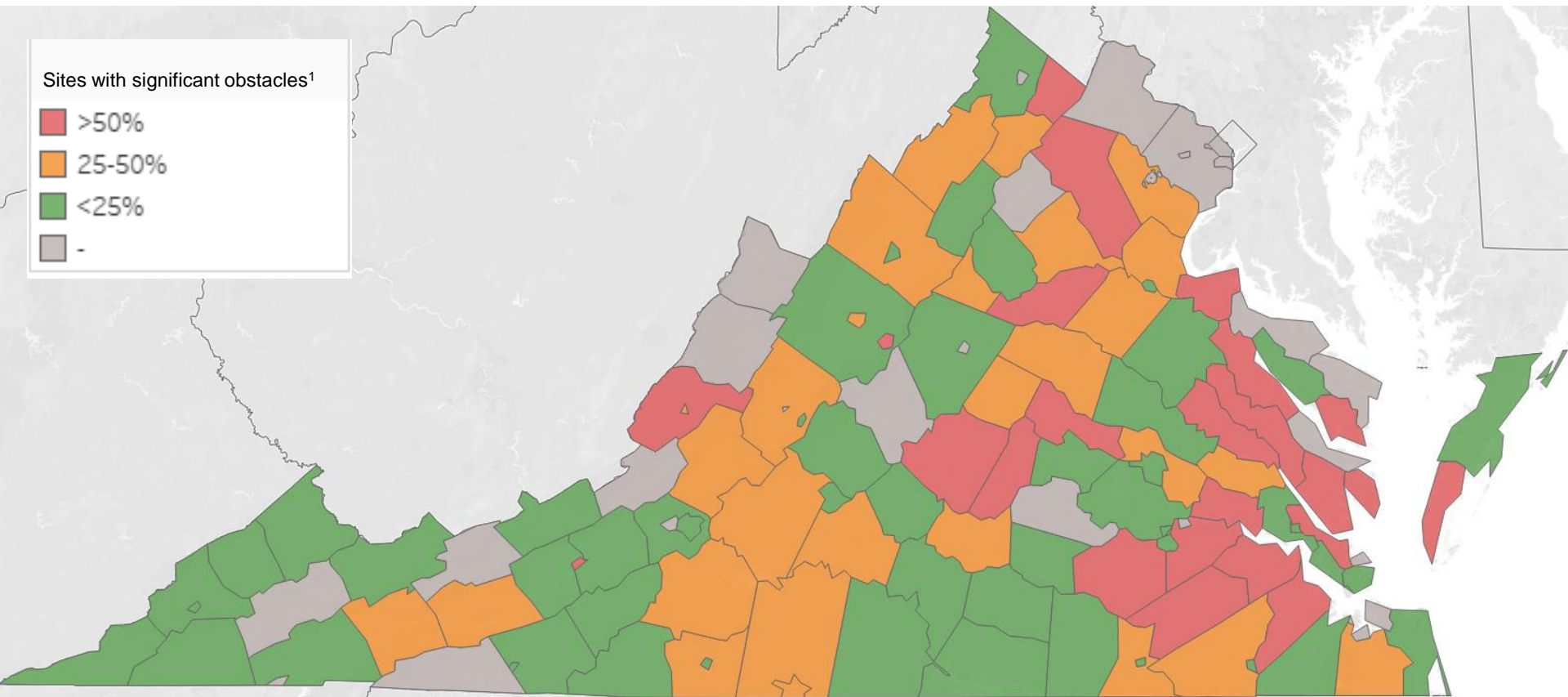
LACK OF NATURAL GAS IS A CONSTRAINT ON SITE DEVELOPMENT THROUGHOUT THE COMMONWEALTH



1. Sites requiring more than 24 months to provide natural gas to a medium industrial user

Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

WET UTILITY CONNECTIVITY POSES CHALLENGES TO MANY REGIONS



1. Sites requiring a main extension of greater than 2500' or major systems upgrades

Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

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FUNDING, COORDINATION, AND EDUCATION ARE CRITICAL TO ADVANCING VIRGINIA'S SITE DEVELOPMENT GOALS



Funding



Coordination



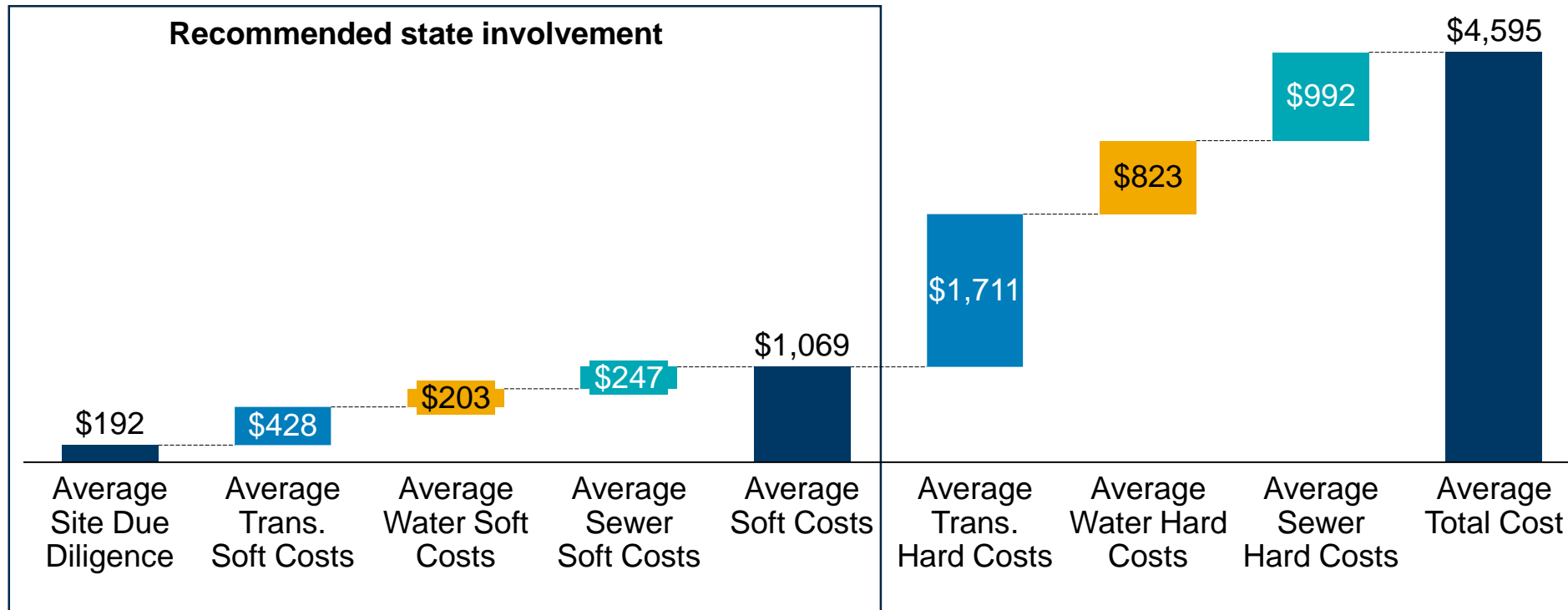
Education



THE COMMONWEALTH'S ESTIMATED SHARE OF THE PORTFOLIO COSTS DEPENDS ON THE PARTICULAR COSTS SELECTED

Estimated average development costs by category

USD Thousands

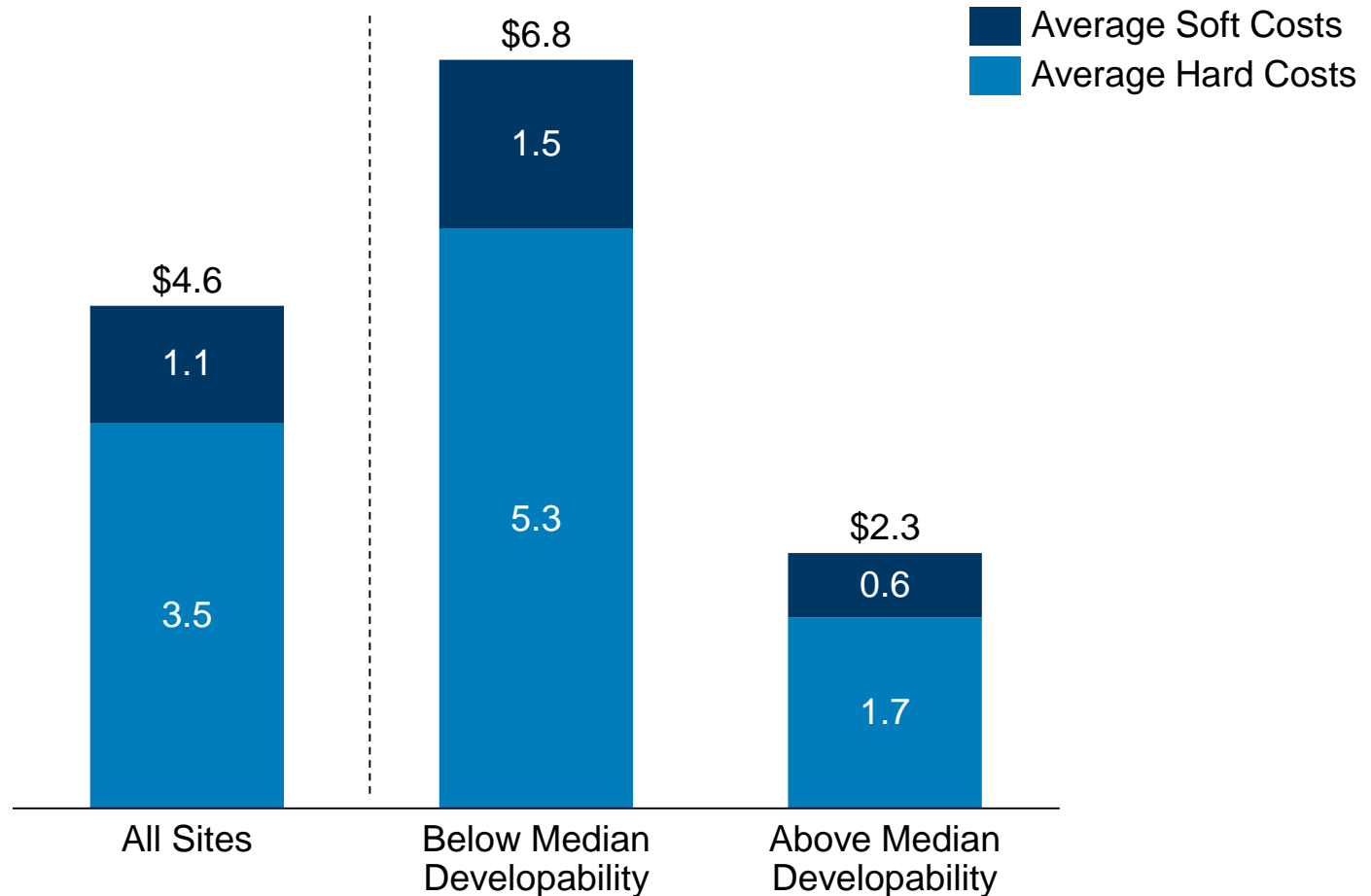




THE DEVELOPABILITY SCORES CAN HELP GUIDE DECISION MAKERS IN ALLOCATING FUNDS MOST EFFECTIVELY

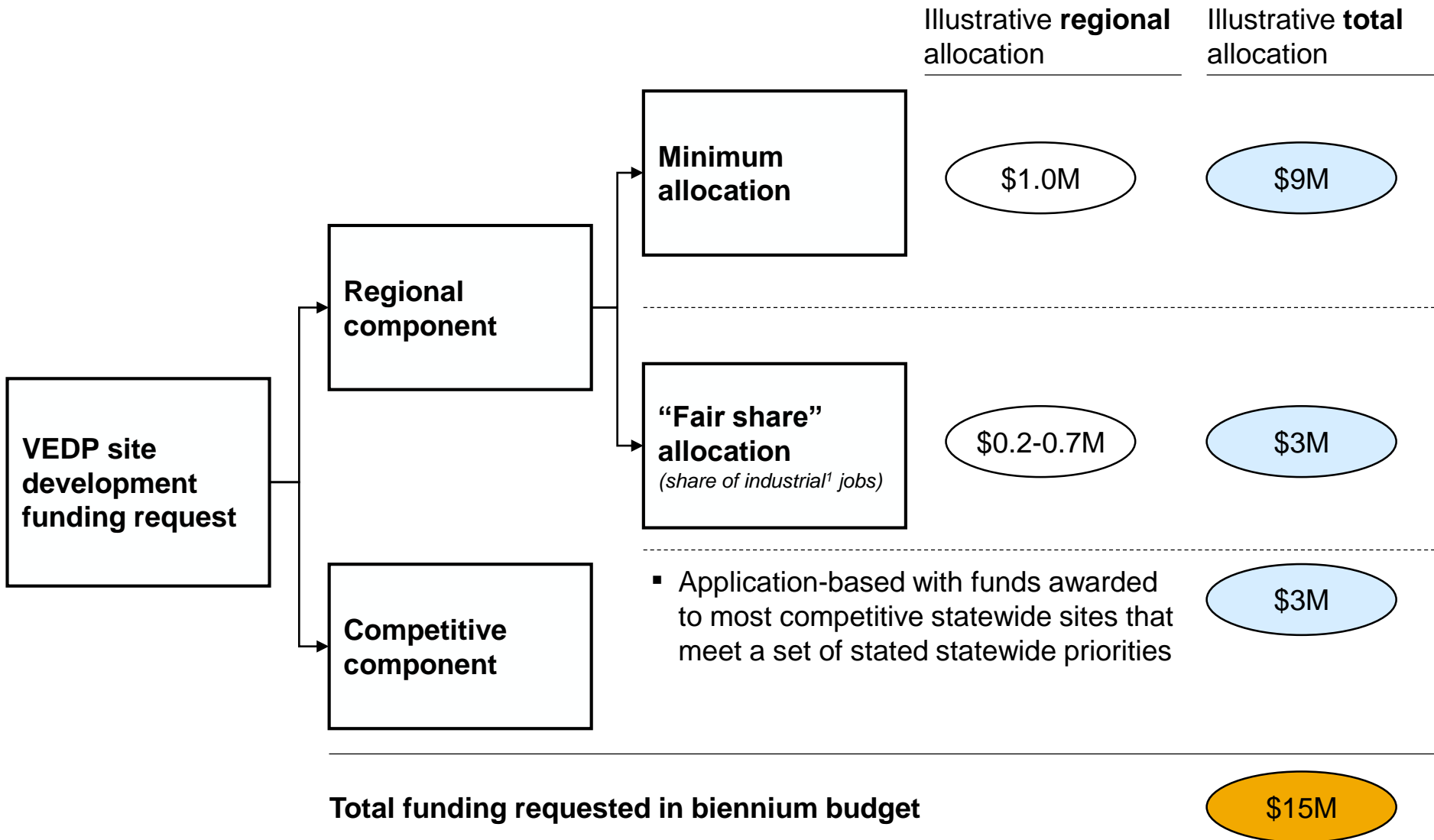
Estimated average total development costs by developability score

USD Millions





VEDP'S FUNDING REQUEST COULD CONSIST OF REGIONAL ALLOCATIONS AND STATEWIDE COMPETITIVE FUNDS



¹ Industrial jobs are manufacturing and distribution/logistics jobs



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



Takeaways

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

Site development program

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

Distinctive features

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






SEVERAL PRE-PROSPECT SITE DEVELOPMENT FUNDING POOLS EXIST BUT MOST PROGRAMS HAVE SIGNIFICANT CONSTRAINTS...

 Funds with significant restrictions

Owner	Program	Details
	Virginia Business Ready Sites Program (VBRSP)	<ul style="list-style-type: none"> Assigns a site characterization tier to quantify additional investment needed Site must be at least 100 contiguous acres
	GO Virginia economic development grants (regional and competitive)	<ul style="list-style-type: none"> Requires collaboration and contract between localities and site being a regional priority
Utilities	Utility right-of-way acquisition program	<ul style="list-style-type: none"> Application is limited to rights-of-way for utilities
Public Power Companies	Power line extension pilot program	<ul style="list-style-type: none"> Limited to three RIFA sites in opportunity zones per provider Recently enacted with sunset clause in 2023
Commonwealth Transportation Board	Economic Development Access Program (EDAP)	<ul style="list-style-type: none"> EDAP is for existing roadways to accommodate project on site; Requires bond from local entity with high performance requirements
	Rail Industrial Access Program (RIAP)	<ul style="list-style-type: none"> RIAP is for improving and constructing onsite rail access; Awards split 70/30 between department funding and local match
	Tobacco Commission economic development funds	<ul style="list-style-type: none"> Region specific Four grant programs; each must be matched dollar for dollar



... AND MOST PRE-PROSPECT FUNDING POOLS CAN ONLY BE USED FOR SPECIFIC TYPES OF COSTS

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



STAKEHOLDER ENGAGEMENT AND BUY-IN IS CRITICAL

As of December 5, 2019

What have we done?

- Held meetings, webinars and presented updates to stakeholders throughout the process
 - Including GOVA staff and leadership, Secretary of Commerce and Trade, VEDA, VACO, VML, Virginia Business Council, Virginia Chamber of Commerce, REDOs, LEDOs. etc.

Where are we now?

- All information is currently being reviewed by local partners to ensure accuracy (due December 11)
- Continue to engage partners and stakeholder organizations on the initiative, what's next, and how to use the data

What's next?

- Work with engineers and consultants to make any updates needed to data and/or the analysis
- VEDP's Economic Competitiveness team will be hosting roadshows in each GOVA region (Spring 2020)
 - Two-day events will engage local and regional economic developers, local government officials, business leaders, GOVA Councils, etc. on the data and best practices

NEAR-TERM NEXT STEPS

Collaborate to review and share data

- Site reports were sent to localities for review on 11/12/19
- Localities have 30 days to verify information and provide feedback to VEDP
- VEDP will update VirginiaScan following the audit period
- Once localities have reviewed information, they should share with REDO / GOVA or give VEDP permission to share

Evaluate relative attractiveness of sites

- Using aggregated data, evaluate sites using 2-dimensional approach
- Integrate local / regional perspectives for further evaluation
- Collaborate with VEDP when additional analysis is desired

Develop Plan of Action

- Identify sources of local funding
- Coordinate with VEDP to identify state-level funding and prepare applications

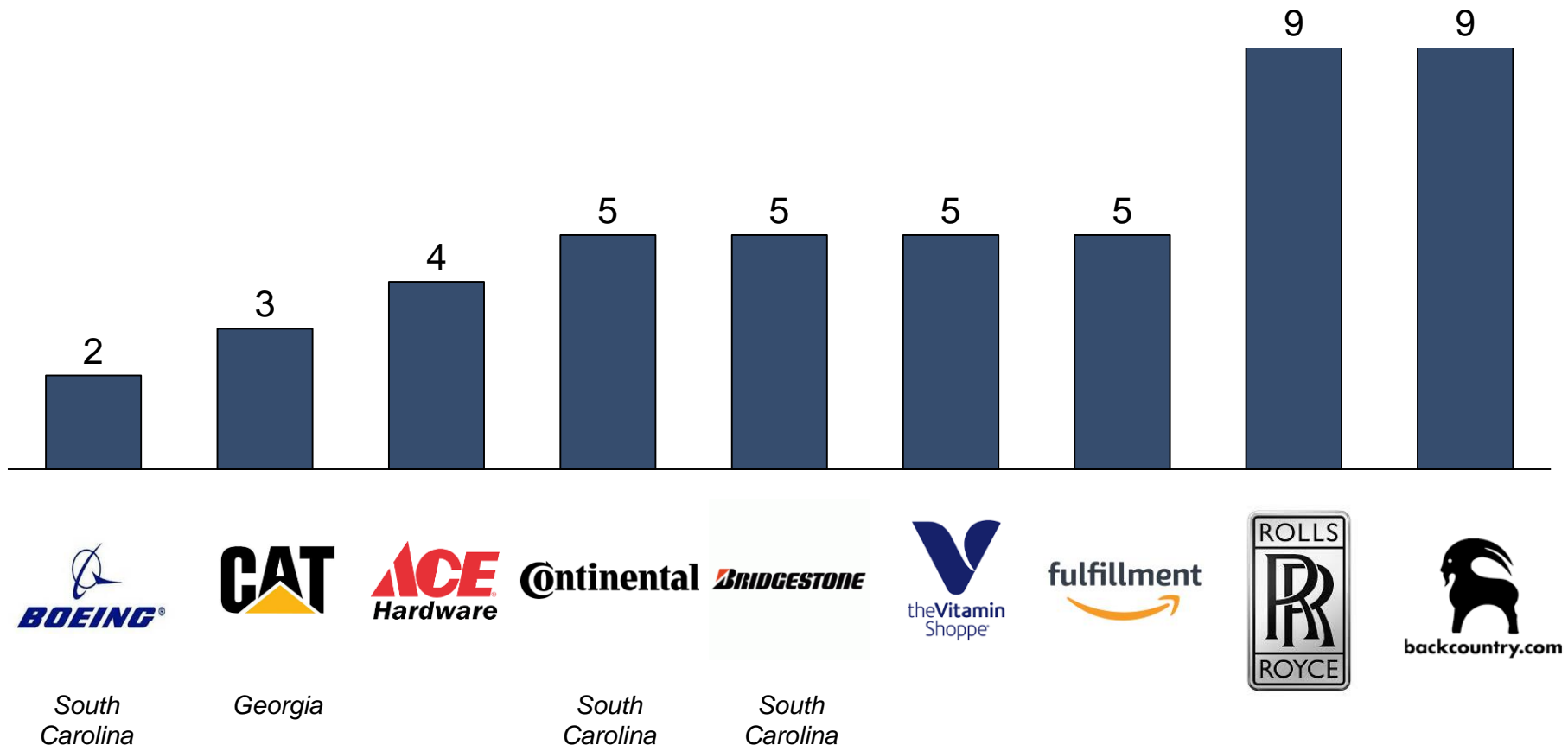
APPENDIX

- Why project-ready sites are important
- What the Enhanced Sites Characterization effort entailed
- What we found (early statewide takeaways)
- What we can (and will) do
- **Additional materials**

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

Timelines for project announcements

Initial contact to announcement, months

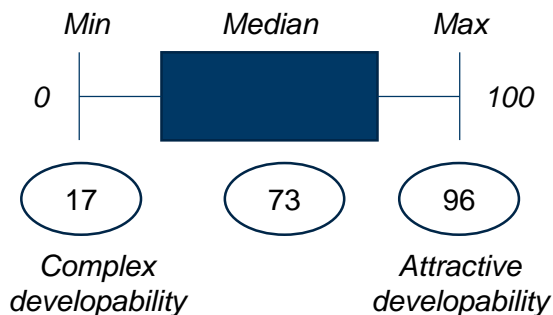


THE SITE DEVELOPABILITY SCORES ARE BASED ON THE PHYSICAL CHARACTERISTICS OF THE SITE

What it is. Why it matters.

- Companies and consultants look at both the site **and** the location
- Physical requirements (e.g., utility capacities) vary by sector but some characteristics (e.g., environmental, topography) are more challenging to mitigate

Scoring



Physical characteristics evaluated

Percent developable
acreage

Transportation
access

Electrical capacity /
availability

Wet utility
capacity

Natural gas
availability

Fiber / telecom
availability

Environmental,
geographic, and
geological

Topography

Site build-out potential /
yield

Additional
considerations

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

What it is. Why it matters.

- Companies and consultants look at both the location **and** the site
- A location can be defined various ways, including by drive-times
- Sometimes consultants look at the site first but often start with locations for their initial filters

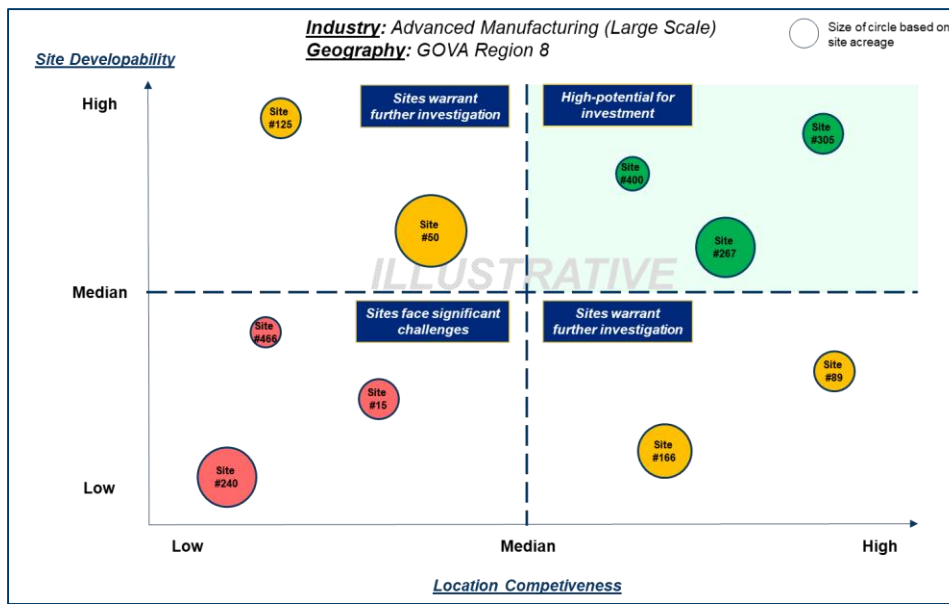
Location competitiveness characteristics evaluated

Talent availability	
Labor quality	Labor cost
Transportation (proximity)	Quality of life
Industry compatibility	Taxes

THE SECTOR SUITABILITY SCORES INTEGRATE MINIMUM SIZE THRESHOLDS AND LOCATION COMPETITIVENESS SCORES

What it is. Why it matters.	Sectors evaluated	
<ul style="list-style-type: none"> ▪ The ideal site-location combination depends on the sector and project-specific needs ▪ Acreage and workforce thresholds were identified to replicate the initial site selection filtering process and then location competitiveness factors determined suitability 		Example industries
	Mega project	<ul style="list-style-type: none"> ▪ Automotive OEM
	Super project	<ul style="list-style-type: none"> ▪ Automotive Parts Manufacturer ▪ Aerospace & Defense
	Advanced manuf. (large & small)	<ul style="list-style-type: none"> ▪ Advanced Materials ▪ Aerospace & Defense
	Light manuf. (large & small)	<ul style="list-style-type: none"> ▪ Food & Beverage, including value-added food manufacturing ▪ Wood Products
	Distr. & logistics (large & small)	<ul style="list-style-type: none"> ▪ Logistics / Distributions ▪ Online Retailer

THIS INFORMATION CAN BE USED TO IMPROVE RESOURCE ALLOCATION DECISION MAKING AT MULTIPLE LEVELS



Regional transformation considerations

- **Top right-hand quadrant (GREEN)**
 - These sites are top candidates for additional investment
- **Top left-hand quadrant (YELLOW)**
 - Sites are attractive from a development perspective but less so from location perspective
 - If we were to develop these sites, Virginia's Talent Accelerator could be key to attracting companies
- **Bottom right-hand quadrant (YELLOW)**
 - Sites are attractive from location perspective, but less so from development perspective
 - Sites in this quadrant should conduct additional due diligence to improve cost estimates and evaluate ROI
- **Bottom left-hand quadrant (RED)**
 - Look for alternative investments, particularly collaborative investments within the GOVA region

HOWEVER, THESE TWO DIMENSIONS DO NOT TELL THE FULL STORY... OTHER ELEMENTS SHOULD BE CONSIDERED AS WELL

- **Industry Cluster Concentration**

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

- **Recent Project Wins in Target Industry**

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

- **Regional Impact**

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

- **Community commitment**

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



THE SITES PORTFOLIO TO ACHIEVE GROWTH TARGETS WILL REQUIRE \$500M+ IN INVESTMENT



Focus of initial state investment

	Details	10-year total investment and details	Likely owner/funder
Acquisition costs	<ul style="list-style-type: none"> Covers costs to acquire land 	<div>\$75-135M+</div> <p>VEDP staff estimates</p>	Localities
Soft costs (due diligence)	<ul style="list-style-type: none"> Includes due diligence, planning and testing requirements related to permitting and environmental impacts 	<div>\$25-40M+</div> <p>Engineer Estimates, August 2019</p>	Commonwealth with local match
Soft costs associated with hard assets	<ul style="list-style-type: none"> Includes due diligence and other planning costs associated with infrastructure (water, sewer, access roads) investments 	<div>\$80-250M+</div> <p>Engineer Estimates, August 2019</p>	Commonwealth with local match
Hard costs	<ul style="list-style-type: none"> Covers infrastructure* (e.g., water, sewer, and access roads) to ensure site can be “project-ready” within 12-18 months 	<div>\$0.3-1B+</div> <p>Engineer Estimates, August 2019</p>	Localities (water / sewer) and VDOT (access roads)
Estimated total		<div>\$0.5-1.4B+</div>	

*Hard costs and estimated total do not include power and natural gas



THE COMMONWEALTH CAN EXPECT TO SPEND \$65-175M+ IF IT SPLITS COSTS WITH LOCALITIES 60/40

	10-year total investment and details		Expected Commonwealth share		10-year total investment and details, Commonwealth share
Soft costs (due diligence)	\$25-40M+	X	60%	=	\$15-24M+
Soft costs associated with hard assets	\$80-250M+	X	60%	=	\$48-150M+
Total Soft Costs	\$105-290M+				~\$65-175M+

We are exploring sliding scale options to better support distressed communities.



AN EXPANDED VBRSP PROGRAM COULD FILL THE LIKELY GAP BETWEEN EXISTING DEVELOPMENT FUNDS AND NEED

General principle

How this could work (not a final proposal)



Details to follow

Every region participates equitably

Every region will be allocated a certain amount of funding based on two factors: a baseline amount (e.g., \$1M per GOVA region) and an additional amount based on percent of state industrial employment in each region

Each region will be able to prioritize its own sites strategically

Each region will establish a sites advisory committee which will review sites and allocate points (e.g., 0-100 points) to site(s) based on their priorities

Funding will flow to top sites

A funding pool will be established that will fund sites based on a queuing system in which sites are prioritized based on various considerations (e.g., developability, location competitiveness [KPMG score], and regional prioritization)

All state funds will be matched by localities

The Commonwealth will only fund sites that meet a minimum criteria (e.g., size, developability, competitiveness) and receive a requisite local match, which can vary based on each region's economic context

Statewide portfolio objectives will be considered

A share of annual funds (e.g., 20%) will be awarded to the best sites meeting a set of particular objectives via a competitive application process