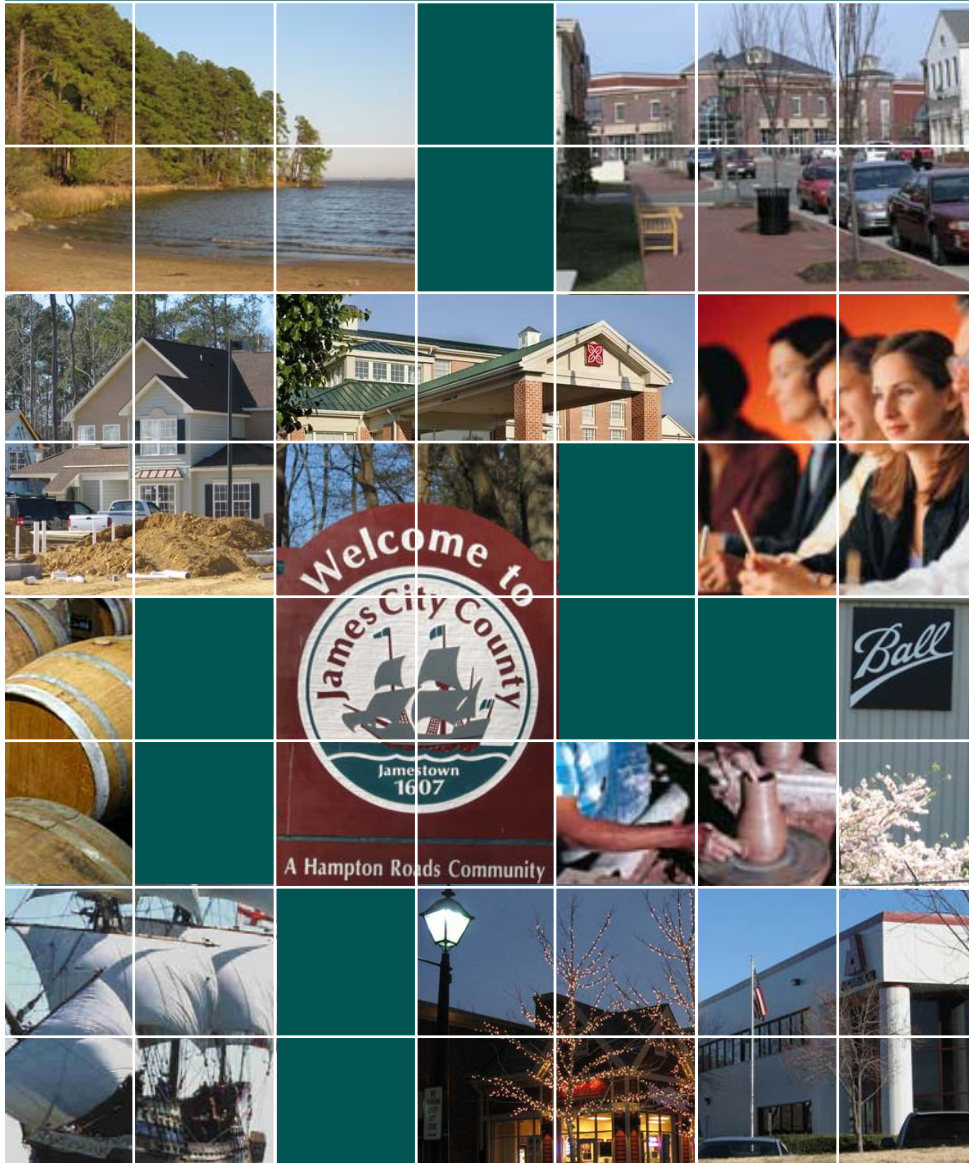


James City County, VA • Business Climate Study
Final Report • April 2007



Moran, Stahl & Boyer, LLC • E. M. Pemrick and Company

Table of Contents

<u>Section</u>	<u>Description</u>	<u>Page</u>
1	Executive Summary	
1.1	Project Background and Objectives	1.1
1.2	General Reflections	1.1
1.2	Project Methodology	1.2
1.3	Overview on James City County	1.2
1.4	Stakeholder Feedback	1.4
1.5	Results of Peer County Benchmarking	1.6
1.6	Recommendations and Action Items	1.10
2	Introduction and Background Information	
2.1	Project Background and Objectives	2.1
2.2	Primer on the Dynamics of a Local Economy	2.1
3	Overview on James City County	
3.1	Summary of Observations on Local Economy	3.1
3.2	Evolution of the Local Economy	3.2
3.3	Long-Term Economic Growth Considerations	3.4
3.4	Labor Resources	3.4
3.5	Land Resources	3.10
3.6	Quality of Life Resources	3.12
3.7	How the County is Perceived by Region and State	3.14
3.8	Identifying Economic Opportunities	3.14
3.9	Resources and Issues Related to Economic Opportunities	3.16
4	Stakeholder Feedback	
4.1	Purpose and Approach	4.1
4.2	Why Companies Locate in James City County	4.1
4.3	Recruiting and Staffing Needs and Issues	4.2
4.4	Challenges to Doing Business in James City County	4.3
4.5	Other Comments	4.4
5	Benchmarking Peer Counties	
5.1	Objectives	5.1
5.2	Methodology	5.1
5.3	Screening Process for Selecting Benchmark Counties	5.2
5.4	Profile of Benchmarked Communities	5.6
5.5	Presentation of Benchmarking Results	5.8
6	Discussion, Recommendations and Implementation Plan	
6.1	Managing Growth	6.1
6.2	Addressing Labor Supply Issues	6.2
6.3	Addressing Workforce Housing	6.2
6.4	Stimulating Entrepreneurial Business Development Within the County	6.3
6.5	Incentives	6.3

APPENDIX: Listing of Companies and Other Stakeholders That Were Interviewed

Section 1
Executive Summary

1.0 Executive Summary

1.1 Project Background and Objectives

In order to sustain the economic viability of James City County, the Board Of Supervisors and the Economic Development Authority (EDA) commissioned a Business Climate Task Force (BCTF) to review the local climate for business retention and expansion of existing small, medium, and cornerstone businesses in the County, as well as recruiting outside businesses to the area. Its formal mission statement is as follows:

Business Climate Task Force Mission Statement

“Identify qualities, characteristics, and categories of business preferred in James City County and propose policies, programs, and ordinance changes that will attract, retain, and expand those businesses.”

Through the EDA, the Business Climate Task Force retained Moran, Stahl & Boyer and E. M. Pemrick & Company to engage in a comprehensive study with the following objectives:

- Gain insights into James City County’s business climate through stakeholder interviews
- Identify best practices for policies, programs and procedures through peer county benchmarking
- Assess community desires for “targeted” employers vs. external perceptions of community resources
- Provide overall recommendations to improve attraction, retention and expansion of target businesses

1.2 General Reflections

As James City County celebrates its 400th anniversary, it reaches a strategic point in its community development – within 30 years it may achieve equal or more economic and community growth than it has in the last 400 years. By the year 2030, a majority of the land that is slated to be developed will have been built out. This places a substantial responsibility and challenge on the County to make wise decisions over the next few years. Specific points to consider . . .

- The historic heritage of the area with its “look and feel” is a key aspect of what makes the County unique. Find ways to preserve it while embracing growth. Allow certain levels of national retail chains without completely displacing the small local retailers.
- Strive for a balanced economic “portfolio” that provides a variety of jobs and businesses that can be sustained as the economy goes through its cycles.
- The ability to attract and retain young and moderate income workers will be key to economic success and it is driven in part by the availability of affordable workforce housing.
- Land is clearly a premium and a critical aspect of the County’s economic strategy is to set aside the right quantity and location of sites for office, industrial, services, retail and residential activity.
- Place considerable energy on the support of entrepreneurial small businesses because they are a critical aspect to the future of the economy.
- Be aware that every company and product has its life cycles and no company can stay in a given situation within certain cost constraints forever – anticipate a certain loss of business over time.
- James City County is not an island and it must look to its neighbors and the region for both labor resources and business opportunities.

1.3 Project Methodology

Stakeholder Interviews

In order to gain a broad perspective of the County's business climate, a list of employers from different industries was compiled and companies were engaged in extensive face-to-face or telephone interviews. In addition, other organizations related to economic development within the County and the region were contacted. In all, the project team interviewed nearly 40 businesses along with the Virginia Economic Development Partnership, the Hampton Roads Economic Development Alliance and other stakeholders.

Benchmarking Peer Counties

Based on well-defined criteria related to size, location, growth rates, economic segments and other variables, five (5) counties were selected to study their local situation and how they are addressing issues similar to those facing James City County.

Assess Community Desires for Economic Development vs. Resource Requirements

The project team reviewed the characteristics of companies for ideal economic growth, defined the types of industries that best met the criteria as well as their required resources, and assessed any issues the County may have in providing the resources.

1.4 Overview on James City County: Summary of Observations on Local Economy

• **Population Growth**

The population of James City County was essentially static until the ramp-up of tourism after World War II followed by the emergence of manufacturing (BASF/Dow and Anheuser-Busch) and major residential developments.

• **Aging Population**

The 50+ age cohort continues to grow in proportion as the strong influx of early Boomers and retirees selects the County as a residence. The shift in the age of the population means fewer potential workers per incremental growth in population.

• **Education Attainment Levels**

The level of college graduates in the adult population of the County exceeds 40% while the national average is only 24.6%. This means there are fewer adults with only high school diplomas in the local population to fill the rapidly expanding retail segment as well as the existing tourism and manufacturing jobs. There will be an inevitably tight and competitive market for high school labor that will drive up labor costs or impact the ability to sustain certain businesses.

• **Labor "Island"**

Due to the presence of government facilities east of the County, there is a built-in commute distance between the populated areas in Newport News/Hampton and James City County. To the west there is very low population until the eastern suburbs of Richmond which is generally too far for commuting in lieu of local options. As traffic grows and commute times build, the interest in commuting to the County will diminish for the retail and hospitality jobs.

• **Shift in Commute Patterns**

In 1990, 1,460 commuters came into the County for jobs while 15,600 left the county each day. In 2000, 10,800 commuters came into the County and 12,500 left each day. The retail, service and manufacturing jobs are being significantly filled by commuters. In the future, as job growth in Newport News, Hampton and York Counties builds, or I-64 gets too crowded and extends commute times, James City County face challenges in filling future jobs.

1.4 Summary of Observations on Local Economy (cont'd)

• Economic Mix

The economic mix of the County is skewed toward tourism, construction, retail (emerging) and government employment. The City of Williamsburg adds certain segments such as healthcare and professional services and the major area hospital is located in nearby York County. Manufacturing is lower than national averages. The economic mix is critical as it reflects the quality of jobs that are available.

• Average Weekly Wages by Industry

The highest wage jobs in the County are in manufacturing, insurance/finance and professional/technical services.

• Land Availability for Office and Industrial Segments

Land designated through the Comprehensive Plan for office and industrial park development is nearly built out and with very limited potential for growth based on current land use plans.

• Retail Project Growth

There are a substantial number of retail projects “on the drawing board” for sites throughout the commercial areas of the County. The high number and size of the projects will potentially consume significant land (particularly near interstate interchanges) and will add substantial demand for high school labor.

• Affordable Workforce Housing

Providing affordable worker housing is critical to sustaining service, retail and public service jobs as well as younger workers. Based on standards from the banking industry, having housing available in the \$120,000 to \$200,000 range is necessary to retain workers. Based on sales records, the median home sale price for James City County over the past year is \$318,000.

• Attracting Younger Workers

With the higher cost of housing and a less than optimal number of meeting places and activities that attract younger workers, this area is at risk of not attracting younger singles and couples. The community is much better at attracting families with children.

• How the County’s Economic Potential is Perceived

Discussions took place with both state and regional economic development organizations to determine which economic opportunities were best suited for the County from their perspective. Key opportunities for the County included: technology-based industry, traditional/light industry, small and start-up businesses (leverage local business incubator), some types of distribution/warehouse operations due to the proximity to the port, and sales offices for port and trade-related companies.

• Economic Potential for the County Based on Internal Needs and Desires

The Business Climate Task Force defined characteristics for optimum economic development for the County, from which the project team identified economic/industry segments that would best suit the county. The industries included: light manufacturing (including food processing), office-based service businesses and tourism-related businesses.

• Resources and Issues

The project team then evaluated the resource requirements for each economic/industry segment and identified any issues for the County in meeting those needs. Primary issues related to availability of labor, land, affordable workforce housing, and the rapidly expanding retail development segment.

1.5 Stakeholder Feedback

Why Companies Locate in James City County (Based on Inputs From Local Employers) . . .

- Owner seeking area's quality of life . . . close to family, pre-retirement
- Leverage Colonial Williamsburg . . . tourist traffic
- Originally from the area . . . chose to stay
- Adjacent to major client base . . . industrial, government, etc.
- Access to the Port of Virginia . . . logistics
- East Coast/Mid-Atlantic . . . strategic location
- Serve the region . . . business service providers
- Access to education resources within the region . . . W&M, arts at VCU

Recruiting and Staffing Needs/Issues . . .

- Low turnover/easy to recruit to larger industrial firms in county
- Warehouse staffing has not been an issue
- Toano/Lightfoot area not ideal location for unskilled, lower wage, part-time/temporary labor due to the low concentration of this type of worker in this area (higher concentrations are located in the eastern end of the County)
- Skilled stone masons not an issue . . . but supply of general construction workers is tight
- Retail staff is recruited from high school educated (locals), college students, retirees, and spouses seeking extra income.
- Competing for retail staff is intensifying as the number of retail jobs increase. Must have some advantage to get the best workers . . . e.g., discounts at Prime Outlet stores
- Employers must increase starting salaries/benefits to compete for high school labor
- Younger/unmarried college grads and professionals have issue with area . . . limited meeting places, size of peer group and activities
- Spousal employment options in the immediate area can be an issue
- Limited supply of technical talent (engineers, IT, etc.), designers and other specialists . . . typical of more rural areas

Challenges of Doing Business in James City County . . .

- Escalation of housing cost with strong influx of affluent retirees . . . impacts recruitment of entry-level workers and young professionals entering the housing market
- I-64 traffic congestion is moving west and may impact commuters from Newport News and Hampton
- Getting site plan approval can be very time-consuming unless your company qualifies for expedited review . . . estimate 7-10 projects receive expedited review each year
- Special Use Permit requirements for all major commercial projects kick in a very long and arduous review process that is unpredictable and can add significant cost to the project
- Those companies that received expedited review (primarily office and industrial projects that receive an automatic exemption from the Special Use Permit requirements under Section 24-11) were satisfied with process
- Development review requirements can be a significant issue for small firms that are not expedited and require attorneys, engineers, etc.

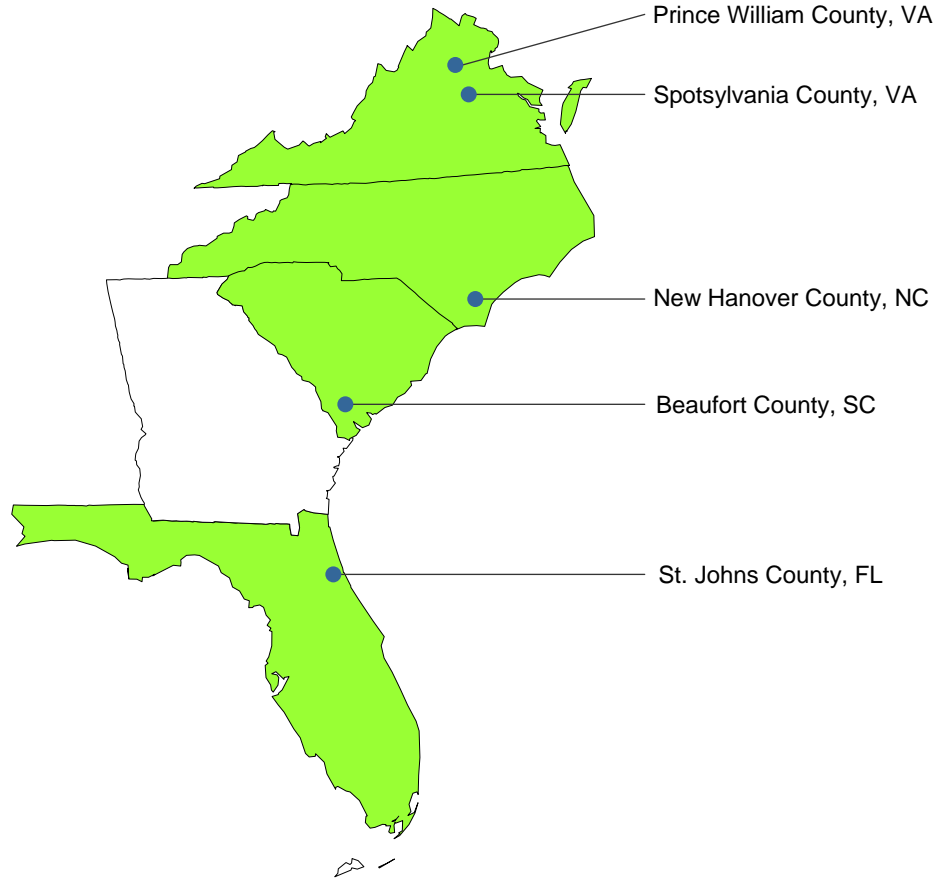
1.5 Stakeholder Feedback (cont'd)

Other Comments . . .

- The tenants in new office space (in New Town, etc.) are existing companies . . . just “moving around the deck chairs” with limited incremental employment growth
Note: Also found that some companies that were able to relocate their offices are now expanding
- Labor shortages for retail, hospitality and even banking could be substantial in the near future . . . already down by 4,000
- Very real concerns about the ramp-up and over-saturation of the retail market (particularly national big-box stores) and the potential impact on traffic and on Williamsburg’s uniqueness
- A lot of discussion about affordable housing taking place but no action
- There is clearly not a critical mass of technology workers and business to stimulate growth . . . need some “life support” assistance with lower cost space, incubator support, partnerships with regional universities, recruiting of technical staff, addressing housing issues, etc. Banking environment is very competitive and there are opportunities for loans for moderate risk business proposals . . . each bank has its risk limits built into their loan review process
- Small businesses feel somewhat insignificant against the presence of very large employers . . . they have unique needs for affordable space, the cost of doing business locally and the need to attract specific types of labor (specialists) . . . not a big local focus on small businesses
- “James City County not sure of what it wants to be or where it is going”

1.6 Results of Peer County Benchmarking

Five counties were selected as outlined below. In addition, other counties were studied based on the particular benchmarking topic being reviewed.



	Location	Discussion on Rationale for Selection
VA	Prince William Co.	High growth, highly educated area outside Washington DC. Has some manufacturing, significant retail and similar median housing cost.
	Spotsylvania Co.	Located south of Fredricksburg between Washington, DC and Richmond with high growth, manufacturing, a small university and high retail employment.
NC	New Hanover Co.	Located on NC coast at Wilmington with moderate growth, an emerging retirement population, significant and diverse manufacturing employment as well as a strong seasonal tourist segment. Perceived as high quality of life with significant historical section in the downtown area.
SC	Beaufort Co.	Located in SE coast of SC and includes the resort/retirement community of Hilton Head. The county has high growth, highly educated population and large retirement community with high retail/hospitality employment.
FL	St. Johns Co.	Located on east coast of FL south of Jacksonville and includes the historic city of St. Augustine. County has high growth, expanding retirement community, manufacturing presence and significant tourism trade.

1.6 Results of Peer County Benchmarking (cont'd)

The input from each county is provided below by topic and with a code assigned to each county as follows:

- **PWC:** Prince William County, VA
- **SC:** Spotsylvania County, VA
- **NHC:** New Hanover County, NC
- **BC:** Beaufort County, SC
- **SJC:** St. Johns County, FL

Office and Industrial Land Development

- **PWC:** INNOVATION@Prince William Technology Park: 1,500 acre public/private partnership PWC/George Mason Univ. for biotech/life sciences with 640,000 SF Class A space office development . . . Park to support 2,700 jobs. Monitor inventory and facilitate rezonings that increase acreage for target industries including mixed use. Focus on redevelopment of less competitive areas
- **SC:** Set goal of industrial/commercial tax base to grow >2% per year. Established Business Development Districts that cannot be utilized otherwise. Substantial inventory of buildings and industrial parks along the I-95 corridor.
- **NHC:** No specific feedback
- **BC:** Beaufort Commerce Park: 195 acre public/private partnership that is being master planned, roads and sewer/water installed, first spec. building being constructed and first manufacturing tenant has signed up
- **SJC:** currently studying the amounts of land to set aside and locations for future business parks. Currently have no “shovel ready” (pre-permitted and some engineering completed) sites

Growth Management

- **PWC:** Established defined “Development Areas” served by water and sewer. Residential development has proffers that cover infrastructure/schools. They encourage economic growth that generates tax revenues
- **SC:** Set residential growth at 2% per year. Apply proffers of \$35K+ to single family units to cover infrastructure costs.
- **NHC:** Utilize policy and land use driven by Coastal Area Management plan and have a defined Urban Services Area to manage growth in infrastructure investment.
- **BC:** Utilize Comprehensive land Use Plan and process to manage growth
- **SJC:** Temporary moratorium on housing permits. Have approved backlog of 50,000 units. Applied impact fee of \$15,000 per land unit – did not stop housing development but did discourage office development

Labor Supply/Quality Issues

- **PWC:** No issues identified
- **SC:** No issues identified . . . developing the **WorkClose2Home** initiative with work/live in designated areas to reduce commuter issues
- **NHC:** No issues identified
- **BC:** Issue only in the Hilton Head area . . . building worker housing in nearby Bluffton
- **SJC:** Not an issue . . . they are a key labor source for Duval County to the north

1.6 Results of Peer County Benchmarking (cont'd)

Affordable Housing for the Work Force

- **PWC:** Appointed Workforce/Affordable Housing Task Force in 2004. Workforce housing targeted for households earning 50-120% of median household income. Inclusion of workforce housing into development review process. Housing Preservation and Trust Fund (voluntary cash donations from developers) has raised \$1.5 M to support lower cost housing efforts
- **SC:** Housing issues incorporated into Comprehensive Plan process that recommends the following:
 - > Establish Housing Trust Fund with proceeds from proffers
 - > Reduce regulatory barriers that impede affordable housing development
 - > Projects with affordable housing get expedited in the review process
- **NHC:** Not a hot issue yet . . . still enough affordable housing in the region
- **BC:** Developing a community in Bluffton with lower cost housing
- **SJC:** Conducted study on the need and supply of affordable housing, considering:
 - > Workforce housing districts
 - > Rezoning certain areas with special requirements to allow higher density and other modifications to normal lot layout details

Support of Small Business

- **PWC:** Mason Enterprise Center has a small business accelerator program that includes:
 - > Shared administrative support services
 - > Affordable office and conference room space
 - > Other business services
 - > Established a New Venture Capital Fund (private sources) to finance start-ups in the pharmaceutical, medical instrument and health services fields
- **SC:** Rappahanock Region **Small Business Development Center** through Mary Washington University and the SBA provides assistance on developing business plans and preparing to secure a business loan.
- **NHC:** North Carolina has a network of **Small Business Development Centers** working through the University of NC with the SBA. Cape Fear Regional CDC has three programs:
 - > Incubator Without Walls: counseling/admin service without space
 - > Business Suites Program for low cost office space
 - > Business Center Program for low cost service/light manufacturing space

Creative Sector Economy initiative by the Greater Wilmington Chamber to grow local talent and make the area more attractive to entrepreneurs knowledge workers
- **BC:** South Carolina has a network of **Small Business Development Centers** working through the University of SC – Moore School of Business with the SBA. Offer wide variety of free consulting and seminars on business plans, marketing, taxes, operations, etc. Make loans from \$25K to \$1+ million. Serve primarily small service and retail operations.
- **SJC: Small Business Development Center** in Jacksonville (north of St. Johns County) through the University of North FL with the SBA.

1.6 Results of Peer County Benchmarking (cont'd)

Utilization of Incentives to Stimulate Economic Growth

- **PWC:** 30-day fast track permitting for target industry companies. Up to 50% reduction in site development fees. PWC Economic Development Opportunity Fund offers financing for infrastructure improvements, site preparation, workforce-related services, and/or capital equipment purchases
- **SC:** Variety of options for companies that meet the following requirements:
 - > Capital investment by new company of at least \$500,000 or \$250,000 for existing firm
 - > Incremental employment at a minimum salary level over 20% of county average income level
 - > Location of expansion of target business
 Specific incentives include:
 - > Interest free or low interest loans for capital equipment
 - > Payment of development review/permitting fees and cost of water/sewer connection
 - > Escrow Fee Deference for speculative O/I buildings until at least 50% occupied
 - > Grants of up to \$100K for acquisition and development when business does not qualify for Governor's Opportunity Fund
 - > Existing Industry Investment Grant for modernization, adding capacity, site expansion, expand labor force, etc.
- **NHC:** Standard NC incentives, including, tax credits (investment, R&D, worker training, job creation, HQ), loan funding, grants and bond financing, One North Carolina Fund, fast track permitting, local industrial grants based on level of investment and quality of jobs and no state property or intangibles taxes.
- **BC:** Standard SC incentives, including jobs tax credits, retraining credits, HQ credits. Local discretionary funds available based on level of investment and quality of jobs
- **SJC:** Standard FL incentives, including, quick response training, incumbent worker training, transportation fund (up to \$2 million) and expedited permitting. FL also has no corporate income tax and exemptions on selected sales and use taxes. Local case-by-case incentives based on scope of operation and types of jobs

Fast Track Permitting Process

- **PWC:** ED policy supports interagency cooperation to meet client needs. Established 30-day fast track permitting for targeted industries and a Commercial Development Ombudsman in County Executive's office to clarify requirements and seek mutually acceptable solutions
- **SC:** Established 30-day fast track permitting for targeted industries
- **NHC:** No special requirements identified
- **BC:** Seeking to develop commercial park that is pre-permitted for specific uses
- **SJC:** Weekly review sessions by a team comprised of representatives from each agency that reviews technical requirements and moves projects through the permit process

1.7 Recommendations and Action Items

Managing Growth

Recommendations/Tasks	Responsible	Timing
1. Land use provision for office and industrial > Review land and location requirements for each segment to support the 2020 economy > Compare requirements of Task 1 to the County's Comprehensive Land Use Plan to determine adequacy of land allocation	JCC Offices of Economic Development and Planning	6 months
2. Acquire (or secure options on) at least 200 acres along the I-64 corridor for future office/industrial (O/I) park Options: western vs. eastern end of County Evaluate use of BASF property as an office and light industrial site as well as sites in proximity to the Stonehouse Commerce Park	EDA/JCC Office of Economic Development	12 months
3. Prepare a master plan for the office/industrial park	EDA	18 months
4. Develop a portion of the office and industrial park to "shovel ready" status	EDA	24 months
5. Construct a mixed use spec. building within the office and industrial park that can be expanded and have the capability to have tenant in place within 6 months	EDA	36 months
6. Develop and maintain an inventory of office and industrial flex space that meets a variety of sizes (1,500+ SF) and price points (industrial space: \$7 to \$12/SF gross and office space: \$10 to \$25/SF gross) for emerging and expanding businesses within the county	JCC Office of Economic Development	2 months
7. Hire additional County staff member that manages space inventory, expedites of permits and services as ombudsman on land/permits/facility issues for non-retail economic development projects	JCC Office of Economic Development	12 months

1.7 Recommendations and Action Items (cont'd)**Addressing Labor Issues**

Recommendation/Action Item	Responsible	Timing
1. Enhance transportation from Newport News and Hampton > Have discussions with VDOT concerning potential lane for east and west bound lanes of I- 64 between James City County and Hampton > As a contingency, discuss potential low cost public transportation from Hampton/Newport News to James City County by Williamsburg Area Transport supported by local businesses	Chamber of Commerce	6 months
2. Engage in discussions with York, New Kent, Surry, and Gloucester Counties concerning development plans that impact the location of workforce housing	JCC Office of ED and Housing and Community Development	6 months
3. Develop prototype staffing policies for local companies to encourage them to hire retirees. The policy may include job sharing, work from home, flex work hours, and other options.	Peninsula Council for Workforce Development and Chamber of Commerce	6 months
4. Support intensive recruiting program concerning job availability in JCC. Provide a "Work Perks" program for encouraging people to work in the service/retail industries in JCC (discounts on purchases, etc.)	Peninsula Council for Workforce Development and Chamber of Commerce	6 months
5. Communicate with local employers on strategies to recruit and retain workers in the county. . . it may require higher pay, expansion of benefits or more flexibility in hours	Peninsula Council for Workforce Development and Chamber of Commerce	12 months

Develop Workforce Housing

Recommendation/Action Item	Responsible	Timing
1. Establish a Workforce Housing Task Force to study the issue of needed housing currently and over the next ten years.	JCC Office of Housing and Community Development and the Chamber of Commerce	3 months
2. Complete a workforce housing study that includes: > Identification of housing demand vs. supply > Recommendations for expanding the supply of needed housing; e.g., creative financing, addressing regulatory barriers. > Work with the JCC Office of Housing and Community Development to implement recommendations	Workforce Housing Task Force with potential consultant support	9 months
3. Communicate the availability of housing with local employers and prospects as a marketing tool on an on-going basis	JCC Office of Housing and Community Development and the Chamber of Commerce	On-going

1.7 Recommendations and Action Items (cont'd)**Stimulating Entrepreneurial Business Development Within the County**

Recommendation/Action Item	Responsible	Timing
1. Integrate the efforts of SCORE and the Hampton Roads Small Business Development organizations with the incubator operations	JCC Incubator/Center for Innovative Technology	3 months
2. Engage the William & Mary students (senior business majors and MBA students) in writing business plans and marketing plans	W&M Department of Economic Development, W&M Business School and the Center for Innovative Technology	6 months (establish for fall semester)
3. Pool investment resources from the local retirement community to build an investment fund for supporting local business development within target industries and operating criteria. Place certain investors on a board of directors to oversee company progress and provide advice and counsel.	Banking community	12 months
4. Provide low cost flexible space for “graduates” from the James City County Technology Incubator. Allocate 25,000 SF of space that can be easily adaptable to match the needs of companies as they grow. This space could be existing Class B office space, older buildings, older homes in commercially zoned areas, and other options.	EDA and JCC Office of Economic Development	12 months

Incentives

Recommendation/Action Item	Responsible	Timing
1. Promote the availability of the expedited permit process and assure that it applies to each non-retail project with a minimum threshold of incremental job creation, job compensation levels vs. a target level, and the amount of investment.	JCC Offices of Economic Development and Planning	6 months
2. Provide “shovel ready” sites that are pre-approved (The readiness of the site is an in-kind incentive)	EDA	On-going
3. Identify the types of training available and the compensation available for training	Peninsula Council for Workforce Development, JCC Office of Economic Development, Thomas Nelson Community College	3 months
4. Sustain discretionary fund	JCC Offices of Economic Development backed by the Commonwealth of Virginia	On-going

Section 2
Introduction and Background
Information

2.0 Introduction and Background Information

2.1 Project Background and Objectives

In order to sustain the economic viability of James City County, the Economic Development Authority (EDA) commissioned a Business Climate Task Force (BCTF) to review the local climate for business retention and expansion of existing small, medium, and cornerstone businesses in the County, as well as recruiting outside businesses to the area. Its formal mission statement is as follows:

Business Climate Task Force Mission Statement

“Identify qualities, characteristics, and categories of business preferred in James City County and propose policies, programs, and ordinance changes that will attract, retain, and expand those businesses.”

Through the James City County Office of Economic Development, the EDA, and Board of Supervisors, the Business Climate Task Force retained Moran, Stahl & Boyer and E. M. Pemrick & Co. to engage in a comprehensive study focused the following objectives:

- Gain insights into James City County’s business climate through stakeholder interviews
- Identify best practices for policies, programs and procedures through peer county benchmarking
- Assess community desires for “targeted” employers vs. external perceptions of community resources
- Provide overall recommendations to improve attraction, retention and expansion of target businesses

2.2 Primer on the Dynamics of a Local Economy

- Types of Employers in a Local Economy

Every healthy, growing economy is comprised of three levels of employers. Level 1 employers (see chart below) consist of the **Primary Industries** that not only provide local jobs but infuse money into the county from outside sources. Level 2 employers provide the **Business Support Services** for the primary industries. Level 3 employers are the **Consumer Services** that support local residents. It is important for an economy to have a diverse primary industry base that in turn supports the other service-level employers and provides a diverse array of stable job opportunities for the local residents.

Figure 2-1 Composition of a Local Economy



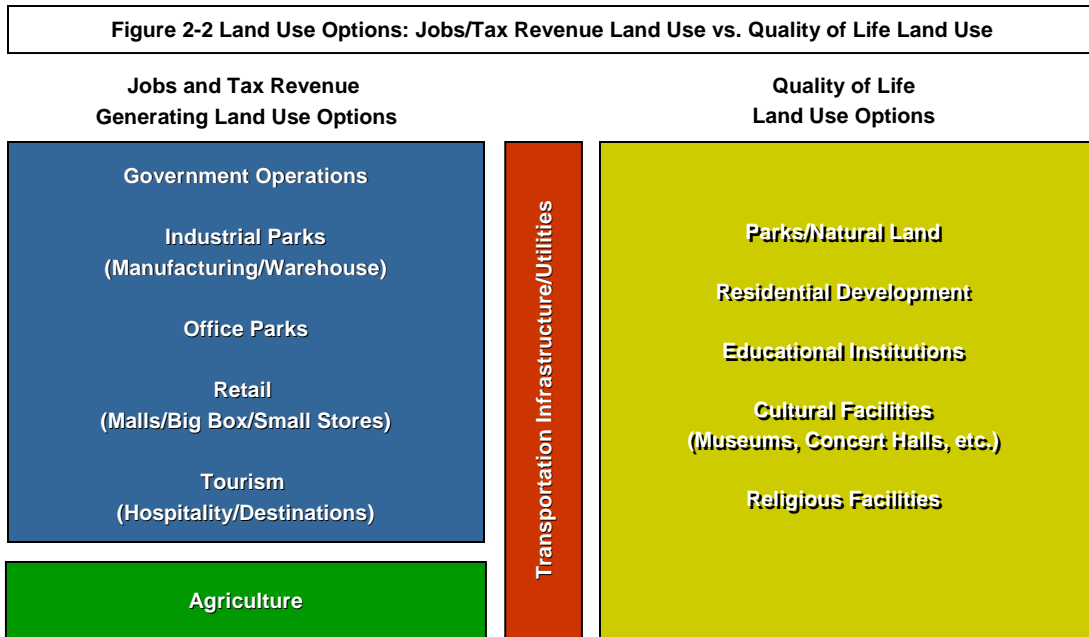
2.2 Primer on the Dynamics of a Local Economy (cont'd)

The three levels that describe the local economy were utilized to select candidates for the stakeholder interviews that were completed as part of the project work scope and summarized in Section 4 of this report.

• Land Use Options

Every community faces the challenges of balancing land use to support both jobs and tax revenues while also enhancing the quality of life. Land is the ultimate limiting commodity in community growth and must be managed effectively to meet the many different needs and objectives related to the growth of industry, the preservation of farmland and natural areas, the provision of parks, the development of residential areas, the need for schools and healthcare facilities and many other options.

Based on the optimization of land values, developers tend to focus on higher-end residential neighborhoods and higher-end retail – two options that bring high returns. Although both options are necessary in an expanding economy, they need to be placed in perspective with each of the other land use needs in order to achieve a balanced economy.



2.2 Primer on the Dynamics of a Local Economy (cont'd)

• Value of Land Use Options Based on Jobs and Tax Revenues

Each type of land use results in different types and quantities of jobs, different levels of tax revenues for the community and some adverse impact on the community. A comparison of opportunities vs. impacts for selected economic segments is presented below. Note that the strongest segment for jobs, job compensation and taxes with minimal impact on the community is potentially the office option.

Figure 2-3 Land Development Opportunities vs. Impact on Jobs and Tax Revenues

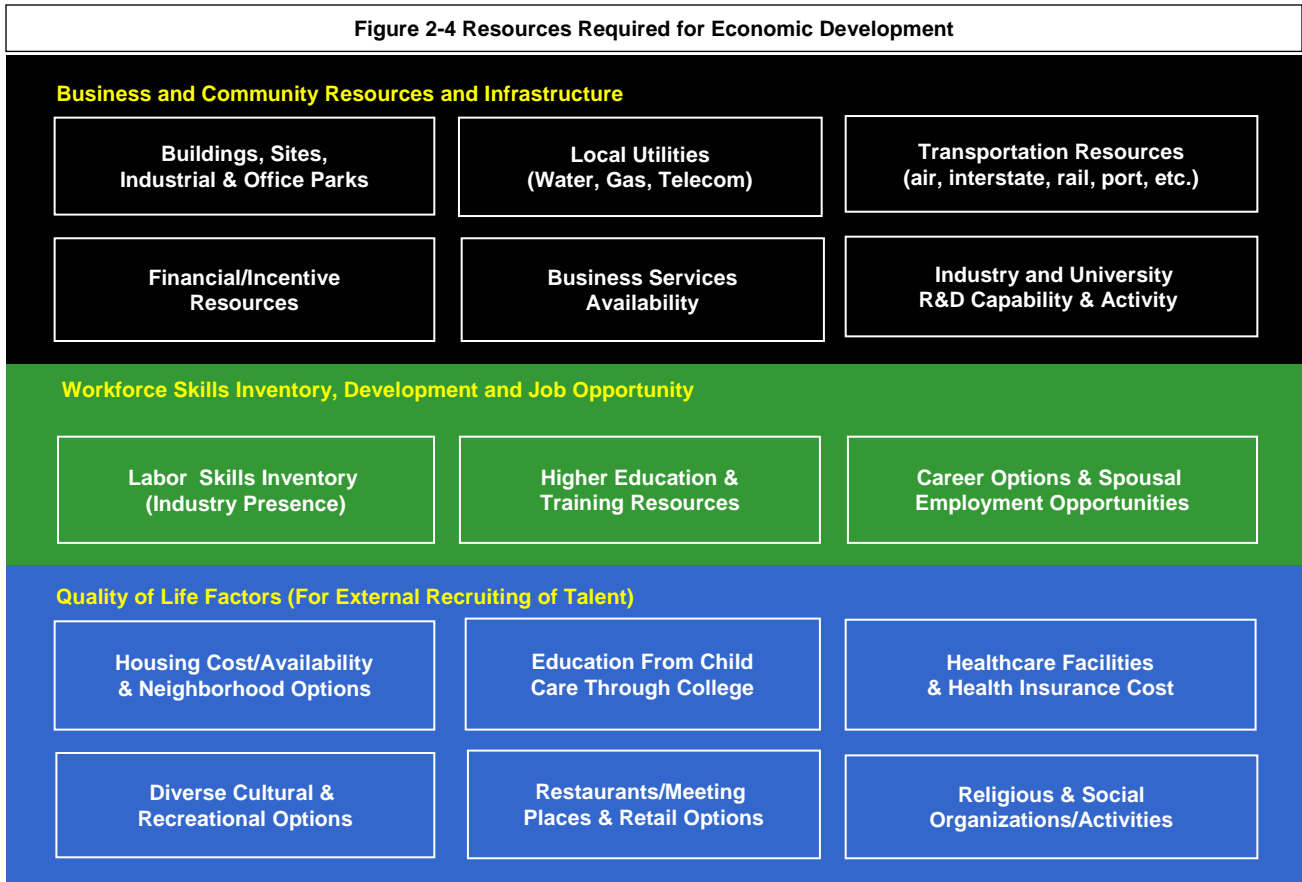
Economic Segment	Number of Jobs*	Level of Compensation	Tax Revenue	Impacts on Community
Office Park	Highest	Highest	Highest	Increased commuter traffic
Manufacturing Plant	Moderate	Wide variation	High	<ul style="list-style-type: none"> • Traffic during shift changes • Truck traffic (need to locate near primary highway) • Potential water use, air emissions, wastewater discharges and solid waste
Warehouse Operation	Moderate	Low to Moderate	Moderate	<ul style="list-style-type: none"> • Truck traffic (need to locate near primary highway)
Retail Complex	Low to Moderate	Low	Moderate	Increased local traffic
Residential Development	Moderate (construction)	Low to Moderate	Relatively Low	Expansion of schools and infrastructure required

* Based on number of jobs per the amount of space consumed for the given operation.

2.2 Primer on the Dynamics of a Local Economy (cont'd)

• Resources Required

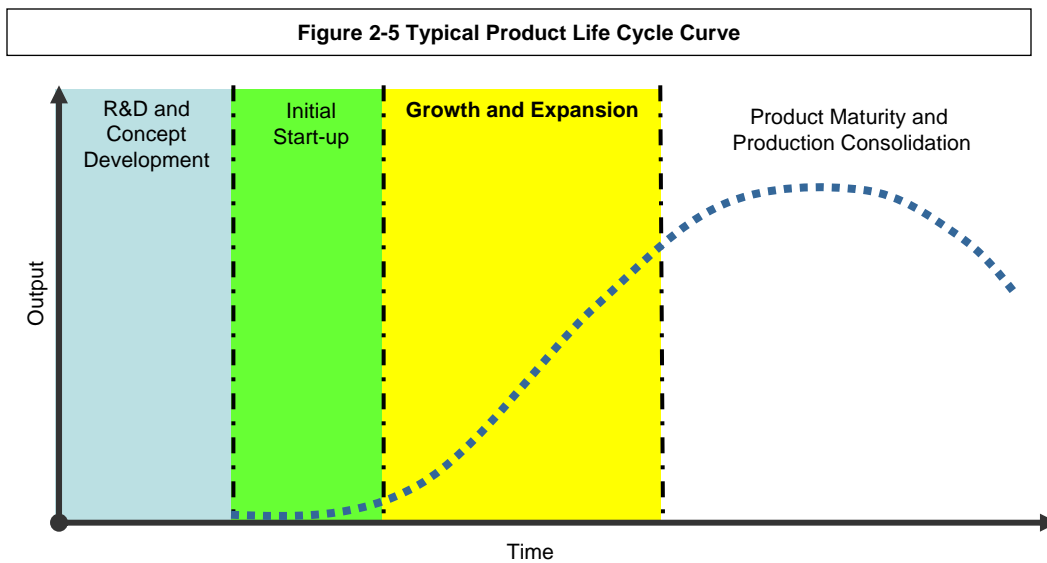
Every community that is successful in economic growth has a package of resources that meet the needs of the existing and targeted employers. A general list of required resources is noted below in Figure 2-4 as a reference. Certain aspects of the available resources are evaluated and discussed in Section 3 of the report.



2.2 Primer on the Dynamics of a Local Economy (cont'd)

- Product Life Cycles

Every product and business ultimately go through a life cycle that may be measured in years or decades due to competition from other similar products or upstaging by new products. Consumer demand for a product may shift or a safety/health problem may be disclosed about the product. At times, companies grow and become very successful only to be bought out by a larger firm or the cost of production becomes such an issue that it must move its operations to a lower cost locale. Essentially, no company can guarantee a community that it will stay forever and communities must adapt to the constant ebb and flow of business in and out of the local economy.



Section 3
Overview on James City County

3.0 Overview on James City County

3.1 Summary of Observations on Local Economy

- **Population Growth**

The population of James City County was essentially static until the ramp-up of tourism after World War II followed by the emergence of manufacturing (BASF/Dow and Anheuser-Busch) and major residential developments.

- **Aging Population**

The 50+ age cohort continues to grow in proportion as the strong influx of early Boomers and retirees selects the county as a residence (see Figure 3-2). The shift in the age of the population means fewer potential workers per incremental growth in population.

- **Education Attainment Levels**

The level of college graduates in the adult population of the County exceeds 40% while the national average is only 24.6% (see Figure 3-4). This means there are fewer individuals that have a high school diploma only in the local population to fill the rapidly expanding retail segment as well as the existing tourism and manufacturing jobs. There will be an inevitably tight and competitive market for high school labor that will drive up labor costs or impact the ability to sustain certain businesses.

- **Labor “Island”**

Due to the presence of government facilities east of the County, there is a built-in commute distance between the populated areas in Newport News/Hampton and James City County (see Figure 3-5). To the west there is very low population until the eastern suburbs of Richmond which is generally too far for commuting in lieu of local options. As traffic grows and commute times build, the interest in commuting to the County will diminish for the retail and hospitality jobs.

- **Shift in Commute Patterns**

In 1990, 1,460 commuters came into the County for jobs while 15,600 left the county each day. In 2000, 10,800 commuters came into the County and 12,500 left each day (see Figure 3-9). The retail, service and manufacturing jobs are being significantly filled by commuters. In the future, as job growth in Newport News, Hampton and York Counties builds, or I-64 gets too crowded and extends commute times, James City County will face challenges in filling future jobs.

- **Economic Mix**

The economic mix of the County is skewed toward tourism, construction, retail (emerging) and government employment (see Figure 3-11). The City of Williamsburg adds certain segments such as healthcare and professional services. Manufacturing is lower than national averages. The economic mix is critical as it reflects the quality of jobs that are available.

- **Average Weekly Wages by Industry**

The highest wage jobs in the County are in manufacturing, insurance/finance and professional/technical services (see Figure 3-12).

- **Land Availability for Office and Industrial Segments**

Land designated for office and industrial park development is nearly built out and with very limited potential for growth based on current land use plans (see Figure 3-13).

3.1 Summary of Observations on Local Economy (cont'd)

• Retail Project Growth

There are a substantial number of retail projects “on the drawing board” for sites throughout the commercial areas of the County (see Figure 3-14). The high number and size of the projects consumes significant land – particularly near interstate interchanges – and will add substantial demand for high school labor.

• Affordable Workforce Housing

Providing affordable worker housing is critical to sustaining service, retail and public service jobs as well as younger workers. Based on standards from the banking industry (see Figure 3-15), having housing available in the \$120,000 to \$200,000 range is necessary to retain workers. Based on sales records, the majority of home sales are above \$200,000 (see Figure 3-16).

• Attracting Younger Workers

With the higher cost of housing and a less than optimal number of meeting places and activities that attract younger workers, this area is at risk of not attracting younger singles and couples. The community is much better at attracting families with children.

• How the County’s Economic Potential is Perceived

Discussions took place with both state and regional economic development organizations to determine which economic opportunities were best suited for the County from their perspective. Key opportunities for the County included: technology-based industry, traditional/light industry, small and start-up businesses (leverage local business incubator), some types of distribution/warehouse operations due to the proximity to the port, and sales offices for port and trade-related companies. The results of those discussions are summarized in Section 3.7.

• Economic Potential for the County Based on Internal Needs and Desires

The Business Climate Task Force defined characteristics for optimum economic development for the County, from which the project team identified economic/industry segments that would best suit the county. The industries included: light manufacturing (including food processing), office-based service businesses and tourism-related businesses. The results are presented in Section 3.8

• Resources and Issues

The project team then evaluated the resource requirements for each economic/industry segment and identified any issues for the County in meeting those needs. Primary issues related to availability of labor, land, affordable workforce housing, and the rapidly expanding retail development segment. The results are discussed in Section 3.9.

3.2 Evolution of the Local Economy

Over the last 400 years the community has seen many difference stages of economic growth. As an early colony (Middle Plantation), James City County became an agriculture center while the City of Williamsburg was the Capital of Colonial Virginia until it was replaced by Richmond in 1780. The College of William & Mary was established in the late 17th century (by charter in 1693). The Eastern State Hospital – the nation’s first public mental health facility was established in the late 18th century. During the Civil War the region was primarily under Union Army control and suffered a significant loss of structures. In the 1880’s, the railroad connected the region with Richmond and made farming a viable economic opportunity. At this time, many farmers of Scandinavian descent were recruited primarily from the Midwest to settle in the western portion of the County.

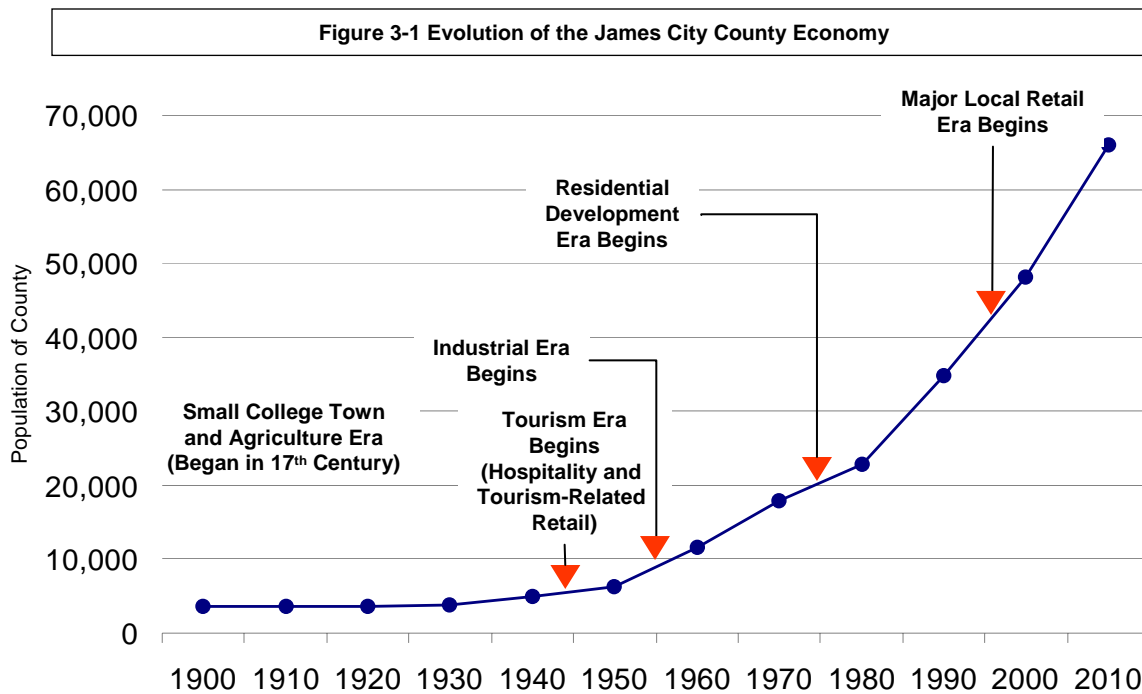
3.2 Evolution of the Local Economy (cont'd)

In the 1920's Dr. W.A.R. Godwin, the Rector for Bruton Parish Church and a fundraiser for the College of William and Mary, convinced John D. Rockefeller, Jr. to invest in the reconstruction and renovation of Colonial Williamsburg. Over the next several decades, the historic section of the city was reverted back to the look and feel of the Colonial period which gave rise ultimately to a significant tourism industry for the region. During World War II, a USO was established in the city which became a favorite meeting place for soldiers preparing to go overseas. The relationships formed with the soldiers during the war helped to make the area a favorite vacation destination after the war as well as a retirement center for former military personnel in later years.

In the 1950's, BASF/Dow Chemical built the first major industrial plant (for textile-related chemicals) in the eastern end of the County adjacent to the James River. In 1969, Anheuser Busch decided to build a major brewery operation in the county followed by the development of an industrial park, Busch Gardens resort and the Kings Mill residential community. To support the brewery, both glass (Owens-Brockway) and aluminum can (Ball Container) manufacturing plants were located in the county. Over the past 25 years, a number of industrial parks have been developed in both the eastern and western ends of the County that have facilitated the growth of light industrial and distribution operations that have helped to diversify the local economy.

After the Kings Mill residential development was initiated, other major residential development occurred over the next twenty years including Governors Land at Two Rivers, Fords Colony and a number of timeshare developments.

Retail within the county has been primarily focused on tourism – particularly along State Route 60 – that included the original Williamsburg Pottery outlet complex that began in 1938 and later the Prime Outlets and other outlet retailers. Over the past five years, the local retail has grown from a few local strip malls to major retail and big box retailers in/near Old Town and along the I-64 corridor just into York County. There are a number of major retail projects currently being planned for future development throughout the County.



Source: US Census Bureau and Claritas (projection)

3.3 Long-Term Economic Growth Considerations

In order to place the future economy of the County in perspective, it is important to consider the activities within the region that may impact the local economy at different time frames going forward.

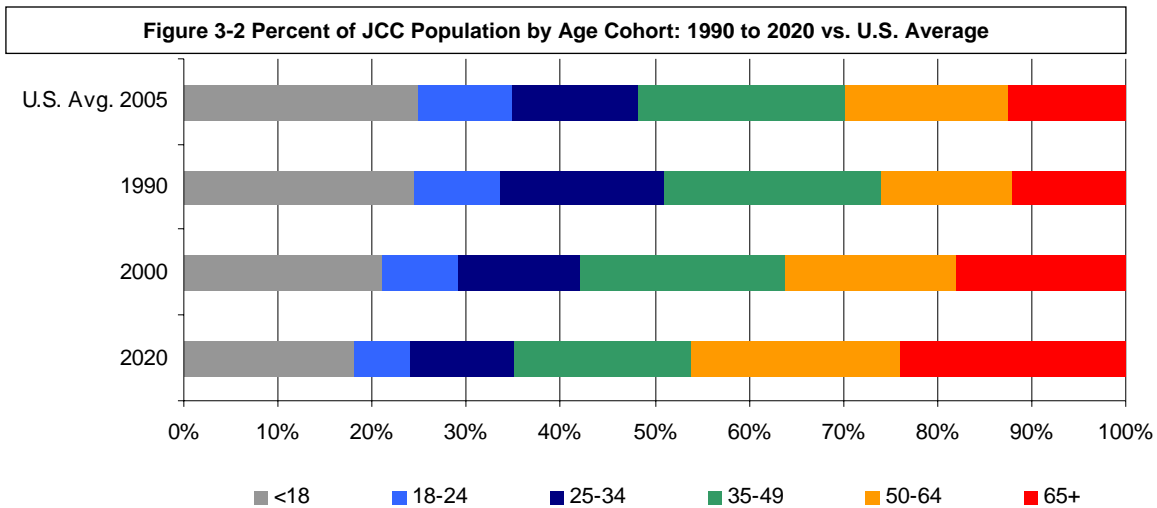
1. The continual build-up of government and military operations (both military, NASA and other federal government) that may provide opportunities for suppliers/consultants to be in James City County.
2. Expansion or contraction of shipbuilding and maintenance activity in Newport News. Both a ramp-up or reduction in demand could have a serious impact on the skilled labor force supply in the region.
3. Growth of the port operations within the region may provide opportunities for certain businesses in the County, such as high value-add distribution operations, local offices for import/export firms and offices for support services to the industry.
4. Growth of the region as a financial center. The presence of back office and shared services centers throughout the region as well as headquarters from smaller firms seeking a certain quality of life may have an impact on the County.
5. The long-term plans of the College of William & Mary, particularly in the areas of R&D, academic program focus or in the enhancement of student life/activities, can impact the County.
6. Saturation of big box retail within the region may have an impact on labor resources, particularly in the ability to attract labor into the County from Newport News and Hampton.

3.4 Labor Resources

Labor is the most critical economic resource whether it is for supporting public service, construction, retail or manufacturing. The condition of a local labor market and its ability to support economic growth is measured by several factors including labor supply, level of skills available and the cost of labor compared to other competitor areas.

- Labor Supply

As more retirees locate in the County, the work force effectively ages as the population expands and reduces the available workforce to service the growing economy.



Source: US Census Bureau and Claritas (projection)

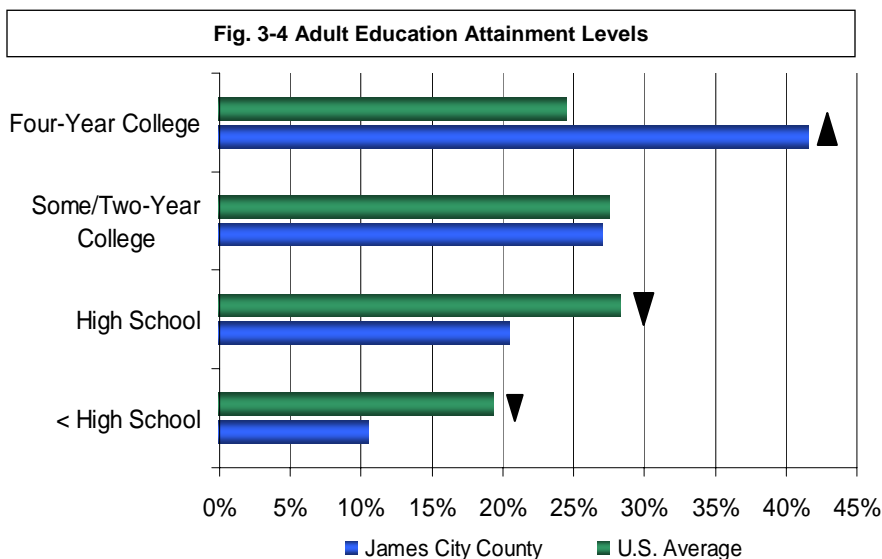
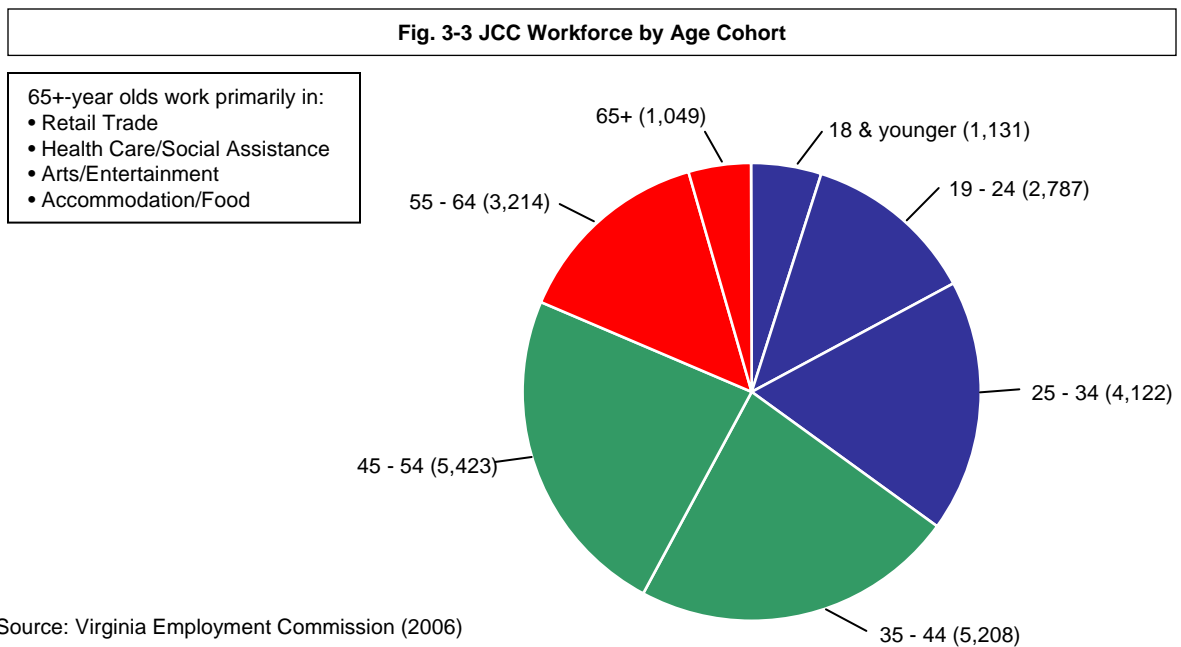
3.4 Labor Resources (cont'd)

• Labor Supply (cont'd)

Over 18% of the workforce is comprised of individuals over the age of 55 (see Fig. 3-3). The 25 to 34 years olds are critical to the workforce and they often are seeking their first home purchase. Access to affordable housing becomes a critical factor in retaining this age cohort.

The level of education attainment by the adult residents (see Fig. 3-4) of the County is skewed toward the four-year college degree due to the presence of the College of William & Mary, technical jobs at NASA and at other federal government facilities on the peninsula, and the education levels of the retirees.

This high level means fewer individuals available for retail/service jobs and the push-back on economic development should be high.

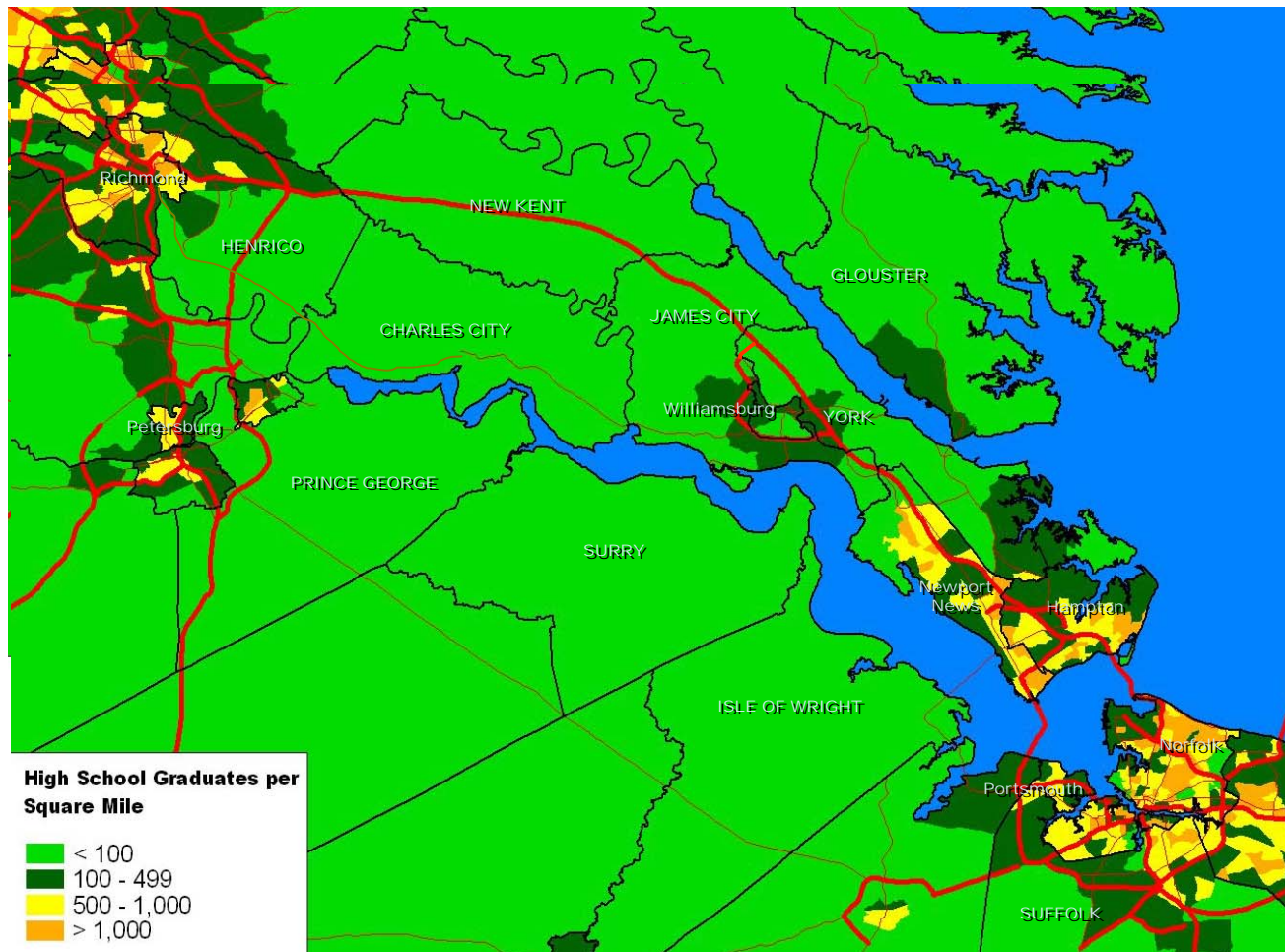


3.4 Labor Resources (cont'd)

- Labor Supply (cont'd)

There is a moderate concentration of high school only education attainment in the eastern end of the County as well as in Gloucester County and Newport News. As the population of the region rises and traffic becomes more of an issue, the ability to attract labor from outside the County will become more of a challenge and the County essentially becomes a labor “island.”

Figure 3-5 Geographic Concentration of Residents With High School as its Highest Education Attainment



3.4 Labor Resources (cont'd)

• Labor Supply (cont'd)

The access to four-year+ college residents in the County improves over high school labor and there are few close sources of college labor except in a small portion of York County.

Fig. 3-6 Geographic Concentration of Residents With Four-Year+ College as its Highest Education Attainment

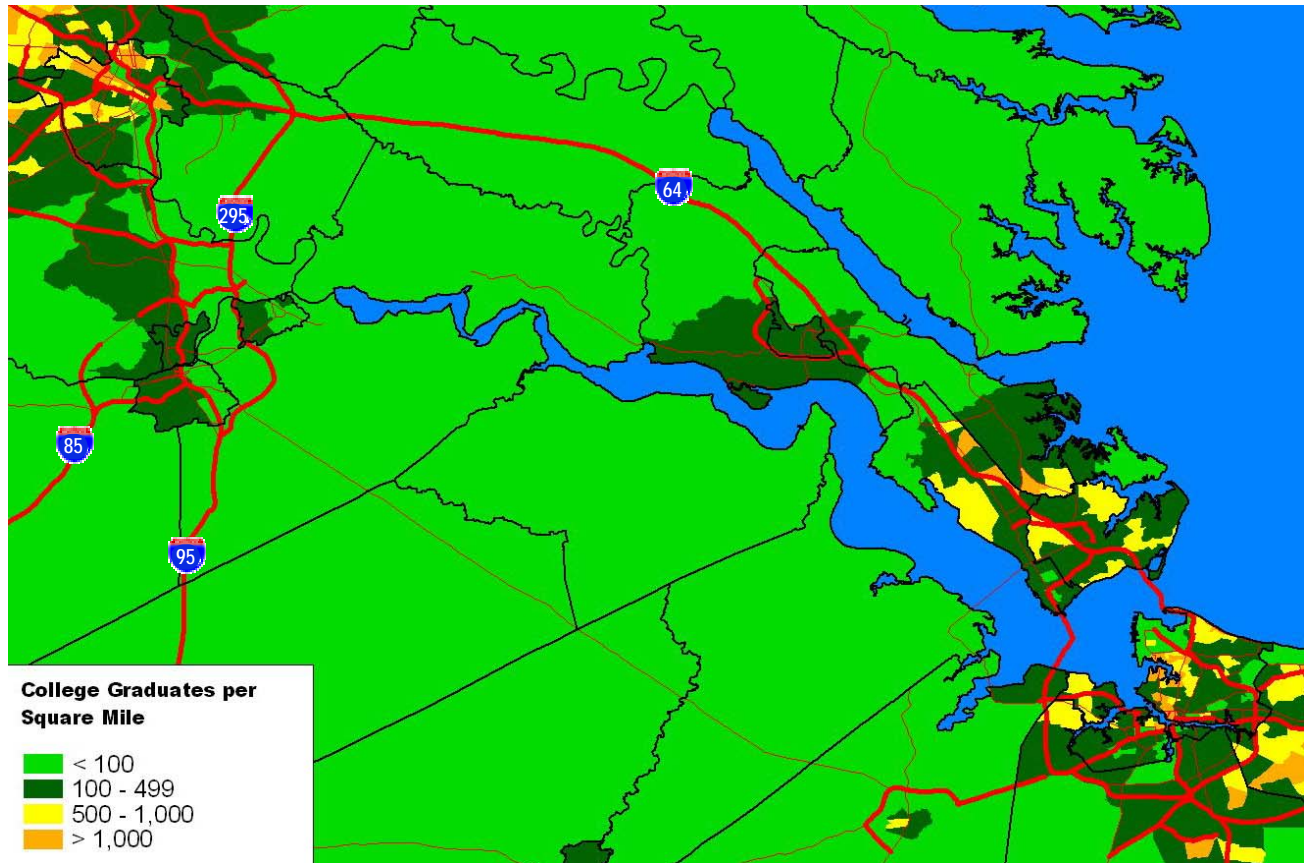
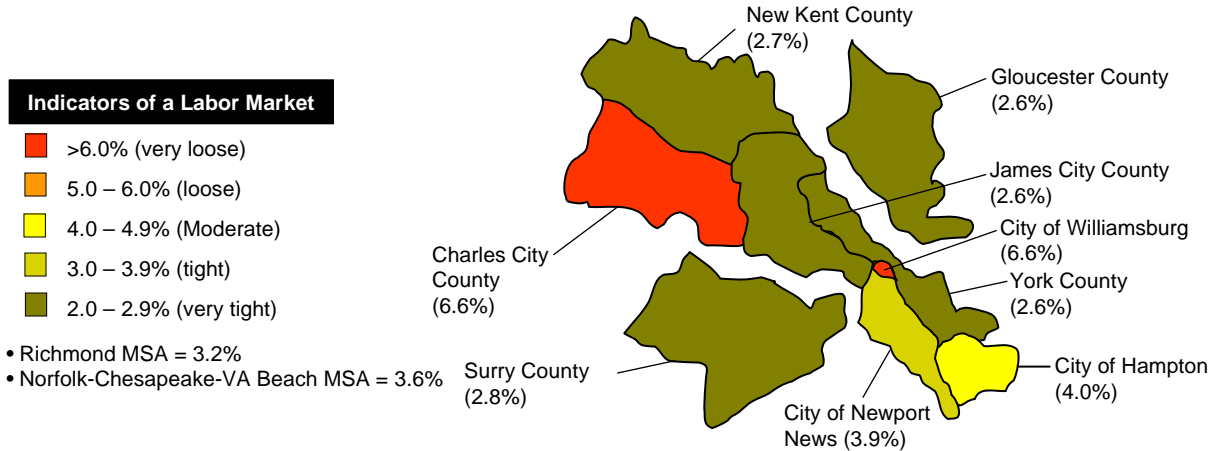


Fig. 3-7 Average Unemployment for 2006 for Selected Counties



Unemployment rates are generally very low in the region which indicates any rapid rise in labor demand may add pressure to raise wages in order to draw more labor from Newport News and Hampton.

3.4 Labor Resources (cont'd)

• Labor Supply (cont'd)

The data below evaluates commute patterns for the County as well as the County + City of Williamsburg. The critical issue is that the area economy of 2000 brought 2,200+ more commuters into the area than in 1990.

Fig. 3-8 Inbound/Outbound Commuters for JCC Based on 2000 Census Data

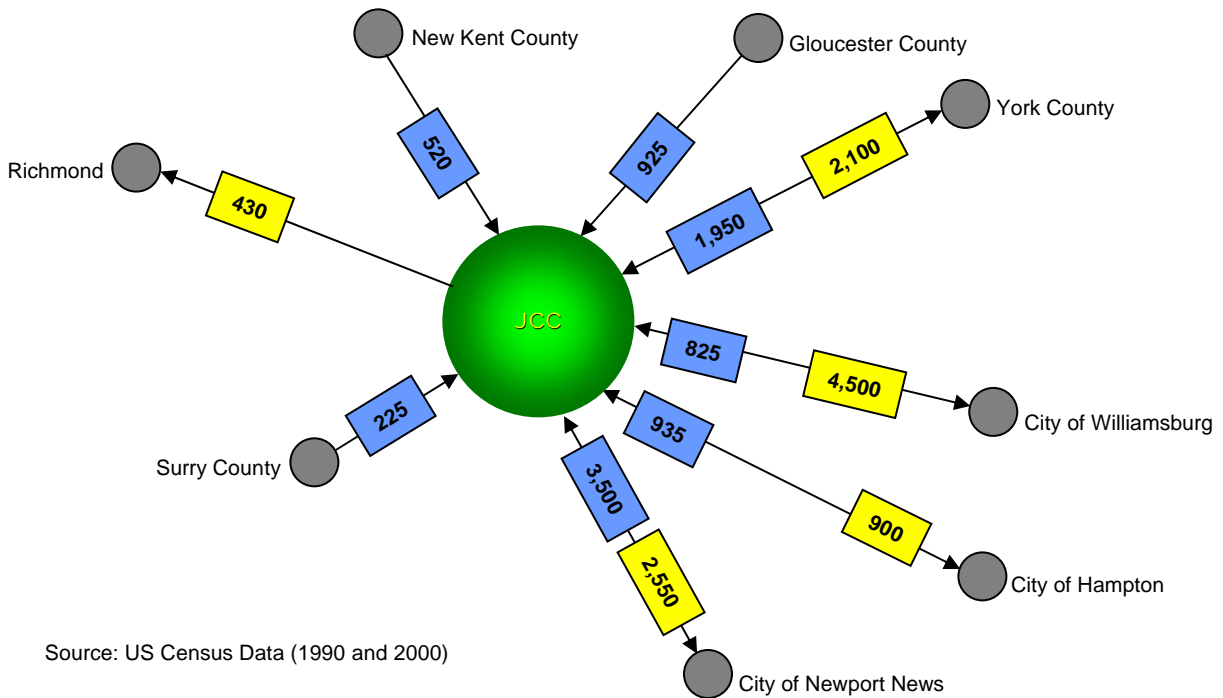


Fig. 3-9 Workforce Commutation Data for JCC: 1990 vs. 2000

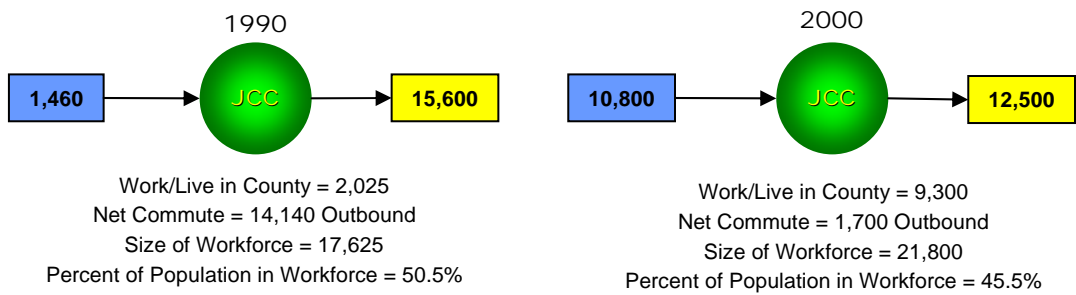
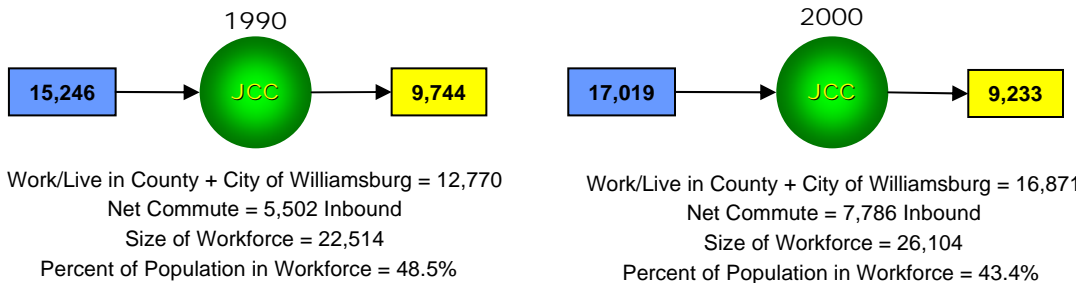


Fig. 3-10 Workforce Commutation Data for JCC + City of Williamsburg: 1990 vs. 2000

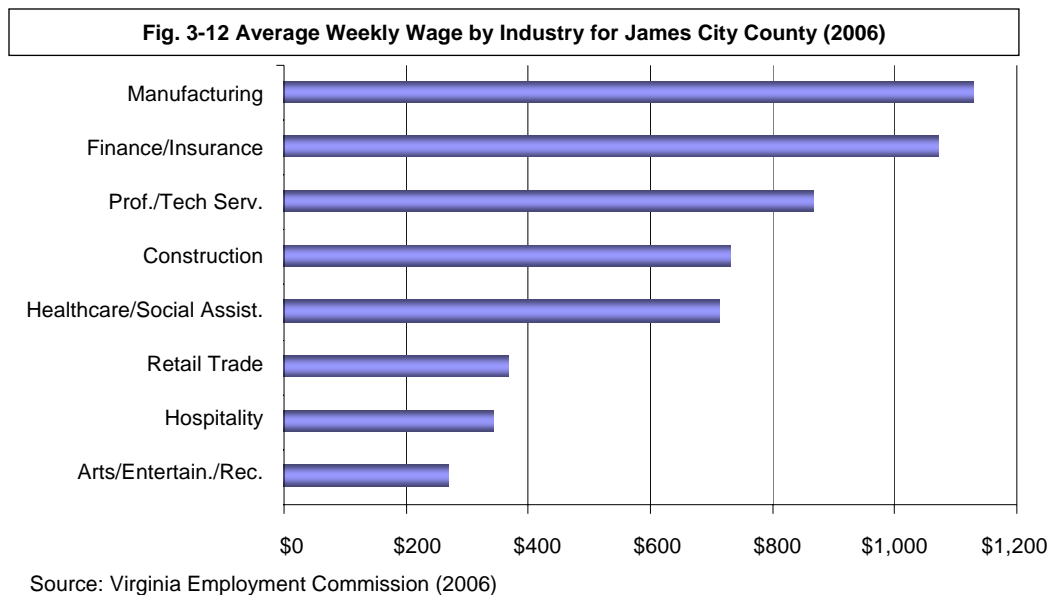
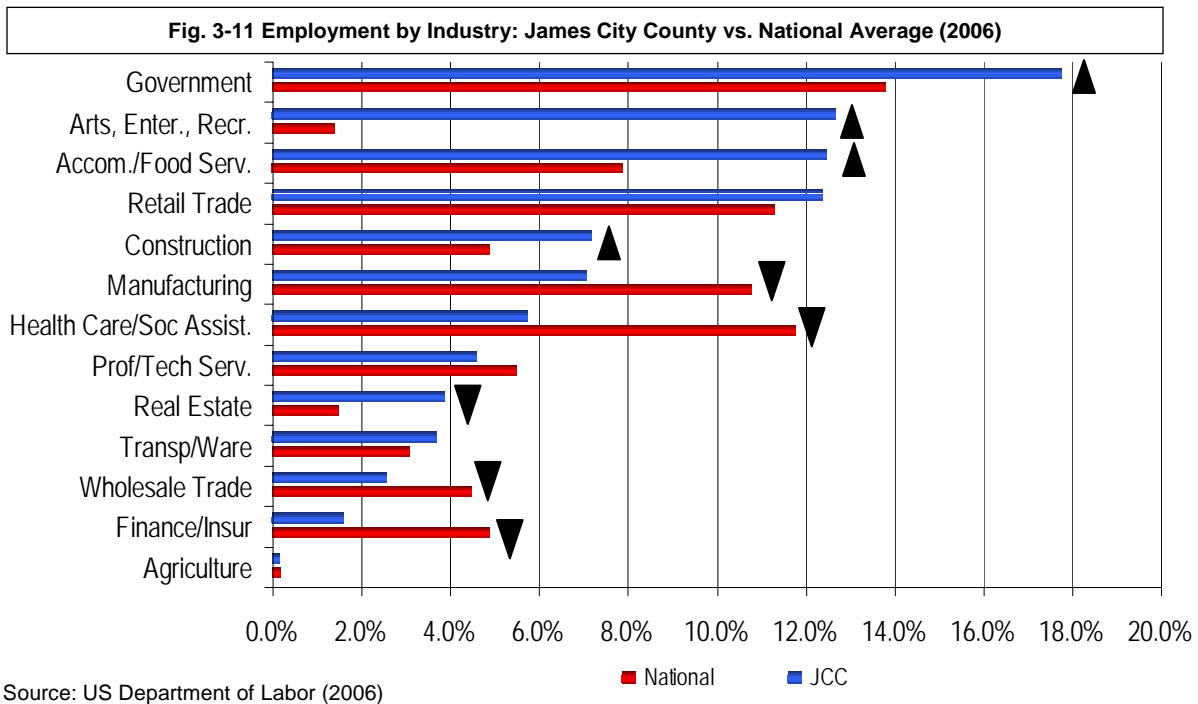


3.4 Labor Resources (cont'd)

- Labor Supply and Compensation (cont'd)

The employment numbers by industry compared to national averages reflect the high dependence on tourism in the county; manufacturing at a moderate level; the ramp-up of retail/residential construction activity; and healthcare, financial services real estate services are primarily in the City of Williamsburg.

Labor wages (see Fig. 3-12) for manufacturing are high and important to the community and the retail as well as tourism-related wages are relatively low.

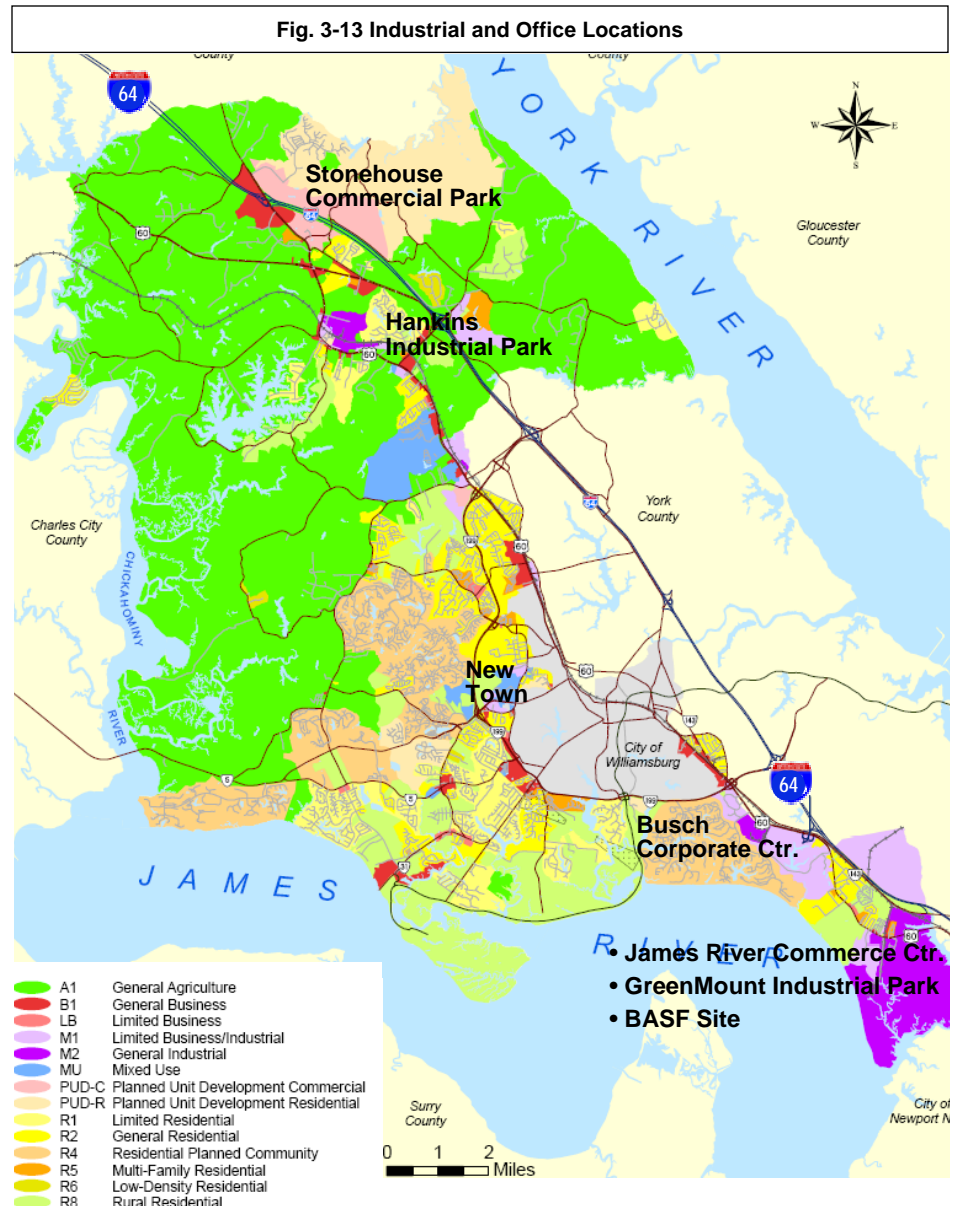


3.5 Land Resources

• Office and Industrial Locations

There are existing facilities for lease in the Stonehouse Commerce Park (a 300,000 SF Class B warehouse building and a 28,000 SF Class A manufacturing building) as well as sites available in the James River Commerce Center and the GreenMount Industrial Park. The BASF site has a total of 640 acres of which about 50% can be developed – the balance has severe slopes, wetlands/streams and a portion with environmental contamination issues (currently being addressed). This site has not been evaluated to determine which type of development will be allowed. There is pressure from the development community to place residential/resort homes on the site.

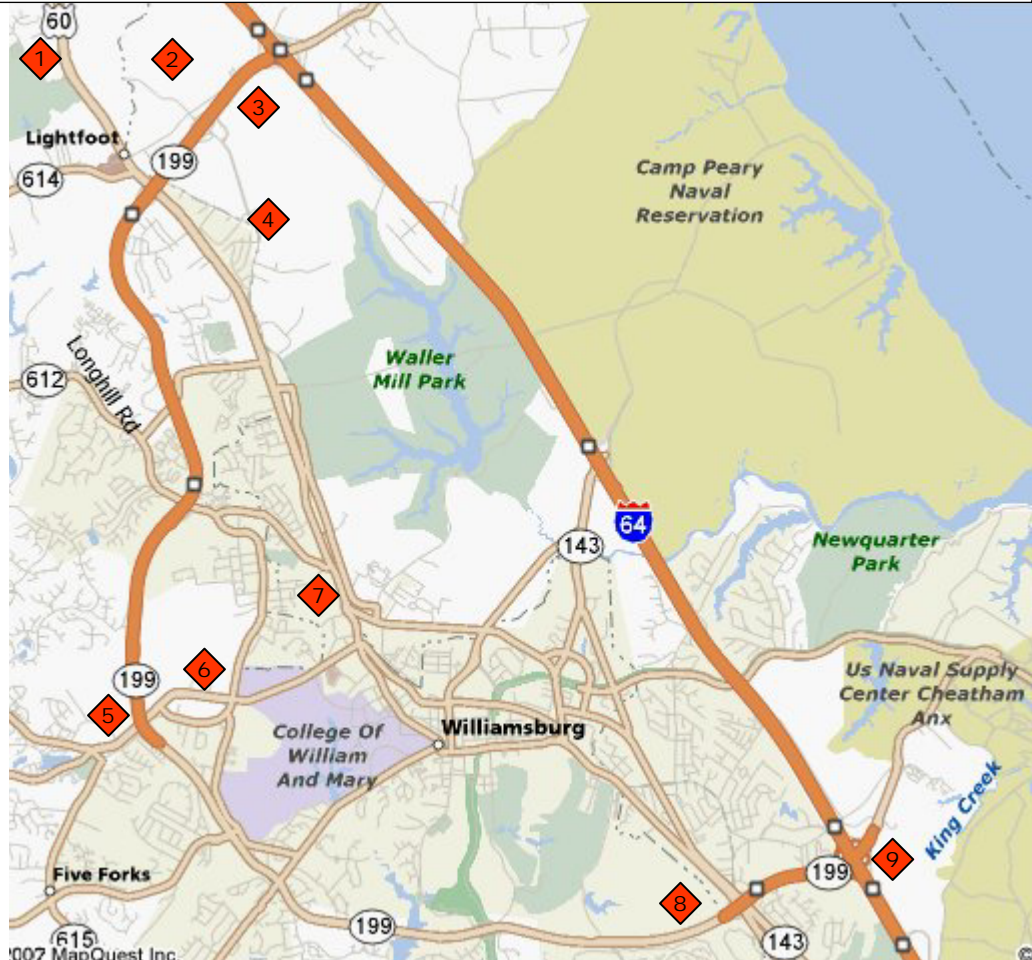
Class A office space is available primarily in the vicinity of New Town development and adjacent properties. There are also a number of Class B and C small office properties in the County and in Williamsburg.



3.5 Land Resources (cont'd)

There is a substantial amount of retail space that has been approved or is in the planning stages. This includes both expansions of existing centers and new centers that may consume a substantial amount of available land that could be utilized for office, industrial and other economic segments. The expansion of retail also places additional pressure on the demand for high school labor in the County.

Fig. 3-14 Developing Retail Areas



Designation	Location	Retail Space (SF)
1	Colonial Heritage	350,000
2	Williamsburg Pottery	Total of 2,000,000+
3	Lightfoot Corridor	1,000,000
4	Williamsburg Marketplace	Additional 125,000
5	Monticello Shopping Center	300,000
6	New Town Settler's Market	300,000 Portion of 350,000
7	High Street	250,000
8	Riverside Hospital	500-600,000
9	Marquis of Williamsburg	~1,200,000

Source: Sperry Van Ness

Retail space per capita:
 • U.S. average = 20.5 SF
 • Williamsburg area = 31+ SF

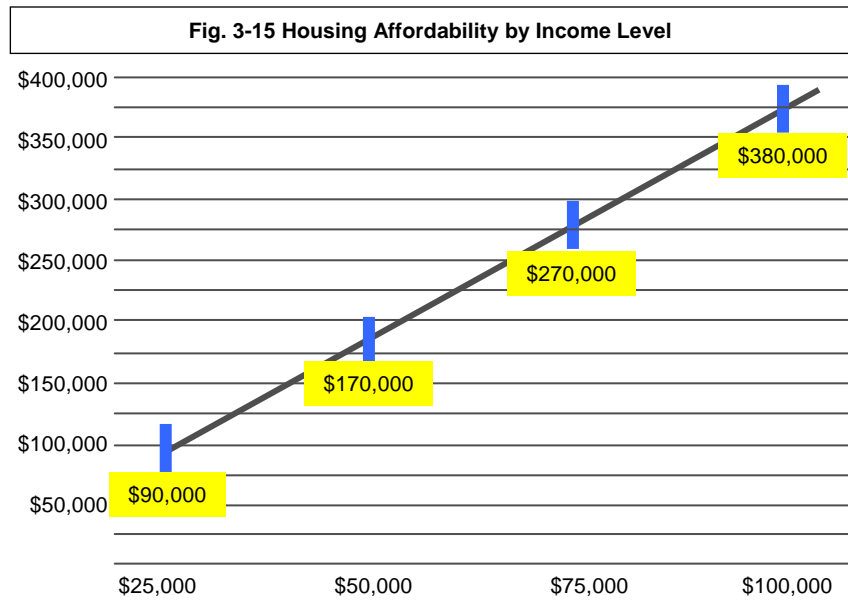
3.6 Quality of Life Resources

• Affordable Housing

A very important criteria for attracting the younger workers and for retaining moderate income workers is the availability of affordable housing.

Based on standard formulas from the banking industry, housing affordability vs. income is plotted on the graph to the right. Many of the younger/moderate income workers will require housing in the \$115,000 to \$200,000 range.

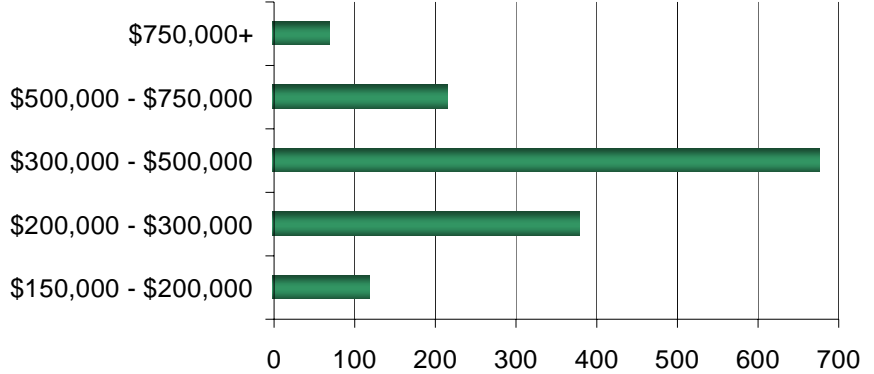
The sales of homes in the area are predominantly in the \$300,000+ ranges with the median sales price in James City County at about \$318,000.



Assumptions:

- 30-year loan with 6.5% interest and 10% down
- \$10/\$1,000 property tax rate (conservative)
- No extraordinary operating expenses

Fig. 3-16 Williamsburg/JCC Area Housing Sales by Price: 1/2006 – 2/2007



Source: Williamsburg Area Board of Realtors

Fig. 3-17 Examples of Local Housing for <\$175,000



Condo/Townhouse
\$171,000 - 1,150 SF
2 bedroom, 2 baths



Single Family
\$158,500 - 1,000 SF
3 bedroom, 1 bath

3.6 Quality of Life Resources (cont'd)

• Meeting Places and Activities for “Gen Y”

The members of Generation Y are getting married and having children later and have a prolonged period of need for highly social activities. They also have been taught to work in teams and they socialize in teams. A community that is “cool” for them has a variety of meeting places:

- > Sandwich shops, coffee shops and book stores with WiFi
- > Bars and cafes in groupings (within walking distance for cruising)
- > Outdoor restaurants
- > Pizza and ice cream shops
- > Frequent cultural events and concerts

They are also an active generation with a desire for parks and trails to walk and bike after work and on weekends.

The community is building the “meeting place” infrastructure but it still has not reached a critical mass and the number of Gen Y workers in the community is disproportionately low.



The new Panera Bread in New Town



The Colonial Parkway from Jamestown to York also serves as a bike trail during low traffic periods

3.7 How the County is Perceived by County and State (from an economic development perspective)

Discussions took place with representatives from both state and regional economic development organizations to seek their input on the economic opportunities for James City County. Results are as follows:

State Economic Development Perspective

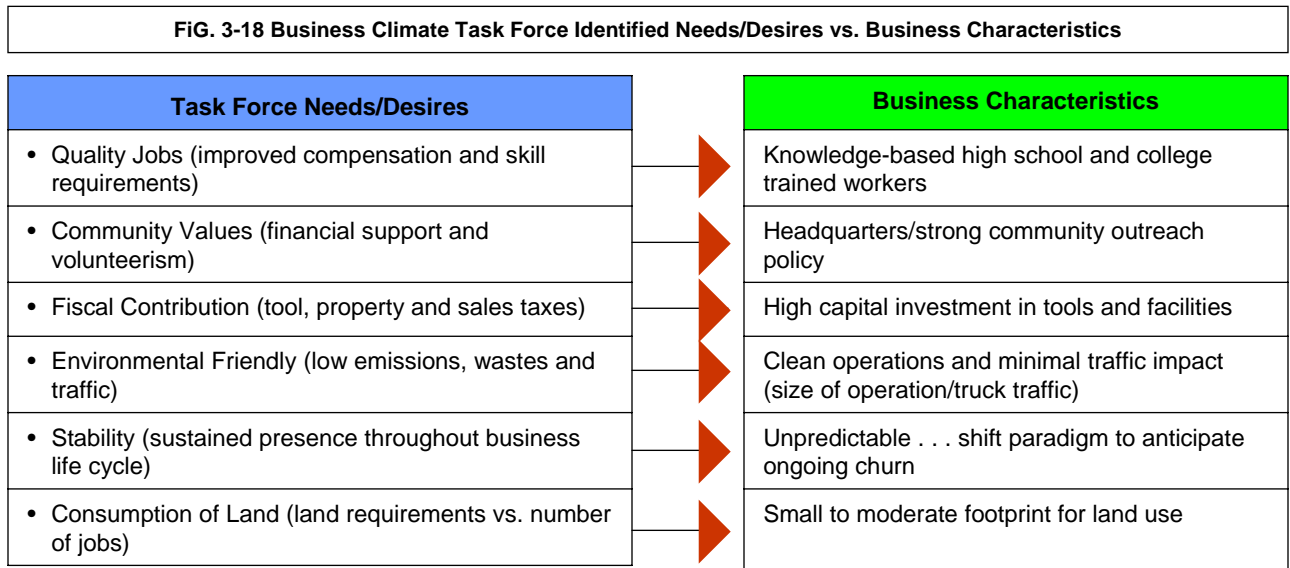
- Land available for distribution/warehousing operations
- Technology-based industry
- Small businesses . . . particularly government contractors serving the military in the region
- Not appropriate for heavy industry or headquarters

Hampton Roads Economic Development Perspective

- Leverage incubator . . . we lack this capacity in the region
- Sales offices of international companies in the region
- Land available for traditional manufacturing
- Small to moderate-sized companies . . . 25 - 40 jobs over time

3.8 Identifying Economic Opportunities

The Business Climate Task Force identified a series of needs/desires as the basis for considering target industries for the County. Consumption of land was added as a stand-alone line item by the project team as a related issue to the environmentally friendly category.



3.8 Identifying Economic Opportunities (cont'd)

Based on the Business Task Force criteria, the project team identified the following industry segments that would be best suited to the County. These operations could be located within an office/industrial park and within offices located within commercial areas and tourism-related operations located along Route 60 and adjacent to Williamsburg.

Manufacturing and Distribution

- Light manufacturing
 - > Metal fabrication/machining
 - > Plastics molding
 - > Parts assembly and packaging of previously manufactured components
 - > Specialty distribution with product design, marketing, sales, packaging (<150,000 SF) (e.g., imported goods from the port)
 - > Transportation equipment components
- Food processing (particularly with a regional focus)
 - > Baked goods
 - > Nut processing and nut-derived products
 - > Confections

Office-Based Services

- Professional services (lawyers, accountants and business consultants)
- Technical services (engineering consulting, lab services, R&D and software)
- Financial services (financial advisors and small back office operations)
- Transportation services (offices that support incremental port activities)
- Healthcare services (medical offices at periphery of hospital)

Tourism

- Tourism destination venues
- Tourism-related hospitality
- Tourism-related retail

Note of Retail vs. Tourism:

Although we recognize the value that retail adds to the community in providing necessary goods and services for residents and generating sales and property taxes, additional retail development in the region is likely to exacerbate current labor shortages while consuming large amounts of land that could be used for office and industrial purposes. Large retail projects with big box stores that can be found in virtually any area of the United States also threaten the unique historic and rural character of the Williamsburg area – the qualities that attract visitors (and many residents) in the first place.

There is no common definition for the term “tourism-related retail.” The North American Industrial Classification System (NAICS) does not distinguish between “local-serving” retail and retail activity that draws in expenditures from outside the region. Generally speaking, though, tourism-related retail businesses are designed to complement local attractions/destinations, provide access to locally-produced goods, and enhance the diversity and quality of the visitor experience.

3.9 Resources and Issues Related to Economic Opportunities

For each economic opportunity category, the project team identified both resource requirements and issues in meeting the resources in the County.

Fig. 3-19 Industrial and Warehouse Operations: Resource Requirements and Issues		
Resource	Resource Requirements	Issues
Labor	<ul style="list-style-type: none"> • HS labor – moderate to high skill with interest in working in “factory” environment • Technical staff (engineers, IT, etc.) • Administrative/back office staff 	Where will the labor come from? <ul style="list-style-type: none"> • Labor “island” challenge • Commutation issues over time via I-64 from the east
Real Estate	<ul style="list-style-type: none"> • Industrial parks • Stand alone sites (10+ acres) 	Setting aside enough land for future growth
Transportation Access	<ul style="list-style-type: none"> • Within 2-3 miles of interstate • Some operations (plastics molding) may require rail access 	Having sites reasonably close to interstate interchanges . . . competition from retail expansion
Quality of Life	<ul style="list-style-type: none"> • Required to attract outside technical talent (particularly cost of housing) • Helps sustain HS labor in county 	Housing costs impact ability to recruit technical labor and keep HS labor
Infrastructure	<ul style="list-style-type: none"> • Water capacity, sewer, high speed telecom, reliable power 	Constraints of water supply
Business Environment	<ul style="list-style-type: none"> • Speed of response for facility permits • Moderate taxes to stay competitive • Incentives to off-set start-up/relocation costs 	<ul style="list-style-type: none"> • Demonstrating a business-focused community • Incentive offerings

3.9 Resources and Issues Related to Economic Opportunities (cont'd)

Fig. 3-20 Office-Based Service: Resource Requirements and Issues		
Resource	Requirements	Issues
Labor	<ul style="list-style-type: none"> • Technical staff (engineers, medical staff, IT, etc.) • Accountants, finance, marketing, sales • Professional staff (medical and legal) • Some HS-level clerical/admin staff 	<ul style="list-style-type: none"> • Being able to attract college talent to the area . . . housing cost and culture that attract younger workers • Access to HS-level clerical/admin labor . . . labor "island"
Real Estate	<ul style="list-style-type: none"> • Office sizes from 1,500 to 75,000 SF • Cost ranges (Class A to C) • Stand alone or in O/I park • Some businesses will work from home offices 	Setting aside enough land for future growth
Transportation Access	<ul style="list-style-type: none"> • Within 5 miles of interstate • Air access to clients 	Continue to expand non-stop air services out of PHF
Quality of Life	<ul style="list-style-type: none"> • Perceived quality of life critical to attract staff 	Housing costs impact ability to recruit college talent and sustain access to HS-level labor
Infrastructure	<ul style="list-style-type: none"> • Water, sewer and reliable power • High speed telecom to offices/homes 	
Business Environment	<ul style="list-style-type: none"> • Speed of response for facility permits • Moderate taxes to stay competitive 	Responsiveness of government agencies to smaller businesses

Fig. 3-21 Tourism-Based Options: Resource Requirements and Issues		
Resource	Requirements	Issues
Labor	<ul style="list-style-type: none"> • Primarily HS-based labor required 	Sustain access to HS labor
Real Estate	<ul style="list-style-type: none"> • Along Route 60 corridor/near Williamsburg • Access to interstate exits 	Pressure from residential development and big box retail development
Transportation Access	Routing of traffic to shopping areas	Traffic build over time
Quality of Life	Important to retain workers and attract tourists	<ul style="list-style-type: none"> • Cost and availability of worker housing • Losing unique character of county and make it less of a destination
Infrastructure	Water, sewer, power and high speed telecom	No significant issues
Business Environment	Getting permits to construct in a timely manner	Speed of getting permits for smaller operations

3.9 Resources and Issues Related to Economic Opportunities (cont'd)

The analysis below is an attempt to predict future labor requirements by reviewing the current employment within current economic segments and project the percent of the economy in 2020. These numbers can certainly be modified based on other inputs.

Fig. 3-22 Incremental Labor Requirements to Support the Local Economy in the Year 2020					
Economic Segment	Current	Current (%)	2020 (%)	Future Employment	Incremental Employment
Construction	1,800	7.0%	5.0%	2,000	200
Manufacturing	1,850	7.2%	7.0%	2,800	950
Wholesale Trade	560	2.2%	2.5%	1,000	440
Retail	3,100	12.1%	15.0%	6,000	2,900
Transportation & Warehousing	850	3.3%	4.0%	1,600	750
Information	100	0.4%	1.0%	400	300
Finance & Insurance	360	1.4%	4.0%	1,600	1,240
Real Estate and Related	1,040	4.1%	4.0%	1,600	560
Professional & Technical Services	1,200	4.7%	6.0%	2,400	1,200
Management of Companies	160	0.6%	2.5%	1,000	840
Administrative & Wastes	900	3.5%	3.0%	1,200	300
Educational Services	50	0.2%	1.0%	400	350
Healthcare & Social Services	1,400	5.5%	7.5%	3,000	1,600
Arts, Entertainment & Recreation	2,650	10.4%	12.5%	5,000	2,350
Accommodation & Food Service	2,800	10.9%	9.5%	3,800	1,000
Other	360	1.4%	1.0%	400	40
Government	4,500	17.6%	14.5%	5,800	1,300
Total	23,680			40,000	16,320

3.9 Resources and Issues Related to Economic Opportunities (cont'd)

The estimates for space and land requirements were based on reasonably conservative estimates as follows:

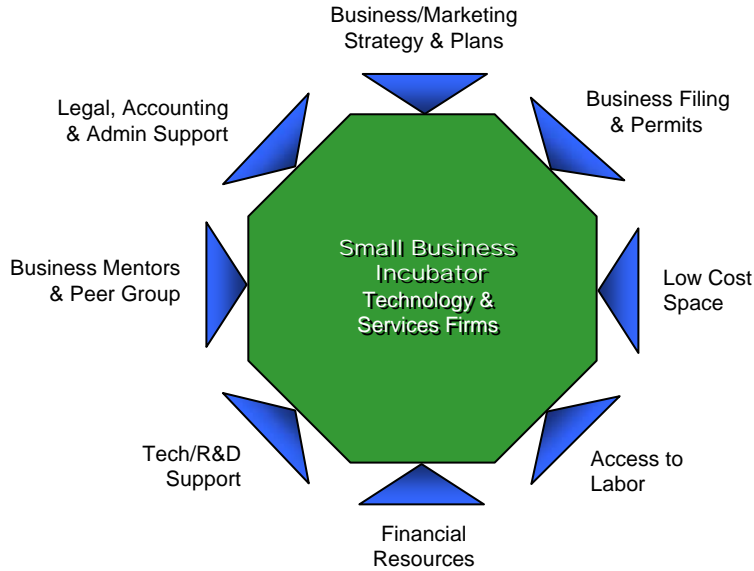
- Warehouse space per person = ~1,000 SF
- Manufacturing space per person = 500 – 1,000 SF
- Gross office space person = ~200 SF

Fig. 3-23 Incremental Labor, Space and Land Requirements to Support the Local Economy in the Year 2020

Economic Segment	High School	College	Type of Real Estate	Estimated SF	Estimated Acres
Construction	180	20	Warehouse	75,000	25
Manufacturing	875	75	Industrial/Office	500,000	200
Wholesale Trade	420	20	Warehouse/Office	175,000	30
Retail	2,750	150	Retail	1,000,000	500
Transportation & Warehousing	720	30	Warehouse	375,000	150
Information	180	120	Office Class B/C	50,000	10
Finance & Insurance	100	1,140	Office Class A/B	250,000	50
Real Estate and Related	40	520	Office Class B/C	100,000	30
Professional & Technical Services	100	1,100	Office Class A/B	240,000	50
Management of Companies	40	800	Office Class A	200,000	50
Administrative & Wastes	25	275	Office/Warehouse	50,000	20
Educational Services	50	300	Specialty	75,000	10
Healthcare & Social Services	100	1,500	Offices Class A/B	400,000	100
Arts, Entertainment & Recreation	2,125	225	Specialty	-	-
Accommodation & Food Service	950	50	Specialty	-	-
Other	-	-	-	-	-
Government (Federal, State, Local)	700	600	Offices Class B	250,000	50
Total	9,385	6,935			1,275

3.9 Resources and Issues Related to Economic Opportunities (cont'd)

There are a host of resources required for new start-up companies as noted below.



Some of these resources are available within the region; however there is a need to coordinate financial and business management/operations assistance and respond to the needs of small businesses in order to stimulate growth through entrepreneurship and retention/expansion activities.

Fig. 3-24 Local Resources to Support Small Business Start-Ups	
Resource Category	Support Within JCC
Business/Marketing Strategy & Plan	Hampton Roads Business Development Center
Professional Services (legal, accounting)	Hampton Roads Business Development Center
Business Mentors/Peer Group	SCORE Program and peer companies in incubator
Tech and R&D Support	VA Tech, ODU and W&M
Financial Resources	Banks, SBA, local investment fund derived from retirees
Access to Labor	Peninsula Council for Workforce Development and Thomas Nelson College
Low Cost Space	Inventory of office and industrial space a varying sizes and price points
Business Filing & Permits	Hampton Roads Business Development Center

Section 4
Employer and Stakeholder
Interviews

4.0 Employer and Stakeholder Interviews

4.1 Purpose and Approach

In January 2007, the Business Climate Task Force, in coordination with the consultant team, compiled a list of local businesses and other stakeholders to be contacted for interviews. The companies and individuals listed were intended to represent a cross-section of the local economy, taking into account the size of the business, industry category, length of time in James City County, recent expansion activities, and other characteristics. Service providers such as architects, engineers, attorneys, and real estate professionals were also included; they often provide very good insights about the overall business climate since they work with multiple companies in the County and region. A letter from the Business Climate Task Force was then drafted and mailed to the 55 individuals on the list to introduce the study and let the recipients know that the consultants would be contacting them to schedule an interview.

During the month of February, the consultant team conducted nearly forty interviews, the majority of them in-person; telephone interviews were scheduled when a face-to-face meeting could not be scheduled. Each interview lasted approximately 30 minutes to an hour and addressed a range of topics such as workforce issues, business assistance and financial incentives, the development review and permitting process, and other aspects of the local business environment. Participants were assured that their individual comments would be kept strictly confidential, and the feedback received was extremely valuable. (See Appendix for a complete list of the interview participants.) A summary of the employer and stakeholder interviews is provided below.

4.2 Why Companies Locate in James City County

What brings companies to James City County in the first place? The consultants asked each business this question. The factors that lead to the establishment of a business in James City County, whether as a new enterprise or as an expansion or relocation from another location, are often important ingredients for *future* business growth. In general, companies identified one or more of the following reasons for locating in the County:

- The CEO/owner was originally from the area and chose to stay.
- The CEO/owner liked the area's quality of life: close to children or grandchildren; a good location for future retirement.
- The company had an opportunity to leverage the tourist traffic associated with Colonial Williamsburg. This is particularly important for companies in the retail and hospitality industries.
- James City County is the location of, or is adjacent to, a major client. The beverage "cluster" associated with the Anheuser-Busch plant is a good example.
- James City County provides access to the Port of Virginia. For warehousing and distribution facilities, logistical access is a selling point.
- James City County offers a strategic location on the East Coast or in the mid-Atlantic region.
- The company serves other businesses in the region. Companies that provide professional services such as engineering find a strong market in James City County.
- James City County offers access to educational resources within the region: technology and business at the College of William & Mary, and graphic arts at Virginia Commonwealth University.

4.3 Recruiting and Staffing Needs and Issues

A February 2007 study produced by Chmura Economics¹ for the Greater Williamsburg Chamber & Tourism Alliance concludes that the Greater Williamsburg area – already experiencing a tight labor market with low unemployment and unfilled positions – faces a severe shortage of labor over the next ten years. Defined as the City of Williamsburg, James City County, and York County, the Greater Williamsburg area will, the report indicates, need to address a diverse array of issues including housing, transportation, training, and wage rates to meet the future labor needs of businesses.

Consistent with the Chmura study findings, the consultant team found labor to be among the biggest challenges noted by companies in James City County, particularly those in the retail, hospitality, and construction industries. Traditionally, retailers have been able to draw from high school educated residents, college students, retirees, and spouses seeking extra income. The labor market has become much more competitive, however, as the number of retailers in the area has increased. Many businesses have had to increase starting salaries and benefits to compete for retail workers; others use employee discount programs, or take advantage of the cachet of a particular store, to recruit the best workers. With new developments around the region expected to create additional demand for workers, it is likely that some low-skilled positions will remain unfilled.

Employer interviews indicate that recruiting and staffing issues exist in other industries as well. The supply of general construction workers other than skilled trades workers (e.g., stonemasons) is tight due, at least in part, to the pace of development in the area. As in other mid-Atlantic states, Hispanic workers are filling some of the demand in construction and landscaping, but industry groups have been pressuring the federal government to increase the number of H2B (temporary worker) visas and reform U.S. immigration policy to address shortages of skilled and unskilled workers.

Typical of areas that are more rural in nature, interviews revealed that there is a limited supply of technical talent: engineers, information technology staff, designers, and other specialists. Professional services firms stated that they have had great difficulty recruiting young college graduates and mid-level professionals to fill positions in James City County. One company told us that they are frequently passed over for jobs in the Richmond metropolitan area, citing the high cost of housing as a contributing factor. The escalation of housing costs has had a tremendous impact on the recruitment of entry-level workers and young professionals entering the housing market. Another issue impacting recruitment, according to those interviewed, is the identification of suitable employment options for the “trailing spouse”; this can be a challenge if the spouse’s industry is not well-represented in the area.

Young singles, in particular, have issues with the Greater Williamsburg area, according to those interviewed. This is due not only to higher than average housing costs, but also to the limited number of meeting places and activities to meet their lifestyle needs; they often seek a more diverse, metropolitan environment. A recent news article in the *Daily Press* highlights this issue. The article² describes the experience of young and middle-aged singles who say the Williamsburg area is “set up for older people”; there are few places where professional singles can meet, and most church-based social groups are targeted to people aged 55 and over. The New Town concept may have something to offer this youthful market, but it is perhaps too early to tell.

The larger industrial employers in James City County reported low turnover and few, if any, recruitment problems. The same is true of the large warehousing and distribution operations. These companies are perceived in the community as good places to work, and their longevity and name recognition probably make it easy to find applicants.

Smaller manufacturing companies, as well as those that offer mostly part-time, seasonal, and/or temporary employment, on the other hand, reported difficulty filling a range of positions. One company has had to outsource work to a different location, while another increased its starting wages and benefits to attract unskilled workers.

4.3 Recruiting and Staffing Needs and Issues (cont'd)

The low unemployment rate is only one part of the problem. With so many low-skilled jobs from which to choose, many high school graduates tend to focus on the retail and hospitality industries with their flexible work schedules than on production jobs that may be perceived as “factory work.” This is an issue that is by no means limited to James City County.

The consultant team also found that finding unskilled labor is more of a problem for companies on the western side of James City County. Given the limited size of the available labor market, we believe that the Toano/Lightfoot area is probably not an ideal location for companies that rely on unskilled, lower wage, part-time and temporary labor due to the lack of this type of labor within a reasonable commute distance. This area is too isolated from the concentrations of population and labor that exist in communities located east of James City County.

4.4 Doing Business in James City County

As a preface to this section, it is important to acknowledge that many of the interview participants indicated that they enjoy doing business in James City County. Asked to identify particular assets or advantages to conducting business in the area, participants noted the following:

- Overall quality of life and amenities; the prestige of the Williamsburg community
- Strong market or client base
- Responsiveness of James City County (e.g., to a water main break)
- Labor and operating costs relative to other locations
- Work ethic related to military presence nearby
- The College of William & Mary as a resource
- Stable property values, return on investment
- Community commitment and volunteerism
- Small town friendliness

One person spoke enthusiastically about “our great community... the educational resources here,” while another stated: “I’m very pro-James City County – we enjoy being here!” adding that the County has done “an amazing job.” Even the most ardent of supporters, however, identified challenges to do business and areas where there is room for improvement.

The development review process in James City County was the issue that quickly rose to the top, cited in multiple interviews as a major problem. With few exceptions, interview participants described the development review process as “arduous” and “unpredictable.” Planning staff were characterized as adversarial and overwhelmed, causing lengthy (and costly) delays in getting projects approved. “We had plans that sat unreviewed for three months because staff was tied up” with other projects, one person commented. Another business owner portrayed planning and permitting officials as “professional but tough,” saying that “they need to understand the business perspective and *work with people* to help them address the requirements.” Repeatedly, the consultant team was told that James City County has earned a reputation as “one of the most difficult places to work with” in the state of Virginia.

Notably, the interview participants reporting *positive* experiences with the development review process represented companies eligible for expedited review due to their size or location in an Enterprise Zone. Describing a building addition completed several years ago, one person said, “The process worked fine for us, but I’ve heard that small contractors have more of a problem.”

Getting to the heart of the matter, specifically to assess how the development review process affects economic development in James City County, required discussions with people on many sides of the issue. In our effort to avoid duplicating the review of Development Management operations conducted by the Business Climate Task Force, and to understand the regulatory process as *one* aspect of the local business climate, the consultant team concluded the following:

4.4 Doing Business in James City County (cont'd)

- According to the Development Management Director, most office and industrial uses are allowed by right and generally do not need a special use permit. As a result, these projects rarely require public hearings unless they are part of a mixed-use development.
- Special use permit requirements for all major commercial (retail) projects kick in a long and arduous review process that is unpredictable and can add significant cost to the project. A special use permit application, or concurrent rezoning/special use permit application review, adds approximately 6 months to the process.
- Development review requirements can be a significant issue for small firms that are not eligible for expedited review unless they can afford to hire attorneys, engineers, and other professionals to assist them with the process.
- Interviews suggest that getting site plan approval can be time-consuming for a business unless the company qualifies for expedited review. In the last five years, approximately 7-10 projects per year have received expedited review. The companies that received expedited review were, in fact, satisfied with the process. (“Expedited review” is essentially an internal procedure, making the project top priority for staff reviewers; there is a 14-day turnaround, as opposed to 30+ days for a comparable project that is not expedited.)
- Although further research may be necessary, it appears that the volume of applications for retail and residential projects – which often require rezoning, special use permits, public hearings, and other procedures – slows the development review process for non-retail economic development projects. In essence, while many of the complaints about the development review process seem to involve residential and retail projects, these issues impact economic development projects indirectly.

Other challenges to doing business expressed by those interviewed included traffic and the proliferation of national big-box retail stores in James City County. Apparently, I-64 traffic congestion is moving west and may impact commuters from Newport News and Hampton; this could further impact local labor shortages and the ability of businesses to draw from communities to the east. There were also very real concerns about the ramp-up and over-saturation of the retail market, along with the potential impact on traffic and on the historic character of the Williamsburg area. One person who relocated to the area said, “James City County is making the same mistakes we made in New Jersey” with regard to retail growth. Another business owner articulated a similar sense of uneasiness with the volume of commercial development: “Route 60 has grown, but it’s threatened – it’s no longer unique, it’s like any other city.” For businesses that rely on tourist traffic, these issues represent significant challenges; for other types of businesses, growth may have less of a direct impact, but can affect the availability of labor, access to markets, and other characteristics.

Two comments were made with regard to the James City County Office of Economic Development. One person expressed disappointment with a recent visit, noting, “There was no execution or follow-through to help us grow our business, no options provided.” Another praised economic development officials, but added they have “no authority to make decisions,” specifically in reference to Development Management.

4.5 Other Comments

- Interview findings suggest that small businesses in James City County feel somewhat insignificant against the presence of very large employers. They have unique needs for affordable space, and are concerned about the cost of doing business locally and the challenges they experience in attracting specific types of labor. However, there has not been a big local focus on small businesses in terms of public policy and economic development strategies.
- The banking environment in the County is very competitive and there are opportunities for loans for moderate-risk business proposals. Each bank has its risk limits built into the loan review process. SBA lending is also easier to do than it was in the past. The availability of financing beyond what is already offered does not seem to be a major issue among businesses at this time.

4.5 Other Comments (cont'd)

- Participants indicated that there is a lot of discussion about affordable housing taking place, but no action, although they acknowledged that the issue has a significant impact on the availability and cost of labor. York County is apparently reluctant to address the affordable housing issue because they have a limited supply of developable land that is not already built-out or used by the federal government.
- The Williamsburg area does not yet have the critical mass of technology workers and businesses necessary to stimulate growth in emerging technologies. To further develop this aspect of the economy, there is a need for some “life support” assistance with lower cost space, incubator support, partnerships with regional universities, recruiting of technical staff, spousal employment opportunities, etc.

1. Chmura Economics & Analytics. “Assessing the Future Labor Market in the Greater Williamsburg Area.” Prepared for the Greater Williamsburg Chamber & Tourism Alliance, February 15, 2007.

2. Muna Killingback, “There’s bad news and good news: Younger singles say the Williamsburg area is ‘set up for older people,’ who have many groups to meet folks in.” *Daily Press*, February 15, 2007.

Section 5
Benchmarking Study

5.0 Benchmarking Study

5.1 Objectives

The benchmarking study was conducted to determine the competitive positioning of James City County (JCC) based on policies, programs and approaches of communities facing similar issues.

5.2 Methodology

Criteria utilized to select the initial screening of peer communities included:

- **Geographic location:** communities from different geographic locations within same region, in other parts of Virginia, or on the East Coast.
- **Size of community:** James City County has a current population of ~58,000. Adjacent jurisdictions include York County with a population of ~62,000 and the City of Williamsburg with a population of ~12,000. The project team focused on communities with a population between 50,000 and 150,000. However, larger high growth communities were also considered.
- **Growth rate:** James City County has an average annual growth rate (AAGR) of over 3.9% from 2000 to 2005. The peer communities were experiencing at least 2% growth per year.
- **Unemployment rate:** relatively tight labor market
- **Education level of population:** skewed toward four-year college attainment
- **Cost of housing:** above average median home value
- **Median household income:** wealth of community that drives attitudes toward land use
- **Population density and overall size of county**
- **Economic drivers and segments:** peer communities should have one or more of the following economic drivers and segments in their local economy:
 - > Retirement – driving home and retail construction while raising home prices and posturing an anti-growth sentiment for many growth opportunities (manufacturing, technology, offices, etc.)
 - > Tourism – includes destination venues (recreation and shopping), accommodations and food service
 - > Traditional manufacturing – food processing, medical devices/supplies, etc.
 - > University presence – student employment, R&D activity and anti-land use issues
 - > Small business – stimulation of small business, particularly business services, technology, etc.

Also included in the initial screen were the locations identified by the College of William and Mary study on competitiveness performed recently for York County and the comparison analysis performed by Sandra Barner, formerly of James City County Office of Economic Development.

5.3 Screening Process for Selecting Benchmark Counties

Screen 1: Population, five-year growth rate, tightness of labor market, college education and retired populations level.

	Location	2005 Population	5-Yr. Growth Rate	Unemployment Rate (2005)	% Four-Year College	% 65+ Yr. Olds
	Virginia					
	James City	57,530	19.6%	2.9	41.5	17.7
■	Co. Prince William	348,600	24.1	2.5	31.5	5.6
	Co. Prince George	36,725	10.9%	4.4	19.4	11.5
■	Co. York Co.	61,760	9.7%	2.9	37.4	10.5
	Lynchburg	67,000	2.7	4.4	25.2	16.9
■	Cty. Stafford Co.	117,900	27.5	2.4	29.6	5.7
■	Hanover Co.	97,430	12.9	2.7	28.7	11.3
■	Albemarle Co.	90,700	7.7	2.2	47.7	12.2
	Goochland Co.	19,360	14.8	2.9	29.4	12.6
■	Loudoun Co.	255,500	50.5	2.0	47.2	5.3
	Henry Co.	56,500	-2.6	6.6	9.4	16.2
	Montgomery	84,300	0.7	3.1	35.9	9.1
■	Co. Spotsylvania	116,500	28.9	2.3	22.8	8.0
	Co. Hampton Cty.	145,600	-0.6	4.7	21.8	11.1
	Newport News	180,000	-0.4	4.6	19.9	10.4
■	Cty. Suffolk Cty.	79,000	24.1	3.7	17.3	10.4
	Roanoke Cty.	92,600	-2.4	4.2	18.7	16.7
	Henrico Co.	280,600	7.0	3.3	34.9	12.1
	Frederick Co.	69,100	16.7	2.5	18.6	10.9
	Delaware					
■	Kent Co.	144,000	13.6	3.7	18.6	12.3
	Maryland					
	Harford Co.	239,300	9.5	3.9	27.3	10.8
	North Carolina					
	Iredell Co.	140,900	14.9	5.0	17.4	12.4
■	New Hanover	180,000	12.0	3.9	31.0	13.2
	Co. Cabarrus Co.	150,200	14.6	4.5	19.1	10.9
	Pitt Co.	142,600	6.6	5.7	26.4	9.7
	Moore Co.	81,700	9.3	4.9	26.8	21.4

5.3 Screening Process for Selecting Benchmark Counties (cont'd)

	Location	2005 Population	5-Yr. Growth Rate	Unemployment Rate (2005)	% Four-Year College	% 65+ Yr. Olds
	South Carolina					
■	York Co.	190,100	20.9	6.6	20.9	10.5
■	Beaufort Co.	137,800	33.2	4.5	33.2	17.4
	Georgia					
■	Forsyth Co.	140,400	34.6	3.2	34.6	7.1
	Hall Co.	165,800	18.7	4.4	18.7	9.3
	Florida					
	Hernando Co.	158,400	12.7	4.5	12.7	26.7
	Lake Co.	277,000	16.6	3.6	16.6	26.7
■	St. Johns Co.	161,500	31.2	2.9	33.1	14.7

The primary driver for the first screen was to select communities that had significant growth rates, in that rapid growth brings significant challenges to the community that can seriously impact its business environment.

Also considered was the level of college graduates and retirees as well as unemployment rates to reflect on communities that may be less supportive of growth – particularly industrial growth.

York County was initially selected due to its proximity to James City County, and Albemarle County was considered due to its proximity to Charlottesville and UVA.

5.3 Screening Process for Selecting Benchmark Counties (cont'd)

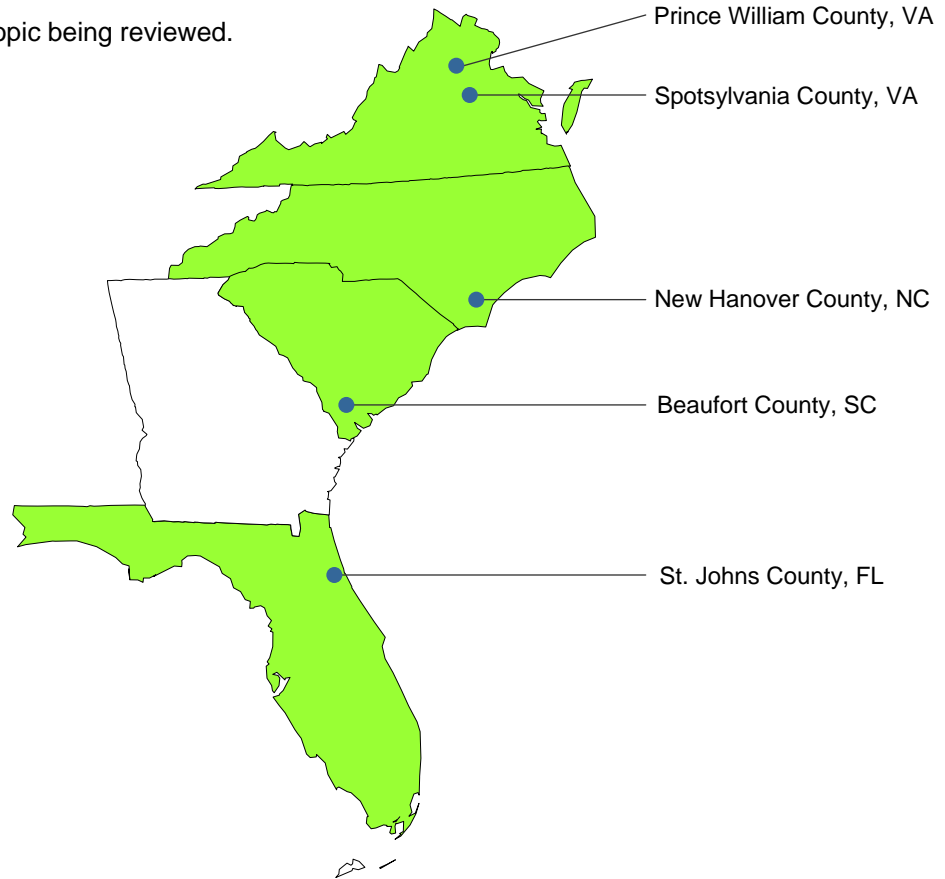
Screen 2: Focus on key economic segments, industry presence and median home price.

	Location	Mfg. Employment	% Retail	% Hospitality	University	Student Enrollment	Median Home Price
	Virginia						
	James City	2,150	14.2	14.5	William & Mary	7,550	\$256,600
■	Co. Prince William	2,600	27.9	11.8	George Mason Univ.		\$282,800
	Co. York Co.	400	22.5	16.5	William & Mary	7,550	\$240,700
	Stafford Co.	600	14.7	11.4	Univ. of Mary Washington	4,700	\$266,700
	Hanover	3,600	14.4	7.3			\$225,700
	Albemarle Co.	1,300	19.7	8.3	University of VA	23,800	\$260,100
	Loudoun Co.	4,600	14.9	8.6			\$353,900
■	Spotsylvania Co.	2,000	21.4	9.7	Univ. of Mary Washington	4,700	\$217,200
	Suffolk Cty.	1,900	16.9	7.3			\$172,700
	Delaware						
	Kent Co.	6,100	18.4	8.5	Delaware State Univ.	3,700 2,300	\$166,800
	North Carolina				Westey College		
■	New Hanover Co.	6,500	17.5	13.3	UNC - Wilmington	11,800	\$171,200
	South Carolina						
	York Co.	10,700	13.7	8.0	Winthrop University	6,500	\$129,500
■	Beaufort Co.	800	17.7	18.5	USC - Beaufort	1,300	\$232,700
	Georgia						
	Forsyth Co.	7,400	15.1	6.3			\$233,800
	Florida						
■	St. Johns Co.	2,300	19.7	19.0	Flagler College	2,200	\$241,600

5.3 Screening Process for Selecting Benchmark Counties (cont'd)

Five counties were selected as outlined below.

In addition, other counties were be studied based on the particular benchmarking topic being reviewed.



	Location	Discussion on Rationale for Selection
VA	Prince William Co.	High growth, highly educated area outside Washington DC. Has some manufacturing, significant retail and similar median housing cost.
	Spotsylvania Co.	Located south of Fredricksburg between Washington, DC and Richmond with high growth, manufacturing, a small university and high retail employment.
NC	New Hanover Co.	Located on NC coast at Wilmington with moderate growth, an emerging retirement population, significant and diverse manufacturing employment as well as a strong seasonal tourist segment. Perceived as high quality of life with significant historical section in the downtown area.
SC	Beaufort Co.	Located in SE coast of SC and includes the resort/retirement community of Hilton Head. The county has high growth, highly educated population and large retirement community with high retail/hospitality employment.
FL	St. Johns Co.	Located on east coast of FL south of Jacksonville and includes the historic city of St. Augustine. County has high growth, expanding retirement community, manufacturing presence and significant tourism trade.

5.4 Profile of Benchmarked Counties

Provided below is a comparison of the benchmarked counties vs. James City County. U.S. averages for selected data are as follows:

5-year growth rate: 5.1%

Median Household Income: ~\$47,000

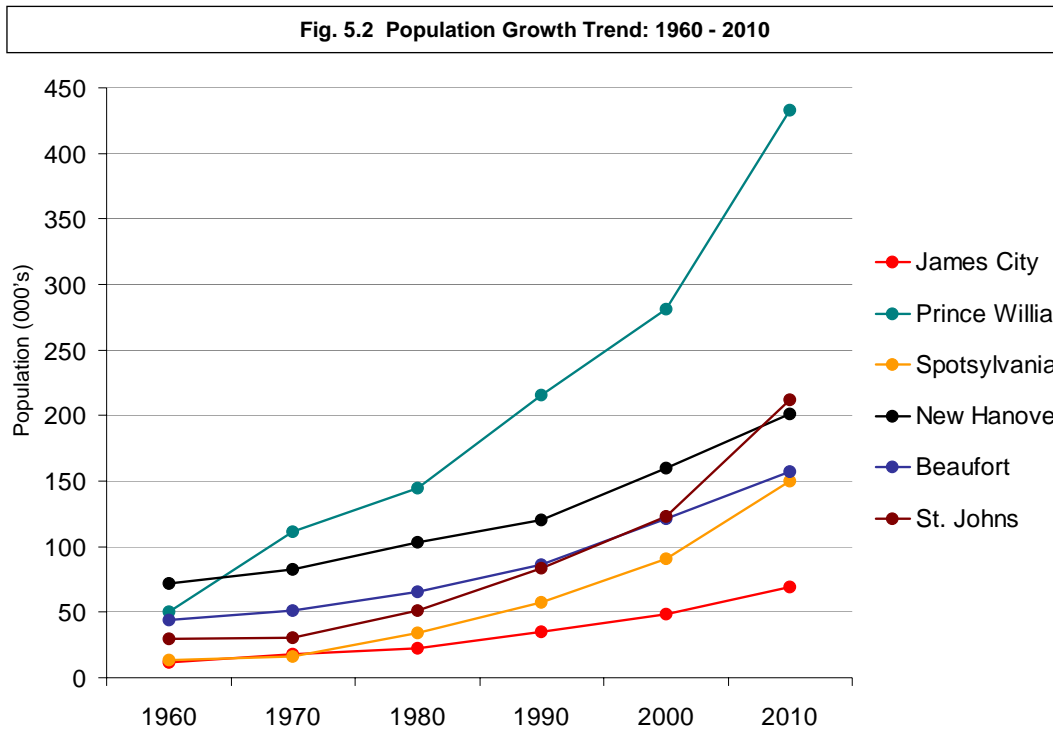
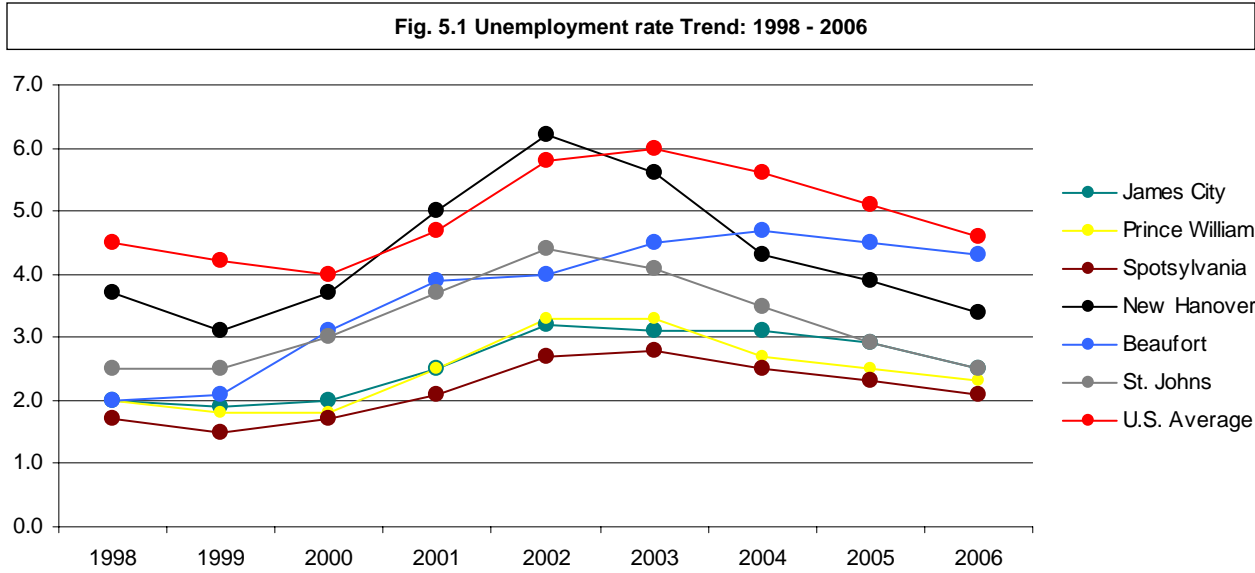
4-year college education level: 24.6%

Median Home Price: \$219,000

Description	James City	Prince William	Spotsylvania	New Hanover	Beaufort	St. Johns
Population	57,530	348,600	116,500	180,000	137,800	161,500
5-Yr. Growth	19.6%	24.1%	28.9%	12.0%	33.2%	31.2%
Education						
• High School	89.3%	88.8%	83.8%	86.3%	87.3%	87.2%
• 4-Yr.+ College	41.5%	31.5%	22.8%	31.0%	33.2%	33.1%
Age Cohorts						
• 17 and less	20.6%	29.7%	27.5%	21.1%	23.9%	21.1%
• 65+	17.7%	5.6%	8.0%	13.2%	17.4%	14.7%
Land Area (mi²)	142	337	400	198	586	609
Pop. Density	336	831	225	803	206	202
Building Permits	1,178	5,427	1,665	3,401	4,650	5,718
Median Home \$	\$317,500	\$384,000	\$310,000	\$240,000	\$280,000	\$241,600
Median HH Inc.	\$66,400	\$77,100	\$67,700	\$45,800	\$54,700	\$57,900
Interstate Access	I-64 (E/W)	I-95 (N/S)	I-95 (N/S)	I-40 (W)	I-95 (N/S) 20 m.	I-95 (N/S)
Air Access	Multiple Regional Airports	Hub Airport	Regional Airport (50 miles)	Small Regional Airport	Small Regional Airport (25 miles)	Major Regional Airport (50 miles)
Unemploy. Rate 2006	2.5%	2.3%	2.1%	3.4%	4.3%	2.5%
Median Cost of Labor						
• Accountant	\$43,700	\$48,800	48,400	\$43,200	\$41,100	\$42,100
• Retail Sales Clerk	\$20,900	\$23,300	\$23,300	\$21,200	\$20,500	\$20,600
• Assembler	\$22,600	\$24,900	\$24,800	\$22,700	\$21,800	\$21,500
Employment	23,680	100,750	28,500	95,800	60,600	51,200
• Manufacturing	7.8%	2.2%	7.0%	6.1%	1.6%	6.2%
• Construction	7.6%	15.0%	14.2%	8.2%	10.9%	7.5%
• Retail	13.1%	18.1%	22.7%	14.3%	15.3%	5.71%
• Fin. Services	1.5%	1.8%	2.5%	2.9%	2.5%	2.7%
• Prof/Tech Serv.	5.0%	6.1%	4.4%	5.9%	4.0%	4.3%
• Healthcare	5.8%	6.3%	4.8%	10.0%	7.2%	10.3%
• Hospitality	11.9%	9.8%	7.5%	12.7%	17.8%	16.7%

5.4 Profile of Benchmarked Counties (cont'd)

Most of the counties (except New Hanover) have unemployment trends significantly below national averages. Population growth is similar among the counties except for Prince William which is experiencing high growth from the Washington, DC metro area.



5.5 Presentation of Benchmarking Results

In the charts below, the following abbreviations are used:

PWC: Prince William County, Virginia
 SC: Spotsylvania County, Virginia
 NHC: New Hanover County, North Carolina
 BC: Beaufort County, South Carolina
 SJC: St. Johns County, Florida

Economic Development Organizations & Websites	
PWC	Prince William County Department of Economic Development http://www.pwcecondev.org/ Staff of 12 (9 professional, 3 administrative)
SC	Spotsylvania County Department of Economic Development http://www.spotsylvania.org Staff of 6 (5 professional, 1 administrative); includes a Tourism Marketing Manager Also has an Economic Development Authority with appointed members
NHC	Wilmington Industrial Development, Inc. – a private, not-for-profit organization serving the Greater Wilmington Region: New Hanover and Pender Counties and the City of Wilmington http://www.wilmingtonindustry.com/ Staff of 3... plus a public/private Board of Directors
BC	Greater Beaufort-Hilton Head Economic Partnership, Inc. - a non-profit economic growth corporation serving Beaufort County http://www.bhheconomics.org/ Staff of 3... plus a public/private Board of Directors
SJC	St. Johns County Chamber of Commerce's Economic Development Commission (EDC) http://www.stjohnscountychamber.com/ Staff of 3

5.5 Presentation of Benchmarking Results (cont'd)

Target Industries	
PWC	<ul style="list-style-type: none"> • Biotechnology (anchored by the George Mason University life sciences campus) • Information technology • Other technology industries seeking to locate or expand their business operations near D.C. • Corporate facilities – headquarters, operations centers
SC	<ul style="list-style-type: none"> • Marketing focus is on Spotsylvania’s strategic location off I-95, proximity to Northern Virginia without the high real estate costs, and vigorous growth • Manufacturing firms, esp. those that need access to raw materials and ship finished goods • Distribution centers • Tourism – a major economic opportunity
NHC	<ul style="list-style-type: none"> • Biotechnology • Chemical manufacturing • Construction • Marine trades • Packaging and equipment • Tourism – a major contributor to the local economy
BC	<ul style="list-style-type: none"> • Technology-based light manufacturing • “Knowledge-based businesses such as software and telecommunications with desire for a high amenity environment” • Construction • Tourism
SJC	<ul style="list-style-type: none"> • Financial services • Information technology • Aviation and automotive • Food products and distribution • Medical products • Recreational and sporting equipment • Distribution and logistics • Tourism

5.5 Presentation of Benchmarking Results (cont'd)

Strategies & Techniques for Managing Growth	
PWC	<p>Prince William County recognizes that growth and change are vital to its well-being; the focus is on making sure that growth is managed and that development is consistent and orderly. Objectives include improving the value of land and existing developed properties, preserving open space, and supporting businesses.</p> <p>County planners have a philosophy of “growth pays for growth”: new rezonings for residential development must provide proffers consistent with Board guidelines for transportation, libraries, schools, parks, fire and rescue, and so on.</p> <p>Like many other counties, Prince William has a designated “Development Area” that is serviced by public water and sewer.</p> <p>Another strategy for managing growth is encouraging economic development that generates tax revenue to meet infrastructure needs.</p>
SC	<p>Spotsylvania County was rural until the 1970s. Population growth has been stimulated by development pressures from Washington, D.C. and Northern Virginia. Although Prince William and Fairfax counties have added more residents in sheer numbers, Spotsylvania has experienced a high percentage rate of growth.</p> <p>In response, the county’s 2002 Comprehensive Plan established a maximum residential growth rate of 2% per year. A new zoning plan reduced “by right” development by 32,607 units. Additionally, proffers for single family homes nearly tripled, from less than \$9,000 to \$19,000 for a single-family home (proffers have since increased to more than \$35,000). This was controversial at the time, but the result has been fewer rezonings and slower residential growth; in the last several years, Spotsylvania County has added approximately 1,500 housing units per year.</p> <p>The county also established a goal to increase its industrial and commercial tax base at a rate of at least 2% per year.</p>
NHC	<p>Wilmington and New Hanover County have a joint Coastal Area Management Plan that is essentially a land use plan. It contains numerous policies for protecting, preserving, developing and managing the coastal area covered by the two communities. The County Planning Department has been particularly active in addressing issues of environmental quality including watershed protection, floodplain management, and conservation of natural resources.</p> <p>Like other counties, New Hanover County has a designated “Urban Services Area” that is serviced by public water and sewer or where such services may be extended in the future.</p>
BC	<p>Population growth and high disposable income levels have generated a strong market for commercial land and there are low vacancy rates in existing retail centers. According to its Comprehensive Plan, however, Beaufort County has plenty of vacant zoned acreage to address the anticipated demands of commercial growth into the future. There is plenty of land available for future industrial growth as well, although some improvements are needed in existing business park sites.</p>
SJC	<p>Currently St. Johns County has a temporary moratorium on residential building permits; however, there is an approved backlog of approximately 50,000 new units. Many of these are in large scale projects of 10,000 to 14,000 units each, and will have a significant regional impact. The county had previously applied an impact fee of \$15,000 per land unit. This did not stop housing development, but it did discourage office development.</p> <p>Growth management is a huge issue at the state level. Florida’s growth management laws were overhauled in 2005 to ensure that roads, schools, and water are available to meet the needs of growing communities, but the issue is constantly under study.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Strategies & Techniques for Managing Growth: Additional Information

The Virginia Chapter of the American Planning Association (VAPA) has produced a *Guide to Virginia's Growth Management Tools* (1999, updated in 2002). As the report notes, most localities use the four "basic tools of planning" (the comprehensive plan, zoning and subdivision regulations, and capital improvement budgeting), but the extent to which they are used and to which the policy directions of comprehensive plans are supported by zoning and subdivision regulations/decisions and capital improvement programs is inconsistent among local governments in Virginia.

Other tools identified in the report are designed to address the impacts created by growth, with an emphasis on residential land development. They include coordination between land use and utilities, level of service standards, use of fiscal impact analysis, conditional or special use permits, conditional zoning along with cash proffers, and impact fees. The common limitation of these tools is that the majority can only be applied at the time of a rezoning and are ineffective with development that is "by-right" or does not require legislative action by the local government.

VAPA recommends various enhancements to the existing authority granted by Virginia to localities and one additional, new authority to increase local government's ability to address the impact of growth and development. State leadership is undoubtedly needed in this area.

Communities in Delaware, Maryland, and Virginia have designated "Growth Zones" (DE), "Primary Development Districts" (MD), and "Primary Service Areas" (VA). All serve the same basic purpose – coinciding with the location of public water and/or sewer, they allow population, services, and employment to be focused on a central area, preserving open space and rural character elsewhere in the community.

Resources and References:

Guide to Virginia's Growth Management Tools – VAPA:

<http://www.vaplanning.org/pdfs/growthtools.pdf>

5.5 Presentation of Benchmarking Results (cont'd)

Planning and Developing Land for Future Office & Industrial Use	
PWC	<p>The centerpiece for office and industrial development is INNOVATION @ Prince William Technology Park, a 1,500-acre business and technology park established in 1992 as a public-private partnership between Prince William County and George Mason University. Targeting biotechnology and life sciences, the park has evolved into a “university-centered” model for economic development, with nearly 2,700 new jobs created. In the works is the Innovation Executive Center, a 50.6-acre master planned office development within the park that will feature 640,000 SF of Class A office space.</p> <p>Policies and actions from Prince William County’s Comprehensive Plan include facilitating rezonings that would increase acreage for prospective targeted industries, including mixed-use development; and monitoring the capacity of the County’s zoning map to accommodate targeted industries and County-based companies to ensure an adequate inventory of zoned land for these activities. The County also focuses on the redevelopment of areas that are no longer competitive to increase economic activity.</p>
SC	<p>With three principal business corridors that intersect with Interstate 95, Spotsylvania County has recognized the need to reserve or allocate well-sited parcels of land near the area’s major arterials and established centers of employment. The county has a substantial inventory of business and industrial parks, sites and buildings along I-95, including “flex” space suitable for smaller businesses. These sites and their accessibility are integral to the county’s economic development strategy.</p> <p>Specific areas of the county have been designated as Business Development Districts (BDDs). Non-business land uses are not permitted in these areas.</p>
NHC	No specific feedback.
BC	<p>In 2006, the Greater Beaufort-Hilton Head Economic Partnership purchased the 195-acre Beaufort Commerce Park for \$2.9 million. The park is being master planned to provide businesses with needed facilities, including the extension of water and sewer lines, roads, drainage and storm water management. The first speculative building is being constructed, the first manufacturing tenant has signed up, and it was recently announced that Carolina Door and Millwork has acquired approximately 28 acres in the park to construct its new manufacturing facility, creating 50 new jobs. The Partnership has long recognized the importance of having “product” available, and sees this project as a “must-do” for business attraction.</p>
SJC	<p>With intense residential growth pressures, there are definite concerns about the availability of land and the lack of shovel-ready sites for economic development in St. Johns County. The EDC has hired a consultant to prepare a study that will identify suitable sites and locations and provide conceptual plans spelling out the potential of each site in more detail. One idea being considered is the creation of a land bank to set aside areas for future commercial and industrial development. This would allow the County to diversify its tax base and maximize job growth potential. The study is expected to be completed in summer 2007.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Planning and Developing Land for Future Office & Industrial Use
Other Areas
<p>The Comprehensive Plan of Charles County, Maryland designates commercial and industrial floating zones, in addition to its existing Employment and Industrial Districts, to promote economic development and increase opportunities for target industry attraction. A <i>floating zone</i> is established in the zoning law with standards and requirements, but is not mapped until a proposal for such a use arises; it is similar to the Planned Development process except that all the standards and requirements are specified up front in the zoning law. In Charles County, business and industrial parks with a minimum 20-acre area would be permitted “as a floating Planned Development zone in the Development District... Guidelines call for a park-like atmosphere providing an attractive buffer between commercial uses and other neighboring land uses. Among the locational criteria considered when approving such a floating zone is the availability of direct traffic access to arterial or collector routes.”</p>

5.5 Presentation of Benchmarking Results (cont'd)

Labor Supply/Quality Issues and How They Are Addressed	
PWC	None identified.
SC	Labor shortages are not an issue. In fact, a recent study showed that Spotsylvania County has a large hidden workforce: “thousands of highly qualified workers who live in Spotsylvania, yet commute every day to jobs outside the county.” Recognizing the need to connect this workforce with local businesses, the Department of Economic Development launched the “WorkCloser2Home” initiative, with its own website: www.workcloser2home.com . Residents feel that more employment opportunities within the county are needed. The main purpose of the WorkCloser2Home initiative, however, is to reduce traffic congestion and increase the county’s commercial/industrial tax base by attracting businesses that can utilize this strong labor pool.
NHC	None identified.
BC	Labor shortages are an issue in the Hilton Head area, forcing some employers to recruit lower wage employees from the Caribbean. The Town of Hilton Head Island’s Comprehensive Plan notes that in-commuters represent a growing segment of the local labor force. “The ability of Hilton Head Island to accommodate a large low cost labor force is severely hampered by its high land prices and lack of affordable housing. [Also] because of its demographics, the Island’s existing population being older and wealthier than the norm is unlikely to fill the new jobs. The communities surrounding Hilton Head Island, with lower living costs and a younger, more economically active population have constituted a growing proportion of the Hilton Head Island labor force.” Beaufort County is beginning to recognize that the lack of abundant affordable housing limits its ability to attract and retain these workers. (See section on Workforce Housing.)
SJC	Labor shortages are not an issue for St. Johns County, as employers are able to draw from an extremely large area.
Other Areas	
<p>Labor shortages have become quite common to resort/destination areas, from Cape Cod and Martha’s Vineyard to the Florida coast, in large part because of the housing affordability issue. An October 2006 news article about labor shortages in Marco Island, Florida was aptly headlined: <i>“Want service? Get it yourself.”</i></p> <p>“Here in Southwest Florida, the white sandy beaches and spectacular sunsets lured people to Paradise. But once they get here, waiting becomes a way of life. It’s another immeasurable outcome of the shortage of affordable housing — not enough help to wait on customers because workers cannot find a place to live.... As housing prices shot up 100 percent or more in Lee and Collier counties in the past two years, demand for workers has exploded, too. With two new malls, Gulf Coast Town Center and Coconut Point, opening in south Lee County within a few months and miles of each other, insiders say the tourist season is going to be a test of patience this year.”^[1]</p>	

1. Denise Zoldan. “Affordable housing: Want service? Get it yourself.” *Marco Daily News*, October 22, 2006.

5.5 Presentation of Benchmarking Results (cont'd)

Workforce/Affordable Housing Issues and How They Are Addressed	
PWC	<p>In consultation with the Prince William Housing Advisory Board, the County Board of Supervisors appointed a Workforce/Affordable Housing Task Force in April 2004. The Task Force was composed of key representatives from the housing industry (developers, builders and realtors), the business community, County agencies and interested citizens. The Board of Supervisors also appropriated funds to provide consultant services to the Task Force through Virginia Tech’s Center for Housing Research, which produced a report in 2005.</p> <p>The report indicated that median sales prices had outpaced income growth, rising to over \$300,000. This would require a household income of \$100,000 to qualify for a mortgage on a new townhouse and \$143,000 to purchase a new single-family home. The report found that 39% of salaried county employees were living outside Prince William County. “Workforce housing” was defined as housing options affordable to households earning 50-120% of the area’s median family income, or between \$44,650 and \$107,160 annually.</p> <p>The Task Force report recommended a multi-faceted workforce housing program with 9 key approaches:</p> <ol style="list-style-type: none"> 1. Adopt specific, annual, moderately-priced workforce housing unit production goals and conduct annual community summit to review progress toward meeting the goals. 2. Use the 2008 Comprehensive Plan process and review/revise land use regulations to promote enhanced production of moderately-priced workforce housing (e.g., density bonuses, expedited permitting, multi-family housing near mixed-use and employment centers). 3. Establish a Housing Preservation and Development Trust Fund, to be administered by the PWC Office of Housing & Community Development (OHCD), to underwrite innovative approaches to reaching annual housing production goals. Initial capitalization through voluntary cash contributions made for “affordable housing” by applicants as part of their rezoning applications. 4. Preserve existing stock of moderately-priced owner-occupied and rental housing units. 5. Improve and expand first-time homebuyer programs. 6. Establish an Employer Assisted Housing (EAH) Program to benefit county employees and serve as a template for replication by private sector employers. 7. Adopt a Moderately-Priced Dwelling Unit Ordinance, as permitted by the Virginia General Assembly, that partners government and the development industry in attaining annual production goals for moderately-priced workforce housing. 8. Provide financial and technical assistance to for-profit and not-for-profit developers in the provision of moderately-priced workforce housing, and, in parallel, inform the county residents about all aspects of the need for and methods for achieving annual housing production goals. 9. Participate in regional approaches to balance housing and economic development activity through the Metropolitan Council of Governments and other appropriate forums. <p>The responsibility for follow-up has largely been granted to the OHCD. The office reviews and comments on proposed residential developments, particularly those requiring rezoning, and provides written comments to the Planning Office highlighting options for the developer to make a monetary contribution to the Housing Preservation and Development Fund. The County Board has also directed the Planning Office to be more proactive in seeking units and/or affordable housing proffers, especially from rezoning applications for residential development. Workforce housing is considered in context of the development review process as well.</p> <p>Administered by the OHCD, the Housing Preservation and Development Trust Fund has accumulated about \$1.5 million, mostly from proffers, in the last five years. Some of the money was recently allocated to the Greater Prince William Community Development Center, a cooperative effort between churches, faith-based organizations, builders, developers, lenders and the county. An Employee Housing Assistance Program proposal, aimed at meeting the housing needs of county workers, has been approved in principle by County Board, but legal authority must be granted by Virginia General Assembly.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Workforce/Affordable Housing Issues and How They Are Addressed (cont'd)	
SC	<p>Spotsylvania County’s Comprehensive Plan is in the process of being updated. However, the Draft Housing element of the new Comprehensive Plan (dated October 2006) recognizes that housing affordability is an increasingly important issue, and recommends:</p> <ol style="list-style-type: none"> 1.establishing a Housing Trust Fund with the proceeds from proffers; 2.reducing regulatory barriers that impede the development of affordable housing, and 3.ensuring that housing developments which incorporate affordable housing are given equal economic development priority as it relates to expedited permitting.
NHC	<p>Although there is anecdotal evidence that housing affordability is declining because developers are constructing more expensive homes, the issue has not yet reached a critical point; there are still plenty of lower-cost homes in adjacent counties.</p>
BC	<p>Beaufort County’s Comprehensive Plan had acknowledged that most recent residential development had been “high-end,” creating a shortage of other types of housing. In 2004, a <i>Workforce Housing Needs Assessment</i> was prepared for Beaufort County by a consultant. In setting the stage, the consultant was very direct in making the case for affordable housing in an economic development context: “An affordable housing supply is a critical component in economic development. In order for businesses to recruit, hire and retain employees, the community must offer a housing supply that is affordable at prevailing wages. Further, if an area is to recruit new industry, it must demonstrate its ability to provide housing for both workers and executives. Housing is now a part of the economic development equation.”</p> <p>The report defined workforce housing as a single-family home, townhouse or condominium priced below about \$125,000; workforce households were defined as households whose members collectively earned less than 80% of median household income, as determined by the U.S. Department of Housing and Urban Development. This generally included those earning less than \$45,000 per year.</p> <p>In addition to quantifying the depth of the projected housing shortage and measuring the demand for various housing product types by price/rent range, the report identified a number of barriers to housing development, including land and construction costs, lack of undeveloped land near job centers, a limited supply of land zoned for higher-density residential development; and “NIMBYism” (NIMBY = <u>N</u>ot <u>I</u>n <u>M</u>y <u>B</u>ack <u>Y</u>ard) regarding the need for workforce housing.</p> <p>Recommendations to facilitate the creation of a workforce housing implementation strategy included:</p> <ol style="list-style-type: none"> 1.“First and primary, the full community, including citizens, the private market and the public sector, must be educated with respect to the need for workforce housing development to support economic development and business growth in the county, as well as the real economic benefits associated with providing housing opportunities for households at all income levels.” 2.Direct subsidies or gap financing mechanisms, such as tax abatements, and a reduction or elimination of impact fees associated with workforce housing development. 3.Zoning changes, such as density bonuses, “up-zoning” of land, and inclusionary zoning policies. 4.Establishment of a workforce housing development fund, funded through impact fees and/or real estate transfer taxes on high-end housing. <p>Since the completion of the report, the Beaufort County Affordable Housing Consortium has been working with County planners on ways to close the affordable housing gap. In addition, a community being developed in Bluffton will include lower-cost housing, with townhomes priced at \$160,000-\$180,000.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Workforce/Affordable Housing Issues and How They Are Addressed (cont'd)	
SJC	<p>Emerging from St. Johns County’s long range planning process, an <i>Affordable Housing Study</i> was prepared by a consultant for the Board of County Commissioners in 2002. Similar in content to the other studies described, the report analyzed the local housing market, calculated housing needs at different income levels, identified local regulatory barriers to affordable housing, presented various mechanisms that can be used to promote affordable housing development, and provided a series of recommendations.</p> <p>Among the recommendations for removing/reducing regulatory barriers to affordable housing were:</p> <ol style="list-style-type: none"> 1.Create and adopt an affordable housing zoning district that 1) incorporates the recommended minimum zoning and subdivision standards where they are needed; 2) includes the rezoning of enough land within the community to significantly reduce both land and improvement costs to a more affordable level and; 3) establishes not only an affordable minimum lot size but a maximum (but small) house size that can be built on that lot 2.Reduce minimum lot width requirements for the highest density single family zoning districts 3.Reduce minimum front setback requirements 4.Allow smaller lots to reduce housing costs 5.Allow multi-family development as a permitted use in selected overlay residential districts 6.Use bonus densities to create higher densities in the range of 14-16 units per acre for multi-family housing 7.Legalize accessory apartments 8.Consider eliminating all permitting fees for very low-income residential projects <p>An affordable housing density bonus has been added to the county’s Land Development Code.</p> <p>The need for workforce and affordable housing in St. Johns County remains very serious. There are multiple agencies and organizations working to address the problem. For example, a private, non-profit housing agency, the St. Johns Housing Partnership, is located in St. Augustine. Its primary activity is emergency repair, revitalization, and weatherization; however, the agency also “offers credit counseling for local employees challenged by the disparity between local wages and rising housing costs.” With state funding, a private developer is constructing Hancock Place, with 32 single-family homes that will be sold to pre-qualified graduates of the Partnership’s homebuyer education classes. The county has also established a homeownership program.</p> <p>Workforce housing is on the legislative agenda of the St. Johns County Chamber of Commerce. “As St. Johns County is one of the fastest growing counties in the U.S., the St. Johns County Chamber encourages legislation to support any statewide initiatives to fund workforce/affordable housing programs in an effort to provide basic and reasonable opportunities for our workforce to actually reside in the County in which they are employed.”</p>

5.5 Presentation of Benchmarking Results (cont'd)

Workforce/Affordable Housing Issues and How They Are Addressed (cont'd)
Other Areas
<p>Workforce housing has become an issue for numerous destination/resort communities, including places like Nantucket and Provincetown (Cape Cod), Massachusetts. When the cost of housing is driven up by second-home development, municipal workers, teachers, firefighters, and others can no longer afford to live in the communities they serve. In addition, the shortage of seasonal housing causes labor force shortages during the busy tourist season.</p> <p>A 1998 study conducted for Nantucket recommended creating affordable housing “on transit corridors or adjacent to schools or areas of employment” and streamlining the development process for affordable housing projects. Other strategies included</p> <ol style="list-style-type: none"> 1. Allowing the development of small-scale multi-family housing as an “as of right” use in defined zones; these units can be designed to look like single-family homes with parking and yard space to avoid overwhelming their neighbors. 2. Providing housing units in dormitory style buildings for the annual influx of seasonal workers. These buildings can contain apartments, or function as large houses, with dorm style bedrooms, men’s and women’s bathrooms and a common kitchen and living room. Local business owners may wish to invest in the equity required for this housing for the privilege of being able to rent the units to seasonal employees. 3. Developing public/private projects as models to expand the housing supply, particularly for municipal workers.
<p>Two recent Florida studies – the <i>City of Fort Lauderdale Workforce Housing Study</i> (2005) and Lee County’s <i>Recommendations for Developing Workforce Housing</i> (2006) – stress the importance of public education in addressing the challenge of workforce housing. Without this process to build public awareness and support, community-based efforts to increase the production of workforce/affordable housing will ultimately fail.</p> <p>As the Fort Lauderdale study points out, “affordable housing” is often perceived as public housing, i.e., for people on welfare, which it is not. Increasingly, communities are using the term “workforce housing” to re-educate the public as to its nature and more adequately reflect those who need this type of housing.</p> <p>“Workforce housing provides a stepping-stone for young families, a smaller, more manageable home for seniors, or creates housing for the community’s workforce. Workforce housing focuses on providing homes for public employees, public safety volunteers and employees of small and large business in the [community]... It can be ownership or rental, a two family house, accessory apartment, townhouses or typical market-rate apartment units.” The study goes on to present a lengthy discussion of the policies and tools used by communities in addressing workforce housing, from cluster developments and smaller lot sizes to density bonuses, waiver of impact fees, accessory dwelling units, etc.</p> <p>In recommending that the changes to the development review process be considered, the Lee County report cites the approach taken by nearby Manatee County. “Manatee County has dramatically increased workforce housing development activity by employing a regulatory and financial incentive program that focuses heavily on helping developers negotiate the regulatory process... the number of proposed workforce housing units in Manatee increased from zero in 2004, to 589 in just the first half of calendar year 2006 alone... Reducing regulatory complexity and time-to-market appears to be a winning combination in spurring workforce housing production.”</p>

5.5 Presentation of Benchmarking Results (cont'd)

Workforce/Affordable Housing Issues and How They Are Addressed (cont'd)
Other Areas
<p>The Twin Cities area of Minnesota repositioned the need for affordable housing as an economic prosperity issue requiring a long-term investment. A consultant study, <i>Workforce Housing: The Key to Ongoing Regional Prosperity: A Study of Housing's Economic Impact on the Twin Cities</i>, found that supplying an adequate amount of workforce housing is critical for the Twin Cities to compete with other metropolitan areas. Every positive move to resolve the shortage of workforce housing makes the Twin Cities region stronger in the competition to capture new economic growth.</p>
<p>The Governor's Task Force on Workforce Housing in Maryland produced a report in July 2006. Recommendations were organized into three categories: those that require state action alone; those requiring collaboration among state agencies, local government, and others; and recommendations requiring legislative action. Collaborative strategies included:</p> <ul style="list-style-type: none"> •Encourage creation of non-profit community land trusts to acquire land for workforce housing •Increase construction of workforce housing through infill and redevelopment •Develop new employer assisted housing initiatives •Expedite the permitting process •Develop a model ordinance •Maintain stock of workforce housing •Create density variance bonuses •Encourage consideration of creative housing options.

Resources and References:

Prince William County (VA) Workforce/Affordable Housing Task Force Report

<http://www.pwcgov.org/docLibrary/PDF/003476.pdf>

Beaufort County (SC) Workforce Housing Needs Assessment

http://www.bcgov.net/public_info_officer/workforce%20housing/workforcehousing.aspCity of

Fort Lauderdale (FL) Workforce Housing Study – report and presentation

http://ci.ftlaud.fl.us/workforce_housing/index.htm

Lee County (FL) Recommendations for Developing Workforce Housing

http://www.leecountybusiness.com/Team_uploads/Workforce_Housing_Final.pdf

Workforce Housing: The Key to Ongoing Regional Prosperity: A Study of Housing's Economic Impact on the Twin Cities (MN)

http://www.fhfund.org/dnld/reports/Workforce%20Housing_Full%20Report.pdf

Governor's Task Force on Workforce Housing (MD) Report

http://www.mdp.state.md.us/pdf/press/workforce_housing.pdf

Reframing Housing Policy for Virginia's Future: Presentation to the Governor's Housing Conference (2006)

http://www.brookings.edu/metro/speeches/puentes20061130_vahousing.pdf

Urban Land Institute Land Use Policy Forum Report - Workforce Housing: Barriers, Solutions, and Model Programs (2002)

<http://www.uli.org/AM/Template.cfm?Section=Home&CONTENTID=11041&TEMPLATE=/CM/ContentDisplay.cfm>

Interesting editorial about the myths surrounding workforce housing

<http://www.nbnnews.com/NBN/textonly/2006-12-11/Housing+Forum/index.html>

5.5 Presentation of Benchmarking Results (cont'd)

Support for Small Business Development	
PWC	<p>The Mason Enterprise Center at Prince William, supported in part by the Prince William County Department of Economic Development, provides a variety of services to growing businesses and entrepreneurs. The Center has a small business accelerator program that offers shared administrative support services, affordable office and conference space, and other business services.</p> <p>Recently, a new venture capital fund was established with private funds to finance start-ups in the pharmaceutical, medical devices and health services fields.</p>
SC	<p>The Rappahannock Region Small Business Development Center through Mary Washington University and the SBA provides assistance to small businesses and entrepreneurs on developing business plans and preparing to secure a business loan.</p>
NHC	<p>North Carolina has a network of Small Business and Technology Development Centers operated by the University of North Carolina and the SBA. In Wilmington, the SBDC offers a special market development service supporting business and employment growth for the state's marinas, boatyards, boat dealers, boat builders, marine construction firms, and product/service providers. Wilmington Industrial Development, the area's economic development organization, is also an SBA 504 loan provider.</p> <p>The Cape Fear Regional Community Development Corporation has three programs to assist in successful business creation: 1) An Incubator Without Walls, designed for business professionals who need counseling and administrative services, but do not require office space; 2) A Business Suites Program that provides affordable office space as well as business administrative support and counseling; and 3) A Business Center Program providing low cost space and technical assistance to light manufacturing and service companies.</p>
BC	<p>South Carolina has a network of Small Business and Technology Development Centers working through the University of South Carolina's Moore School of Business and the SBA. The Centers serve primarily small service and retail operations, and offer a wide variety of free consulting services and seminars on business planning, marketing, taxes, operations, etc. The Centers can make loans from \$25,000 to over \$1 million.</p>
SJC	<p>There is a Small Business Development Center in Jacksonville, just north of St. Johns County, through the University of North Florida with the SBA.</p>
Other Areas	
<p>Frederick County, Maryland (population 230,000) has a Small Business Revolving Loan Fund that was capitalized by a total of \$500,000 in state and county funds. The fund provides loans to existing businesses for growth-related expansion projects and to start-up businesses (or those in business for less than two years) for the purchase of real estate, machinery, equipment, inventory, working capital and renovation of real estate. The business must be located in a Frederick County priority funding area; this covers most municipalities and major transportation corridors in the County.</p> <p>Loan amounts range from a minimum of \$2,500 to a maximum of \$50,000, with payback terms of 5-7 years and a floating interest rate of prime plus up to 2.25%. The applicant is expected to contribute at least 15% of the project financing, and may be required to work with a mentor or attend classes to upgrade business skills if necessary. Funds must be secured by collateral.</p>	

5.5 Presentation of Benchmarking Results (cont'd)

Incentives to Stimulate Growth	
PWC	<p>Local incentives offered in Prince William County include:</p> <ul style="list-style-type: none"> • 30-day fast track permitting for targeted industries • Reduction of site development fees: The County may offer an up to 50% reduction in site plan and site development fees • Prince William County Economic Development Opportunity Fund: To help attract and retain targeted industries, the Board of County Supervisors may authorize the use of these funds upon the recommendation of the Department of Economic Development. Financing may be used for infrastructure improvements, site preparation, workforce services, and/or capital equipment purchases.
SC	<p>Spotsylvania County has a variety of potential incentives available for companies that meet at least one of the following criteria: 1) Capital investment by a new business of at least \$500,000; 2) Capital investment by an existing business of at least \$250,000; 3) Creation of additional employment at a minimum salary level of 20% above the County’s current average income level; or 4) the location or expansion of a targeted business. Incentives are available only for office, industrial and manufacturing prospects, except in those cases involving the expansion of an existing business.</p> <p>Incentive packages are tailored to meet the specific needs of each company. Incentives may include:</p> <ul style="list-style-type: none"> • Interest free or low interest loans for capital investment • Payment of water and sewer connection fees where service needs to be extended or capacity increased to a particular location • Payment of development review and permitting fees • Escrow Fee Deference – defer the collection of fees on speculative office and industrial facilities (to include “flex space”) until the facility is at least 50% occupied • Grants of up to \$100,000 for site acquisition and development for businesses that do not qualify for the Governor’s Opportunity Fund • Existing Industry Investment Grant for modernization, adding capacity, facility or site expansion or training of additional employees to encourage the continued investment and expansion by an existing business operational in the County for at least five years • Infrastructure improvement funds for new development projects.
NHC	<p>Standard incentives in North Carolina include a variety of tax credits – job creation, investment, research and development, worker training, headquarters – as well as access to customized training, grant and loan financing, industrial revenue bonds, and the One North Carolina Fund (which offers discretionary grants). The amount of credit per job is increased in a designated development zone, which includes several industrial properties in New Hanover County. There is no state property tax or intangibles tax. Local industrial grants are based on the level of investment and the quality of jobs created. Fast track permitting is available.</p>
BC	<p>Standard incentives in South Carolina include a jobs tax credit, corporate headquarters tax credit, economic impact zone investment tax credit, a research and development tax credit, and various training resources. South Carolina has no manufacturer inventory tax and no state real or personal property taxes. A five-year abatement of county property taxes (excluding schools and special use taxes) is available to any business with capital expenditures for new facilities in excess of \$50,000. Local discretionary funds are available based on the level of investment and quality of jobs.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Incentives to Stimulate Growth	
SJC	<p>Standard incentives in Florida include expedited permitting assistance, a capital investment tax credit, various targeted industry incentives, access to quick response and incumbent worker training, and transportation funding, with up to \$2 million available to local governments for improvements related to a company’s location or expansion decision. Florida has no corporate income tax and has exemptions on selected sales and use taxes.</p> <p>Incentives may be offered to new or expanding companies based on designation as a target industry, size of workforce, size of facility or addition, average wage rate, and location in an underdeveloped area. Possible awards include expedited permitting, application assistance with any potential state incentives, and an economic development grant. Depending on total qualifications, grants may be awarded for amounts up to four years’ value of ad valorem tax, four years’ value of tangible personal property tax, and up to 100% rebate of impact fees and water and sewer unit connection fees.</p> <p>Incentives may be offered to new or expanding companies based on designation as a target industry, size of workforce, size of facility or addition, average wage rate, and location in an underdeveloped area. Possible awards include expedited permitting, application assistance with any potential state incentives, and an economic development grant. Depending on total qualifications, grants may be awarded for amounts up to four years’ value of ad valorem tax, four years’ value of tangible personal property tax, and up to 100% rebate of impact fees and water and sewer unit connection fees.</p>

5.5 Presentation of Benchmarking Results (cont'd)

Facilitating the Development Review and Permitting Process	
PWC	<p>It is the stated policy of the Department of Economic Development to “maintain a robust interagency economic development team approach to meet client needs and ensure that time-to-market requirements are addressed in all facets of project management,” including permitting. Targeted industries are recognized as Prince William County’s first priority when processing development applications for new and/or expanding businesses. In addition, all targeted industries requiring site and/or building permits may be eligible for the County’s guaranteed 30-day permit processing. According to the county’s planning reference manual, although many factors influence actual review time, the application review process would normally take six to 12 months to complete when rezoning and special use permit applications are involved.</p> <p>Prince William County has a Commercial Development Ombudsman in the County Executive’s Office. The position is shared equally by the Public Works and Planning Departments and is supported entirely with development fee revenues. The Ombudsman assists businesses and building industry professionals by clarifying commercial development process requirements, serving as a liaison between staff and the development community, and identifying mutually acceptable solutions to development issues. Last year, 90% of complaints were investigated and resolved by the Ombudsman within 14 days.</p> <p>The county has developed a Policy Guide for Monetary Contributions that details the process for calculating suggested monetary proffers to offset the impacts of development on public facilities. There are notable exceptions for “uses that have no impact on certain levels of service” (such as age-restricted housing on schools); also, the county may consider reductions in contributions for targeted industries. The guide is updated annually.</p>
SC	As in Prince William County, expedited review in Spotsylvania County is generally limited to companies in targeted industries.
NHC	No special issues or requirements identified.
BC	No special issues or requirements identified.
SJC	<p>St. Johns County has expedited review available for both economic development and affordable housing projects that meet certain criteria. New businesses must provide (1) at least 25 full-time, permanent jobs at 100% of the county average wage rate; or (2) at least 15 jobs at the county average wage rate plus 15%; or (3) at least 5 jobs at the county average wage rate plus 50%. Expanding businesses qualify when the expansion generates at least half of the full-time, permanent jobs as described above. These numbers may be amended by the County Administrator when the proposed project is within a designated community redevelopment area.</p> <p>The county has a Development Review Committee established to conduct technical evaluation of development applications. The DRC is a staff-level committee, with representation from all of the departments involved in plan review, designed to provide a streamlined, comprehensive, and responsible review process. According to the county’s Development Review Manual: “The DRC evaluates and/or performs studies and reviews necessary to complete an appropriate analysis of development plan applications for conformance with applicable rules, regulations, and ordinances as implemented by St. Johns County and other regulatory agencies having jurisdiction over developments.” The committee meets each Wednesday, and provides an opportunity for pre-application reviews as well as for the discussion and clarification of review comments and concerns “for all parties involved.”</p>

5.5 Presentation of Benchmarking Results (cont'd)

Other Areas
<p>The City of Chesapeake, Virginia Economic Development Department has a professional engineer on staff dedicated to working with businesses to create a streamlined development process. Understanding needs from the business, city, and engineering perspectives enables the Development Services Coordinator to provide efficient options for completing a project. Permitting times have diminished greatly since this service was started.</p>
<p>In York County, Virginia, developers and consultants who want their projects to be "fast-tracked" are advised to take advantage of the pre-application review process offered by the county. Projects that are reviewed at a pre-application review conference by the development review committee are considered "priority" projects where the turnaround goal is 21 days. (The pre-application review conference should not be confused with the informal pre-submission meetings that are often held between developers, consultants, and the county staff before a refined conceptual plan is developed.)</p>
<p>Eligibility criteria for expedited review in Charles County, Maryland are negotiable depending upon the economic development contribution to the county, but generally include:</p> <ul style="list-style-type: none"> •Commercial/industrial projects consistent with the county comprehensive plan •Financing commitments in place •Projects creating at least 10 jobs or FTEs, with an annual salary of at least \$22,000 •Target capital expenditure of \$500,000 •Other considerations: targeted industries; ancillary or complementary industries that will accompany the project.

Note: According to Development Management Director John Horne, expedited review is automatic for projects located in an Enterprise Zone in James City County. For others, the Development Management Director must identify the proposed project or use as one that supports the economic development policies of the County. There are no specific thresholds for jobs, investment, or square footage, although expedited review usually only applies when a large project is involved.

Resources and References:

Prince William County Guide for Monetary Contributions

<http://www.pwcgov.org/docLibrary/PDF/005188.pdf>

Section 6
Recommendations and Action Plan

6.0 Recommendations and Action Plan

6.1 Managing Growth

Providing land and facilities to facilitate the growth of each segment of the local economy at year 2020.

Recommendations/Tasks	Responsible	Timing
1. Land use provision for office and industrial > Review land and location requirements for each segment to support the 2020 economy > Compare requirements of Task 1 to the County's Comprehensive Land Use Plan to determine adequacy of land allocation	JCC Offices of Economic Development and Planning	6 months
2. Acquire (or secure options on) at least 200 acres along the I-64 corridor for future office/industrial (O/I) park Options: western vs. eastern end of County Evaluate use of BASF property as an office and light industrial site (see note below) as well as sites in proximity to the Stonehouse Commerce Park	EDA/JCC Office of Economic Development	12 months
3. Prepare a master plan for the office/industrial park	EDA	18 months
4. Develop a portion of the office and industrial park to "shovel ready" status	EDA	24 months
5. Construct a mixed use spec. building within the office and industrial park that can be expanded and have the capability to have tenant in place within 6 months	EDA	36 months
6. Develop and maintain an inventory of office and industrial flex space that meets a variety of sizes (1,500+ SF) and price points (industrial space: \$7 to \$12/SF gross and office space: \$10 to \$25/SF gross) for emerging and expanding businesses within the county	JCC Office of Economic Development	2 months
7. Hire additional County staff member that manages space inventory, expedites of permits and services as ombudsman on land/permits/facility issues for non-retail economic development projects	JCC Office of Economic Development	12 months

Note on BASF Site:

Since portions of this site are under a remediation process, several aspects of the site should be considered before deciding on its next best use. Site evaluation should include:

1. A review of environmental conditions and any deed restrictions imposing environmental controls upon the property.
2. Long-term ownership status of former contaminated vs. non-contaminated portions of the site. Will BASF relinquish ownership of certain sections of the site based on specific conditions and responsibilities?
3. Scope and cost of any further cleanup required to utilize the site for a particular use
4. A review of the site infrastructure (power, water and sewer) which may need to be upgraded to meet current codes and the cost to achieve the upgrade

6.2 Addressing Labor Supply Issues

Recommendation/Action Item	Responsible	Timing
1. Enhance transportation from Newport News and Hampton > Have discussions with VDOT concerning potential for additional lane for east and west sections of I-64 between James City County and Hampton > As a contingency, discuss potential low cost public transportation from Hampton/Newport News to James City County by Williamsburg Area Transport supported by local businesses	Chamber of Commerce	6 months
2. Engage in discussions with York, New Kent, Surry, and Gloucester Counties concerning development plans that impact the location of workforce housing	JCC Office of ED and Housing and Community Development	6 months
3. Develop prototype staffing policies for local companies to encourage them to hire retirees. The policy may include job sharing, work from home, flex work hours, and other options.	Peninsula Council for Workforce Development and Chamber of Commerce	6 months
4. Support intensive recruiting program concerning job availability in JCC. Provide a "Work Perks" program for encouraging people to work in the service/retail industries in JCC (discounts on purchases, etc.)	Peninsula Council for Workforce Development and Chamber of Commerce	6 months
5. Communicate with local employers on strategies to recruit and retain workers in the county. . . it may require higher pay, expansion of benefits or more flexibility in hours	Peninsula Council for Workforce Development and Chamber of Commerce	12 months

6.3 Develop Workforce Housing

Recommendation/Action Item	Responsible	Timing
1. Establish a Workforce Housing Task Force to study the issue of needed housing currently and over the next ten years.	JCC Office of Housing and Community Development and the Chamber of Commerce	3 months
2. Complete a workforce housing study that includes: > Identification of housing demand vs. supply > Recommendations for expanding the supply of needed housing; e.g., creative financing, addressing regulatory barriers. > Work with the JCC Office of Housing and Community Development to implement recommendations	Workforce Housing Task Force with potential consultant support	9 months
3. Communicate the availability of housing with local employers and prospects as a marketing tool on an on-going basis	JCC Office of Housing and Community Development and the Chamber of Commerce	On-going

6.4 Stimulating Entrepreneurial Business Development Within the County

Recommendation/Action Item	Responsible	Timing
1. Integrate the efforts of SCORE and the Hampton Roads Small Business Development organizations with the incubator operations	JCC Incubator/Center for Innovative Technology	3 months
2. Engage the William & Mary students (senior business majors and MBA students) in writing business plans and marketing plans	W&M Department of Economic Development, W&M Business School and the Center for Innovative Technology	6 months (establish for fall semester)
3. Pool investment resources from the local retirement community to build an investment fund for supporting local business development within target industries and operating criteria. Place certain investors on a board of directors to oversee company progress and provide advice and counsel.	Banking community	12 months
4. Provide low cost flexible space for “graduates” from the James City County Technology Incubator. Allocate 25,000 SF of space that can be easily adaptable to match the needs of companies as they grow. This space could be existing class B office space, older buildings, older homes in commercially zoned areas, etc.	EDA and JCC Office of Economic Development	12 months

6.5 Incentives

Recommendation/Action Item	Responsible	Timing
1. Promote the availability of the expedited permit process and assure that it applies to each non-retail project with a minimum threshold of incremental job creation, job compensation levels vs. a target level, and the amount of investment.	JCC Offices of Economic Development and Planning	6 months
2. Provide “shovel ready” sites that are pre-approved (The readiness of the site is an in-kind incentive)	EDA	On-going
3. Identify the types of training available and the compensation available for training	Peninsula Council for Workforce Development, JCC Office of Economic Development, Thomas Nelson Community College	3 months
4. Sustain discretionary fund	JCC Offices of Economic Development backed by the Commonwealth of Virginia	On-going

Appendix

Listing of Companies and Other Stakeholders That Were Interviewed

Name	Title	Company/Organization
Richard A. Costello	President	AES Consulting Engineers
Michael Sahady	Chairman/CEO	AVID Medical, Inc.
Dennis Lutz	Administrative Manager	Ball Container Corp.
Marc Sharp	Executive Vice President	Bush Construction Corporation
Marshall N. Warner	Executive Vice President	Chesapeake Bank
Jim Golden	Associate Vice President, Economic Development	College of William & Mary
Leonard Sledge	Assistant Director, Economic Development	College of William & Mary
Ken LeFevre	President	DesignMaster Associates
Glen W. Duff	Creative Director	DesignMaster Associates
Tom Gillman	President	ESG International, Inc.
Juanita S. Farrow	President/CEO	Farrow and Associates, Inc.
Vernon Geddy, III	Partner	Geddy, Harris, Franck & Hickman
Leif Walther	Business Unit Manager	Greystone, Virginia
Thomas G. Tingle	AIA, Principal	Guernsey Tingle Architects
Jones Hooks	President	Hampton Roads Economic Development Alliance
Tim Early	Regional Director	Hampton Roads Technology Council/Business Incubator
Pete Henderson	Owner	Henderson, Inc.
Kathy Howell	President & Creative Director	Howell Creative Group
Dr. Maciek Sasinkowski	Founder & CEO	INCOGEN
John Horne	Development Management Director	James City County
Gregory R. Davis	Partner	Kaufman & Canoles
William D. Johnson, PE	Senior Structural Engineer	McKinney & Company
Michael Ayers	Plant Manager	Owens-Brockway Glass Container
Nick Barrett	General Manager	Prime Outlets at Williamsburg
Robert J. Singley	Owner	RJS & Associates, Inc.
Matthew Webb	President	RoMack Inc.
Pete Booker	General Manager	Smithfield Specialty Foods Group
James W. Tucker, CCM	Senior Investment Advisor	Sperry Van Ness
David Burris	Senior Vice President, Commercial Accounts	SunTrust Bank
Michael Matthews, PE	President	The Structures Group, Inc.

Listing of Companies and Other Stakeholders That Were Interviewed (cont'd)

Name	Title	Company/Organization
Liz Povar	Director, Business Development	Virginia Economic Development Partnership
Brien Craft	General Manager	Wal-Mart Stores, Inc. - Distribution Center 6088
Aaron Williams	President	Williams Landscape & Design, Inc.
Richard Schreiber	President	Williamsburg Area Chamber of Commerce
Bob Hershberger	Executive Vice President	Williamsburg Area Chamber of Commerce
Patrick G. Duffeler	President	Williamsburg Winery, Ltd.
Jim Noel, Jr.	Director	York County Economic Development