

AN INTRODUCTION TO VEDP: CURRENT AND FUTURE

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Executive Vice President
November 9, 2017



**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

TOPICS FOR TODAY'S DISCUSSION

- What is VEDP?
- Aspirational goals
- JLARC report and implementation
- Incentives administration – past, present, future
- Q&A

VEDP OVERVIEW

- Principal state economic development organization for Va., with >100 staff
- Relatively unique governance structure: governing board that provides continuity across gubernatorial terms
- Six core divisions
 - Business Investment
 - Research
 - Workforce
 - Trade
 - Economic Competitiveness (recently reformulated)
 - Incentives (new)
- Important support functions: communications and promotions, IT, fiscal, legal/legislative policy, and human resources

VEDP WORKS LARGELY THROUGH PARTNERSHIPS WITH OTHER ORGANIZATIONS, SUCH AS RDOS

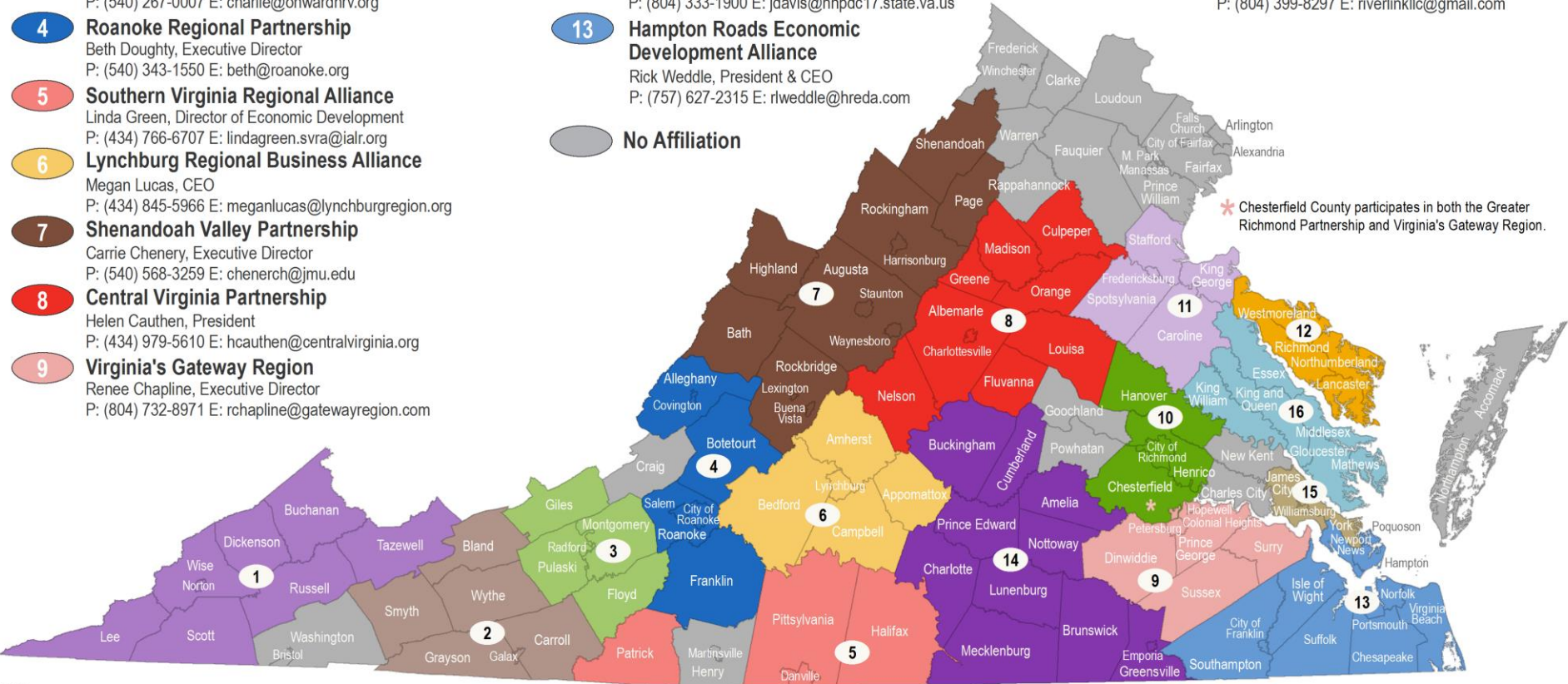
- 1** **Virginia's e-Region (Virginia Coalfield EDA)**
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- 2** **Virginia's Industrial Advancement Alliance**
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- 3** **Onward New River Valley**
Charlie Jewell, Executive Director
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- 4** **Roanoke Regional Partnership**
Beth Doughty, Executive Director
P: (540) 343-1550 E: beth@roanoke.org
- 5** **Southern Virginia Regional Alliance**
Linda Green, Director of Economic Development
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- 6** **Lynchburg Regional Business Alliance**
Megan Lucas, CEO
P: (434) 845-5966 E: meganlucas@lynchburgregion.org
- 7** **Shenandoah Valley Partnership**
Carrie Chenery, Executive Director
P: (540) 568-3259 E: chenersch@jmu.edu
- 8** **Central Virginia Partnership**
Helen Cauthen, President
P: (434) 979-5610 E: hcauthen@centralvirginia.org
- 9** **Virginia's Gateway Region**
Renee Chapline, Executive Director
P: (804) 732-8971 E: rchaplaine@gatewayregion.com

- 10** **Greater Richmond Partnership**
Barry Matherly, President & CEO
P: (804) 343-6970 E: bmatherly@grpva.com
- 11** **Fredericksburg Regional Alliance (Fredregion)**
Curry Roberts, President
P: (540) 361-7373 E: croberts@fredregion.com
- 12** **Northern Neck Chesapeake Bay Region Partnership**
Jerry W. Davis, AICP, Executive Director
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- 13** **Hampton Roads Economic Development Alliance**
Rick Weddle, President & CEO
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- 14** **Virginia's Growth Alliance**
Jeffrey Reed, Executive Director
P: (434) 265-2382 E: jeff@vagrowth.com
- 15** **Greater Williamsburg Partnership**
David Denny, Executive Director
P: (844) 497-2020 E: ddenny@gwpva.com
- 16** **Middle Peninsula Alliance**
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 **No Affiliation**

* Chesterfield County participates in both the Greater Richmond Partnership and Virginia's Gateway Region.

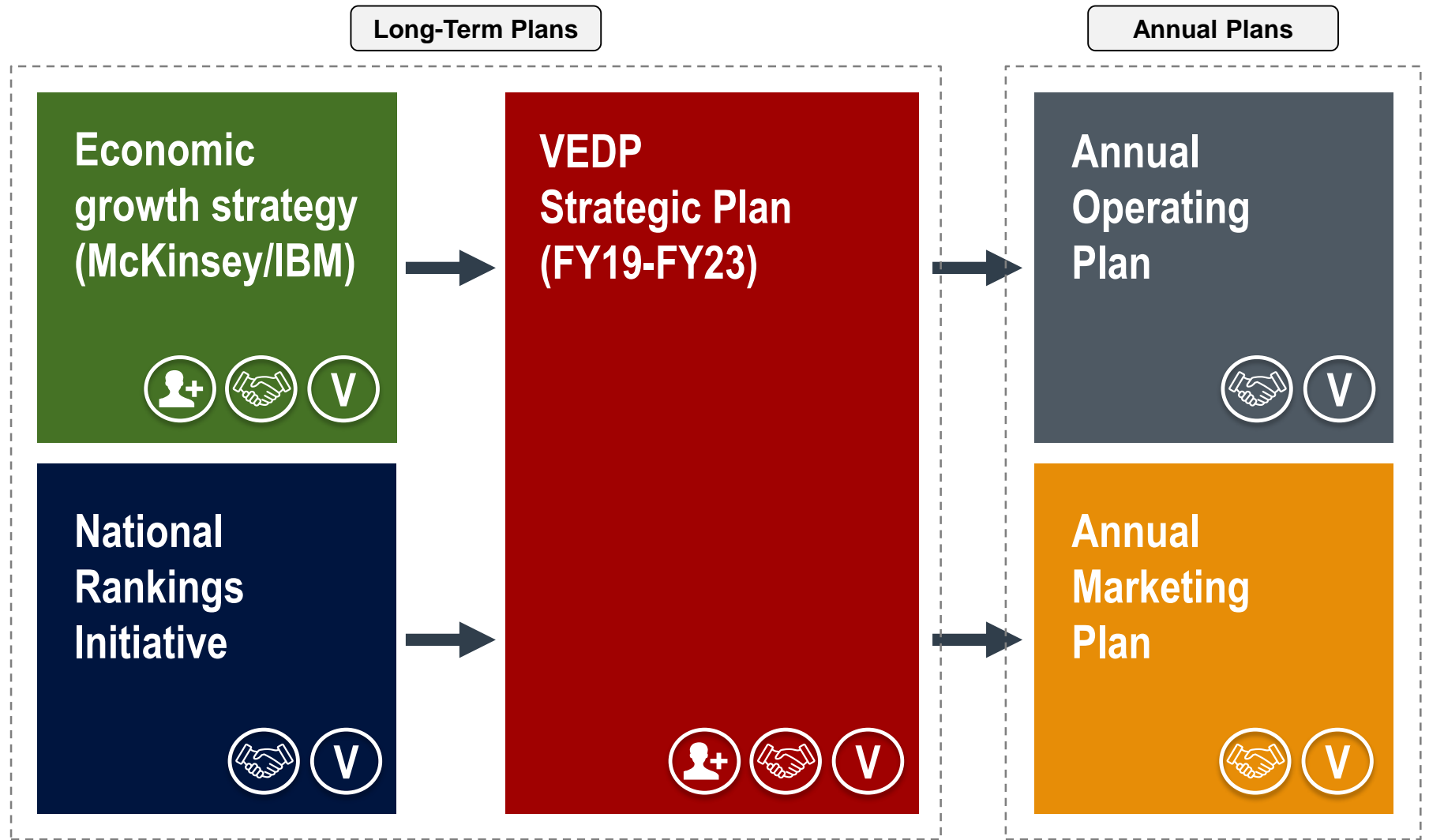


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ECONOMIC DEVELOPMENT IN VIRGINIA

- Professional, nonpartisan VEDP model can enable continuity as well as attraction/retention of quality talent and expertise
- VEDP long regarded as one of better state EDOs (especially in its first 10 yrs.)
- VEDP's Trade and Research divisions among the best in America
- Workforce dev.: VJIP solid, but smaller, less full-service than top-ranked peers
- Tiny marketing/advertising/lead generation budget compared to leading peers
- Compared to most other states, Virginia's tax code does not encourage job creation and business investment (see Tax Foundation "Location Matters")
- Virginia has smaller statutory and discretionary incentive offerings than some Southern competitors, which particularly hurts development in rural Virginia
- Most regional EDOs outside big metros are woefully underfunded, while some big urban/regional EDOs have equivalent resources to VEDP in some areas
- VEDP more recently has suffered from JLARC-cited operational challenges and partnership shortcomings with local, regional, and state-level partners

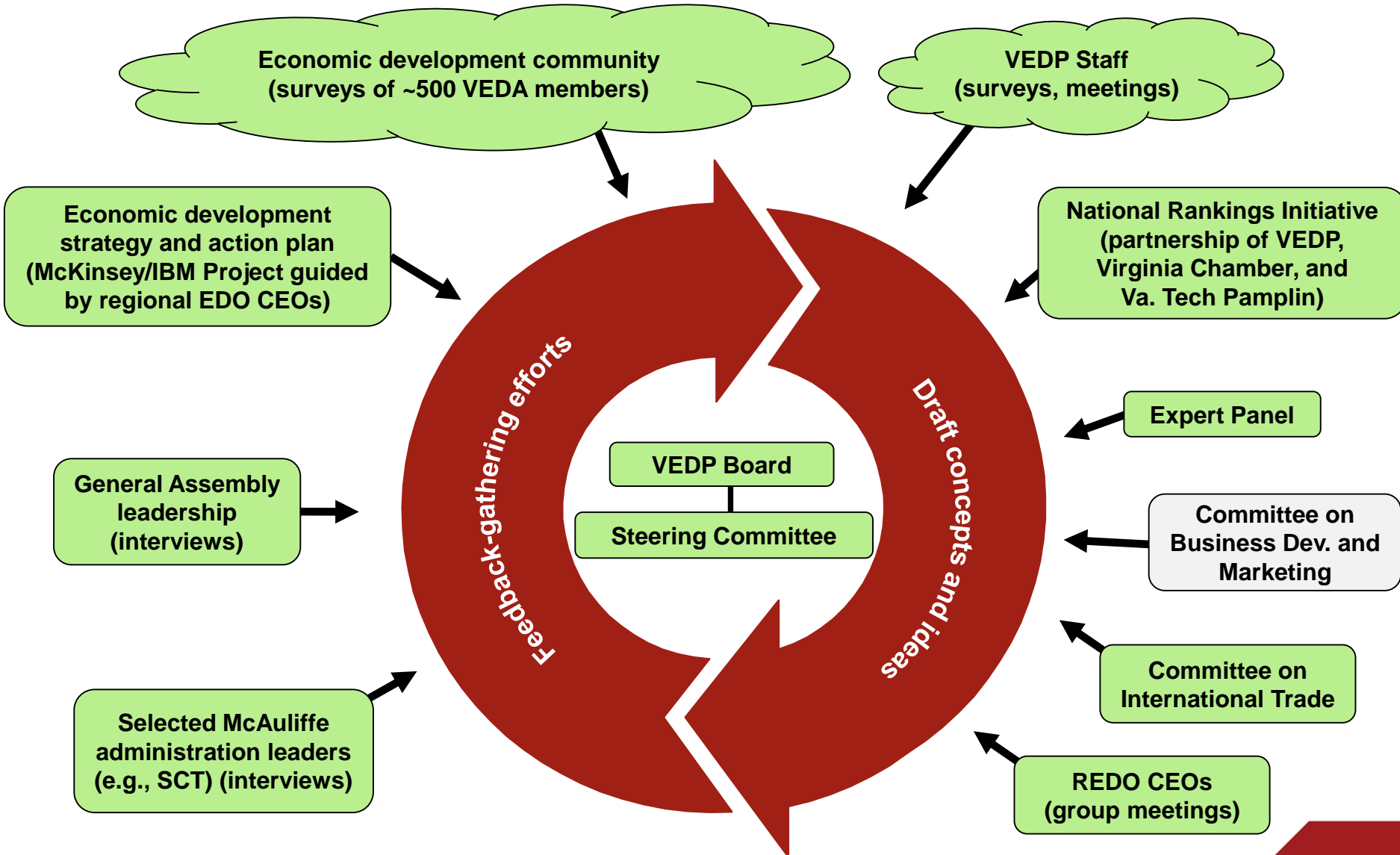
VEDP PLAN-PALOOZA: THREE LONG-TERM PLANNING EFFORTS WILL DRIVE VEDP'S FUTURE ANNUAL PLANS



All plans will include input from multiple groups: Outside Consultants In-State Partners VEDP Staff

OUR STRATEGIC PLAN IS BEING CRAFTED WITH EXTENSIVE STAKEHOLDER ENGAGEMENT

Engaged
Not engaged



WE ASSEMBLED A STRONG STEERING COMMITTEE TO HELP SHAPE OUR STRATEGIC PLAN

- Peter Blake, Director, State Council of Higher Education for Virginia (SCHEV)
- Shannon Blevins, Associate Vice Chancellor for Economic Development & Engagement, UVa-Wise
- Beth Doughty, Executive Director, Roanoke Regional Partnership
- Barry DuVal, President & CEO, Virginia Chamber of Commerce
- Evan Feinman, Executive Director, Tobacco Region Revitalization Commission
- Amanda Glover, Director of Economic Development & Tourism, Augusta County
- Victor Hoskins, Director, Arlington Economic Development
- Joshua Lewis, Executive Director, Virginia's Industrial Advancement Alliance
- Christopher Lloyd, Senior Vice President and Director, Infrastructure and Economic Development, McGuireWoods Consulting
- Barry Matherly, President and CEO, Greater Richmond Partnership
- Ken McFadyen, Director of Economic Development, Botetourt County
- Stephen Moret, President and CEO, VEDP
- Christy Morton, Executive Director, Center for Rural Virginia and Council for Rural Virginia
- Arthur Moye, Jr., Executive Vice President, Virginia Maritime Association
- Catherine Riley, VP of Marketing, Fairfax County Economic Development Authority
- Curry Roberts, President, Fredericksburg Regional Alliance
- Robin Sullenberger, Board Member, VCCS
- Telly Tucker, Director, Danville Economic Development
- Cathie Vick, Chief Public Affairs Officer, Port of Virginia
- Rick Weddle, President & CEO, Hampton Roads Economic Development Alliance
- Chair (TBD), VEDP Committee on Business Development and Marketing
- Chair (TBD), VEDP Committee on International Trade

WE ASSEMBLED AN EXPERT PANEL TO ADVISE US DURING OUR STRATEGIC PLANNING PROCESS

- Jeff Finkle, President/CEO, International Economic Development Council (IEDC)
- Amy Liu, VP and Director of the Metropolitan Policy Program, Brookings
- Dennis Meseroll, Executive Director, Tractus Asia Limited
- Enrico Moretti, Professor of Economics, UC-Berkeley
- Ken Poole, CEO/President, Center for Regional Econ. Competitiveness (CREC)
- Mark Sweeney, Senior Principal, McCallum Sweeney Consulting
- Chip Filer, Associate Professor of Economics, Old Dominion University
- Steve Fuller, Director, Stephen S. Fuller Institute (at George Mason University)

REVISED DRAFT OUTLINE OF STRATEGIC PLAN CONTENT

- Executive summary
- Introduction (purpose of this document; aspirations for VA and VEDP; preview of remaining sections)
- Assessment of external environment
 - Economic context in Virginia – past, present, and (baseline) future*
 - Assessment of Virginia’s economic competitiveness**
- Assessment of VEDP’s current position
 - VEDP overview (brief historical highlights; statutory duties and powers; organizational overview)
 - Assessment of the competitiveness of VEDP’s principal functions against top peers
 - Assessment of how VEDP can best add value relative to its statutory duties and powers
- Strategies and initiatives
 - Broad strategic themes with principal initiatives associated with each of them, including estimated impact, cost, timing, and difficulty
 - Clarification of which initiatives can be implemented with current resources and which would require additional resources and/or policy changes
- Organization, processes, systems (org chart; board; partner coordination; SCT; MEI; gov’s E.D. plan)
- Implementation road map (three macro-phases)
- Performance indicators and measures
- Conclusion/call to action

* This section will be drawn from the economic strategy project

** This section will be drawn from the economic strategy project and national rankings initiative

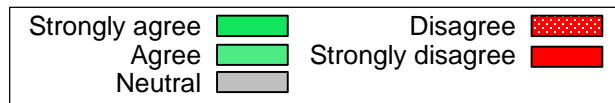
WITH INPUT FROM GA LEADERS, ADMIN., AND STAKEHOLDERS, WE DRAFTED FIVE ASPIRATIONAL GOALS FOR VIRGINIA AND VEDP

1. Over the next several years, position Virginia to achieve a **growth rate** (measured by employment and median earned income of workers) **among that of the top 5-10 states** in the US
2. Ensure that **every region participates in the growth** of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers)
3. Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states)
4. Reestablish VEDP as **one of America's premier state economic development organizations** (principally to better enable accomplishment of the top three aspirational goals)
5. Exhibit **collaboration and coordination as hallmarks** of VEDP (i.e., place a central focus on the "P" in VEDP)

IMPORTANT NOTE: A top priority for 2017 is completing implementation of the JLARC recommendations

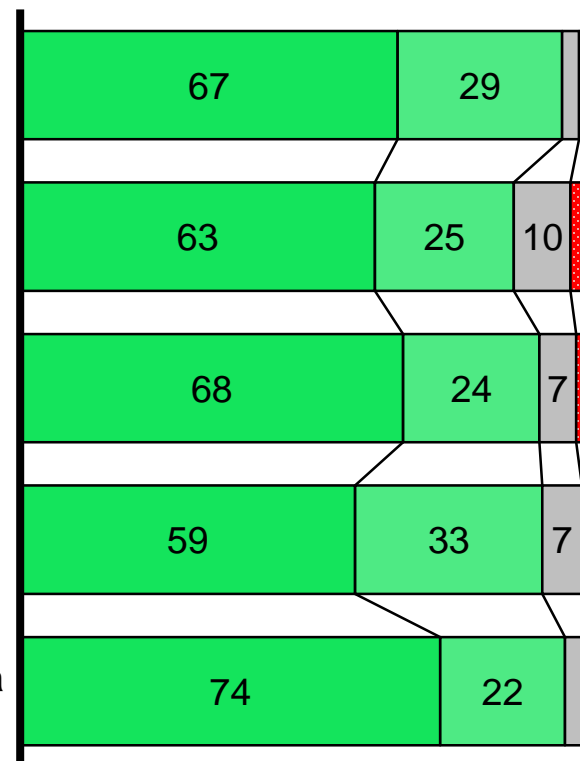
VIRGINIA'S ECONOMIC DEVELOPMENT STAKEHOLDERS STRONGLY SUPPORT THESE ASPIRATIONAL GOALS

Percent (%)



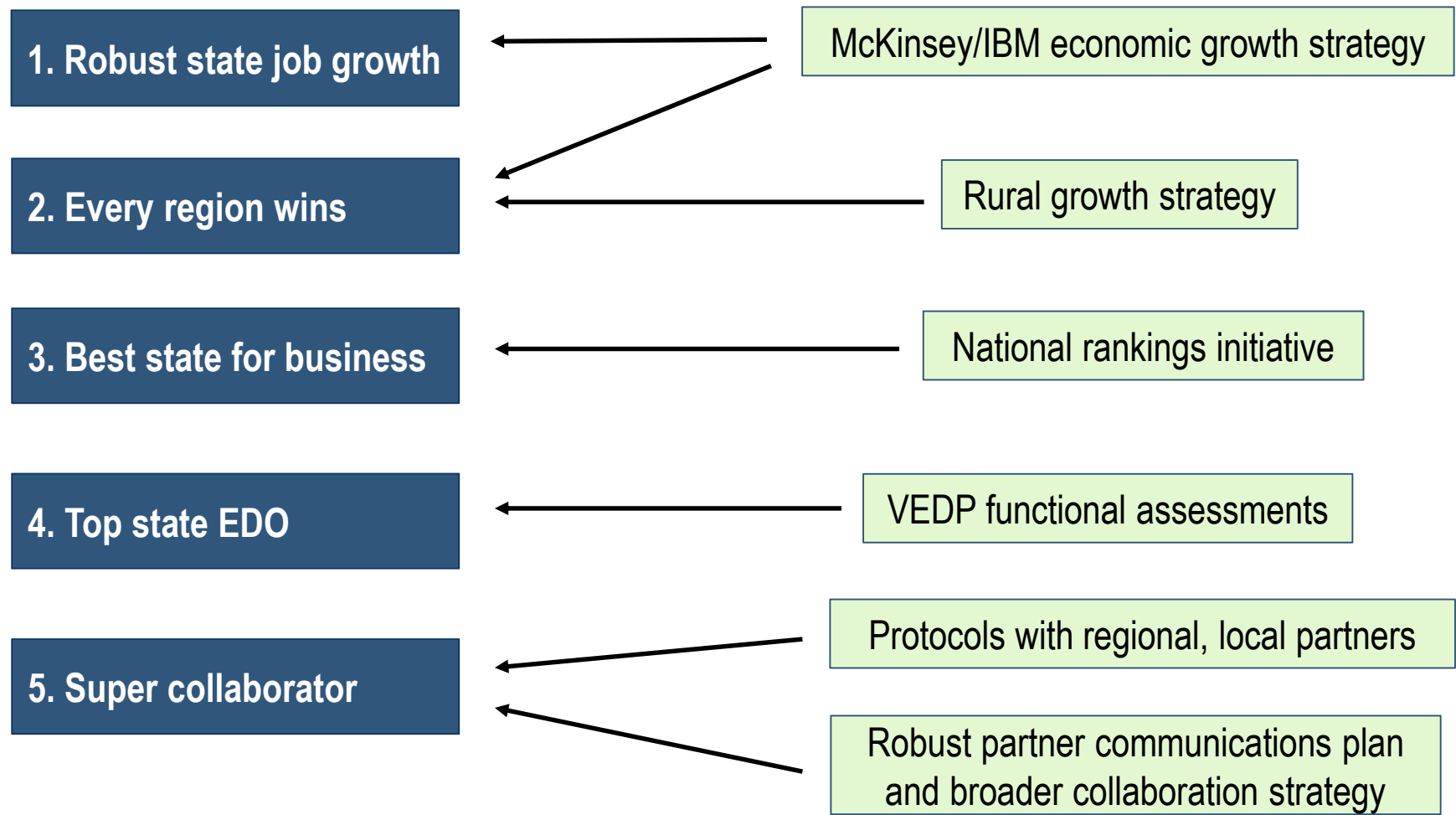
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External Stakeholders

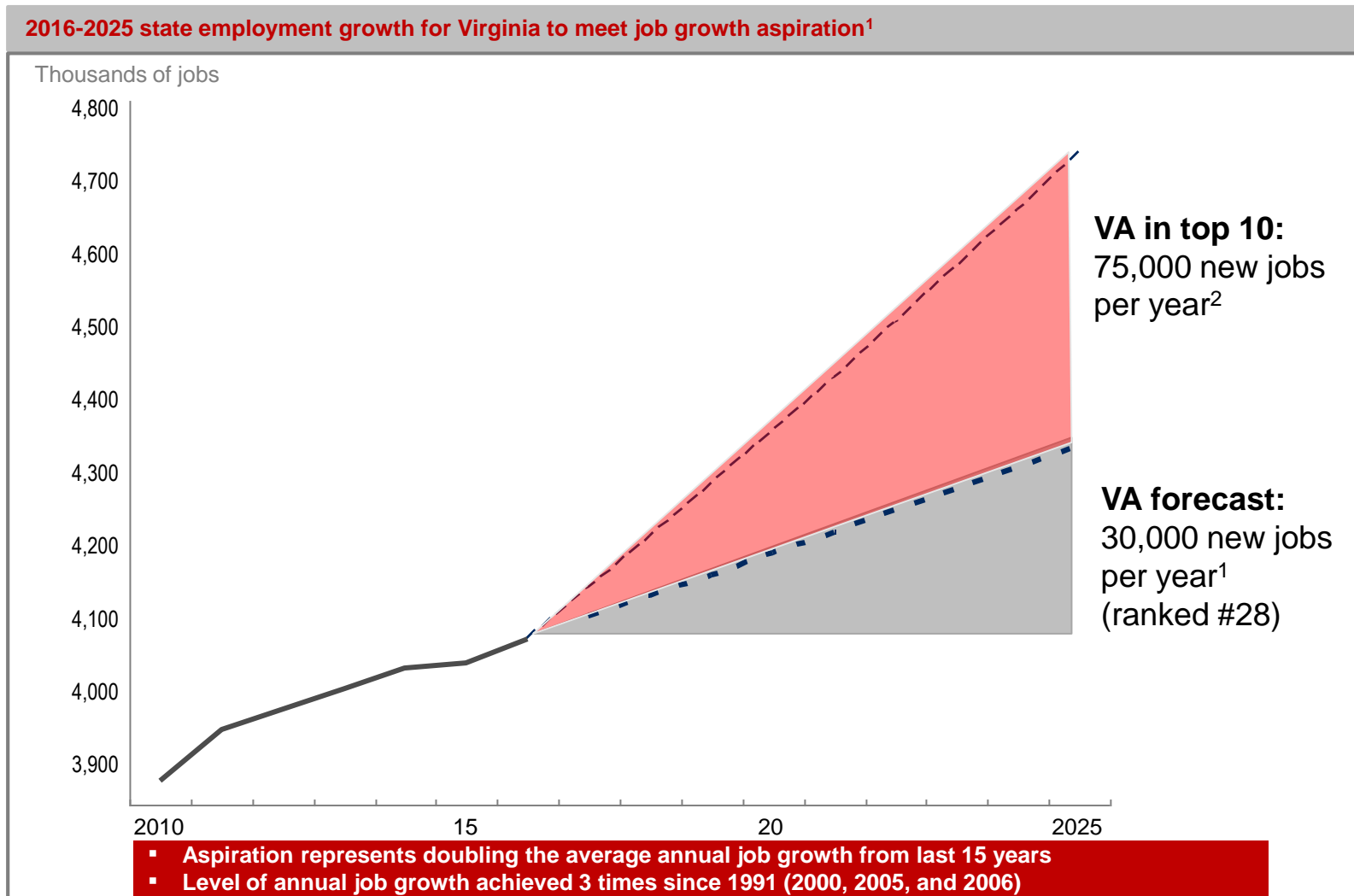


Source: Survey item completed by 200 external economic development stakeholders in July 2017 (excludes board and staff)

WE HAVE LAUNCHED SEVERAL INITIATIVES TO HELP ACCOMPLISH THESE ASPIRATIONAL GOALS



VA NEEDS TO AT LEAST DOUBLE BASELINE EMPLOYMENT GROWTH EXPECTATIONS TO BE AMONG THE TOP 10 STATES



1 Historical trends based on CAGR 1990-2015; forecast trends based on CAGR 2015-2025

2 Top 10 represents the average forecasted growth rate of the top 10 US States from 2015-2025

Source: BLS, Moody's Analytics

THE VEDP STRATEGIC PLAN WILL INCLUDE THREE BROAD TYPES OF STRATEGIES

Strategies to Enhance VEDP's Capabilities

- Cultivate world-class execution within VEDP
- Implement robust marketing/branding, lead generation, and site consultant cultivation programs
- Establish best-in-class business- and trade-development programs
- Become a national leader in incentives structuring, administration, and transparency

Strategies to Cultivate Virginia's Target Industry Growth Clusters

- Push new boundaries as a U.S. leader in IT
- Assemble a world-class transportation and logistics hub
- Shift the Commonwealth's manufacturing base to be future ready
- Create business services and operations centers of excellence
- Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies

Strategies to Improve Virginia's Economic Competitiveness

- Strengthen Virginia's human capital development engine
- Assemble an ample, strategic portfolio of project-ready sites and buildings across VA
- Rigorously assess and steadily improve our state, regional, and local economic competitiveness
- Leverage public-private partnerships to strengthen Virginia's digital infrastructure
- Place a special focus on achieving growth in small metros and rural regions

Largely incl. in economic growth strategy

VEDP AND GO VIRGINIA COLLABORATION

- Complementary missions
 - VEDP principally is engaged in marketing, lead gen, business recruitment, incentives management, and trade development, working closely with regional and local EDOs
 - VEDP also engages in product development efforts (e.g., site development, public policy initiatives), *but does not have meaningful funding to support such initiatives*
 - GO Virginia largely is engaged in regional product development initiatives (e.g., development of talent, clusters, and sites), *with funding available for such efforts*
- VEDP and GOVA leaders have had many meetings to discuss collaboration opportunities
- Joint funding of initial baseline data for regions
- GOVA contribution to growth strategy project for additional detailed baseline data for regions as well as identification of multi-region cluster development opportunities
- As we move forward, we will jointly clarify/align our respective core activities to ensure effective collaboration as well as clarity for stakeholders

JLARC RECOMMENDATIONS

- JLARC identified a variety of operational, administrative, planning, coordination, and execution issues
- Addressing these issues is one of our top priorities this year
- VEDP staff agrees with the strong majority of the findings and recommendations (as do I)
- Administrative improvements are well underway and most (if not all) should be completed by end of the calendar year
- Some recommendations impacted by GA actions
 - Incentives administration and compliance
 - Internal audit function
 - Board of Directors composition
 - Strategic planning
 - Marketing/business development planning

Q&A

