

INTERIM REPORT OF THE COMMISSION

**To Propose Recommendations to
Promote and Stimulate Economic
Development in the Blue Ridge
Region of Virginia**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 40

**COMMONWEALTH OF VIRGINIA
RICHMOND
1994**

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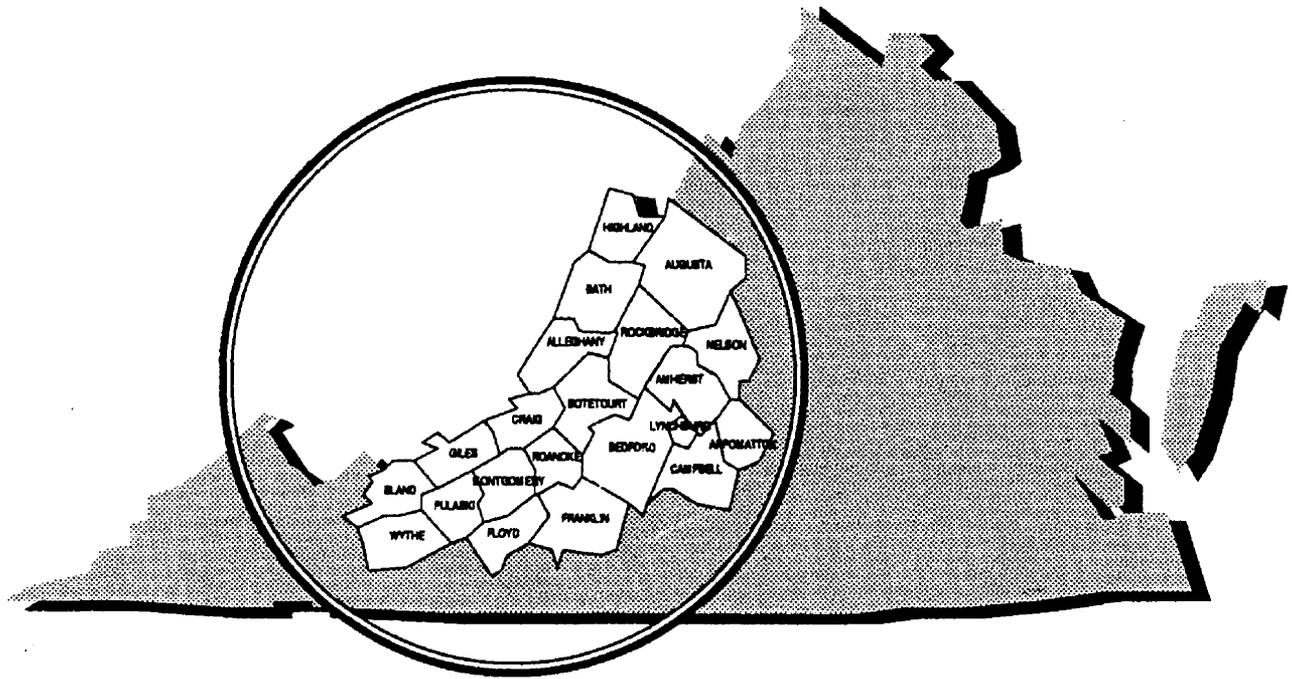
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Blue Ridge Region of Virginia



COUNTIES

Alleghany	Floyd
Amherst	Franklin
Appomattox	Giles
Augusta	Highland
Bath	Montgomery
Bedford	Nelson
Bland	Pulaski
Botetourt	Roanoke
Campbell	Rockbridge
Craig	Wythe

CITIES

Bedford	Radford
Buena Vista	Roanoke
Clifton Forge	Salem
Covington	Staunton
Lexington	Waynesboro
Lynchburg	

TOWNS

28, including Blacksburg,
Pulaski and Wytheville

TABLE OF CONTENTS

I.	Statutory Authority and Membership.....	1
II.	The 1993 Work of the Commission.....	2
	A. Advising Affiliated Blue Ridge Entities	2
	B. Studying Transportation Issues.....	3
	C. Supporting Innovative Projects	4
	D. Attending and Co-Sponsoring Economic Development Conferences	5
III.	Legislative and Nonlegislative Recommendations.....	6
IV.	Conclusion.....	9
V.	Appendix House Joint Resolution No. 712 (1993).....	10

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**To
The Governor and the General Assembly of Virginia**

**Richmond, Virginia
January 1994**

TO: The Honorable George F. Allen, Governor of Virginia,
and
the General Assembly of Virginia

I. STATUTORY AUTHORITY AND MEMBERSHIP

The Blue Ridge Economic Development Commission was created by the 1991 General Assembly in House Joint Resolution No. 451. The Commission's first interim report was made to the 1992 General Assembly in House Document No. 60.

House Joint Resolution No. 107, adopted by the 1992 General Assembly, authorized the Commission to continue its study for an additional year. The Commission reported to the 1993 General Assembly in House Document No. 78, its second interim report.

The Commission's study was continued for an additional year by the 1993 General Assembly in House Joint Resolution No. 712. This report is the Commission's third interim report to the General Assembly.

Since its creation, the 23-member Commission has been chaired by Delegate Joan H. Munford, who will retire at the end of this term after 12 years in public office. Senator Frank W. Nolen has served as vice chairman. The current membership of the Commission consists of 11 members of the General Assembly and 12 citizen members.

II. THE 1993 WORK OF THE COMMISSION

The 1992 and 1993 interim reports of the Commission provide the background material for the Commission's work during the past year. In its third year of study, the Commission became more active in studying broad policy issues than it had been in the past. Including three economic development conferences that the Commission co-sponsored or attended, the Commission met five times in 1993.

A. ADVISING AFFILIATED BLUE RIDGE ENTITIES

The Commission served as an advisor to four entities that it helped to create during the previous two years--the Blue Ridge Economic Development Advisory Council (BREDAC), the Blue Ridge Regional Educational and Training Council (BRRETC), the Blue Ridge Regional Tourism Council (BRRTC), and the World Trade Alliance of the Blue Ridge (WTA). The Commission received reports from BREDAC, BRRETC, and BRRTC at its May 26 meeting and from WTA at its September 8 meeting. Each group addressed the Commission at its legislative meeting on November 8.

1. The Blue Ridge Economic Development Advisory Council

BREDAC was created by the 1992 General Assembly in House Bill No. 1142. The chairman of the Commission is designated by statute to sit on the 11-member Council. The primary goals of the Council are to encourage the counties, cities, and towns of the Blue Ridge region to work cooperatively to promote the region's strengths and advantages; to develop ways to maximize the region's marketing efforts; to establish a pilot export program for the region's industry; and to assist in the implementation of affordable child care options in the region.

2. The Blue Ridge Regional Educational and Training Council

In House Bill No. 998, the 1992 General Assembly created the 21-member BRRETC. Over the past two years, the Council has developed and embarked upon objectives that help meet its overall goals in preparing students and adults for the world of work and in linking educational systems to the needs of Blue Ridge communities, businesses, and industries.

3. The Blue Ridge Regional Tourism Council

House Bill 1719, passed by the 1993 General Assembly, created the BRRTC. The primary duties of the Council are to assist the tourism industry in the region, to encourage a cooperative attitude towards tourism among Blue Ridge localities, and to help localities link tourism to their overall economic development plans.

4. The World Trade Alliance of the Blue Ridge

In passing House Bill 1397, the 1993 General Assembly created WTA, which is directed by the Virginia Department of Economic Development (VDED). The Alliance was established to assist VDED in promoting the export of goods and services from the Blue Ridge region.

To better support WTA's efforts, VDED opened an export development office in the Roanoke Regional Chamber of Commerce Building on July 1, 1993. Cindy H. Arrington, former associate state director of the VDED's Small Business Development Centers, staffs the new office. At the Commission's September 7 meeting, Ms. Arrington reported that her office had received an average of 25 calls per week, that most calls come from small businesses, and that 22 new companies (those that had no prior contact with VDED) have been served.

Unlike the other three entities discussed above, WTA's statutorily designated composition includes members of the General Assembly. Delegates C. Richard Cranwell, R. Creigh Deeds, Thomas M. Jackson, Jr., and Lacey E. Putney, and Senators Kevin G. Miller, Frank W. Nolen, and H. Russell Potts, Jr., have been appointed to WTA. The chairman of the World Trade Council is designated by statute to serve on the Alliance and the Governor appoints 13 citizen members.

B. STUDYING TRANSPORTATION ISSUES

At the Commission's September 7, 1993, meeting in Roanoke, the Honorable John G. Milliken, then Secretary of Transportation, addressed issues of current interest to the Blue Ridge region. The Secretary's principal topic was the present and future widening of Interstate 81 to six lanes from Winchester to Bristol. This project will continue until its expected completion in the early part of the twenty-first century.

Secretary Milliken discussed three projects that may affect Virginia's ongoing planning for and rebuilding of I-81--two by the federal government and one by West Virginia. The 1991 Federal Appropriations Act authorized the Transamerica Transportation Corridor (TTC) study, an investigation into the feasibility of a major transportation corridor from Los Angeles, California, to Hampton Roads, Virginia. Besides evaluating traditional highways, the study is also examining technologies such as high speed rail and intelligent vehicle/highway systems (IVHS).

The Interstate 73/74 Corridor is the second federal proposal that may affect I-81. This project, also established in 1991, proposes to build a highway from Detroit, Michigan, through Winston-Salem, North Carolina, to Charleston, South Carolina. The highway may overlap I-81 along its route through Virginia.

To date, neither of the federal projects has been funded. Secretary Milliken does not expect funding to be available within the next five years.

Corridor H, the third project discussed by Secretary Milliken, is a controversial proposal by West Virginia to extend Interstate 66 from Strasburg, Virginia, to Elkins, West Virginia. Unlike the federal proposals, some planning money has been approved. This project has reached the second tier of analysis, which is an environmental impact study. Secretary Milliken reported that Virginia has agreed to cooperate with the second tier study; however, whether or not Virginia remains involved in the project beyond the second tier study and the extent of that involvement are not yet known.

Secretary Milliken also discussed other major transportation projects in the Blue Ridge region. His remarks were accompanied by a handout that listed some 91 projects, along with their estimated costs and completion dates. Estimated costs total \$507.4 million over the next 10 years.

The Secretary's final topic of discussion was the status of the Transportation Trust Fund Allocation Formulae Study pursuant to SJR 188 (1991). In January 1993, the study presented a report to the Joint Legislative Audit and Review Commission that contained the following recommendations:

1. Change the modal allocation to reflect allocations based on need shares.
2. Change Virginia state law to conform with the provisions of Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).
3. Ensure flexibility in the use of highway funds.
4. Change the distribution to the interstate, primary, secondary, and urban systems.
5. Change the weights in the primary and secondary formulae.
6. Change the unpaved secondary road fund to reflect changes in eligibility.
7. Establish a bridge program.
8. Establish a rail program.

Most of the questions directed to Secretary Milliken by the Commission concerned Recommendations 2 and 6. When asked whether Virginia must follow ISTEA in allocating funds, the Secretary indicated that although there is currently no statutory or other authority directing Virginia to follow the federal formula, such authority, in his opinion, would be forthcoming. Consequently, Virginia should begin now to allocate money under ISTEA.

If Recommendation 6 is adopted, eligibility for unpaved secondary road funding will increase from 50 or more vehicles to 100 or more vehicles per day. The Commission expressed concern over this proposal, given the number of miles of unpaved roads in the Blue Ridge region. The Secretary responded that while the eligibility threshold would change if the recommendation is adopted, money needed for unpaved roads could be obtained by transferring it from a county's secondary road fund.

C. SUPPORTING INNOVATIVE PROJECTS

1. Blue Ridge Safety Network Pilot Project

At the Commission's September 7 meeting, Carol Amato, then Commissioner of the Virginia Department of Labor and Industry, discussed the "safety network" pilot project. The

project grew out of a need to educate employers--particularly those with fewer than 200 employees--about Occupational, Health, and Safety (OSHA) standards in an effort to reduce work-related injuries and deaths in the Commonwealth. Participation in the project is voluntary.

The Department of Labor and Industry selected the Blue Ridge region for the pilot project because the relative number of work-related injuries (as measured by workers' compensation claims) is greater than the number of jobs and because the mortality rate for work-related injuries is much higher than in any other part of Virginia. In the fall of 1993, Commission Member W.W. Griggs was hired as part-time director of the project and works out of the Department's Roanoke office.

In the initial phase of the pilot, employers in manufacturing industries and construction trades with fewer than 200 employees are eligible to receive training. Training personnel, materials, and facilities will be provided by companies in manufacturing and construction with over 200 employees. If they choose to participate, the larger companies will be exempt from OSHA's general (unannounced) inspection schedule, where technical yet costly violations are often cited.

2. Blacksburg's Electronic Village

At the September 7 meeting, Dan C. Reid, area manager of the C&P Telephone Company, reported on the cooperative efforts between C&P Telephone and Virginia Tech in creating Blacksburg's "Electronic Village." The idea began in 1991. Ultimately, voice, data, and video services will become available as the three-phase project is implemented. Subscribers will access information from menus such as education, recreation, community services, and local government.

C&P customers in Blacksburg who choose the enhanced services of the Electronic Village will be billed accordingly. C&P hopes that many of its Blacksburg customers will participate in order to keep costs down.

D. ATTENDING AND CO-SPONSORING ECONOMIC DEVELOPMENT CONFERENCES

The Commission co-sponsored or attended three economic development conferences that focused on national and international business opportunities for the Blue Ridge region. On April 22, 1993, the Commission and Virginia Tech co-sponsored the "Blue Ridge Region Export Conference" in Roanoke. The conference featured representatives from Blue Ridge companies that are engaged in the successful export of goods and services around the world. The speakers offered their insights into a changing economic world and shared their expertise on how the small and medium-sized businesses of the Blue Ridge region can successfully export on a global scale. Former Governor Gerald Baliles delivered the keynote address on "Unlimited Export Opportunities."

On May 26, 1993, the Commission met in Blacksburg in conjunction with Virginia Tech's conference on "Business Opportunities with Central America." Cathleen A. Magennis, then

Secretary of Economic Development, addressed the conference participants and the Commission.

On October 21-22, the Commission met in Harrisonburg during the Second Annual Western Virginia Strategic Development Conference at James Madison University. In its plenary sessions and panel discussions, the conference focused on rural health issues in western Virginia, entrepreneurship and small business development, and rebuilding the I-81 transportation corridor.

III. LEGISLATIVE AND NONLEGISLATIVE RECOMMENDATIONS

In conjunction with the 59th Annual Meeting of the Virginia Association of Counties, the Commission held its final meeting of the year on November 8 at the Homestead in Hot Springs. The Commission endorsed the following legislative and nonlegislative recommendations and discussed other issues related to its work.

From Delegate Joan H. Munford, Chairman of the Commission

1. An increase in the 1994-96 biennial appropriation to the Governor's Opportunity Fund to \$20 million from \$7.5 million. During the 1992-94 biennium, Virginia provided \$4.5 million in the first year and \$3 million in the second. This increase was also recommended by the Blue Ridge Economic Development Advisory Council.

To ensure that the Commonwealth can act quickly to maximize the benefits to recipient companies, the Commission also expressed its support for any forthcoming legislation from the Executive Branch that provides more flexibility and less restriction in the disbursement of money from the Governor's Opportunity Fund.

2. An appropriation of \$2.4 million during the 1994-96 biennium for the State Export Loan Guaranty Program administered by the Virginia Small Business Financing Authority. The maximum outstanding guarantee per company would be \$500,000, with an average term not to exceed 90 days.

3. A recommendation that the Commission be continued for two more years given the amount of work the Commission has begun and what it plans to accomplish.

From Senator Frank W. Nolen, Vice Chairman of the Commission

1. A request that the Commission support the North American Free Trade Agreement (NAFTA). Given that the Blue Ridge is the manufacturing and industrial hub of Virginia, Senator Nolen expressed his strong belief that NAFTA would be beneficial to the region. These sentiments have been echoed by businesses and industries in the Blue Ridge.

2. A request that the SJR 240 (1993) Transportation Committee hold the Blue Ridge region and other rural areas harmless for any decreases in funding that may result from changes that the Committee proposes to Virginia's formula in allocating highway funds in order to conform to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

3. A request that the Commission continue to support the Blue Ridge Safety Network Pilot Project sponsored by the Virginia Department of Labor and Industry.

4. A request that the Commission express its thanks to the Virginia Central Railroad and CSX Corporation for their operation of the Autumn Glory Steam Train on weekends during October. On Saturdays, the train departed on a 200-mile round trip trek from Charlottesville to Clifton Forge with a stop in Staunton. At least 520 tickets were sold for each of the five Saturdays in October. The Sunday excursion, which also sold out, was a 50-mile round trip from Charlottesville to Gordonsville. The venture proved to be a great boon to local tourism and associated retail enterprises. Senator Nolen hopes that the success of the October daytrippers will result in a full season of excursions in the future, hopefully as soon as 1994.

From Commission Member Charles R. Saul, Chairman of the Blue Ridge Economic Development Advisory Council

1. An appropriation of \$200,000 during the 1994-96 biennium for a cooperative economic development advertising program between the Blue Ridge region and the Virginia Department of Economic Development (VDED).

2. A 1994-95 appropriation of \$10,000 to the Council to establish a directory of industrial services and suppliers in the Blue Ridge region. The directory would communicate available services and suppliers to the existing industrial base, illustrate the manufacturing strengths of the region, and analyze voids in services and supplies to those companies that may wish to fill those voids by locating in the Blue Ridge region.

3. A 1994-95 appropriation of \$5,000 to VDED to assist the Council and Virginia Tech in sponsoring export seminars for businesses and industries in the Blue Ridge region.

From Wendy C. Wingo, Chairman of the Blue Ridge Regional Educational and Training Council

1. An increase in the 1994-96 biennial appropriation to the Council of \$100,000 for each year. During the 1993-94 fiscal year, the Council was funded through a \$75,000 appropriation to the Virginia Department of Education.

From Commission Member Michele C. Wright, Vice Chair of the Blue Ridge Regional Tourism Council

1. A request that the Commission support continued funding for a statewide regional grants program administered by the Virginia Division of Tourism. During the 1992-94

biennium, the program was appropriated \$100,000. Grants are awarded for regional economic development and tourism promotion advertising campaigns on the basis of a 50 percent match by any group of at least three political jurisdictions.

2. In highlighting the Council's statutory duty to "develop and assist in the implementation of a plan to increase tourism revenue within the Blue Ridge region," Ms. Wright indicated that the Council cannot accomplish this duty solely by volunteer efforts, and, as such, funding is necessary. Ms. Wright suggested that the Commission support a "ballpark" appropriation of \$30,000 to the Council through the Virginia Division of Tourism. Through further discussion, however, it was agreed that the Council could get a more exact cost for the project by sending out a "Request for Proposals" (RFP) to all institutions of higher education and private sector entities in the Blue Ridge that may be interested in devising a comprehensive tourism plan for the region. After proposals have been received and reviewed, the Council agreed to submit a budget request for the 1994-96 biennium.

3. As part of its initial strategy to promote tourism in the region, Ms. Wright described the Council's plan to increase the publication and distribution of the Blue Ridge Regional Events and Attractions Calendar from 5,000 copies to 250,000 copies. The current appropriation for the calendar is \$4,000. After discussing the issue at length, the Commission decided that it could not support the dramatic increase in funding for the calendar that the Council proposed until the comprehensive tourism plan for the region is developed. The Commission did, however, endorse a 1994-95 appropriation of \$20,000 for the calendar to fund some expanded publication and distribution. The Blue Ridge Economic Development Advisory Council had also requested that the Commission support an increased appropriation for the calendar.

4. As an issue for the Commission to consider, Ms. Wright discussed the dedication of part of the meals and lodgings tax back to local communities for tourism in those local jurisdictions that have chosen to impose such a tax. Ms. Wright indicated that most of these taxes--in the counties, cities, and towns where they are imposed--go into the locality's general fund. As such, she explained, some percentage of the tax--albeit small--should go back into the local tourism industry that generated the tax in the first place. No Commission action was requested or taken on this issue.

From Cindy H. Arrington of the World Trade Alliance

1. A 1994-95 appropriation of \$75,000 to maintain the current funding level for the Roanoke office of the Virginia Department of Economic Development.

IV. CONCLUSION

The Commission extends its gratitude to everyone who contributed to another successful year of study. We look forward to continuing our work on behalf of the Blue Ridge region in 1994.

Respectfully submitted,

Delegate Joan H. Munford, **CHAIRMAN**
Senator Frank W. Nolen, **VICE CHAIRMAN**
Delegate C. Richard Cranwell
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V. APPENDIX

HOUSE JOINT RESOLUTION NO. 712 (1993)

HOUSE JOINT RESOLUTION NO. 712

Continuing the Blue Ridge Economic Development Commission.

Agreed to by the House of Delegates, February 9, 1993
Agreed to by the Senate, February 23, 1993

WHEREAS, House Joint Resolution No. 451, adopted by the 1991 Session of the General Assembly, established a commission to propose recommendations to improve and enhance economic development in the Blue Ridge region of the Commonwealth (the "Blue Ridge Economic Development Commission" or "Blue Ridge Commission"); and

WHEREAS, in 1992 the Commission was authorized by House Joint Resolution No. 107 to continue its examination of the economic challenges facing the region; and

WHEREAS, in exploring the challenges facing the Blue Ridge region, the Commission met five times to review regional data regarding economic growth, education, and industry and to seek the input and expertise of economic development specialists, state agencies, and representatives of higher education and the private sector; and

WHEREAS, the Commission was greatly assisted by the establishment of six task forces comprised of Commission members and ad hoc appointees from public and private entities in the Blue Ridge region, which provided more detailed examinations of partnerships between various public and private entities; marketing strategies to promote business and industry; expansion and diversification of existing industry; strategies to promote tourism; initiatives to enhance the education and training of the workforce; and regional data collection and analysis respectively; and

WHEREAS, traditional economic development strategies as well as newer theories have received Commission scrutiny; and

WHEREAS, testimony before the Commission and the task forces has confirmed a number of disturbing trends in the economic development of the Blue Ridge region, including educational disparity, declining populations, low median incomes, inadequate infrastructure, and poor representation in anticipated "growth" industries; and

WHEREAS, while a number of current programs have provided some assistance to the region, the Blue Ridge region of Virginia continues to face serious challenges as it struggles to accelerate its economic development and to retain those values and to utilize those resources that make it a unique and important part of the Commonwealth; and

WHEREAS, although the Commission has developed specific recommendations addressing such issues as business incentives and the regulatory permit-approvals process, it is the consensus of the Commission that further review of the expansion of industries using the region's abundant natural resources, the educational needs of Blue Ridge citizens and employers, regional marketing efforts, infrastructure needs, and other issues is necessary to develop additional specific recommendations to enhance the economic growth of the region; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Blue Ridge Economic Development Commission be continued. The membership of the Commission shall continue as established by House Joint Resolution No. 107 of the 1992 Session of the General Assembly. Vacancies shall be filled by the Governor, the Speaker of the House of Delegates, and the Senate Committee on Privileges and Elections, as appropriate. The Commission shall continue to review and evaluate methods of enhancing the economic growth of the region and shall consider financing alternatives, partnerships between government, higher education and the private sector, and other related issues as it deems appropriate.

The legislative members of the Commission shall be compensated as specified in § 14.1-18 of the Code of Virginia, and all members of the Commission shall be reimbursed for their actual expenses incurred in the performance of the work of the Commission.

The Commission may accept and expend gifts, grants, or donations from public or private sources which will enable it to meet its objectives.

The Commission shall submit its findings and recommendations to the Governor and the 1994 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$13,675; the direct costs of this study shall not exceed \$20,700.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.
