

**REPORT OF THE
SECRETARY OF COMMERCE AND TRADE ON**

**The Comprehensive Economic
Development Strategic Plan**

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



HOUSE DOCUMENT NO. 58

**COMMONWEALTH OF VIRGINIA
RICHMOND
1994**



COMMONWEALTH of VIRGINIA

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TO: The Honorable Lawrence Douglas Wilder
 Members of the General Assembly of Virginia

House Joint Resolution 389, agreed to by the General Assembly in 1993, requests the Secretary of Commerce and Trade to "establish a strategic planning process and prepare a strategic plan for economic development in the Commonwealth."

As directed by this joint resolution, I hereby submit the attached report which includes the findings of the study that were conducted in response to HJR 389.

I wish to express my sincere appreciation to the many individuals who assisted my office in carrying out the request of the General Assembly for this important study.

Respectfully submitted,


Cathleen A. Magennis
Secretary of Commerce and Trade



**Report of
The Secretary of Commerce and Trade**

**COMPREHENSIVE
ECONOMIC
DEVELOPMENT
STRATEGIC PLAN**

MISSION

*With our partners,
create a strong, diversified, and
globally competitive economy
where citizens, businesses,
and communities
in Virginia
prosper in safe,
healthy, and
sustainable environments.*

COMMONWEALTH OF VIRGINIA
JANUARY, 1994



Commonwealth of Virginia Comprehensive Economic Development Strategic Plan

VISION STATEMENT

WE WILL BE A VIRGINIA...

which has established a leading and diversified presence in a global marketplace;

which has the best prepared work force in the world to produce the highest quality products and services in the most efficient manner;

which utilizes and protects its natural resources for the use and enjoyment of its citizens;

which provides all of its citizens the opportunity to live and work in a safe environment in jobs that allow them to improve their standard of living and quality of life; and

which recognizes and develops to the fullest the potential of its resources - human, fiscal, and natural.

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EXECUTIVE SUMMARY

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II. Administrative priorities and implementation

III. Advancing the priority to the Commonwealth of its economic development efforts

Executive Summary **Cathleen A. Magennis** **Secretary of Commerce and Trade**

Strategic plans by their very nature are not achieved, but are a series of goals to strive towards. They are continuously evolving standards of performance responding to changing economic and administrative conditions.

As this is presented, the Commonwealth faces not only a change of administration but also a significant shift in our historic economic base. In this context, with the support of the full Secretariat, and with the assistance of the General Assembly and our public/private sector partners, we have tried to determine the critical issues for Virginia as it approaches the second half of the last decade of the century. We then charted a strategic course to meet the challenges and capitalize on the opportunities.

This Executive Summary and introduction will outline the four components which went into the development of our strategic plan.

I. PROCESS FOR CONTINUOUS PLAN DEVELOPMENT AND IMPLEMENTATION

One might suspect that Virginia has suffered from a lack of clear process for strategic plan development and adaption.

However, in developing this plan we have found the contrary to be true. A myriad of studies and a score of previous plans exist. Accordingly, this plan will incorporate the wealth of information offered by, among many other documents, the following:

- Virginia Economic Development Policy, Secretary of Economic Development, June 1992
- The Annual Report of Workforce Virginia 2000 Advocacy Council, 1993
- The Department of Planning and Budget's Study of Industrial Modernization, December 1993

- An Economic Vision For Virginia Created by the Virginia Chamber of Commerce, December 1993
- Governor's Commission On the Revitalization of Virginia's Urban Areas, October 1993
- House Document 37: Report of the Joint Subcommittee to Study the Measures Necessary to assure Virginia's economic recovery, 1992
- House Document 41: Report of the Commission on Population Growth and Development, 1992.
- House Document 45: Report of the A.L. Philpott Southside Economic Development Commission, 1992.
- House Document 51: Final Report of the Commission Studying Local and State Infrastructure Needs and Revenue, 1992.
- House Document 54: Interim Report of the Joint Subcommittee Studying the Incentives and Obstacles Facing Businesses When Making Location Decisions in Virginia, 1992.

Plans and expert analysis exist, what has been lacking is a process by which plans may be adopted and implemented in accordance with their intent. Such a process must provide direct participation by industries and communities as well as agencies and departments. Accordingly, this strategic plan has been developed over 18 months with the full participation of all 14 agencies within this Secretariat. It has:

1. Established a process to include the leadership of industry, the General Assembly, and the Governor's Office and other elements of the executive branch in identifying the critical issues to be addressed in the strategic economic development plan;
2. Established a process to administer the plan through the Office of the Secretary of Commerce and Trade with support from the staff of various agencies and other Secretariats as needed;

3. Recommended the plan be reviewed at the beginning of each Governor's term, and at mid-term to incorporate adjustments; and
4. Ensure that the process is continuous and flexible, and designed to reflect a consensus on critical economic development issues facing the Commonwealth. Periodic customer surveys and statewide public hearings should be conducted.

II. ADMINISTRATIVE PRIORITIES AND IMPROVEMENTS

The agencies within this Secretariat have, in turn developed their individual strategic plans which have served as the building blocks for the Secretariat-wide strategic plan. In this process we identified our strategic priorities as well as means by which our administrative functions can be streamlined for enhanced customer satisfaction. Critical among these are the following:

1. Business Retention

Revise and improve business retention, attraction, and expansion programs. Historical priorities have placed site selection as the critical priority in an effort to attract new businesses to the Commonwealth. Our analysis shows that the greatest growth market within the Commonwealth of Virginia emanates from our existing business base and particularly our smaller businesses. Accordingly, emphasis on new technology, industry opportunities, alternative business strategy development by existing industry, expanded trade opportunities, and enhanced marketing capabilities have been placed as a top priority for all 14 agencies.

2. Cost of Regulations

Agencies have identified a need to develop a system to determine the burden of existing regulations on industry, particularly environmental regulations, and to revise regulations which are barriers to business growth and development.

3. The Cost of Antiquated Tax Codes

The agencies have identified the need to review the effect of the Business, Professional and Occupational License Tax (BPOL) and how the tax code inhibits the growth of the technology services and government contracting sectors of the economy.

4. Reduce Redundancy and Increase Interagency Customer Service

Implement a cross agency capability to identify complementary and overlapping programs, consolidate such programs where appropriate (as in the case of the extension services of the Department of Economic Development, the Center for Innovative Technology, and Virginia Polytechnic Institute), and make known to industry and consumers through one stop shopping systems the various support programs available regardless of agencies in which they originate.

5. Total Quality Management Implementation

Continuously improve customer oriented delivery systems for state services, coupled with a stronger outcome based evaluation system for services rendered. This furthers the Secretariat-wide Total Quality Management program and includes a continuous improvement system for all program operations in all agencies.

6. Strengthen Public and Private Sector Partnerships

Develop stronger continuous working relationships with local economic development personnel, regional community organizations, and industry working groups to ensure their participation in the review of old, and development of new, state services.

7. Emphasize the Correlation Between Education and Economics

Review and revise existing education and training programs to provide for continuous, life-long learning with an increased emphasis on identifying and meeting the skill needs of industry.

III. ADVANCING THE PRIORITY TO THE COMMONWEALTH OF ITS ECONOMIC DEVELOPMENT EFFORTS

We have tried to distill from these efforts the critical themes which appear repeatedly in public hearings, in individual interviews, and in study after study. They are the following:

1. Critical Defense Industries

No state has more interest in an effective defense conversion policy than Virginia. The Commonwealth ranks among the leaders nationally in defense spending per capita. Defense expenditures historically account for over ten percent of the

state's economy. Defense expenditures totaled \$17.3 billion in fiscal year 1992 — exceeding the entire budget of the Commonwealth by about three billion dollars. On the one hand, defense spending is pervasive, with over 3,000 defense prime contractors operating in Virginia in 1992 who received awards of \$25,000 or more, and virtually every city and county having some defense presence. On the other hand, defense spending is concentrated, with the top 100 prime contractors accounting for 64 percent of total awards and 48 and 41 percent of total spending going to Northern Virginia and Hampton Roads, respectively. Two areas of the Virginia economy face great challenges and should receive focused attention. They are the maritime economy and the software engineering and systems economy.

- a. *The Maritime Initiative* - This initiative and the telecommunications/software engineering initiative below should be high-profile state efforts in critical defense markets. Substantial effort on the part of the Commonwealth should continue to be focused on helping the maritime industry increase its competitiveness and transition to non-defense markets. The industry has three critical components which are related but not entirely integrated: the military shipbuilding and repair industry and related suppliers; the civilian shipbuilding and repair industry and related suppliers; the port and shipping infrastructure. Virginia alone cannot control the outcome of decisions related to investments in its shipping infrastructure. These are national issues which Virginia may influence but in essence the Commonwealth must support those federal initiatives most important to Virginia's industry. The Clinton administration has included support in the budget for the creation of a national maritime technology initiative and for rebuilding shipyard infrastructure.

The Commonwealth should be supporting multiple technology initiatives in both the maritime technology field and shipyard infrastructure efforts. In particular, the proposal of the South Tidewater Association of Ship Repairers (STASR) is designed to be part of the national maritime technology initiative and should be receiving substantial support. I am pleased to report our application to obtain Federal Funding Assistance to further this initiative was successful. This is the type of industry/state/fed-

eral partnership that the Secretary of Commerce and Trade, and the Center for Innovative Technology should continue to pursue aggressively. *The Commonwealth should take the next step to build a national-caliber center in maritime technology, manufacturing, and training with strong federal support.*

- b. *The Telecommunications/Software Engineering Initiative* - Virginia has a very strong industry base in the fields of software engineering, systems integration, and telecommunications. Most of this capability was developed through defense contracting and advanced because of our proximity to the regulators in Washington. We should be seeking to make Virginia a testbed for new technologies and to use initiatives to assist defense industries to transition to other markets, to attract new, related industries to the area, and to draw attention to our existing capabilities. There are three short to mid-term initiatives in progress which reflect this approach and which should be pursued more actively: the Community Learning Information Network (CLIN); the development of a distributed workforce through telecommuting centers in Northern Virginia and elsewhere in the state; and the creation of the National Technology Center. Finally, the state needs to set the tone, both in terms of leadership and in terms of regulatory reform for an environment conducive to attract testbed activity to Virginia.
- c. *The Virginia Alliance for Manufacturing Competitiveness (VAMC) and the Peninsula Advanced Technology Center (PATC)* - The VAMC is the state proposal to integrate the extension services of CIT, DED, and VPI to form a single service, as well as enhance the capabilities of the state to deliver its services to communities, industries, and individuals. To this end, we have made application to the Federal Technology Reinvestment Project (TRP). Such integration should occur regardless of whether Virginia wins federal Technology Reinvestment Project (TRP) funding or not. Similarly, the PATC should be supported as the prototype regional outreach effort addressing at the local level technology transfer and training needs of the community.
- d. *Norfolk Naval Aviation Depot* - In the process of

defense downsizing a number of Virginia facilities will be closed. NADEP is one of those. This facility, however, is a significant asset to the Commonwealth. It appears to be a facility that could do civilian airliner rehabilitation work such as that which was to be done at Dulles for United Airlines. Alternatively, the facility could serve as a rework center for a major defense aircraft contractor. CIT should be encouraged to support the development of transitional technologies if necessary to convert this facility to work on other airframes and engines in addition to military A-6s and F-14s.

2. Non-Defense Areas of Opportunity. The following areas continue to be areas of concern or areas of opportunity.

- a. *Venture Capital and Business Tax Issues* - Substantial efforts should be made to increase the capital available for young and startup companies. A number of private-sector efforts in this area may mature in the next 3-6 months, but to date none is far enough along to say it will succeed. State efforts should be focused on attracting market capital and not substituting state agency judgment for that of financial institutions. Companies on which this program should focus are: (i) defense companies transitioning to new markets, (ii) small industry under the SBA standards (less than 500 people), which is the lion's share of Virginia industry; and (iii) manufacturing (including software design and development and service industries closely related to manufacturing industries). One reliable study suggests the Center for Innovative Technology should create a system for co-funding new technology ventures. Two other areas are worth close scrutiny: the creation of a new tax credit structured like the solar panel tax credit for specific industry sectors and the expansion of existing loan guarantee fund capabilities.

A general review of Virginia's business tax structure should be undertaken to ensure that it encourages rather than inhibits investment. The Business, Professional and Occupational Tax (BPOL) is a critical item for Northern Virginia legislators and industry. Practically, it would be impossible to roll back BPOL taxes in the short term, but the tax code should be reviewed in its entirety as it does not adequately address the needs of a major sector of our econ-

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- omy, namely, the government contracting service sector, particularly as it relates to technology and technology services. In addition, close scrutiny should be given to eliminating state taxation of the federal research and experimentation tax credit as well as long term capital gains.
- b. *Transportation Initiative* - The opportunities for Virginia in this area are primarily long range, but include substantial technology components and opportunities for defense firms. Efforts in the fields of intelligent vehicle highway systems, advanced traffic management systems, and pavement durability technologies will receive substantial federal support. The Commonwealth continues to have significant local transportation needs, regional and statewide needs, and national/international needs. These are not all achievable in the short term, but they should be pursued on a 10-15 year time line. There are substantial federal funds for high speed rail or magnetic levitation transportation and the Washington-Richmond corridor has been designated a high speed rail corridor.
- c. *Biotechnology* is considered to be one of the market sectors which will grow the most in the next twenty-five years. Virginia can play a role in that development in three areas: (i) support for the development of the Biotechnology Research Park at Virginia Commonwealth University; (ii) support development of plant and animal biotechnology centered around Virginia Polytechnic Institute's nationally regarded leadership in this field; and (iii) development of standards for biotech based disease diagnostic and testing technologies.
- d. *CEBAF* - This project would add two free electron lasers to the Continuous Electron Beam Accelerator Facility (CEBAF) light source located in Newport News for the use of industry. It is probably the best example of a federal laboratory identifying industry needs which can be met with the substantial infrastructure investment made in the facility. It will provide high-volume materials-processing capability for manufacturing advanced composite materials. Accordingly, the state is positioned to build off of the substantial industry interest in using the FEL's to attract additional companies to build research and development facilities at the light source site and manufacturing facilities in the region.
- e. *Virginia State University Center Initiative* - Virginia State University has two areas in which it might win substantial funding for an industry-driven technology center. First is in the area of magnetism in which VSU has worked closely with CEBAF and Babcock & Wilcox through its co-op program over the last five or more years. B&W, along with a consortium of historically black universities, recently won a Technology Reinvestment Project grant from the federal government. The presence of both B&W and CEBAF in close proximity to VSU make this initiative one which could receive substantial long term federal support. Second, VSU is well positioned to create an environmental recycling center which would be primarily funded by federal dollars. The effort focuses on working with the Department of Defense to increase biodegradable characteristics in materials.
- f. *Wallops Island Launch Site* - For some years now Virginia's objective has been to capture a significant portion of the development and launch business in the small satellite industry. Competition for launches is substantial and will become tougher. White Sands, New Mexico, Vandenburg, California; Cape Kennedy, Florida; and Poker Flats, Alaska are all competing launch sites. Currently, DED is exploring legislation creating a tax holiday for manufacturers of satellites and launch vehicles to be launched from Wallops. The Commonwealth faces a new challenge as federal budget reductions have threatened to close the Wallops facility. The Secretary of Commerce and Trade has been in communication with Virginia's Congressional delegation and strongly recommends, a task force be set up by the next administration to review creation of a public-private partnership to create a Virginia Spaceport Authority to ensure Virginia is positioned to protect and utilize this asset.



CURRENT STATE OF THE VIRGINIA ECONOMY

Virginia's Economic Times: An Overview

**By Robert Griffis
Virginia Employment Commission**

Historical Perspective

Over the past three decades, from the 1960's through the 1980's, the Virginia economy has shown growth rates in virtually all measures of economic and demographic activity that exceeded those of the national economy. For instance, at the start of this period, Virginia's per capita personal income represented only 83 percent of the nation's per capita personal income, while in 1992 it exceeded that of the nation by four percent.

At the same time, Virginia's strong and diverse economy generally has resulted in the Commonwealth faring better than the nation during business cycle downturns over this three-decade period.

Despite the Commonwealth's strong and steady economic and population growth and relative stability in the face of national economic downturns, it should be noted that not all regions of the state shared equally in the prosperity. Although many, if not most, areas of Virginia experienced positive economic and population growth during this period, it was concentrated primarily in the three large metropolitan areas in eastern Virginia, which make up the urban corridor. These three areas accounted for the majority of population and job growth over the last three decades, accounting for approximately 80 percent of total state job growth. In 1992 the urban corridor metropolitan areas accounted for more than 65 percent of total state population and 67 percent of total state employment.

Current Economic Conditions

The favorable economic growth trends that Virginia experienced with regard to the national economy during most of the last three decades began to change during the late 1980's and accelerated during the recession of the early 1990's.

Virginia's job and income growth no longer exceed that of the nation. However, the Commonwealth's unemployment rate remains substantially below the national level and the population growth rate continues to outpace the nation's population growth rate by a significant margin.

Major economic events which occurred in the 1980's continue to influence the economic condi-

tions of the 1990's. These include: 1.) A boom in the construction of the commercial and multi-family residential properties which resulted in significant overbuilding in the large metropolitan areas; 2.) The defense build-up which concentrated significant federal spending in Northern Virginia and Hampton Roads; and 3.) A restructuring of Virginia's industrial base to rapid growth in "servicing type" industries such as Retail Trade; Services; Finance; Insurance and Real Estate; and Wholesale Trade; while goods and commodities producing industries such as: Manufacturing; Mining; and Agriculture grew modestly or declined. As a result of this restructuring, Government and Manufacturing, the first and second leading employers in 1980, are now ranked third and fourth behind Services and Retail Trade—which combined accounted for two-thirds of all new job growth in Virginia in the 1980's.

Future Economic Trends

Virginia is currently experiencing sluggish economic growth as measured by employment, personal income, and gross state product with rates of growth approximately 60 percent of national rates for the same measures. This results, in part, as a carryover of the major economic events which occurred in the 1980's. The construction boom resulted in a glut or surplus of commercial office, retail space, apartment buildings/condominiums, and shopping center space in the major metropolitan areas, especially Northern Virginia. The defense build-up is now a building-down impacting both the public and private sectors of Virginia's defense industry which is heavily concentrated in Northern Virginia and Hampton Roads.

The restructuring of Virginia's industrial base with the explosive growth in service and retail jobs and slow or negative growth in Government and Manufacturing has resulted in the substitution of low to medium wage jobs for higher wage jobs. This may be a particular problem in the smaller metropolitan, non-metropolitan, and rural areas of the state which are very dependent on Manufacturing, Agriculture, and Mining and do not have a well developed or medium to higher wage service industry base for future growth.

In summary, Virginia's current sluggish economic growth is expected to continue in the near-term future with growth rates of major economic

variables below comparable national rates. Growth rates will pickup later in the decade, but will not return to pre-1990 levels. The overbuilding in the construction industry will be overcome by mid-decade, but a renewed construction boom similar to the 1980's is not likely. The defense build-down will continue with further budget cuts and another round of base closings in 1995, but is likely to be concluded by the end of the decade.

All major economic variables are projected to increase their rates of growth by the mid-1990's, but will still be modest by pre-1990's standards while population growth will continue to exceed national rates and the unemployment rate will remain appreciably below the national level.



GOAL A: FULFILL HUMAN POTENTIAL

WORKFORCE QUALITY

Closing the gap between work-force skills, and the educational and technical skills required by employers, is essential in attracting and retaining businesses.

I. Individual quality of life/quality of employment

II. Partnership with education

III. Assist Virginia's workforce adapt to a changing global economy

I. INDIVIDUAL QUALITY OF LIFE/QUALITY OF EMPLOYMENT

By July 1, 1994, review, revise, and propose new action items to increase employment opportunities, quality of jobs and the work environment. Among those strategies to be addressed are:

1. Worker training, including job development and career development.

Action Agents: Virginia Employment Commission, Department of Economic Development (Department of Labor and Industry, Governor's Employment Training Department, Department of Social Services)

2. Worker services, such as child care to sustain people in employment.

Action Agents: Governor's Education Training Department, Department of Social Services (Department of Economic Development)

3. Targeted job development programs in urban and rural areas (housing, health, and transportation).

Action Agents: Department of Economic Development (Virginia Employment Commission, Department of Housing and Community Development)

4. Access to jobs, through access to transportation and telecommuting.

Action Agents: Virginia Department Of Transportation (Department of Information Technologies, Department of Rehabilitative Services, Department of Social Services, Department of Labor and Industry)

5. Worker recruitment to address issues of opportunity and diversity in the work force.

Action Agents: Virginia Employment Commission (Department of Economic Development, Department of Social Services, Governor's Employment Training Department, Department of Rehabilitative Services, Department of Minority Business Enterprise)

6. Workplace improvements to address issues of safety and health.

Action Agents: Department of Labor and Industry (Department of Mines, Minerals, and Energy, Department of Housing, Mental Health Mental Retardation, Department of Agriculture and Consumer Services)

II. PARTNERSHIP WITH EDUCATION

By July 1, 1994, identify and develop a plan to strengthen those partnerships between economic development agencies and educational institutions which will be most vital in achieving the goals of the Economic Development Strategic Plan. Among the strategies to be utilized are:

1. Identify and develop a directory of the most powerful assets each institution can bring to bear on economic development by April 1, 1994.

Action Agents: Secretaries of Commerce and Trade and Education

2. Develop a directory of university resources for state and local officials to use in servicing businesses. Distribute to agencies (state and local) and to local service providers (Small Business Development Centers).

Action Agents: Department of Economic Development; Center for Innovative Technology; Universities

3. Further develop the process for linking Universities with the Center for Innovative Technology and the private sector by July 1, 1994.

Action Agents: Secretaries of Commerce and Trade and Education

4. Implementation of "Workforce 2000".

Action Agents: Secretaries of Commerce and Trade and Education

III. ASSIST VIRGINIA'S WORKFORCE ADAPT TO A CHANGING GLOBAL ECONOMY

By July 1, 1994 identify which current programs ensure individual workers develop at a pace to allow achievement of global competitiveness. Detail these programs and their budgetary implications in a report to the Governor by July 1, 1994. Among these current programs are:

1. Establishment of world-class education standards and competencies for adults.

Action Agents: Secretary of Education (Workforce Leadership Council Agencies)

2. Development of an on-going mechanism for employees to certify levels of individual competency and occupational skills required by employers.

Action Agents: Secretary of Education (Workforce Leadership Council Agencies)

3. Establishment of a process of continuous review of elementary, secondary, vocational, and higher education standards as compared to the changing work force requirements in a competitive worldwide economy.

Action Agents: Secretary of Education

4. Identify the processes, systems and facilities which will afford all students access to world-class education.

Action Agents: Secretaries of Education, Health and Human Resources, Commerce and Trade, and Public Safety

5. Establish a comprehensive, integrated system of continuous learning.

Action Agents: Secretaries of Education, Health and Human Resources, Commerce and Trade, and Public Safety

B. BUILDING COMPETENCY IN THE WORK FORCE

By July 1, 1996, identify and report, in detail, to the Governor those strategies and programs which will ensure that the workforce develops at a pace to allow global competitiveness. Among the strategies are:

-
1. Recommend a name change from Secretary of Education, to, *Secretary of Education and Workforce Preparation*, to emphasize the importance of workforce preparation to economic development.

Action Agents: Governor; Secretary of Education

2. Implement a coordinated, comprehensive program for work force development.

Action Agents: Secretary of Education (Workforce Leadership Council Agencies); Department of Economic Development

3. Streamline access to state training and retraining services by establishing regional one-stop education information centers.

Action Agents: Virginia Employment Commission; Department of Economic Development (Workforce Leadership Council Agencies)

4. Establish an incentive program for employers to create opportunities for life long learning.

Action Agents: Secretary of Commerce and Trade; House Appropriations Committee; Senate Finance Committee

5. Disseminate employer surveys to identify current needs for occupational training and modifying state services to match job opportunities.

Action Agents: Virginia Employment Commission (Department of Economic Development; Department of Labor and Industry; Virginia Community College System; State Council of Higher Education for Virginia)

6. Promote preparation for employment in the technical and trade occupations.

Action Agents: Secretary of Education (Workforce Leadership Council Agencies)

7. Utilize advanced communications technology throughout state agencies to broaden citizen access to training.

Action Agents: Department of Information Technology (Center for Innovative Technology; State Council of Higher Education for Virginia; Universities; Virginia Community College System)



GOAL B: IMPROVE THE ECONOMIC BASE OF VIRGINIA

I. Agriculture, Forestry and Commercial Fisheries

II. Industrial Recruitment

III. International Trade

IV. Tourism

V. Virginia Film Office

I. AGRICULTURE, FORESTRY AND COMMERCIAL FISHERIES

This component of economic development includes fostering the development, diversification and expansion of agriculture, forestry and commercial fisheries. The following obligations must be met on an ongoing bases.

1. Assist in the expansion of Virginia's agriculture industry through increased attraction, retention, and business service contacts.

Action Agents: Department of Agriculture and Consumer Services, Department of Economic Development, and Department of Forestry.

2. Promote the increased use of top quality agricultural, forestry and commercial aquaculture products through enhanced comprehensive marketing programs both domestically and internationally.

Action Agents: Department of Agriculture and Consumer Services.

3. Analyze and report on agricultural financing options to enhance the development and growth of agriculture in Virginia.

Action Agents: Department of Agriculture and Consumer Services, Department of Economic Development, and Secretary of Commerce and Trade.

4. Provide regulatory assistance service to agribusiness and farmers through direct assistance and the promotion of "user friendly" regulations.

Action Agents: Department of Agriculture and Consumer Services, Department of Economic Development, and Department of Forestry.

5. Insure a safe and wholesome food supply through an increased frequency of inspection of food establishments.

Action Agents: Department of Agriculture and Consumer Services

6. Complete the land use taxation study in response to House Joint Resolution recommending enhancements and communicate the

public benefits of these tools to the citizens of the Commonwealth.

Action Agents: Department of Agriculture and Consumer Services, Department of Forestry, Department of Conservation and Recreation, and Department of Taxation.

7. Analyze, develop and manage policies, plans, and programs to enhance environmental quality.

Action Agents: Department of Agriculture and Consumer Services.

8. Promote a balanced approach to economic/environmental needs.

Action Agents: Department of Agriculture and Consumer Services, Department of Forestry, Department of Economic Development.

9. Foster the application of new and diversified technologies in agriculture, forestry and commercial fisheries.

Action Agents: Department of Agriculture and Consumer Services, Department of Forestry, Virginia Tech and Virginia State University.

10. Encourage basic and applied research to support existing and new agricultural enterprises with regard to marketing and technological research.

Action Agents: Department of Agriculture and Consumer Services, Department of Forestry, Virginia Tech and Virginia State University.

11. Support the development of an agricultural bio-technology industry in Virginia.

Action Agents: Department of Agriculture and Consumer Services, Department of Economic Development, Virginia Tech, Virginia State University, and the Center for Innovative Technology

II. INDUSTRIAL RECRUITMENT

Industrial recruitment means selling Virginia's attributes to domestic and international companies, encouraging them to locate in the state at sites where company officials determine they will be the most profitable.

By July 1 1994, review and, as necessary, revise the listing of businesses targeted for recruitment and strategies to make Virginia more attractive to business. Among the strategies are:

1. Targeting of recruitment toward companies identified as having the greatest employment/location potential in Virginia.

Action Agents: Department of Economic Development

2. Development of programs to increase local government and regional organization participation in industrial recruitment activities.

Action Agents: Department of Economic Development

3. Development of programs to increase private sector participation in industrial recruitment activities.

Action Agents: Department of Economic Development, Department of Minority Business Enterprise

4. Continue targeting high wage industries for recruitment to Virginia.

Action Agents: Department of Economic Development, Virginia Employment Commission

5. Recruit companies to absorb highly skilled displaced personnel.

Action Agents: Department of Economic Development

6. Enhancement of marketing efforts to present Virginia as a high technology state (including plans to develop a space port at Wallops Island)

Action Agents: Department of Economic Development, Center for Innovative Technology, State Council on Higher Education in Virginia, Universities).

7. Increase international marketing activities for business recruitment.

Action Agents: Department of Economic Development

-
8. Enhance and maintain the international Marketing Exchange Group program.

Action Agents: Department of Economic Development, Department of Agriculture and Consumer Services, Virginia Port Authority

III. INTERNATIONAL TRADE

There is no more important horizon of opportunity than that of International Economic Trade. This component of economic development enhances the ability of businesses to sell their products, goods, services and technologies in the international market. It also enhances Virginia's competitive position when we ensure all efforts are made to increase the use of our Virginia Ports for the benefit of the entire United States market place.

To this end, we strive to attain the following:

A. PRODUCT QUALITY

By July 1, 1994, identify strategies which will further distinguish Virginia as a producer of quality products and services.

1. Develop partnerships with targeted Virginia businesses to reinforce public-private sector commitment to quality.

Action Agents: Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Employment Commission; Department of Labor and Industry; Virginia Community College System; Virginia Tech

2. Set statewide standards to encourage Virginia businesses to meet world quality standards such as ISO 9000. Make these standards a criteria to obtaining future public financial assistance.

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Virginia Community College System; Virginia Tech

B. EXPANSION OF DOMESTIC AND INTERNATIONAL MARKET OPPORTUNITIES

By date indicated, review and revise existing strategies, as necessary, or develop new strategies to

increase sales of Virginia products and services. Among those strategies are:

1. Complete a comprehensive reassessment of the competitive positions of major Virginia exports and identify which Virginian products and services are most competitive on a global basis (by January 15, 1994).

Action Agents: Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Port Authority

2. Develop a set of benchmark standards to measure performance in international marketing and reverse investment programs (by July 1, 1994).

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Port Authority; Department of Planning and Budget; Joint Legislative Audit and Review Commission; House Appropriations Committee; Senate Finance Committee

3. Develop a cost benefit analysis of Virginia's international export efforts, including the cost benefit of operating foreign offices (by July 1, 1995).

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Port Authority; Department of Planning and Budget; Joint Legislative Audit and Review Commission; House Appropriations Committee; Senate Finance Committee

4. Develop a comprehensive plan to use Virginia companies, agencies, and institutions as partners in fostering international trade (by July 1, 1994).

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Port Authority

5. Develop of a comprehensive market research function to identify emerging global trends and assist Virginia agencies and businesses

determine those products in which Virginia industries might be most competitive (by July 1, 1995).

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Department of Agriculture and Consumer Services, Virginia Port Authority; Virginia Employment Commission

6. Hold an annual meeting in Richmond with mandatory attendance of all state personnel involved with international trade. This is to include all overseas personnel. This is intended to increase communication/cooperation and decrease duplication/inefficiency. This will allow the Governor to set an annual agenda and priorities. (First annual meeting to be held in May, 1994.)

Action Agents: Secretary of Commerce and Trade, Department of Economic Development; Department of Agriculture and Consumer Services; Virginia Port Authority

IV. TOURISM

Tourism development promotes Virginia as a destination to domestic and international travelers and enhances the ability of communities to receive travelers.

A. INCREASE NON-RESIDENT TRAVEL TO VIRGINIA

Promote and facilitate leisure and business travel to and within the Commonwealth of Virginia.

1. Utilize magazine advertising for primary advertising inquiry generation until that time that the advertising budget has been increased to maintain a fully developed and targeted response television media program.

Action Agents: Department of Economic Development

2. Develop and implement a television media advertising program that builds awareness of the Virginia travel experience regionally, nationally and internationally by June, 1994.

Action Agents: Department of Economic Development

3. Continue to utilize newspaper advertising in all primary markets to drive weekend business and as an anchor for Virginia travel industry section/insert involvement.

Action Agents: Department of Economic Development

4. Maintain and operate the Washington, D.C. sales office (to be partially funded through consumer sales, reservations services and special fund raising projects) to provide essential marketing support related to meeting planners, Metro Washington travel agents, government travel/meeting planners, Embassy inquiries, international development and walk-in sales.

Action Agents: Department of Economic Development

5. Maintain and operate the detail products and services for the information fulfillment center in the Bell Tower, on Capitol Square, in Richmond.

Action Agents: Department of Economic Development

6. Maintain and direct overseas representatives in major markets (Great Britain, Germany, France and Japan) to carry out day-to-day promotion, sales and industry liaison activities with international partners, tour wholesalers, tour operators, travel agents, travel media and special consumer programs.

Action Agents: Department of Economic Development

7. Direct and facilitate the development, with Virginia's travel industry and regional partners, of tour packages for use by wholesalers, operators and travel agents both in the U.S., Canada and overseas.

Action Agents: Department of Economic Development

B. INCREASE RESIDENT AWARENESS OF VIRGINIA AS A TRAVEL DESTINATION

1. Continue to support the special appropriation for the Virginia Association of Broadcaster's "See Virginia First" campaign and participate

in the implementation of campaign projects.

Action Agents: Department of Economic Development

2. Develop and distribute to Virginia electronic media a series of public service announcements.

Action Agents: Department of Economic Development

3. Continue to gather information and produce festivals and special events guide (used heavily as information pieces in-state and used as secondary information in non-resident programs as the top-line information is published in travel guides).

Action Agents: Department of Economic Development

C. ENCOURAGE THE GROWTH AND DEVELOPMENT OF VIRGINIA'S MARKET FOR CORPORATE TRAVEL AND MEETINGS FROM BOTH NON-RESIDENT AND RESIDENT GROUPS.

Strategies to include:

1. Work closely with the Virginia Association of Convention and Visitors Bureaus to identify and develop ways and means to facilitate the continued growth of business and meetings travel to Virginia.

Action Agents: Department of Economic Development

2. Develop a referral program with the Bed and Breakfast lodging industry to establish a market for small meetings groups.

Action Agents: Department of Economic Development

3. Conduct analysis and development activities to increase convention facilities in Virginia.

Action Agents: Department of Economic Development

4. Encourage the development of a world-class convention/expo-center that will serve both domestic and international events.

Action Agents: Department of Economic Development

D. ENHANCE THE TRAVEL INDUSTRY BY PROVIDING THOSE UNIQUE STATE TOURISM OFFICE FUNCTIONS AND PROGRAMS WHICH NO OTHER TRAVEL INDUSTRY COMPONENT OR ORGANIZATION CAN PERFORM.

- A. Enhance the quality of visitor experience.

1. Operate the state's ten welcome centers in cooperation with the Virginia Department of Transportation.

Action Agents: Department of Economic Development

2. Provide technical assistance to private and public sector elements in the establishment of Primary Road Visitor Information Centers. Additionally, assist in training of local center staffs.

Action Agents: Department of Economic Development

3. Coordinate with the Virginia Department of Transportation in the development of highway signage and state highway maps program.

Action Agents: Department of Economic Development

- B. Maintain and develop travel industry relationships to build alliances, partnerships and Virginia's role as a major tourism leader.

1. Maintain memberships and participation (on boards and or marketing related committees when possible) in the major national and international travel industry trade associations.

Action Agents: Department of Economic Development

2. Maintain relationships with federal interior, agriculture and commerce agencies to develop marketing partnerships and acquire federal grants.

Action Agents: Department of Economic Development

3. Work closely with the major statewide travel industry associations in the development and implementation of the goals and objectives of the Virginia Tourism 2000 plan.

Action Agents: Department of Economic Development

4. Facilitate the involvement of other state agencies such as Transportation, Conservation and Recreation, Historic Resources, Marine Resources, among others in the development of a comprehensive tourism program.

Action Agents: Department of Economic Development

V. VIRGINIA FILM OFFICE

Attract jobs and capital investment created by both domestic and international businesses and film producers.

A. INCREASE THE NUMBER OF FILMS, VIDEOS AND BROADCAST COMMERCIALS PRODUCED IN VIRGINIA

1. Identify entertainment industry trade sources that provide data on production opportunity.

Action Agents: Department of Economic Development

2. Promote the development of the production labor force as a marketing resource.

Action Agents: Department of Economic Development

3. Generate inquiries from film, video and broadcast commercial producers.

Action Agents: Department of Economic Development

B. MAKE VIRGINIA THE MOST RECOGNIZED STATE IN THE MID-ATLANTIC/SOUTHEASTERN AREA OF THE UNITED STATES FOR FILM PRODUCTION OPPORTUNITIES.

1. Make direct contact with film producers to identify operational/production needs and present ways in which Virginia can effectively address those needs.

Action Agents: Department of Economic Development

2. Participate in events where information about Virginia can be conveyed to targeted prospects.

Action Agents: Department of Economic Development

C. PROVIDE RESPONSIVE AND EFFECTIVE LOCATION ASSISTANCE SERVICES TO SUITABLE FILM PRODUCERS.

1. Assemble and maintain site location files for film makers.

Action Agents: Department of Economic Development

2. Disseminate and maintain current state data of interest to business.

Action Agents: Department of Economic Development



GOAL C: ENCOURAGE THE WISE DEVELOPMENT AND USE OF NATURAL RESOURCES

I. Minerals and Energy

II. Natural and Historic Resources

I. MINERALS AND ENERGY

Fostering the development of our natural mineral and fossil fuels, conserving the use of our finite fossil fuels and developing new indigenous energy resources in a safe and environmentally sound manner are integral components of economic development.

BUSINESS DEVELOPMENT AND CREATION

By July 1, 1994, identify and develop strategies to capitalize on the business opportunities created by the need to preserve and enhance environmental quality. Such strategies would include:

1. Creation and identification of new business opportunities arising from the environmentally sensitive disposal of waste.

Action Agents: Secretary of Commerce and Trade (Department of Agriculture and Consumer Services; Department of Economic Development; Department of Mines, Minerals, and Energy; Department of Forestry; Center for Innovative Technology; Department of Environmental Quality)

2. Identification of new business opportunities arising from the reuse and recycling of materials.

Action Agents: Secretary of Commerce and Trade (Department of Agriculture and Consumer Services; Department of Economic Development; Department of Mines, Minerals, and Energy; Department of Forestry; Center for Innovative Technology; Department of Environmental Quality)

3. Encouragement of further development of renewable and alternative energy resources.

Action Agents: Secretary of Commerce and Trade (Department of Agriculture and Consumer Services, Department of Forestry; Department of Mines, Minerals, and Energy)

4. Encouragement of further development and expansion of Virginia's natural, historic, and cultural resource-based tourism industries.

Action Agents: Department of Economic Development; Department of Historic

Resources; Department of Conservation and Recreation

II. NATURAL AND HISTORIC RESOURCES

Economic development policy includes encouraging the development and use of natural and historic resources in a manner that sustains and conserves resource values and functions.

CONSERVATION AND RESOURCE MANAGEMENT

By March 1994, develop strategies to ensure that efforts to achieve the goals in the economic development strategic plan occur through wise utilization of and respect for Virginia's natural and historic resources. Among the strategies are:

1. Assessment of efforts underway to develop a statewide planning process for resource management and identification of opportunities to maximize input into this process from the economic development perspective.

Action Agents: Secretary of Commerce and Trade (Department of Economic Development; Department of Housing and Community Development; Department of Mines, Minerals, and Energy; Department of Forestry; Department of Agriculture and Consumer Services

2. Development and adoption of a recommended policy for the use of land, minerals, energy and forest resources.

Action Agents: Secretary of Commerce and Trade (Department of Agriculture and Consumer Services; Department of Forestry; Department of Mines, Minerals, and Energy)

3. Involve appropriate Commerce and Trade and Natural Resource agencies in the development of designs for a comprehensive statewide Geographic Information Systems.

Action Agents: Secretary of Commerce and Trade; Secretary of Natural Resources; Secretary of Administration; Council on Information Management

4. Improve energy efficiency and conservation in state agencies to achieve a 25% reduction in energy consumption by 1998, from 1990 levels, through continued implementation of the Virginia Energy Plan.

Action Agents: Governor; Cabinet; Department of Mines, Minerals, and Energy; All State Agencies



**GOAL D:
PROMOTE A BUSINESS
CLIMATE THAT ENHANCES
BUSINESS DEVELOPMENT,
RETENTION, EXPANSION
AND TECHNOLOGICAL
ADVANCEMENT**

**I. Business Start-up, Retention
and Expansion**

II. Economic Conversion

III. Community Development

IV. Rural Development

v. Urban Development

**I. BUSINESS START-UP, RETENTION AND
EXPANSION**

Establishing a climate that encourages businesses to start-up, remain in the community and grow is basic to economic development.

A. BUSINESS RETENTION AND EXPANSION

By July 1, 1994, review existing business retention and expansion programs, update data based on current levels of activity, propose changes in strategies as may be needed and quantify the expected outcome of all programs. Among those programs for which numeric targets are to be set are:

1. Those directed toward assisting existing industries and small and minority-owned businesses.

Action Agents: Department of Economic Development, Department of Minority Business Enterprise, Department of Housing and Community Development

2. Those directed toward trade development.

Action Agents:: Department of Economic Development, Virginia Department of Agriculture and Consumer Services, Virginia Port Authority

3. Those directed toward development of new industries in the areas of energy efficiency products; research and development; software engineering; communication, training and networking; as well as soy diesel and ethanol.

Action Agents: Department of Economic Development, Department of Mines, Minerals, and Energy, Department of Agriculture and Consumer Services, Center for Innovative Technology

4. Those impacting the costs of doing business, such as unemployment insurance costs.

Action Agents: Virginia Employment Commission, State Corporation Commission, Department of Environmental Quality, Department of Labor and Industry, Department of Agriculture and Consumer Services, Department of Professional and Occupational Regulations

5. Those focusing on alternative business strategies, such as micro-enterprise, where infrastructure improvements are not a constraint to development, or will not be accomplished for extended periods. (Assess current programs for consolidation.)

Action Agents: Department of Economic Development, Department of Housing and Community Development, Agriculture and Consumer Services, Department of Minority Business Enterprise

B. FINANCIAL ASSISTANCE

By July 1, 1995, review and redevelop, as necessary, strategies to improve financial assistance to existing businesses to enhance opportunities for attracting, retaining, and encouraging economic development. Among the strategies to be included are:

1. Development of plans for enhanced assistance to encourage business location, growth, and job development in targeted areas such as urban core cities, rural areas, or high unemployment communities.

Action Agents: Department of Economic Development; Department of Housing and Community Development; Virginia Economic Development Corporation

2. Identification and development of additional partnerships to provide pools of funds which can be utilized for commercial loan-shared risk programs and low-interest loans.

Action Agents: Department of Economic Development; Department of Housing and Community Development; Virginia Economic Development Corporation

C. BUSINESS ASSISTANCE

By December 1, 1996, unless otherwise indicated, develop and implement strategies to meet special needs of present and future business partners. Among those strategies are:

1. Establishment of an information center, or centers, in state government to make informa-

tion about state and local government assets, capabilities, and regulations readily accessible to businesses. Cross train people within Small Business Development Centers to get information out about where they are, and to create alliances.

Action Agents: Department of Economic Development; Department of Housing and Community Development

2. Development of a set of recommendations to the Governor and the General Assembly for special assistance to businesses willing to locate in underdeveloped urban and rural areas of the Commonwealth by November 1994.

Action Agents: Department of Housing and Community Development; Department of Economic Development; Department of Forestry; Department of Agriculture and Consumer Services; Appalachian Regional Commission; Center on Urban Development at VCU

3. Assist small businesses and manufacturers in forming alliances with industry partners to compete in larger global markets. Technical assistance and facilitation to markets are particularly important.

Action Agents: Department of Economic Development, Virginia Port Authority and Department of Agriculture and Consumer Services.

4. Implementation of a statewide alliance that anticipates possible business failures and relocations and encourages cooperative, expedient state and local government actions. Expand current DED task force - broaden Industry Services for all businesses. Anticipate the problems. Identify cost of that expanded service (resources).

Action Agents: Virginia Employment Commission; Department of Economic Development; Governor's Employment and Training Department; Department of Social Services

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5. Development and implementation of a plan to provide a single business facilitator or liaison for new businesses, i.e. create state level ombudsman position. Build into mission and role of Small Business Development Centers.

Action Agents: Department of Economic Development

6. Expand capacity of Small Business Development Centers to serve existing businesses, by increasing state funds to support this intergovernmental/private sector partnership.

Action Agents: Department of Economic Development

D. BUSINESS PARTNERSHIPS

By dates shown below, identify and develop (or further strengthen) those partnerships with business which will be necessary to achieve the goals in the Economic Development Strategic Plan. Among those strategies to be utilized are:

1. Development and implementation of plans for increased outreach (technical and financial information and assistance) to businesses by July 1, 1994.

Action Agents: Secretariat of Commerce and Trade

2. Development of regional business and industry working groups to discuss critical regulatory and business issues semi-annually by July 1, 1994.

Action Agents: Secretariats of Commerce and Trade and Natural Resources

II. ECONOMIC CONVERSION

Economic conversion is the process of minimizing the negative economic impact created on communities, business and dislocated workers by defense expenditure reductions.

A. CREATING A TEAM

By February 15, 1994, identify the state point person to assume the position of Defense Conversion Officer within the Secretariat of Commerce and Trade. This position has been funded through a successful grant application to the Federal Office of Economic Adjustment. This position should be a priority to the new administration. The first priority of this position will be to staff the Secretariat of Commerce and Trade Defense Conversion Working Group (DCWG) to consist of the Secretary of Commerce and Trade; the Secretary of Finance, and the Secretary of Education. The working group should detail their strategy to continuously reduce the negative impact of defense cutbacks upon Virginia's economy and report the budgetary implications in a report to the Governor by May 1, 1994. Among the strategies are:

1. Focus existing service, training, and support programs specifically upon industries, communities, and individuals injured or identified to be injured by defense spending reductions.

Action Agents: Department of Economic Development; Department of Housing and Community Development; Virginia Employment Commission; State Council of Higher Education for Virginia; Virginia Community College System

2. Continue the interagency team specifically created to address the needs of base closures which have already occurred.

Action Agents: Department of Economic Development; Virginia Employment Commission; Department of Housing and Community Development

3. Expand existing efforts to create an integrated state plan, process, and working group to specifically address the challenges of the 1995 base closures.

Action Agents: Defense Conversion Working Group

4. Expand existing efforts to pursue federal funding available to assist in defense downsizing.

Action Agents: Defense Conversion Working Group

5. Expand existing efforts and create an integrated state plan, process, and working group to address the specific needs of the two largest defense industry sectors of Virginia - the maritime sector and the software engineering, integration systems, and related service sectors.

Action Agents: Defense Conversion Working Group

III. COMMUNITY DEVELOPMENT

Community development is an essential component of economic development. It involves administering community preparation techniques that improve the economic, political, social and environmental quality of rural, urban and suburban areas.

A. COMMUNITY DEVELOPMENT / INFRASTRUCTURE

By December 31, 1996, develop and implement strategies to further identify and address infrastructure deficiencies which are barriers to the achievement of the goals in the economic development strategic plan. Among the strategies to be utilized are:

1. Develop a method to inventory and categorize infrastructure deficiencies utilizing studies already completed by local governments and utilities.

Action Agents: Department of Housing and Community Development; Department of Economic Development; Virginia Resources Authority; Department of Transportation; Commission on Local Government

2. Develop priorities for infrastructure redevelopment in the context of economic development priorities.

Action Agents: Virginia Resources Authority; Department of Housing and Community Development; Department of Economic Development; Department of Transportation; Department of Environmental Quality; Department of Health

3. Develop additional strategies for financing infrastructure improvements.

Action Agents: Virginia Resources Authority; Department of Economic Development; Department of Housing and Community Development; Department of Transportation; Department of Environmental Quality; Department of Health

4. Analyze benefits of consolidating infrastructure loan and financing programs into one agency.

Action Agents: Department of Housing and Community Development; Department of Economic Development; Virginia Resources Authority; Department of Environmental Quality; Department of Health

B. GOVERNMENT PARTNERSHIPS

By dates shown below, implement in each agency strategies to further develop those partnerships with governments which will be necessary to achieve the goals in the Economic Development Strategic Plan. Among the strategies to be utilized are:

1. Through an Executive Order or development of legislation, as necessary, by September 30, 1994, initiate or strengthen financial and policy incentives in state grant and loan programs to further encourage cooperation in economic development among local and regional governments.

Action Agents: Department of Housing and Community Development; Department of Economic Development

2. Develop or enhance processes in each agency by which input and feedback from local governments and regional organizations is given to maximize input into the development of state programs and plans. By July 1, 1994.

Action Agents: Secretariat of Commerce and Trade

3. Create by July 1, 1994 a "Virginia is First" team comprised of prominent private citizens and business persons, to assist the Virginia Liaison office, the Governor and Cabinet Secretaries in expressing Virginia's interests to the President, Congress, and federal agencies.

Action Agents: Secretary of Commerce and Trade

IV. CREATE A COMPETITIVE RURAL VIRGINIA

Rural communities that are competitive in the global economy of the 21st Century are critical to the future of the entire Commonwealth.

A. PROMOTE ECONOMIC INDEPENDENCE OF INDIVIDUALS AND FAMILIES IN RURAL AREAS.

In accordance with the Rural Development Plan continue to implement strategies to enhance the economic independence of individuals and families in rural areas. Among these strategies are:

1. Entrepreneurial development, including consideration of a Self-Employment Demonstration Fund that promotes entrepreneurship among low-income individuals.

Action Agents: Department of Housing and Community Development (Department of Social Services, Governor's Employment and Training Department, Department of Economic Development)

2. Workforce development through enhanced workforce training and literacy services in rural regions.

Action Agents: Department of Education and the Governor's Employment and Training Department (Department of Housing and Community Development)

3. Improved literacy rates, through partnerships that emphasize private sector funded workforce literacy.

Action Agents: Department of Education, Governor's Employment and Training Department (Department of Housing and Community Development)

B. CREATE AND STRENGTHEN VITAL ECONOMIES IN RURAL AREAS

Implement strategies to build strong and stable economies in rural areas beginning January 1, 1994. Among those strategies are:

1. Infrastructure development through creation of a state rural infrastructure investment fund with a funding preference for regional projects.

Action Agents: Department of Housing and Community Development (Department of Economic Development)

2. Enhance resource based economies through supporting the establishment and expansion of industries in Virginia which create value-added products, new jobs and additional revenue.

Action Agents: Department of Agriculture and Consumer Services, Department of Forestry (Department of Economic Development)

3. Offer technical assistance to facilitate the business and agricultural communities' understanding of permit requirements and compliance with environmental and other state and local requirements.

Action Agents: Department of Environmental Quality (Department of Agriculture and Consumer Services, Department of Conservation and Recreation, Department of Economic Development)

4. Support collaborative decision making by creating a demonstration program to support cooperative decision making models which balance economic and environmental objectives.

Action Agents: Department of Housing and Community Development (Department of Environmental Quality, Department of Economic Development, Department of Historic Resources)

C. ENHANCE QUALITY OF LIFE IN RURAL AREAS.

Beginning January, 1994 implement strategies to foster a strong quality of life in rural areas. Among those strategies are:

1. Assist basic housing with continued state support to the Indoor Plumbing Program to bring safe drinking water and indoor plumbing to rural households.
Action Agents: Department of Housing and Community Development
2. Increase opportunities for home ownership in rural areas through continued support of regional housing organizations which provide loan funds for first-time homebuyers.
Action Agents: Department of Housing and Community Development (Virginia Housing Development Authority)

D. STRENGTHEN COMMUNITIES' CAPACITY TO BUILD THEIR FUTURE.

Beginning January 1, 1994 implement strategies to assist communities to develop the capacity to build their own future. Among those strategies are:

1. Support regional strategic planning initiatives by providing access to a broad range of state technical support services.
Action Agents: Department of Housing and Community Development
2. Enhance leadership development in rural communities through promotion of community-based leadership development programs.
Action Agents: Department of Housing and Community Development
3. Encourage communities to work towards development goals by expanding the level of support to communities participating in the Department of Economic Development's Community Certification Program and add new communities to the Certification Program.

Action Agents: Department of Economic Development

4. Assist in financing creative rural initiatives through the creation of a Rural Strategic Fund.
Action Agents: Department of Housing and Community Development
5. Encourage regional approaches to rural problems by requiring state agencies to develop incentives for regionalism.
Action Agents: Secretary of Commerce and Trade (all agencies in the Secretariat)

V. URBAN ECONOMIC REVITALIZATION

Virginia's urban areas face unique economic development problems and opportunities that are distinctly different from those encountered by other areas of the Commonwealth. While Virginia counties have experienced significant growth in population, employment, and income, its urban areas have shown a general decline in social conditions and an increase in fiscal pressures. Our goals must be to create a positive investment climate for business and an entrepreneurial culture for our citizens.

As we have examined the issues related to economic development, it is apparent that there must be a unified approach to providing urban areas the tools necessary to enhance the current business environment. Development policies must be directed at areas that ensure retention of existing enterprises and that provide the business conditions necessary to be competitive in the market for new businesses.

A. BUSINESS EXPANSION AND JOB CREATION

1. Establish an Urban Main Street Program
Like its existing small-town counterpart, this program calls for providing urban design, on-site technical assistance, training programs and workshops focusing on stimulating economic development in downtown or even major neighborhood shopping areas within the core cities. The program would emphasize methods for establishing greater cooperation and cohesion among existing economic inter-

ests in downtown areas, promoting a positive image of the commercial area, enhancing urban design features, and strengthening the downtown economic base. All services would be provided on a contractual basis through the state.

Action Agents: Department of Housing and Community Development

2. Establish Small Business Tax-Free Zones

The Commonwealth should select certain areas characterized by a specified level of abandoned and vacant commercial property in Virginia's urban areas and request a waiver from the federal government to create Small Business Tax Free Zones. This means the first \$250,000 of profits from a company located in the zone would be exempt from federal corporate income tax. Credits would be available based on job creation for rebates on Social Security and other federal taxes paid by businesses.

Action Agents: Department of Housing and Community Development

3. Expand the State Enterprise Zone Act

Include businesses with multiple divisions, locations or branches located within or without a state enterprise zone. Also, the Act should be amended to provide for a lower percentage minimum job creation requirement for larger firms.

Action Agents: Department of Economic Development

4. Establish an Urban Clean Sites Program

Because of the state's current annexation laws, the age of many cities, and past development practices, many of Virginia's core cities lack sites that are appropriate for contemporary commercial, industrial, or even major retail development. Generally, Virginia's core cities must recycle their urban land resources because they lack vacant sites characterizing most outlying counties within the metro regions.

Although land assembly is often an appropriate strategy, many of these cities lack sufficient

resources to implement such a program to the extent they would prefer. The potential presence of toxic, hazardous, or just plain unknown materials on a site is another and increasingly significant deterrent to an effective, economically efficient reuse of urban land. Modest investments by the state aimed at facilitating land assembly and identifying the presence or absence of harmful materials could help the core cities make better use of their existing resources.

Action Agents: Department of Environmental Quality

5. Ensure State policies promote regional cooperation in both design and implementation.

The state could explore the application of fiscal incentives in a number of areas — including jails, parks, schools, solid and hazardous waste facilities, water and sewer utilities, storm drainage, economic development, fire protection, and law enforcement — to encourage localities to look first instead of last to regional solutions. In particular, the state could give priority in its funding for those facilities and proposals that provide genuine examples of regional cooperation whether by local compact, contractual arrangements, or jointly established authorities.

Action Agents: General Assembly

6. The Commonwealth should encourage expansion of University-Local Government Efficiency Partnerships.

Universities, both public and private, should be encouraged by the Commonwealth to form technology transfer partnerships and other joint ventures. These partnerships would focus on cutting administrative costs in local government and promoting economic development.

Action Agents: Council on Higher Education

B. ENTREPRENEURSHIP FOR URBAN CITIZENS

1. Establish a Virginia Capital Access Program

A capital access program similar to that employed by Michigan and other state and local government could also provide an effec-

tive means for bringing an infusion of private capital to small businesses in circumstances where conventional bank lending practices would likely be unavailable.

The program would enable commercial banks to participate in small business lending slightly riskier than their normal standard by establishing loan loss reserves backed by a combination of funds from the participating banks, a relatively small appropriation from the state to establish the Virginia Capital Access Program, and by contributions from the small business borrowers themselves.

Action Agents: Virginia Resource Authority

2. Assist Urban Areas in the establishment of Community Development Banks

Community development banks are specialized institutions that target low income or otherwise disadvantaged clients who would not normally be served by private banking institutions. One could be established through an incremental process, creating a non-profit organization to operate the institution and then seeking regulatory approval for the creation of a depository institution.

The state could help capitalize an initial non-profit revolving loan fund. Operations of the fund would provide the basis for expanding the institution specializing in creating financial resources for urban Virginia.

Action Agents: Department of Housing and Community Development

3. Expand the micro-enterprise zone demonstration project conducted by the Department of Housing and Community Development

The encouragement of entrepreneurial activity is an essential feature of neighborhood stabilization and economic growth. It benefits crime reduction efforts and provides citizens with a sense of hope and pride in their community.

Action Agents: Department of Economic Development

4. Through the Virginia Center for Urban Development provide for training and technical assistance programs designed to strengthen

the organization, planning, and implementation skills of individual entrepreneurs and neighborhood organizations.

Training and technical assistance help develop the organizing, planning, and implementation skills that are needed to build viable businesses and unite a community. Some very limited initial financial assistance might also be required in the form of seed money needed.

Action Agents: Virginia Commonwealth University, Department of Economic Development

5. Encourage Virginia's urban areas to take advantage of tax increment financing authority to provide funds for development.

Action Agents: Department of Housing and Community Development

6. Direct the Department of Transportation, in concert with the Virginia Employment Commission, to develop proposals to facilitate the transportation of urban residents to suburban work sites.

Action Agents: Virginia Employment Commission and Department of Transportation

7. Direct the Virginia Center for Urban Development to establish and maintain a data base on urban economic development programs.

The data base should provide for a definition of the program, a tracking of its use and success, and a contact person for information. This data base should be accessible readily by professionals and an annual publication should summarize the details of the included program.

Action Agents: Virginia Commonwealth University



GOAL E: FOSTER A "SOLUTIONS-ORIENTED" AND EQUITABLE REGULATORY CLIMATE.

Business Regulation

I. Regulatory Climate

II. Tax Climate

III. Customer Service

IV. General Management Improvement

Business Regulation

One of the principal components of a positive business climate is demonstrating a "solutions-oriented" and equitable approach in the design and administration of regulations that impact business.

MAINTAIN A BUSINESS AND COMMUNITY ENVIRONMENT CONDUCTIVE TO GROWTH, DEVELOPMENT, AND PROSPERITY

I. REGULATORY CLIMATE

By dates shown below, improve the regulatory climate to make it more favorable to business development, while not compromising the health, welfare, and safety of citizens and the natural environment. Among those strategies are:

1. Develop and adopt an index system to measure state "regulatory burden" or impact. Establish Inter-Agency Task Force by September, 1994 or consider assigning this task to the Small Business Interagency Alliance, which is composed of 25 agencies that impact business operations.

Action Agents: Secretary of Commerce and Trade (with Code Commission and Secretary of Natural Resources)

2. Review and modify the regulatory procedures and laws that are barriers to business growth and development. Review period- February, 1995 through September, 1995; Modification period- September, 1995 through September, 1996.

Action Agents: Each agency head using information from Task Force.

3. Develop a tracking system to monitor processing of regulatory fees, permits, and requests by January, 1995.

Action Agents: Department of Environmental Quality; Department of Mines, Minerals, and Energy; Department of Agriculture and Consumer Services; Department of Labor and Industry; Department of Housing and Community Development; Marine Resources Commission; Department of Transportation

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4. Revise the process for adopting proposed new regulations:

- a. To ensure that new procedures avoid unnecessary complexity and redundancy, and do not increase cost of doing business.
- b. To determine the possibility of eliminating or streamlining existing regulations for every new regulation or law created by January, 1995.

Action Agents: Code Commission, Governor's Office

5. Develop proposed legislation to streamline the Administrative Process Act by July, 1995 (for action at 1996 Session).

Action Agents: Regulatory Agencies and Boards, Attorney General's Office.

6. Review and assess state mandates on localities. Repeal those mandates which are inadequately funded and are non-essential.

Action Agents: Department of Housing and Community Development; Commission on Local Government; Joint Legislative Audit and Review Commission, Code Commission

II. TAX CLIMATE

By July 1, 1995, review and propose changes to Virginia's tax structure which would enhance the attractiveness of the state as a place to do business while maintaining equity and uniformity in the structure. Among the elements to be included in this review are:

1. Strategies for creating an environment conducive to equitable treatment of business and industry and which promotes small business development. (Collect information by February, 1994; report to Governor annually)

Action Agents: Secretary of Commerce and Trade; Department of Economic Development; Department of Taxation; Workers' Compensation Commission; Virginia Employment Commission; State Corporation Commission; Virginia Municipal League; Virginia Association of Counties; Virginia Manufacturers Association

2. Review taxes which have become a source of concern for business, such as BPOL tax and corporate income tax by July, 1994.

Action Agents: Department of Economic Development; Department of Taxation; Virginia Municipal League; Virginia Association of Counties

3. Review tax policies which will be most effective in encouraging urban and rural development by July, 1995.

Action Agents: Department of Taxation, Department of Economic Development, Department of Housing and Community Development; Department of Agriculture and Consumer Services

4. Publish existing state tax policies, especially those that relate to the liberal interpretation of the "definition of manufacturers" and distribute.

Action Agents: Department of Taxation

5. Establish a uniform statewide local tax assessment process.

Action Agents: Department of Taxation

III. CUSTOMER SERVICE

Develop in each agency, by dates shown below, strategies to improve customer service. Among these strategies are:

1. Designation of individuals by January 1, 1994, whose function is to assess changing needs in customer service within each agency and develop a plan to determine the means by which assistance may be provided. To be delivered by March 1, 1994.

Action Agents: Secretariat of Commerce and Trade

2. Development by July, 1994 and implementation by September 1, 1995 a process for obtaining continuous input from, and process for continuous feedback to, customers.

Action Agents: Secretariat of Commerce and Trade

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3. Development of/or update and implementation of comprehensive public information plans from each agency to increase customer awareness of program services and issues. To be completed by March 1, 1994.

Action Agents: Secretariat of Commerce and Trade

IV. GENERAL MANAGEMENT IMPROVEMENT

By dates shown below, adopt and strengthen in each agency management concepts and processes which recognize the inevitability of change and the necessity for continuous improvement in program operations. Among the specific strategies are:

1. Implement a program evaluation system for state government by December 1, 1994.

Action Agents: Cabinet

2. Implement Total Quality Management (TQM) processes within each agency by September 1, 1995.

Action Agents: Governor/Cabinet

3. Adopt a process for continuous update of the strategic plan for economic development,

including provision for full participation by our public and private partners by July, 1994.

Action Agents: Secretary of Commerce and Trade

4. Identify areas by state agencies where more flexibility in administrative rules are needed to assist in meeting management and program goals by July 1, 1994.

Action Agents: All Agency Heads

5. Identify new technology (particularly in automation) to assist agencies and government as a whole respond to customers' economic development opportunities in a more timely fashion by July 1, 1995.

Action Agents: Department of Economic Development; Department of Information Technology

Strategic Planning Process For Economic Development

To ensure public policy and public policy implementation meets the needs of our citizens, businesses and communities, we have developed the following process for continuous improvement.

As stated in the Executive Summary, strategic plans are by their nature not achieved but are a series of goals to strive towards. Goals which must continuously evolve and push the edge of policy to meet the growing needs of industries.

The following is a process to achieve continuously improved state services.



STRATEGIC PLANNING PROCESS

Phase I.

Phase II.

Phase III.

Phase IV.

Phase V.

Phase I Objective — increase awareness, gather information, build consensus and secure agreement about the need for, the value and the process of creating a statewide economic development plan.

Step 1 Create a Strategic Planning Council, with duties and membership established by the Code. Membership should include cabinet officials, legislators, and leaders of business and labor. As many as 25 members could be named. The authority should clearly state the role or charge of the Council. A professional staff and adequate budget should be provided to support the work of the Council with both public and private investments.

The total process will take 18 months to 2 years for the strategic plan to be fully implemented. The length of time realistically anticipates the extent of data gathering and analysis and the time necessary to get the broad-based participation and consensus. Both of these items are critical to the successful implementation of the plan. If adopted on this timetable, Section 2.1-51.39 of the *Code of Virginia* could be amended to require the plan on 7-1-96. The process can be shortened to comply with the earlier deadline; however, enacting the plan will then become slower and controversial.

The Council should prepare a formal statement outlining the objective of the planning process, the role

of the plan in guiding economic development, the importance of the process, and the manner in which the Council will conduct the process, i.e. the values and behaviors that are expected of participants. The Council should develop a process which involves persons who represent the Commonwealth's diversity of interests and needs.

The Council will be reviewing all the previous state reports, policy documents and plans related to economic development and information on other state efforts to develop a comprehensive economic development policy.

Step 2 The Council will conduct two, multi-faceted assessments, external and internal. The assessments will be performed by subject-specific teams on topics identified by the Council. Each team will be chaired by a Council member with additional members selected from various stakeholder groups, such as major employers, small business, minority-owned business, employee representatives and executives from the major economic sectors. Staff will be provided by public and private sector organizations experienced in survey research and economic research. The assessments will include a series of custom tailored surveys and interviews of stakeholders, experts and business executives, including some parties who have recently made locational decisions for both Virginia and non-Virginia sites.

The external assessment will identify global, national, regional and statewide forces and trends and how they may influence Virginia's economic base, both by threatening the traditional economic drivers and by introducing strategic opportunities for growth. Discussion with and inclusion of policy papers by leading economists will be utilized.

The internal assessment will determine how well Virginia is prepared to compete in the world economy, including an assessment of the strengths and weaknesses of Virginia's business climate, governmental structures, infrastructure, financial assistance, workforce preparedness, collaborative capacity and quality of life. (Note: This internal assessment should measure both the public and private sector strengths and weaknesses, not just government functions.)

Phase II Objective — identify critical issues, limit the scope of work, conduct research and analysis, create and convey the vision and mission of the State's economic development effort.

Step 1/Step 2 After receiving the reports of the external and internal assessments, the Council will identify the strategic issues which should be addressed by the Plan. The strategic issues will then be assigned to research teams, consisting of professional researchers and planning staff from public, private and academic institutions who will provide more in-depth issue analysis including options or alternative approaches which could be taken to strengthen Virginia's position in the global economy. These reports will be presented to the assessment teams, and once finalized, to the Council.

Step 3 The Council will create a Leadership Committee, consisting of selected Council members and public sector officials who are elected or appointed to key positions responsible for the major statewide policy making. The Leadership Committee will develop vision and mission statements.

Phase III Objective — buy-in, consensus and ownership regarding the direction that will be taken to improve the economy: what will be done, why it is necessary, and who will do it.

Step 1 The Council will direct a public process of plan development, releasing a package of information to a series of focus groups. The information will contain the assessments, the mission and vision statements, and the strategic issues analysis. A team of facilitators will be employed to help convey the basic information and ensure some uniformity in the focus group sessions. From these focus groups, preferences and priorities for action will develop, forming the recommendations which guide the actual plan development.

The Council staff will compile the recommendations for action developed by the focus groups into a draft plan with goals, objectives and strategies which reflect the collective priorities of the focus groups.

Step 2 The draft plan will be released by the Council for public comment, soliciting response from all the parties and organizations previously involved and from the citizen's through public meetings.

The final plan, with any revisions to the draft which result from the public review state, will be adopted by the Council and recommended to the Governor and the General Assembly for approval and implementation.

Phase IV Objective — act strategically to implement the approved plan.

An action plan will be drafted for each strategic issue in the approved plan. The action plan will be developed by a team representing the major stakeholder groups who have responsibility to act on that item. Each action plan will identify one or more outcome measures which will be monitored to track the successful results and clearly delineate public/private roles.

The Governor will introduce legislation and align state resources consistent with the action plans.

A monitoring and tracking action plan will be used to ensure that the complete set of outcome measures are developed and monitored, including data requirements.

Phase V Objective — evaluate results; take corrective actions; revise plan; support a process for continual improvement.

The Council will develop a standardized, periodic reporting system to measure success of the plan. If an outcome measure falls significantly short of the target, Council will assign a research and analysis team to assess the situation and recommend revisions.

The Council will establish a process of periodically reviewing the results of the plan, conducting external assessment, highlighting emerging strategic issues and incorporating them into the economic development plan revisions.

GENERAL ASSEMBLY OF VIRGINIA — 1993 SESSION
HOUSE JOINT RESOLUTION NO. 389

Requesting the Secretary of Economic Development to establish
a strategic planning process and prepare a strategic
plan for economic development in the Commonwealth.

Agreed to by the House of Delegates, February 7, 1993
Agreed to by the Senate, February 23, 1993

WHEREAS, in 1990, the Joint Legislative Audit and Review Commission recommended the development of a comprehensive policy and strategic planning process for economic development in the Commonwealth; and

WHEREAS, in 1991, the General Assembly enacted Section 2.1-51.39 of the Code of Virginia which requires the Secretary of Economic Development to develop and implement a written comprehensive economic development policy for the Commonwealth; and

WHEREAS, this policy statement recommended the development of strategic plans as the next step towards economic growth and prosperity for the Commonwealth; and

WHEREAS, the special Review Committee mandated by Item 267 of the 1992 Appropriation Act concluded that current strategic plans are not sufficient; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Secretary of Economic Development, in collaboration with key government, industry, business, education, and community leaders, be requested to establish a strategic planning process and prepare a strategic plan for economic development in the Commonwealth.

The Secretary shall complete the plan in time to submit it to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.