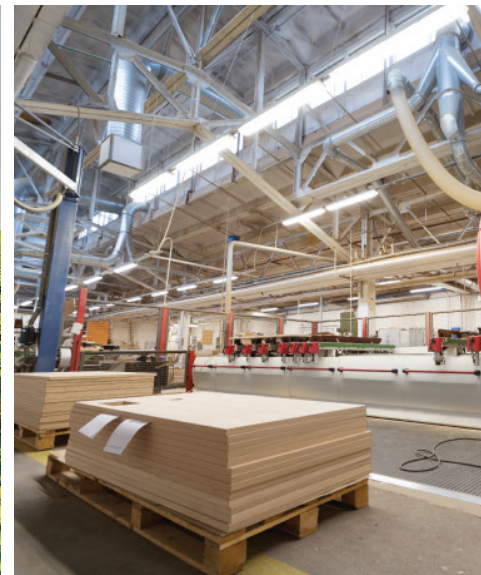


REGIONAL ECONOMIC DEVELOPMENT STRATEGIC PLAN

Pittsylvania County | City of Danville | Danville Regional Foundation

NOVEMBER, 2019



SUBMITTED BY
Dewberry Engineers Inc.
551 Piney Forest Road
Danville, VA 24540



This page left intentionally blank

Executive Summary

This page left intentionally blank

Executive Summary

Pittsylvania County and the City of Danville (Region) form a Micropolitan Statistical Area (MSA) of approximately 102,000 people. Both jurisdictions have well-established economic development programs and seek to define future business and economic development strategies using this Regional Strategic Economic Development Plan. A stakeholder group was jointly selected by the sponsors of this plan (Pittsylvania County, City of Danville and Danville Regional Foundation) to assist in providing feedback to the consultant team. This group included representation from regional economic development organizations and County and City elected leaders and staff.

The goals of this strategic plan are to:

1. Provide the data and information necessary for stakeholders to agree on a common, current reality for the area.
2. Evaluate the current competitiveness of the Pittsylvania-Danville micropolitan region across 10 important categories: community strengths and weaknesses; economic development organizational structure; industry clusters; labor supply; supply chains; the agriculture and forestry sector; the entrepreneurial ecosystem; commercial real estate products; housing market; and the effectiveness of partners throughout the region in carrying out all critical economic development functions.
3. Make recommendations that will fine-tune current economic development efforts to increase the area's competitiveness over the next three to 10 years. These shorter-term actions will lay the foundation for greater economic success over a 10 to 20-year horizon. Recommended actions are based on the factors of a) ability to control; b) impact; c) available resources; and d) time.

Given the complex array of organizations and individuals involved in the Pittsylvania-Danville economic development system, it is important to have a strategy for aligning goals and activities among all partners.

Plan Section Summaries:

Community Strengths and Weaknesses Analysis:

Strengths and weaknesses of the Region were identified based on feedback from stakeholders, market research and national site selectors.

Strengths (Competitive Advantages):

- Business friendly
- Right-To-Work community
- Regional leadership is accessible and attainable
- Affordability (costs below the national average)
- Proximity to metropolitan areas
- Good quality of life
- Workforce solutions/workforce training
- Limited competition for talent

- River District
- Diversity
- City/County collaboration
- Access to external funding
- Available sites with infrastructure

Weaknesses (Competitive Disadvantages)

- Population decline
- Intra-regional competition/lack of broad regional collaboration
- Weak self-image/ Resistance to change
- City crime
- City school system
- Talent availability/Workforce density
- Regional healthcare
- Negative publicity
- Lack of Interstate highway
- Generational poverty
- Aged housing stock
- Lack of new, high quality building inventory
- State level incentives

Analysis of Economic Development Organizations – Structure and Funding:

Similar economic development organizations across Virginia and the United States are structured and funded in a variety of ways such as:

- Government-operated (city or county department);
- Established within a Chamber of Commerce business organization – in some areas the economic development function is given a distinct brand;
- Separate private organization, usually incorporated as a non-profit entity.

Organizations’ scope of activities start with business recruitment, retention, and expansion. Increasingly common additional activities include development of small business and entrepreneurship; workforce development; research and analysis; and tourism. There are several models of close regional collaboration, either through creation of a virtual entity (unified brand) or an actual regional development group.

Industry Cluster Analysis:

Clusters of industries that export goods or services outside of the Region were analyzed to determine the strongest and most promising clusters – those that have an above-average employment concentration within the region and are growing employment. The

- Leading Existing Clusters: plastics; upstream chemical products; food processing; vulcanized and fired materials; wood products.
- Promising Emerging Clusters: automotive; distribution and e-commerce; business services; agricultural inputs and services.

Labor Supply Analysis:

While the Region's population is declining, the rate of decline is slowing but the economy has not improved enough to stop population loss. Demographic challenges of the MSA's population include a lower-than-average share of millennials; more older workers that will retire soon; and fewer college graduates in the adult population. Being able to draw from a wider area does increase the potential for businesses to obtain a quality workforce.

As a micropolitan area, the Region has a smaller labor pool (45,500), but including the labor supply in the counties within a 60-minute drive time expands the labor pool dramatically to 540,000. The Region has many positives when it comes to access to labor. Over 15,000 employees live in the Region but commute away demonstrating an attractive opportunity for hiring. While overall population may be declining, net migration to the area is positive. Graduates are produced from two and four-year institutions with a blend of liberal arts and skilled trade education. Several production technology education programs exist in the Region and have high levels of annual graduates. A manufacturer can find its production workers as well as its management team from local education institutions. Regionally there's an opportunity to increase STEM programs and trade skills.

Supply Chain Analysis:

Tire manufacturing was the Region's top exporter in 2018 and is the Region's top employing traded industry. Tire manufacturing is crucial for the success of the Region's current economy. The Region's top importer in 2018 was petrochemicals. Petrochemicals are a crucial building block of many products, particularly the plastics cluster that is present in the Region. Targeting plastics manufacturers who supply top local companies could keep money in the region and continue to build upon the current growth in the plastics cluster in Pittsylvania and Danville.

The next largest sourcing need is corporate offices. Recruiting more corporate jobs to the Region from one of its top employers will keep more investment in the area.

Seventy three percent of all traded industries' spending for warehousing and storage (e-commerce and distribution cluster) was performed outside the Region. This cluster has been emerging in recent years with strong employment growth and should be focused on.

Overall, building greater connections between larger local firms and local suppliers will benefit the Region's economy.

Agriculture and Forestry Sector Analysis:

Pittsylvania County ranks within the top 10 in Virginia for total farm sales receipts. It is in the top five (5) for flue-cured tobacco, total cropland, other hay, beef cows, and milk cows. The overall economic impact of forestry in Pittsylvania is the 6th-highest in Virginia. Suggestions for strengthening agriculture and forestry in the region include: 1) increased value-added production and attraction of food processing firms; 2) more storage capacity; and 3) increased forest landowner education.

Entrepreneurial Ecosystem Analysis:

The landscape for new business formation in the United States has been challenging over the past 20 years. Locally, the Region offers an impressive list of organizations providing services to entrepreneurs and small businesses. However, the dissemination of information could be improved, particularly regarding access to financial capital and quality employees. Stakeholder ideas for achieving this include:

- The need for an experienced, full-time entrepreneurship coordinator
- A written work plan agreed to by the various service providers
- Completion of a public information website on entrepreneurship and small business assistance.

Commercial Real Estate Product Analysis:

There are strong land options in the area, including land suitable to serve the identified targeted industry clusters. The SoVA Megasite at Berry Hill and Cane Creek Centre are the region's most resourceful sites, due to their size and utility capacities. Food Processing, Business Services and Agricultural Inputs and Services are the most versatile industries and can be served by the most available sites existing in the Region. Sites capable of serving only a few targeted clusters should be marketed and strategically reserved for such clusters, unless additional capital investment is planned to meet minimum resource needs of other targeted clusters.

Existing buildings are plentiful in Danville, but almost all are older and require renovation and upgrades to suit current business needs. Development of new shell buildings would increase the Region's competitiveness. Shell buildings should be planned to accommodate identified industry clusters and designed to be flexible.

Housing Market Analysis:

The greatest strength of the area's housing market is strong affordability across all income levels. Weaknesses in the housing market include no net growth in the housing stock, and particularly little new construction and few housing offerings at the upper end of the market. This can make it more difficult to attract business executives and young professional families to the area. Most households in the Region can find affordable housing, but there is less choice at the upper end of the housing spectrum to attract more affluent families. Most of Danville's housing stock was constructed between 1950 and 1979 while most of the County's housing stock was constructed between 1970 and 1999. Housing amenities sought by today's younger consumers are typically not present in housing stock built prior to 2000.

Analysis of Critical Functions in the Economic Development System:

There is no single successful model for the structure of economic development organizations or how they are funded. They can be established as public government departments, arms of Chambers of Commerce, and other private or non-profit organizations. Funding can be purely public, purely private, or increasingly a mix of the two. The Danville-Pittsylvania County area is one in which many groups are involved in providing critical economic development services.

Looking at the array of economic development-related functions in the Region, the following strengths and weaknesses are noted:

Strengths

- An impressive list of collaborating organizations, especially for a region of this size
- Very good working relationships
- Notable workforce training programs
- Good land product development, especially the SoVA Megasite at Berry Hill.

Weaknesses

- Lack of stability in the tourism program
- A weak regional identity in marketing, or one that doesn't match current reality
- Lack of a joint strategy agreed to by collaborating organizations.

In general, the Danville-Pittsylvania area is doing a good job of covering the most important economic development functions, operating under a model that utilizes a dispersed set of organizations. However, this loose alliance carries a greater risk that inefficiencies or service gaps might occur. It requires a more concerted effort to agree on roles and responsibilities, more frequent communication and collaboration. Improved communication will result in increased efficiency and better provision of client services.

Incentive Program Best Practices:

We reviewed national best practices for business incentive programs, with an eye toward those that could be recommended for adoption by Pittsylvania County, the City of Danville, and the joint Danville-Pittsylvania Regional Industry Facility Authority (RIFA). A good program will be built around the guiding principles of: ***Make a Plan → Measure the Impact → Inform Policy Choices.***

To improve the transparency of incentive deliberations and decision-making, the jurisdictions should develop written incentives policies, including a shared policy for use with RIFA projects. Use of an incentive project scoresheet or matrix will provide a standard way to measure project impacts and their fit with community priorities, and provide for easier comparison between various projects.

Recommendations:

The plan's recommendations are divided into two sections – those that can be implemented with the current level of resources, and those that require additional resources. In addition to those suggested in the analysis sections above, recommendations cover the topics below.

Strategies Assuming the Current Level of Resources:

- For the entire range of existing economic development activities in Pittsylvania-Danville, **improve the regional partners' structure for working together by creating a formal alliance.** This should include all of the responsible parties listed in Section 10, carrying out programming from business recruitment to workforce development to tourism. This **alliance** could jointly develop a staff-level work plan or more formal document outlining the **scope of work, division of duties, basic strategies, and measurable goals** that can be agreed upon by all organizations involved. A joint council comprised of staff members could be formed to develop the work plan and meet perhaps twice a year to review progress.
- Strive to achieve even closer **collaboration** between **economic development and workforce development** service providers, with the goal of providing seamless client service for a business need that is likely to remain of greatest importance for years to come. Economic and workforce development staff should jointly develop and distribute a biannual, area-wide labor force and employment data update targeted to the business community.

- In workforce development, use current resources to **target existing residents** who commute outside of Pittsylvania-Danville. Improve existing residents' awareness of job opportunities within the local area.
- Focus business attraction efforts on the list of **targeted existing and emerging industry** clusters found in section 3. Stakeholders suggest prioritizing those sectors that are most resilient to economic fluctuations.
- Improve the transparency of business incentive deliberations and decision-making in Danville and Pittsylvania by developing **written incentives policies**, including a **shared policy** agreed on by both jurisdictions for use with Regional Industry Facility Authority (RIFA) projects. Use of an **incentive project scoresheet or matrix** will provide a standard way to measure project impacts and their fit with community priorities, and provide for easier comparison between various projects. A scoresheet is intended to assist elected officials with evaluating incentive requests, but should in no way bind them to a particular decision or course of action.
- Use **supply chain data** to connect local firms, and to target new supplier firms. Develop a phone call outreach program to top area employers and implement a targeted visitation program. Stakeholders suggest exploring the defense sector supply chain to take advantage of a resilient sector that is already strong across Virginia.
- To boost the agriculture and food processing sectors, explore development of **shared cold and frozen storage facilities**. Pursue grant funds for this purpose.
- Improve **education opportunities for forest landowners** (on topics such as forest land stewardship and management) by providing an information packet and offering of Generation NEXT workshops to any landowner newly applying for land use taxation status.
- Convene a **summit** to chart a new course and pursue consensus on a higher level of commitment for **tourism development**. An updated tourism plan should focus on bringing in more outside dollars to the area. Moving tourism activities to Danville's Office of Economic Development and integrating them into the department's other programs appears to be the most logical fit.
- Continue to focus on improvement of **broadband internet access and cell phone coverage** throughout the entire area. Pursue state and federal funding to expand these systems and control costs for end users.
- Roll out and publicize a public **website** providing a road map of services available to current and potential **entrepreneurs**. Include a portal to this website on every partner's web home page.
- Consider **housing** incentives and other policy changes to promote new construction, including higher-range single-family homes and attached housing products. Target outreach

to developers of mixed-use, planned communities.

- In addition to housing, collaborate with regional organizations to elevate community discussions and actions to improve these important **quality of life issues**:
 - Public school education
 - Early childhood development
 - Healthcare
 - Poverty
 - Childcare
- **Development sites** capable of serving only a few targeted clusters should be marketed and **strategically reserved for such clusters**, unless additional capital investment is planned to meet minimum resource needs of other targeted clusters.
- Recruitment efforts for the **SoVA Megasite** at Berry Hill should be focused on industries with significant acreage and utility needs.
- The Megasite area within Berry Hill should be reserved for **transformative projects** with large investment and employment.
- Conduct additional planning to determine the full build-out and expansion potential of the **Cyber Park** as it has emerged as the site of choice for industries that desire close proximity to the Region's workforce training cluster.
- To aid in **marketing sites and buildings**, ensure product information and "messaging" is current and consistent across all platforms and with all vested parties (i.e. VEDP, SVRA, utility providers, etc.).
- To **expedite stormwater permitting for development**, Pittsylvania County should establish a local Virginia Stormwater Management Program (VSMP) or enter an agreement with the City of Danville which has an approved VSMP.

Strategies Assuming Some Increase in Resources:

- For the economic development alliance work plan described above, creation of a **shared dashboard** for internal use by all economic development partners would increase the ability to measure progress toward agreed-upon goals.
- To improve reporting on the status of the workforce to the business community, elected officials and the general public, collaboration between economic and workforce development offices could include **joint funding and publication of an annual employer survey and labor shed analysis**, and hosting of a **public/private workforce summit** every two years.
- To target residents commuting outside of Pittsylvania-Danville, use new resources for **social media, online, and billboard campaigns** promoting local, available jobs.

- Increase **joint marketing of the region** with one, unified message. The message should be a positive narrative of a region already transforming its economy and its future, targeted to economic development influencers and business clients outside the region.
- Pursue a **dedicated funding stream for tourism development** programming. Danville levies lodging and meals taxes but uses these revenues for numerous purposes unrelated to tourism. Dedicating a portion of this revenue annually to professional tourism development efforts would be an important positive step.
- Fund and hire an **experienced, full-time point person** to coordinate a shared strategy for improving the **entrepreneurial ecosystem**.
- Establish a new, **annual economic information event** co-sponsored by the City of Danville and Pittsylvania County to bring together elected and appointed leaders from both jurisdictions. Focus on evaluation of economic progress metrics for the entire area.
- Improve **electrical infrastructure at the Cyber Park** to increase capacity for continued growth.
- Invest in selected building and site improvements at the **Schoolfield** and **Southern Virginia Multimodal Park (SVMP)** sites to **improve attractiveness**.
- Coordinate with Norfolk-Southern to **improve rail infrastructure** serving **SVMP** and the **SoVA Megasite** at Berry Hill.

Surpassing all of the area-specific recommendations above, perhaps the greatest challenge is achieving communication and cooperation when numerous economic development partners are participating in the same ecosystem. There are many approaches to aligning the efforts of multiple players, but one helpful framework is the Collective Impact Model, originally developed at Stanford University. Collective Impact occurs when a group of actors from different sectors commits to a common agenda in order to solve a specific problem. This structure for collaboration requires buy-in on five principles:

1. A common agenda;
2. Shared measurement systems;
3. Mutually reinforcing activities;
4. Continuous communication;
5. One or more backbone support organization(s).

Regardless of the specific model that is used, Pittsylvania-Danville's varied economic development activities can benefit from clear and mutually agreed-upon goals, defined roles and duties for each group, metrics to evaluate program success, and open channels of communication.

###