

# LENOWISCO

## COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### 2005 ANNUAL CEDS REPORT

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# **LENOWISCO ECONOMIC DEVELOPMENT STRATEGY**

2005 AND BEYOND

## **BACKGROUND**

The LENOWISCO district's original Overall Economic Development Program (OEDP), crafted in 1967, called for the creation of a regional industrial park and a complementary regional trading center. The Scott County community of Duffield was chosen as the location for the regional park, while the OEDP's concept of a regional trading center called for a service commercial area between Norton and Big Stone Gap (Wise County).

Since that time, the Norton/Wise area has instead developed into the district's foremost regional retail center. Meanwhile, the Duffield park remains the district's flagship industrial site, with a new, technology-driven park developing in Wise County.

## **CURRENT AND FUTURE STRATEGY**

A decade ago, the LENOWISCO district's OEDP still placed heavy emphasis on conventional industrial development, with its prioritized project list dominated by infrastructure and industrial site development. Today, while conventional industrial development remains a strong focus, numerous other development avenues have been explored and implemented.

The district's longtime economic dependence on mineral extraction is well documented. Decades of general decline in the coal industry heralded the need for economic diversification throughout the region, and accordingly prompted the pursuit of other development strategies.

### **Industrial Development**

Regional economic development has expanded considerably since the original Duffield project. Through the efforts and cooperation of local Industrial Development Authorities, the Virginia Coalfield Economic Development Authority and other agencies, the district has seen significant progress through an increase in available industrial sites and the expansion of marketing activity.

Each county in the district has one or more industrial parks, and two counties host state enterprise zones. Scott County's zone is centered around the regional park at Duffield, which is being expanded via the acquisition of 65 adjacent acres and development of the eCorridor Regional Park/Southwest, to be served by the technological infrastructure being developed across the region (noted elsewhere in this report). A Master Plan is being developed for yet another expansion, involving property adjacent to the initial eCorridor expansion. Wise County's zone includes the Lonesome Pine Regional Business and Technology Park (developed with EDA assistance), positioned to provide thousands of well-compensated employment opportunities for persons from throughout southwestern Virginia and southeastern Kentucky.

Meanwhile, new industrial property has been developed in western Lee County, and the acquisition of adjacent acreage will increase the size of the Constitutional Oaks Business Park to nearly 300 acres. A Master Plan for the entire park is being compiled. Additionally, an existing cluster of structures in the Town of Pennington Gap has been purchased for redevelopment aimed at technology companies.

Another area of diversification that has developed in the district in recent years is the placement of correctional facilities. Two state prisons – the Red Onion facility near Pound and the Wallens Ridge facility in Big Stone Gap – and a federal facility in the Hickory Flats section of Lee County provide more than 1,300 jobs to the district. Three regional jail facilities that will serve eight southwestern Virginia counties opened in Spring 2005. The facility serving the LENOWISCO district is located in the Duffield regional industrial park.

## **Entrepreneurial Development**

Industrial recruitment alone is not a realistic long-term solution to economic development problems. Creating new small- and medium-sized businesses, expanding existing businesses and preventing closings of troubled but viable businesses can also bolster economic vitality.

The regional small business incubator network – the original 46,000 sq.ft. facility that opened (utilizing EDA investment) in the Duffield park in 1999, and the 5,500 sq.ft satellite facility that opened in the City of Norton's downtown business district in 2002 – continues to serve the region's entrepreneurial community. Future expansion of the network will include a

satellite facility in Lee County.

### **Tourism Development**

Tourism continues to have a strong economic impact throughout Virginia. The district's historic heritage, scenic beauty and numerous attractions – ranging from Cumberland Gap National Historic Park in western Lee County to Scott County's Natural Tunnel State Park to the "Trail of the Lonesome Pine" outdoor drama in Wise County – lure visitors to the area each year.

Significant upgrades are being made to the “Trail of the Lonesome Pine” facilities, as are expansion and upgrades to the famous Carter Fold in Scott County.

### **The “Cutting Edge”**

One of the district's most exciting developments in some time is progressing steadily. The provision of advanced communications infrastructure will provide the region an extraordinary competitive advantage. Reliable, extremely high speed network infrastructure will aid in the attraction and retention of industry; foster entrepreneurship, especially in the information technology areas; and provide improved education, health care and information access opportunities throughout the region.

At present, nearly 92 miles of fiber have been installed, with both underground conduit and conventional overhead construction techniques utilized. Future phases will provide an additional 75 miles of backbone, with additional “last mile” connectivity provided as well.

### **New Regional Opportunities**

Four new programs instituted by the Virginia Coalfield Economic Development Authority in its seven-county service area will provide matching funds for regional industrial parks, tourism capital improvements, entrepreneurial development and seed capital. The impact of this new funding availability on economic diversification will be significant.

A joint effort of the City's and Counties' industrial development authorities is aimed at development of a regional “virtual data center,” to take advantage of present and future opportunities resulting from the Virginia Information Technologies Agency's development of

a network of privately operated data centers, backup data centers and service facilities (VITA) designed to consolidate and improve the Commonwealth's information technology infrastructure and operations.

## **DEVELOPMENT OF THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

Since the 1999-2000 CEDS update, the LENOWISCO CEDS Committee had been expanded to include LENOWISCO's appointees to the Virginia Coalfield Coalition, a seven-county (and two-PDC) organization whose activities and projects were funded through Virginia's Regional Competitiveness Act. Due to the loss of this Act's funding and subsequent suspension of the Coalfield Coalition's activities, the LENOWISCO CEDS Committee remains in a period of transition. The majority of the 2005 CEDS update was compiled utilizing significant input from local and regional economic development professionals, citizens with an interest in regional development, and the LENOWISCO Board of Directors, which accepted the report and prioritized project list at its meeting of June 6, 2005, approving the submission of the 2005 LENOWISCO Comprehensive Economic Development Strategy to the Economic Development Administration.

**LENOWISCO ECONOMIC DEVELOPMENT DISTRICT  
CEDS ACTION/IMPLEMENTATION PLAN  
FY 2006 PRIORITIZED STRATEGIES/PROJECTS**

SHORT TERM (ONE- TO THREE-YEAR IMPLEMENTATION)

STRATEGIES

- Secure jobs with wage rates similar to or approaching those lost.
- Develop communications infrastructure to facilitate economic growth.
- Market region as site for technology-based companies.
- Progressively develop and promote all viable industrial sites.
- Facilitate small enterprise growth, including small-site industrial development.
- Pursue economies of scale via regional or consolidated water/wastewater systems.

SHORT-TERM PRIORITIZED PROJECTS

Project	Estimated job creation	Total cost	Potential funding sources
<b>1 LENOWISCO Rural Area Network (Broadband Project)</b> Third phase of region's advanced communications infrastructure. With 92 miles completed and operational, this phase will provide roughly 120 miles of backbone connectivity between existing LENOWISCO network and region's industrial sites and network meet points.	TBD	\$6,000,000 (this phase)	EDA, RD, VTC
<b>2 Site Development - Scott County</b> Further expansion of eCorridor Regional Park/Southwest in Duffield, via acquisition and development of 60 acres adjacent to regional park and initial eCorridor expansion.	750	\$2,500,000 (est)	ARC, CDBG, EDA, VCEDA, VTC
<b>3 Support Center Development - Wise County</b> Development of multi-purpose "support center" facility to serve Lonesome Pine Regional Business and Technology Park near Wise.	N/K	\$5,500,000	CDBG, EDA, VCEDA, VTC
<b>4 Site Development - Lee County</b> Development of recently expanded Constitutional Oaks park in western Lee County as industrial/business park via development of 289 total acres.	1,500	\$2,500,000	ARC, CDBG, RD, VCEDA, VTC
<b>5 'Virtual Building' Development - Lee County</b> Development of "virtual building" at Constitutional Oaks industrial park, allowing completion of preliminary site work (building plans, cost estimates, construction schedules, utilities placement) to reassure prospects of quick construction start.	400	\$30,000	VCEDA, VEDP
<b>6 Industrial Site Development - Wise County</b> Development of 50- to 100-acre, rail-served site at Virginia City near St. Paul, including water and wastewater extensions.	500	\$3,500,000	ARC, CDBG, EDA, GOF, VCEDA, VDOT
<b>7 Expansion of Entertainment/Tourism Venues - Scott County</b> Expansion and upgrades to the Carter Fold near Hiltons.	N/K	\$395,000	ARC, RD, VCEDA, VTC, Local

SHORT-TERM PRIORITIZED PROJECTS (CONT'D)

<b>8 Gate City/Holston Regional Sewer - Scott County</b> Expansion of Scott County PSA's Holston regional wastewater treatment plant (and conversion of old Gate City plant to septage treatment facility) to support economic growth in Gate City/Weber City area.	500	\$4,700,000	ARC, RD, VTC
<b>9 Central Lee County Water Improvements</b> Water line extension from Jonesville to State Route 656.	250	\$6,100,000	CDBG, EDA, RD, VDH, VTC, Local
<b>10 Pennington Gap Industrial Park Redevelopment</b> Redevelopment of Pennington Gap (Lee County) Industrial Park, including acquisition and rehabilitation or redefinition of existing structures and park redesign, followed by aggressive marketing program.	400	\$2,500,000	ARC, CDBG, EDA, VTC
<b>11 Gate City/Daniel Boone/Clinchport/Duffield Water - Scott County</b> Development of water treatment and distribution facilities in central Scott County, with interconnections to Duffield and Gate City.	N/K	\$4,500,000	ARC, VDH, VDOT, Local
<b>12 Additional Airport Facilities Development - Lee County</b> Development of additional facilities at the new Lee County Airport.	N/K	\$1,750,000	VDA, VTC
<b>13 Cluster Analysis Planning Study</b> Planning study to develop strategies based on recent EDA-funded cluster analysis.	N/K	\$35,000	ARC, EDA, VTC, Local
<b>14 Sewer Development - U.S. 23, Wise County to Duffield Industrial Park</b> Development of sewer lines from Wise County line to Duffield (Scott County) regional industrial park.	N/K	\$ 7,800,000	CDBG, Local
<b>15 St. Paul/Castlewood Regional Sewer - Wise/Russell Counties</b> Extension of sewer lines to Russell County Industrial Park at Castlewood, also serving West Hills area of St. Paul.	200	\$3,000,000	CDBG, EDA, RD
<b>16 Industrial Site Development - Town of St. Paul (Wise County)</b> Site preparation and improvements to 8-acre industrial site in St. Paul, to include entrance, landscaping and extension of fiber optics to site.	80	\$250,000	ARC, EDA, RD
<b>17 Building Improvements - Town of St. Paul (Wise County)</b> Structure improvements to existing commercial building for commercial or industrial development and recruitment.	20	\$250,000	Private activity bonds
<b>18 Targeted Brownfields Assessments</b> Inventory of abandoned, idled or underused industrial and commercial facilities to assess potential brownfields redevelopment opportunities.	N/K	\$40,000	DEQ, EPA

LONG TERM (IMPLEMENTATION LONGER THAN THREE YEARS)

STRATEGIES

- Continue to:
- Identify and develop all viable industrial sites.
  - Market region as site for technology-based companies.
  - Pursue economies of scale via regional or consolidated utility systems.

LONG-TERM PRIORITIZED PROJECTS

	<b>Project</b>	<b>Estimated job creation</b>	<b>Total cost</b>	<b>Potential funding sources</b>
<b>1</b>	<b>Coalfields Expressway Industrial Site - Wise/Dickenson Counties</b> Site and utility development of 100-acre industrial park along upcoming Coalfields Expressway, including water and wastewater extensions.	1,000	\$6,500,000	ARC, CDBG, EDA, ISDF, VCEDA, VDOT
<b>2</b>	<b>Industrial Site Development - Scott County</b> Development of additional industrial acreage in Scott County.	500	\$5,000,000	ARC, CDBG, EDA, VTC
<b>3</b>	<b>Site Development - Wise County Industrial Park (Blackwood)</b> Development of additional 50 acres in park.	350	\$1,500,000	ARC, CDBG, EDA, GOF, VCEDA
<b>4</b>	<b>Industrial Site Development - Wise County</b> Development of 150-acre, rail- and natural gas-served industrial site (commonly known as Toms Creek or Dale Ridge site) near Coeburn.	400	\$2,500,000	ARC, CDBG, EDA, VTC
<b>5</b>	<b>Industrial Site Development - Lee County</b> Development of 100-acre industrial site near Dryden in eastern Lee County.	400	\$3,000,000	ARC, CDBG, VTC
<b>6</b>	<b>Technology Training Center - Town of St. Paul (Wise County)</b> Renovation of existing facility into regional training center.	50	\$1,000,000	ARC, CDBG, EDA, RD, TEA-21
<b>7</b>	<b>Moccasin Gap Technology Park</b> Development of technology-driven park in/near Town of Gate City.	750	\$3,500,000	ARC, CDBG, EDA, RD, VCEDA
<b>8</b>	<b>Industrial Site Development - Lee/Scott Counties</b> Development of 50- to 100-acre site near Jasper community, on Lee-Scott line.	350	\$3,000,000	ARC, CDBG, EDA, VTC
<b>9</b>	<b>Lee County Business and Telecommunications Park</b> Development of area in county for business and telecommunications park to attract information/data processing and related firms, with nearby housing development.	1,000+	\$5,000,000	ARC, CDBG, DEQ, EDA, RD, TVA, VTC
<b>10</b>	<b>Wise-Russell-Dickenson Counties Water Line</b> Extension of public water service into western Russell County and southern Dickenson County.	750	\$2,500,000	CDBG, EDA, RD

## FUNDING SOURCES

ARC	Appalachian Regional Commission
CDBG	Community Development Block Grant (VDHCD)
CIT	Center for Innovative Technology
DDA	Duffield Development Authority
DEQ	Department of Environmental Quality (RLF)
EDA	Economic Development Administration
EPA	Environmental Protection Agency
GOF	Governor's Opportunity Fund
ISDF	Industrial Site Development Fund (VDHCD)
RD	Rural Development (USDA)
TVA	Tennessee Valley Authority
VCEDA	Virginia Coalfield Economic Development Authority
VDA	Virginia Department of Aviation
VDC	Virginia Department of Corrections
VDH	Virginia Department of Health Revolving Loan Fund
VDOT	Virginia Department of Transportation
VEDP	Virginia Economic Development Partnership
VRLF	Virginia Economic Development Revolving Loan Fund
VRA	Virginia Resources Authority
VTC	Virginia Tobacco Indemnification and Community Revitalization Commission (Virginia Tobacco Commission)