

# LENOWISCO

## COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### 2011 REPORT



LENOWISCO PLANNING DISTRICT COMMISSION  
372 TECHNOLOGY TRAIL LANE, SUITE 101  
P.O. BOX 366  
DUFFIELD, VIRGINIA 24244

(276) 431-2206  
[WWW.LENOWISCO.ORG](http://WWW.LENOWISCO.ORG)

## TABLE OF CONTENTS

### **INTRODUCTION**

Organization .....	1
Scope and Purpose of LENOWISCO .....	1
Administrative Organization .....	2
Original LENOWISCO Overall Economic Development Program .....	3
Physical Setting.....	3
Environment and Natural Resources .....	4
Historical Perspective .....	5

### **ECONOMIC AND DATA ANALYSIS**

Population .....	6
Income.....	9
Employment .....	10
Sector Analysis .....	12
Cluster Analysis.....	16

### **CEDS COMMITTEE**

Committee Composition.....	22
Meetings Summary .....	23

### **GOALS AND OBJECTIVES**

Goals and Objectives.....	24
---------------------------	----

### **CURRENT AND FUTURE STRATEGIES**

Regional Partners and Assets.....	26
Industrial Development .....	29
Entrepreneurial Development.....	31
Tourism Development .....	32
Business District Redevelopment.....	32
Sustainable Development .....	33
Additional Issues and Opportunities .....	33

### **REGIONAL ACTION PLAN**

Performance Measures .....	36
Priority Projects .....	38

### **ANNUAL PROJECT PACKAGE**

FY 2012 Annual Project Package .....	39
--------------------------------------	----

## TABLE OF CONTENTS (CONTINUED)

### APPENDICES

Appendix A	CEDS Committee minutes
Appendix B	Excerpts - LENOWISCO Regional Site Study
Appendix C	Resolution of Adoption

### LIST OF TABLES

Table #	Page	Table
1	5	Land Use and Land Cover
2	6	Population, Population Change
3	7	Population, Population Change by Age Group
4	8	Racial Composition of Population
5	8	Educational Attainment
6	9	Median Household Income, Poverty Status
7	10	Transfer Receipts as Percentage of Personal Income
8	10	Labor Force Participation Status
9	11	Unemployment Rate w/ Civilian Labor Force, Employment, Unemployment
10	12	Largest LENOWISCO Employers
11	13	Employment Change by NAICS Subsectors
12	15	Employment, Wage Change by NAICS Supersectors
13	17	Industry Clusters
14	18	Location Quotient by Cluster, 2009
15	20	Shift-Share Analysis

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **INTRODUCTION**

# **LENOWISCO ECONOMIC DEVELOPMENT STRATEGY**

2011 REPORT

## **INTRODUCTION**

LENOWISCO, Virginia's Planning District One, is situated in the far southwestern corner of the Commonwealth, bordered on the south by Tennessee and to the northwest by Kentucky. The district consists of Lee, Scott and Wise Counties, the City of Norton, and 15 incorporated towns.

### **Organization**

LENOWISCO, as it exists today, had a true "grass roots" beginning. Meeting in a local café in 1959, a group of businessmen shared their concerns surrounding the region's faltering economy and the future viability of rural Southwest Virginia. These concerns led to the 1961 organization of the Lee-Norton-Wise-Scott Redevelopment Authority. The designation of Lee, Scott and Wise Counties and the City of Norton in 1962 as Redevelopment Areas by the Area Redevelopment Administration brought the organization official recognition. In 1963, the Counties adopted the Tennessee Valley Authority Tributary Area Development Program, and in 1964 the Redevelopment Authority and TVA published an inventory of the counties' resources – *Southwest Virginia, Summary of Resources*.

In early 1965, the Redevelopment Authority was reorganized as the LENOWISCO Planning and Economic Development Commission, under guidelines approved by the Commonwealth of Virginia. An Overall Economic Development Program (OEDP) was prepared, and in 1966 LENOWISCO was designated an Economic Development District by the Economic Development Administration of the U.S. Department of Commerce.

On July 1, 1969, LENOWISCO was reorganized and became the first of 22 planning district commissions formed under the authority of the Virginia Area Development Act, passed by the State General Assembly in 1968. LENOWISCO subsequently received temporary General Assembly authority in 1972 to implement plans and operate a construction division, with this experimental implementation authority made permanent in 1975.

### **Scope and Purpose of LENOWISCO**

LENOWISCO operates under authority granted by the 1950 Code of Virginia as amended, Title 15.1 Chapter 34, Virginia Area Development Act. As Virginia Planning District Commission One, LENOWISCO is responsible for regional planning activities conducted within its service area of three counties, one independent city and 15 incorporated towns.

The district's citizens benefit from coordinated planning and development activities and increased opportunities for utilizing federal, state and local resources to help address many of the area's problems. Unnecessary duplication of efforts can often be eliminated.

The philosophy guiding LENOWISCO's day-to-day operations was set forth by its Board of Directors in 1967 as a Statement of Ideals, declaring:

*"We believe the residents of Lee, Scott and Wise Counties and the City of Norton are entitled to a standard of living equal to that of the residents of any other region in the United States. We believe that, given the opportunity to develop to their maximum potential, our people are as capable, as dependable and as enthusiastic as any people anywhere."*

The primary goal of the LENOWISCO Planning District Commission and its Board of Directors is to guide and promote the development of the region in such a manner as to facilitate the employment, recreational and cultural development opportunities needed by the region's residents, in hopes they not find it necessary to leave the area in search of such opportunities. In order to accomplish this broad goal, it is recognized that LENOWISCO must:

- (a) receive public understanding and support of its overall goal;
- (b) promote development of a stabilized and diversified employment base;
- (c) guide the development of a network of viable communities;
- (d) encourage the development of an adequate transportation and communications system; and
- (e) secure better educational, recreational and cultural opportunities for the region's residents.

### **Administrative Organization**

The Commission is governed by a 15-member Board of Directors, filled on a population basis from the governing boards of each member jurisdiction. Wise County has six Board members, Lee and Scott Counties four each, and the City of Norton one representative.

LENOWISCO's Board of Directors meets bimonthly. Each Board member may cast one vote on all matters brought before the Commission, whose actions are taken only after a majority vote of those Board members present and voting.

Officers of the Board of Directors and the immediate past chairman comprise LENOWISCO's Executive Committee. The powers and duties of the Executive Committee are determined by the Board of Directors. The Executive Committee meets on a called basis.

Participation by local units of government in the LENOWISCO Planning District Commission takes two forms: (1) membership on the Board of Directors, noted previously, and (2) financial support of Commission operations. This financial support consists of an annual per capita contribution by each of the four general units of local government, each of which was designated as a redevelopment area by the Economic Development Administration effective February 15, 1974.

## **Original LENOWISCO Overall Economic Development Program**

The LENOWISCO district's original 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 concept of a regional trading center called for a service commercial area between Norton and Big Stone Gap (Wise County).

An expanded Duffield park remains the district's flagship industrial site, joined by a new, technology-driven park in Wise County and a fledgling business park in Lee County. The Norton/Wise area, however, developed into the district's foremost regional retail center.

## **Physical Setting**

The LENOWISCO district is situated in the extreme southwestern corner of the Commonwealth of Virginia, bordered on the south by Tennessee and on the northwest by Kentucky. The district consists of three counties – Lee, Scott and Wise – and the independent City of Norton. Within the three counties are 15 incorporated towns.

LENOWISCO is part of a much larger region known as the Appalachian Highlands, which includes four natural or physiographic divisions. Portions of two of these divisions, the Valley and Ridge Province and the Appalachian Plateau, make up LENOWISCO's 1,400-square-mile land base. The notable differences in these two physiographic divisions have greatly affected development within the LENOWISCO region.

The northern third of the LENOWISCO district is on the eastern front of the Appalachian Plateau. Most of this area has very steep mountains with narrow V-shaped valleys, although portions of the area have hilly to rolling ridges more identifiable with the old plateau. The area is highly dissected by rapidly flowing streams that dominate the narrow valley floors. This northern third of the district has some of the most severe physical constraints to development found within the region. The presence of vast reserves of bituminous coal in this mountainous region caused many constraints to be disregarded.

The district's Valley and Ridge portion has many steep, narrow, linear ridges and intervening valleys. While most of the valleys are very narrow, a few are relatively broad. The ridges and valleys are generally parallel and oriented in a northeast-southwest direction. The valleys are drained by long streams, some of which have cut through ridges, forming important historical transportation routes. Physical constraints to development are also severe for much of this area, but by not being underlain with economically important mineral resources, developmental pressures were lessened.

## **Environment and Natural Resources**

The LENOWISCO district has mild winters and warm summers, with a frost-free season normally lasting from early May until late September. Temperatures may be 5-10 degrees lower in the mountains than in the valley portions of the district.

With total annual precipitation between 45 and 50 inches, LENOWISCO is part of one of the wettest regions in the United States. Due to the mountainous terrain, a wide variation in rainfall can occur within short distances. Precipitation is reasonably well distributed throughout the year but is noticeably less in late summer and early fall. Snowfall is generally not a significant part of total precipitation.

Flooding occurs in most streams on an average of almost once a year. For streams with drainage areas larger than 20 square miles, most flooding occurs from December through March, with very few floods in the dry fall months. For very small drainage basins, locally intense thunderstorms cause floods throughout the year.

The natural resources of the LENOWISCO district – its soils, forests, water and minerals – have historically been the most important factors in the growth, decline and regrowth of the region. While forests are found throughout the region, the district's other natural resources are divided along the lines of its two physiographic provinces. This distribution of natural resources has, therefore, caused development to occur differently in the two physiographic areas of the district.

Forests covered the entirety of what is now the LENOWISCO district when the first pioneers entered the area en route to Kentucky. A few of these pioneers remained in the area as settlers, cutting small clearings in the forests, building cabins and planting subsistence crops along the streams in the fertile Valley and Ridge sections. These same areas, with soil composed of weathered limestones and soft shales, today remain those areas most suited to agricultural uses. On the other hand, the Appalachian Plateau soils, derived from sandstone and hard shales, were and remain generally unsuitable to agricultural uses because of their steepness and low fertility.

The district's forest resources were first cut for market in the late 1800s, with timbering beginning along the larger streams of the Valley and Ridge areas. Seasonal floods, now considered a threat to life and property, were used to float logs to market. By the early 1900s, virtually all the district's marketable timber had been cut once, leaving the more undesirable trees to reproduce.

Little development had taken place in the Appalachian Plateau portion of the district prior to the discovery of iron ore and coking grade bituminous coal in close natural proximity. This realization resulted in the construction of railroads in order to exploit these two mineral resources. Rapid population growth followed in and near the coal-bearing Appalachia Plateau portion. Towns, settlements and mining camps located within walking distance of the mines sprang up and grew rapidly near streams on the narrow valley floors.

The importance of the low grade iron ore found along Wallens Ridge, Poor Valley Ridge and near Ewing waned following the development of iron deposits in the Lake Superior region prior to World War I. Smelting furnaces and forges at Big Stone Gap, Rose Hill and Pennington Gap closed. Coal became the district's most important mineral resource, with others – natural gas, oil, limestone, dolomite, high silica sand, clay, shale, zinc and manganese – being of lesser importance.

The LENOWISCO district still has extensive acreage in natural forested lands and thousands of acres in agricultural uses, as noted in **Table 1**.

**TABLE 1**  
**Land Use and Land Cover**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co/Norton</b>	<b>Virginia</b>
<u>Timberland</u>				
Area of Timberland (acres)	170,213	249,186	159,569	15,308,778
Private	91%	78%	94%	85%
National Forest	6%	22%	6%	11%
Other	3%			4%
<u>Farmland</u>				
Land in Farms (acres)	117,776	153,881	22,169	8,103,925
Number of Farms	1,044	1,396	178	47,383

Sources:

*Virginia Department of Forestry - Forest Inventory Assessment Estimates, 2004*

*U.S. Department of Agriculture - Census of Agriculture, 2007*

### **Historical Perspective**

Through the first half of the 20<sup>th</sup> century, the coal mining industry brought thriving prosperity to the mountainous area of far southwestern Virginia. Mechanization in the 1950s, while considerably increasing production, also resulted in a significant decrease in employment. While these productivity gains allowed the region's coal industry to survive, the local economy suffered, as unemployment increased and residents left the area to seek employment elsewhere.

The energy crisis and Arab oil embargo of the 1970s triggered another boom period, with sizeable concurrent activity in the service industries taking advantage of the renewed vigor of the coal industry. This boom, which brought a temporary halt to the region's economic and population decline, dwindled during the 1980s, however, exacerbated by a "second generation" of mechanization in the coal industry, again resulting in higher productivity but decreased employment, followed by falling population.

The coal industry's ongoing decline dealt a prolonged blow to the region's economic well being. While coal-related employment has been hardest hit, losses have been felt across the spectrum of basic sector industry.

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **ECONOMIC AND DATA ANALYSIS**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## ECONOMIC & DATA ANALYSIS

Far southwestern Virginia has long ranked at or near the bottom of many economic indices. Unemployment rates across the district, for instance, have exceeded, often greatly, the statewide average. Even then, “underemployment” of the district’s citizens in lower wage, service sector jobs has been seen in median household income, which lingers around 50 percent of the state average, and its poverty rate, at roughly twice that of Virginia as a whole.

### **Population**

Population changes over the past six decades are shown in **Table 2**, with decline or stagnation in the LENOWISCO district standing in stark contrast to the Commonwealth’s marked growth.

**TABLE 2**  
**Population, Population Change**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>LENOWISCO</b>	<b>Virginia</b>
<u>Census</u>						
1950	36,106	27,640	52,021	4,325	120,092	3,318,680
1960	25,824	25,813	43,579	5,013	100,229	3,966,949
1970	20,321	24,376	35,947	4,172	84,816	4,651,448
1980	25,956	25,068	43,863	4,757	99,644	5,346,818
1990	24,496	23,204	39,573	4,247	91,520	6,187,358
2000	23,589	23,403	40,123	3,904	91,019	7,078,515
2010	25,587	23,177	41,452	3,958	94,174	8,001,024
<i>Change 1950-2010</i>	-29.10%	-16.10%	-20.30%	-8.50%	-21.60%	141.10%
<i>Change 2000-2010</i>	8.50%	-1.00%	3.30%	1.40%	3.50%	13.00%
<u>Projections</u>						
2010 *	24,018	22,648	41,415	3,425	91,506	8,010,239
2020 *	24,578	22,384	41,207	3,207	91,376	8,917,396
2030 *	25,182	22,391	41,206	3,204	91,983	9,825,019

Sources:

U.S. Census Bureau – Decennial Census

Virginia Employment Commission – Population projections (\*released prior to 2010 decennial Census)

(NOTE: Population projections included in Table 1 predate the 2010 decennial Census, but are included herein to indicate the anticipation of continued population stagnation. VEC will update its projections in 2012 to reflect 2010 Census counts.)

**Table 3** presents the age composition of the district's population by broad age groupings.

The district's "65 and over" age group represents an increasing segment of the regional population, and a significantly higher percentage than that of the state as a whole. The district's median age is also consistently increasing, while remaining noticeably higher than that of the Commonwealth.

When coupled with an ongoing marked drop in the district's 18-under population, this constant "aging" of the overall population can present various challenges, serving as a rough indicator of the level and type of services desired and needed, both present and future, as well as suggesting potential issues with future labor force supply.

**TABLE 3  
Population, Population Change by Age Group**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>LENOWISCO</b>	<b>Virginia</b>
<u>1990</u>						
Total Population	24,496	23,204	39,573	4,247	91,520	6,187,358
Under 18	25.9%	22.1%	26.5%	26.1%	25.2%	24.3%
18-64	58.4%	61.2%	60.4%	59.9%	60.1%	65.0%
65 & Over	15.7%	16.7%	13.1%	14.0%	14.7%	10.7%
Median Age	35.4	38.2	33.9	34.0	35.4	32.6
<u>2000</u>						
Total Population	23,589	23,403	40,123	3,904	91,019	7,078,515
Under 18	22.8%	20.6%	23.0%	21.8%	22.3%	24.6%
18-64	61.8%	61.6%	63.1%	63.0%	62.3%	64.2%
65 & Over	15.4%	17.8%	13.9%	15.3%	15.4%	11.2%
Median Age	39.7	41.4	37.8	39.0	39.3	35.7
<u>2010</u>						
Total Population	25,587	23,177	41,452	3,958	94,174	8,001,024
Under 18	20.2%	19.3%	20.8%	21.8%	20.3%	23.2%
18-64	63.7%	61.0%	65.1%	63.5%	63.6%	64.6%
65 & Over	16.0%	19.7%	14.1%	14.7%	16.1%	12.2%
Median Age	41.2	44.7	39.0	40.0	41.0	37.5

Source:

*U.S. Census Bureau – Decennial Census*

The racial composition of the district's population has historically varied greatly from that of the Commonwealth. For decades, the non-white population stood well under two percent of the district's total population. **Table 4** on the following page reveals the racial distribution of the district and the state since 1990. While the non-white population is still a relatively small percentage of the district's population, especially when compared to Virginia's diverse population, the relative increase in non-white and Hispanic populations, especially in the past decade, is not insignificant.

**TABLE 4**  
**Racial Composition of Population**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>LENOWISCO</b>	<b>Virginia</b>
<u>1990</u>						
White	99.4%	99.3%	97.7%	92.4%	98.3%	77.4%
Black	0.4%	0.6%	1.8%	6.3%	1.3%	18.8%
American Indian	0.1%	0.1%	0.1%	0.3%	0.1%	0.2%
Asian	0.1%	0.0%	0.3%	0.8%	0.2%	2.5%
Pacific Islander	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Some Other Race	0.0%	0.0%	0.1%	0.2%	0.1%	0.9%
Hispanic (Any Race)	0.5%	0.3%	0.3%	0.7%	0.4%	2.6%
<u>2000</u>						
White	98.4%	98.5%	96.9%	91.6%	97.5%	72.3%
Black	0.4%	0.6%	1.8%	6.1%	1.3%	19.6%
American Indian	0.2%	0.1%	0.2%	0.1%	0.2%	0.3%
Asian	0.2%	0.1%	0.3%	1.0%	0.2%	3.7%
Pacific Islander	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Some Other Race	0.1%	0.1%	0.3%	0.2%	0.2%	2.0%
Two or More Races	0.6%	0.5%	0.6%	0.9%	0.6%	2.0%
Hispanic (Any Race)	0.5%	0.4%	0.7%	0.9%	0.6%	4.7%
<u>2010</u>						
White	94.2%	97.9%	93.0%	90.7%	94.4%	68.6%
Black	3.7%	0.6%	5.2%	5.9%	3.7%	19.4%
American Indian	0.4%	0.2%	0.1%	0.2%	0.2%	0.4%
Asian	0.2%	0.2%	0.3%	1.4%	0.3%	5.5%
Pacific Islander	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%
Some Other Race	0.6%	0.4%	0.4%	1.1%	0.5%	3.2%
Two or More Races	0.9%	0.7%	0.9%	2.4%	0.9%	2.9%
Hispanic (Any Race)	1.6%	1.0%	1.1%	1.7%	1.3%	7.9%

Source:

*U.S. Census Bureau – Decennial Census*

One historic and ongoing characteristic of the region's population is a relatively low level of educational attainment. **Table 5** reflects the significant portion of the population with less than a high school diploma and, concurrently, the comparatively small portion of the population with a bachelor's degree or higher.

Southwestern Virginia has long held a strong reputation for its citizens' hardy work ethic, but educational levels continue to be an obstacle to true economic diversification.

**TABLE 5**  
**Educational Attainment**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>Virginia</b>	<b>United States</b>
Less than High School diploma	39.4%	35.6%	37.5%	33.5%	18.5%	19.6%
Bachelor's Degree or Higher	9.5%	8.3%	10.8%	14.0%	29.5%	24.4%

Source:

*U.S. Census Bureau – Decennial Census, 2000*

## **Income**

While median household income has increased significantly for all LENOWISCO localities in recent decades, these levels as a percentage of state and national income figures continue to drop. As shown in **Table 6**, district MHI levels lag far behind statewide numbers, faring slightly more favorably against national levels. This gap is mirrored in poverty levels, which greatly exceed state and national averages.

Local disparities remain as well, as income is not spread evenly across the district, and percentage growth between counties has not been consistent.

**TABLE 6**  
**Median Household Income, Poverty Status**

<b>MHI</b>	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>Virginia</b>	<b>United States</b>
<u>1970</u>	\$3,471	\$5,330	\$5,189	\$5,868	\$8,293	\$8,486
<i>% Virginia</i>	41.9%	64.3%	62.6%	70.8%		102.3%
<i>% United States</i>	40.9%	62.8%	61.1%	69.1%	97.7%	
<u>1980</u>	\$10,436	\$10,851	\$14,810	\$13,120	\$17,475	\$16,841
<i>% Virginia</i>	59.7%	62.1%	84.7%	75.1%		96.4%
<i>% United States</i>	62.0%	64.4%	87.9%	77.9%	103.8%	
<u>1990</u>	\$14,618	\$18,346	\$19,594	\$15,460	\$35,073	\$29,942
<i>% Virginia</i>	41.7%	52.3%	55.9%	44.1%		85.4%
<i>% United States</i>	48.8%	61.3%	65.4%	51.6%	117.1%	
<u>2000</u>	\$23,924	\$28,680	\$27,316	\$25,458	\$47,163	\$41,990
<i>% Virginia</i>	50.7%	60.8%	57.9%	54.0%		89.0%
<i>% United States</i>	57.0%	68.3%	65.1%	60.6%	112.3%	
<u>2008 Estimate</u>	\$28,682	\$33,668	\$32,758	\$28,398	\$61,210	\$52,029
<i>% Virginia</i>	46.9%	55.0%	53.5%	46.4%		85.0%
<i>% United States</i>	55.1%	64.7%	63.0%	64.6%	117.6%	
<b><u>Poverty</u></b>	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>Virginia</b>	<b>United States</b>
<u>2008 Estimate</u>						
All Ages	23.3%	17.3%	21.5%	20.7%	10.2%	13.2%
< Age 18	33.8%	22.1%	29.3%	32.2%	13.6%	18.2%

Source:

*U.S. Census Bureau – Decennial Census, American Community Survey*

As noted in **Table 7** on the following page, transfer receipts – benefits received for which no current services are performed, e.g., government social benefits – represent a relatively large share of total personal income within the district. LENOWISCO localities rank among the dozen highest in the state.

This measure is influenced by the rising older population within the district, as described previously, and may be partially explained as well by the relatively low labor force participation rate in the district, as revealed in Table 8.

**TABLE 7**  
**Transfer Receipts as Percentage of Personal Income**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co/Norton</b>	<b>Virginia</b>	<b>United States</b>
1989	28%	23%	26%	9%	12%
1999	33%	27%	31%	10%	13%
2009	36%	35%	33%	13%	18%

Source:

*U.S. Department of Commerce, Bureau of Economic Analysis*

## **Employment**

As shown in **Table 8**, an estimated 51.6 percent of LENOWISCO's population age 16 and over was in the labor force in 2009, the most current estimates from the U.S. Census Bureau. This was well below the state level of 67.4 percent.

**TABLE 8**  
**Labor Force Participation Status**

	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>LENOWISCO</b>	<b>Virginia</b>
<u>2000</u>						
Persons 16-over	18,905	19,082	32,114	3,164	73,265	5,529,980
In Labor Force	9,068	9,827	16,063	1,569	36,527	3,694,863
Civilian LF	9,058	9,827	16,062	1,569	36,516	3,563,772
Employed	8,337	9,246	14,912	1,455	33,950	3,412,647
Unemployed	721	581	1,150	114	2,566	151,125
Armed Forces	10	0	1	0	11	130,891
Not in Labor Force	9,837	9,255	16,051	1,595	36,738	1,835,317
LF Participation	48.0%	51.5%	50.0%	49.6%	49.9%	66.8%
Male	53.9%	58.4%	58.6%	57.5%	57.3%	73.4%
Female	42.5%	45.2%	42.1%	43.4%	43.1%	60.6%
<u>2009 estimate</u>						
Persons 16-over	20,627	18,901	33,975	3,004	76,507	6,097,997
In Labor Force	10,664	10,152	16,869	1,807	39,492	4,111,333
Civilian LF	10,664	10,142	16,860	1,807	39,473	3,985,644
Employed	9,854	9,353	15,660	1,773	36,640	3,768,930
Unemployed	810	789	1,200	34	2,833	216,714
Armed Forces	0	10	9	0	19	125,689
Not in Labor Force	9,963	8,749	17,106	1,197	37,015	1,986,664
LF Participation	51.7%	53.7%	49.7%	60.2%	51.6%	67.4%
Male	52.3%	63.6%	55.7%	70.7%	57.2%	73.6%
Female	51.1%	44.6%	43.2%	51.1%	46.0%	61.6%

Source:

*U.S. Census Bureau – Decennial Census, American Community Survey*

Notable is the continued low female labor participation rate, which remains well below local male participation rates, as well as Virginia female rates. Both this low female participation and the district's relatively high 65-over population, typically a "non-employed" age group, may be viewed as burdens on that portion of the population that is employed.

**Table 9** provides civilian labor force, employment and unemployment data, from a historical perspective (1990, 2000), to more recent annual figures (2008-2010), to recent monthly numbers reflecting national trends.

**TABLE 9**  
**Unemployment Rate w/ Civilian Labor Force, Employment, Unemployment**

	Lee Co	Scott Co	Wise Co	Norton	Virginia	United States
<u>Annual 1990</u>						
CLF	9,029	9,620	15,416	1,625	3,220,117	125,840,000
Emp	8,172	8,853	13,736	1,469	3,076,925	118,793,000
Unemp	857	767	1,680	156	143,192	7,047,000
Rate	9.5	8.0	10.9	9.6	4.4	5.6
<u>Annual 2000</u>						
CLF	8,774	9,710	16,051	1,479	3,584,037	142,583,000
Emp	8,407	9,340	15,378	1,418	3,502,524	136,891,000
Unemp	367	370	673	61	81,513	5,612,000
Rate	4.2	3.8	4.2	4.1	2.3	4.0
<u>Annual 2008</u>						
CLF	9,781	10,095	18,094	1,619	4,130,714	154,287,000
Emp	9,264	9,550	17,264	1,535	3,968,410	145,362,000
Unemp	517	545	830	84	162,304	8,924,000
Rate	5.3	5.4	4.6	5.2	3.9	5.8
<u>Annual 2009</u>						
CLF	10,277	10,012	19,703	1,750	4,179,810	154,142,000
Emp	9,524	9,042	18,380	1,637	3,895,448	139,877,000
Unemp	753	970	1,323	113	284,362	14,265,000
Rate	7.3	9.7	6.7	6.5	6.8	9.3
<u>Annual 2010</u>						
CLF	10,280	9,947	20,298	1,806	4,185,321	153,889,000
Emp	9,463	9,000	18,848	1,678	3,896,167	139,064,000
Unemp	817	947	1,450	128	289,154	14,825,000
Rate	7.9	9.5	7.1	7.1	6.9	9.6
<u>June 2011</u>						
CLF	10,521	9,957	21,005	1,865	4,233,724	154,538,000
Emp	9,730	9,120	19,599	1,745	3,966,688	140,129,000
Unemp	791	837	1,406	120	267,036	14,409,000
Rate	7.5	8.4	6.7	6.4	6.3	9.3

Source:

Virginia Employment Commission

## Sector Analysis

Analysis of an area's local economic structure aids in understanding strengths and weaknesses, and helps guide current and future strategies. As a starting point, a listing of the region's top employers by size will be beneficial in understanding the local economy. **Table 10** reveals these employers spread across several sectors, including construction, health care, government, education, mining, support services and retail.

**TABLE 10**  
**Largest LENOWISCO Employers**

Company	Industry	Size
Shaw Services LLC	Construction	1000+
Wise County School Board	Educational Services	1000+
Lee County School Board	Educational Services	500-999
Bristol Regional Health System	Health Care	500-999
Food City	Retail - Food/Beverage	500-999
Scott County School Board	Educational Services	500-999
Wal Mart	Retail - General	500-999
Norton Community Hospital	Health Care	250-499
Wallens Ridge Correctional Center	State Government	250-499
University of Virginia / Blue Ridge Hospital	Educational Services	250-499
Red Onion Correctional Center	State Government	250-499
U.S. Department of Justice	Federal Government	250-499
Sykes Enterprises	Administrative and Support Services	250-499
A & G Coal Corporation	Mining	250-499
Joy Technologies	Manufacturing	250-499
Mount Empire Community College	Educational Services	250-499
Mount Empire Older Citizens	Social Assistance	250-499
Sunbelt Insulation Company Inc	Construction	250-499
Heritage Hall	Health Care	250-499
Shore Stop Store	Retail - Gasoline	100-249
Frontier Health	Health Care	100-249
Tempur Production	Manufacturing	100-249
County of Wise	Local Government	100-249
Hardee's	Food Services	100-249
KCG Call Centers Llc	Administrative and Support Services	100-249
Virginia Fuel Corp	Mining	100-249
Riggs Oil Company Black Diamond	Retail - Gasoline	100-249
Mullican Flooring	Manufacturing	100-249
Norton City School Board	Educational Services	100-249
Family Preservation Services	Social Assistance	100-249
Roth LLC	Food Services	100-249
VDOT	Construction (State Govt)	100-249
Paramont Coal Company Virginia	Mining	100-249
Triad Laboratory Alliance	Health Care	100-249
County of Scott	Local Government	100-249
Guest Mountain Mining Corp	Mining	100-249
Postal Service	Federal Government	100-249
Lowes' Home Centers, Inc.	Retail	100-249
Ridgecrest Manor Nursing & Reh	Health Care	100-249
Medical Associates of Southwestern Virginia	Health Care	100-249
VFP Inc.	Manufacturing	100-249
Thompson and Litton, Inc.	Professional Services	100-249
Mill Branch Coal Corporation	Mining	100-249
Maxxim Shared Service LLC	Management of Companies/Enterprises	100-249
Virginia Dept of Mines, Mineral & Energy	Administration (State Govt)	100-249
Lee Nursing & Rehabilitation	Health Care	100-249
Mountain Region Personal Care	Health Care	100-249
Cumberland River Coal Company	Mining	100-249
City of Norton	Local Government	100-249
Payless Supermarket	Retail - Food/Beverage	100-249

Source:

Virginia Employment Commission, Census of Employment and Wages

**Table 11** represents employment change in the district and the Commonwealth over the past two decades, delineating private and public sector employment by North American Industry Classification System (NAICS) Subsectors.

Since 1990, aggregate employment in the district has increased by 4,488 persons (17.8 percent). Much of that increase has occurred in the more recent decade, with a 12.2 percent increase (3,236 jobs) in employment since 2000.

**TABLE 11  
Employment Change by NAICS Subsectors**

	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>Growth / Decline 1990-2010</b>	<b>Growth / Decline 2000-2010</b>
<b>LENOWISCO</b>					
<b>Aggregate</b>	25,258	26,510	29,746	17.8%	12.2%
<b>Private</b>	19,985	20,229	22,395	12.1%	10.7%
Accommodation/Food	1,266	1,771	2,043	61.4%	15.4%
Administrative/Waste	259	356	1,280	394.2%	259.6%
Agriculture/Forestry	166	166	64	-61.4%	-61.4%
Arts/Entertainment/Recreation	61	89	85	39.3%	-4.5%
Construction	807	1,146	2,401	197.5%	109.5%
Educational Services	2	2	6	200.0%	200.0%
Finance/Insurance	640	575	545	-14.8%	-5.2%
Health Care	2,574	3,764	4,565	77.4%	21.3%
Information	432	567	434	0.5%	-23.5%
Management	85	181	285	235.3%	57.5%
Manufacturing	3,195	1,771	1,242	-61.1%	-29.9%
Mining	4,073	2,676	2,155	-47.1%	-19.5%
Other Services	592	567	602	1.7%	6.2%
Professional/Technical	394	734	836	112.2%	13.9%
Real Estate	211	166	141	-33.2%	-15.1%
Retail Trade	3,908	4,116	4,311	10.3%	4.7%
Transportation	494	810	582	17.8%	-28.1%
Utilities	116	97	135	16.4%	39.2%
Wholesale Trade	710	674	684	-3.7%	1.5%
Private as Percentage of Aggregate	79.1%	76.3%	75.3%		
<b>Public</b>	5,273	6,282	7,351	39.4%	17.0%
Federal Government	425	474	787	85.2%	66.0%
State Government	1,242	1,695	2,254	81.5%	33.0%
Local Government	3,606	4,113	4,310	19.5%	4.8%
Public as Percentage of Aggregate	20.9%	23.7%	24.7%		
<b>Virginia</b>					
<b>Aggregate</b>	2,833,929	3,426,425	3,535,673	24.8%	3.2%
<b>Private</b>	2,283,779	2,821,326	2,848,812	24.7%	1.0%
Private as Percentage of Aggregate	80.6%	82.3%	80.6%		
<b>Public</b>	550,150	605,099	686,861	24.8%	13.5%
Public as Percentage of Aggregate	19.4%	17.7%	19.4%		

Source:

Virginia Employment Commission, Census of Employment and Wages

This latter increase is not insignificant when viewed against a more modest 3.2 percent growth across Virginia during the same time period.

Of the district's aggregate increase, private sector employment rose by 10.7 percent (2,166 persons) between 2000 and 2010, particularly notable when compared to the state's private sector growth of barely one percent.

Likewise, increased public sector employment in the district – 17.0 percent (1,069 jobs) – outstripped the Virginia rate of 13.5 percent.

From 2000 to 2010, the district's most significant growth in employment came in construction (1,255 jobs, up 109.5 percent), administration and support services, which reflects increased activity in the call center industry in the district (924 jobs, up 259.6 percent), and health care (801 jobs, an increase of 21.3 percent).

While percentage growth in retail trade during that time period was comparatively small at 4.7 percent, retail trade was the second largest source of private sector employment in the district in 2010, trailing only health care, which overtook retail trade during the decade to become the largest subsector of employment.

Meanwhile, the most significant declines came in manufacturing (529 jobs, a drop of 29.9 percent), mining (521 jobs, a 19.5 percent decrease), and transportation (228 jobs, down 28.1 percent).

Public sector employment continues to grow as a percentage of total LENOWISCO employment, increasing from 20.9 percent in 1990 to 24.7 percent in 2010. Federal and state employment dominated that increase. In the meantime, public sector employment, as a percentage of total employment across the Commonwealth, remained level.

**Table 12** on the following page shows trends in employment and wages at the NAICS Supersector level, reflecting data in the goods-producing and service-producing domains. Various disparities are worthy of note.

Total LENOWISCO employment climbed at a much higher rate (12.2 percent) than the state's 3.2 percent increase, exceeding state growth in both goods and service sectors.

Reflecting state and national trends, goods as a percentage of total LENOWISCO employment continues to drop – from 29.8 percent in 1990, to 22.6 percent in 2000, to 20.2 percent in 2010. This remains, however, a significantly higher percentage than the state's 12.8 percent. The district's goods domain is also where noticeably higher wages remain, in stark contrast to the state level, where goods- and service-producing wages remain practically identical.

As would be expected, the \$701 average wage for all industries in the LENOWISCO district stood at 73.4 percent of the state average wage of \$955 in 2010.

Goods-producing wages in the district (\$1,063), driven by mining and construction, actually exceeded state wages (\$954), standing at 111.4 percent of state levels.

At the same time, service-producing wages (\$609) trailed state wages (\$955) by a significant margin, at just 63.8 percent of state levels.

**TABLE 12**  
**Employment, Wage Change by NAICS Supersectors**

	2000		2010		Employment Change	Wages Change
	Employment	Wages	Employment	Wages	2000-2010	2000-2010
<b>LENOWISCO</b>						
<b>Total, All Industries</b>	26,510	\$477	29,747	\$701	12.2%	47.0%
<b>Goods-Producing Domain</b>	5,984	\$630	6,010	\$1,063	0.4%	68.7%
Natural Resources and Mining	2,841	\$841	2,218	\$1,357	-21.9%	61.4%
Construction	1,372	\$425	2,550	\$947	85.9%	122.8%
Manufacturing	1,771	\$451	1,242	\$777	-29.9%	72.3%
Goods as Percentage of Total	22.6%		20.2%			
<b>Service-Producing Domain</b>	20,526	\$432	23,737	\$609	15.6%	41.0%
Trade, Transportation and Utilities	5,883	\$384	5,881	\$524	0.0%	36.5%
Information	624	\$565	484	\$788	-22.4%	39.5%
Financial Activities	752	\$464	689	\$570	-8.4%	22.8%
Professional and Business Services	1,345	\$538	2,508	\$870	86.5%	61.7%
Education and Health Services	7,460	\$475	8,570	\$621	14.9%	30.7%
Leisure and Hospitality	1,915	\$183	2,205	\$245	15.1%	33.9%
Other Services	568	\$352	604	\$611	6.3%	73.6%
Public Administration	1,979	\$555	2,796	\$783	41.3%	41.1%
Services as Percentage of Total	77.4%		79.8%			
<b>Virginia</b>						
<b>Total, All Industries</b>	3,426,426	\$676	3,535,674	\$955	3.2%	41.3%
<b>Goods-Producing Domain</b>	612,690	\$673	451,129	\$954	-26.4%	41.8%
Natural Resources and Mining	23,170	\$567	20,306	\$842	-12.4%	48.5%
Construction	222,245	\$639	192,605	\$898	-13.3%	40.5%
Manufacturing	367,275	\$701	238,218	\$1,008	-35.1%	43.8%
Goods as Percentage of Total	17.9%		12.8%			
<b>Service-Producing Domain</b>	2,813,736	\$677	3,084,545	\$955	9.6%	41.1%
Trade, Transportation and Utilities	686,277	\$573	654,168	\$729	-4.7%	27.2%
Information	122,239	\$1,408	81,221	\$1,468	-33.6%	4.3%
Financial Activities	176,817	\$832	172,660	\$1,237	-2.4%	48.7%
Professional and Business Services	575,260	\$887	664,345	\$1,453	15.5%	63.8%
Education and Health Services	603,274	\$586	778,920	\$812	29.1%	38.6%
Leisure and Hospitality	312,229	\$259	360,078	\$345	15.3%	33.2%
Other Services	121,975	\$498	128,373	\$712	5.2%	43.0%
Public Administration	211,461	\$863	241,616	\$1,328	14.3%	53.9%
Unclassified	4,204	\$874	3,164	\$757	-24.7%	-13.4%
Services as Percentage of Total	82.1%		87.2%			

Source:

Virginia Employment Commission, *Census of Employment and Wages*

These trends reflect the region's historic and continued reliance on its "old economy," primarily resource extraction.

At the same time, the door stands open to pursue opportunities to target higher-wage service sector employment opportunities.

## **Cluster Analysis**

Industry clusters differ noticeably from industry supersectors viewed previously. Supersectors are large industry categories grouping all industries sharing a common two-digit NAICS code. NAICS classifications are based on process, with firms using similar production processes grouped together. Meanwhile, clusters extend beyond process and include key suppliers and other related industries from other industrial sectors that tend to locate in the same general proximity, gaining certain advantages (e.g., knowledge transfer, shared workforce, etc.) by doing so. It should be noted that clusters are not mutually exclusive, with a single firm potentially fitting into several industry clusters.

**Table 13** on the following page shows employment trends by industry cluster, utilizing cluster definitions from the Indiana University study “Unlocking Rural Competitiveness: The Role of Regional Clusters,” and 2001 and 2009 data from the U.S. Bureau of Labor Statistics and Virginia Employment Commission. Data suppression (utilized to prevent individual identification of firms) prevents full analysis of all clusters, but clusters for which full information is available will be analyzed in Tables 14 and 15.

From 2001 to 2009 (the oldest and most recent U.S. BLS data available for this analysis), the strongest areas of growth, in terms of both total employment and percentage change in employment, were in Energy (Fossil and Renewable) and Defense and Security.

The Energy cluster includes, among others, coal mining and support activities for mining; electric power generation; and electric power generation, transmission and distribution; as well as electrical contractors, plumbing and heating contractors, engineering services, fuel dealers, petroleum wholesalers and gasoline stations.

The Defense and Security grouping includes government agencies involved in law enforcement and homeland security; investigation and security services; power and communication line construction; and computer and information services providers that typically contract with governmental agencies on security matters.

Also exhibiting growth in terms of percentage change, albeit at a lower level of employment, was the Forest and Wood Products cluster, which includes forestry and logging; wood product manufacturing; framing, siding, flooring and finish carpentry contractors; furniture manufacturing; and furniture and lumber wholesalers.

The largest percentage drop came in the Chemicals and Chemical Based Products cluster; while the biggest decrease in level of employment was in the Transportation and Logistics cluster, echoing observations earlier in this section.

**Table 13  
Industry Clusters**

<b>LENOWISCO</b>	<b>2001</b>		<b>2009</b>		<b>Change 2001-09</b>	
	<b>Est</b>	<b>Empl</b>	<b>Est</b>	<b>Empl</b>	<b>Est</b>	<b>Empl</b>
Total All Industries	2,037	26,722	2,176	29,471	6.8%	10.3%
Advanced Materials	D	D	10	D	D	D
Agribusiness, Food Processing and Technology	D	D	9	D	D	D
Apparel and Textiles	D	D	11	D	D	D
Arts, Entertainment, Recreation and Visitor Industries	18	111	40	67	122.2%	-39.6%
Biomedical/Biotechnical (Life Sciences)	112	1,221	109	1,345	-2.7%	10.2%
Business and Financial Services	119	669	172	752	44.5%	12.4%
Chemicals and Chemical Based Products	3	66	16	26	433.3%	-60.6%
Defense and Security	51	1,032	74	1,646	45.1%	59.5%
Education and Knowledge Creation	6	44	27	38	350.0%	-13.6%
Energy (Fossil and Renewable)	138	1,483	252	2,580	82.6%	74.0%
Forest and Wood Products	40	207	50	326	25.0%	57.5%
Glass and Ceramics	D	D	4	D	D	D
Information Technology and Telecommunications	19	322	D	D	D	D
Transportation and Logistics	90	507	92	384	2.2%	-24.3%
Manufacturing Supercluster	D	D	D	D	D	D
Primary Metal	0	0	0	0	*	*
Fabricated Metal Product	3	15	4	D	33.3%	D
Machinery	D	D	3	D	D	D
Computer, Electronic Product	D	D	D	D	D	D
Electrical Equipment, Appliance, Component	0	0	0	0	*	*
Transportation Equipment	D	D	1	D	*	*
Mining	D	D	5	D	*	D
Printing and Publishing	D	D	D	D	D	D
<b>United States</b>						
Total All Industries	7,984,529	129,635,800	9,003,197	128,607,842	12.8%	-0.8%
Advanced Materials	148,519	6,039,018	140,940	4,697,442	-5.1%	-22.2%
Agribusiness, Food Processing and Technology	151,953	3,278,554	144,818	3,114,021	-4.7%	-5.0%
Apparel and Textiles	90,082	1,680,675	80,209	989,936	-11.0%	-41.1%
Arts, Entertainment, Recreation and Visitor Industries	251,142	5,135,829	265,039	5,105,059	5.5%	-0.6%
Biomedical/Biotechnical (Life Sciences)	182,771	3,887,125	229,214	4,685,736	25.4%	20.5%
Business and Financial Services	1,186,639	11,039,972	1,386,008	11,205,273	16.8%	1.5%
Chemicals and Chemical Based Products	74,943	2,639,484	69,051	2,036,426	-7.9%	-22.8%
Defense and Security	273,442	6,585,152	307,445	6,559,012	12.4%	-0.4%
Education and Knowledge Creation	157,644	11,740,543	198,759	12,920,798	26.1%	10.1%
Energy (Fossil and Renewable)	536,790	7,740,213	594,111	7,512,258	10.7%	-2.9%
Forest and Wood Products	189,502	2,912,883	185,156	2,076,816	-2.3%	-28.7%
Glass and Ceramics	23,121	630,966	21,079	447,467	-8.8%	-29.1%
Information Technology and Telecommunications	413,621	7,261,128	435,605	5,962,801	5.3%	-17.9%
Transportation and Logistics	193,343	3,898,775	200,926	3,684,849	3.9%	-5.5%
Manufacturing Supercluster	152,246	7,864,817	137,408	5,583,871	-9.7%	-29.0%
Primary Metal	6,412	569,917	5,924	363,744	-7.6%	-36.2%
Fabricated Metal Product	63,833	1,679,755	60,114	1,310,374	-5.8%	-22.0%
Machinery	35,773	1,360,793	30,089	1,020,994	-15.9%	-25.0%
Computer, Electronic Product	22,371	1,748,552	18,851	1,132,789	-15.7%	-35.2%
Electrical Equipment, Appliance, Component	7,967	552,013	7,376	371,712	-7.4%	-32.7%
Transportation Equipment	15,890	1,953,788	15,054	1,384,257	-5.3%	-29.2%
Mining	10,363	193,262	11,977	182,947	15.6%	-5.3%
Printing and Publishing	192,536	2,911,505	195,341	2,341,025	1.5%	-19.6%

Source:

U.S. Bureau of Labor Statistics

D - data suppressed

\* - not determined

**Table 14** utilizes these industry cluster employment data to make “location quotient” calculations, a beneficial tool to compare local cluster employment levels to national comparison economies.

Location quotients show where industry sectors in particular localities are more strongly represented than they are in the nation as a whole. A location quotient (LQ) value of 1, as an example, indicates that a local area or region has a similar proportion of a given industry as the comparison economy.

A location quotient lower than 1 indicates the industry cluster has less-than-average representation in the regional economy.

Clusters with location quotients above 1 indicate above-average concentration within a region’s economy, with the area considered to be more specialized in that industry or cluster than is the nation, and industries in the cluster may be assumed to be producing for export as well as local consumption. Clusters with an LQ value of 1.5 or above can be considered significantly concentrated.

**Table 14**  
**Location Quotient by Cluster, 2009**

Cluster	Region Cluster Employment	U.S. Cluster Employment	Location Quotient (US Comparison)
Energy (Fossil and Renewable)	2,580	7,512,258	1.50
Biomedical/Biotechnical (Life Sciences)	1,345	4,685,736	1.25
Defense and Security	1,646	6,559,012	1.09
Forest and Wood Products	326	2,076,816	0.68
Transportation and Logistics	384	3,684,849	0.45
Business and Financial Services	752	11,205,273	0.29
Arts, Entertainment, Recreation and Visitor Industries	67	5,105,059	0.06
Chemicals and Chemical Based Products	26	2,036,426	0.06
Education and Knowledge Creation	38	12,920,798	0.01
Advanced Materials	D	4,697,442	
Agribusiness, Food Processing and Technology	D	3,114,021	
Apparel and Textiles	D	989,936	
Glass and Ceramics	D	447,467	
Information Technology and Telecommunications	D	5,962,801	
Manufacturing - Primary Metal	D	363,744	
Manufacturing - Fabricated Metal Product	D	1,310,374	
Manufacturing - Machinery	D	1,020,994	
Manufacturing - Computer, Electronic Product	D	1,132,789	
Manufacturing - Electrical Equipment, Appliance, Component	D	371,712	
Manufacturing - Transportation Equipment	D	1,384,257	
Mining	D	182,947	
Printing and Publishing	D	2,341,025	

Source:

U.S. Bureau of Labor Statistics

D - data suppressed

Location Quotient =

$(\text{Local Employment Sector} / \text{Local Total Employment}) / (\text{National Employment Sector} / \text{National Total Employment})$

As shown, three of the nine clusters examined a location quotient greater than 1, an above-average concentration within the local economy. It is little coincidence these three clusters – Energy (Fossil and Renewable), Biomedical/Biotechnical (Life Sciences) and Defense and Security – continued to be the region’s largest employment generators. It should be noted, however, that the LQ’s for Energy and Defense/Security grew from the 2001 comparison period (from 0.93 and 0.76, respectively), while Biomedical/Biotechnical dropped from a 1.53 LQ in 2001, signifying the latter cluster has decreased in its level of representation in the regional economy as compared to the national economy.

Although location quotients are useful in giving an initial picture of local strengths and weaknesses, they do not explain sources of change, provide a complete picture of how the composition of local employment differs from national patterns, or clarify how a local economy’s performance differs from the national economy.

As noted in “Unlocking Rural Competitiveness: The Role of Regional Clusters,” shift-share analysis is beneficial in explaining changes in an economy by examining such changes in three contexts:

The influence of national growth (or decline) on a given industry or cluster is called the “national share” of change. This factor estimates how local employment might be expected to change if the influence of national growth or decline had an equal impact on every industry in the cluster.

The influence of “industry share” – the rate of change in an individual industry at the national level – reveals the level of local change that can be attributed to national growth or decline in said industry.

While the national share and industry share reveal changes expected to occur in a local economy had it corresponded directly to national and industrial trends, there remain changes that cannot be otherwise explained by national share (general economic conditions) or industry share (industrial trends). This “regional share” reveals the impacts of region-specific factors local employment. In other words, the regional share suggests that certain industries benefit – or suffer from – local economy factors such as labor force skills, transportation, efficiency of service delivery, etc.

**Table 15** on the following page provides shift-share analysis of those industry clusters previously presented with sufficient available data.

The “proportional shift” factor assesses the relative advantage or disadvantage of a given cluster relative to overall economic growth. A positive number here indicates the cluster is growing more quickly than the overall economy, thus proportionally more likely to contribute to the local region’s growth.

The “differential shift” factor indicates the difference in the rate of growth or decline in a local cluster as compared to the same cluster on the national level. A positive number in this column can indicate that the local cluster is growing at a higher rate – or declining at a lower rate – than the same cluster at the national level, and may potentially indicate areas of competitive advantage.

**TABLE 15**  
**Shift-Share Analysis**

Cluster	LENOWISCO				United States				Share (Overall Growth)	Proportional Shift	Differential Shift
	2001 Employment	2009 Employment	Rate of Growth/Decline	2001 Employment	2009 Employment	Rate of Growth/Decline	2001 Employment	2009 Employment			
Forest and Wood Products	207	326	0.5749	2,912,883	2,076,816	-0.2870			-0.0079	0.5828	0.8619
Energy (Fossil and Renewable)	1,483	2,580	0.7397	7,740,213	7,512,258	-0.0295			-0.0079	0.7476	0.7692
Defense and Security	1,032	1,646	0.5950	6,585,152	6,559,012	-0.0040			-0.0079	0.6029	0.5989
Business and Financial Services	669	752	0.1241	11,039,972	11,205,273	0.0150			-0.0079	0.1320	0.1091
Biomedical/Biotechnical (Life Sciences)	1,221	1,345	0.1016	3,887,125	4,685,736	0.2055			-0.0079	0.1095	-0.1039
Transportation and Logistics	507	384	-0.2426	3,898,775	3,684,849	-0.0549			-0.0079	-0.2347	-0.1877
Education and Knowledge Creation	44	38	-0.1364	11,740,543	12,920,798	0.1005			-0.0079	-0.1285	-0.2369
Chemicals and Chemical Based Products	66	26	-0.6061	2,639,484	2,036,426	-0.2285			-0.0079	-0.5982	-0.3776
Arts, Entertainment, Recreation and Visitor Industries	111	67	-0.3964	5,135,829	5,105,059	-0.0060			-0.0079	-0.3885	-0.3904
Advanced Materials	D	D		6,039,018	4,697,442	-0.2222					
Agribusiness, Food Processing and Technology	D	D		3,278,554	3,114,021	-0.0502					
Apparel and Textiles	D	D		1,680,675	989,936	-0.4110					
Glass and Ceramics	D	D		630,966	447,467	-0.2908					
Information Technology and Telecommunications	322	D		7,261,128	5,962,801	-0.1788					
Manufacturing - Primary Metal	D	D		569,917	363,744	-0.3618					
Manufacturing - Fabricated Metal	15	D		1,679,755	1,310,374	-0.2199					
Manufacturing - Machinery	D	D		1,360,793	1,020,994	-0.2497					
Manufacturing - Computer, Electronic Product	D	D		1,748,552	1,132,789	-0.3522					
Manufacturing - Electrical Equipment, Application, Component	D	D		552,013	371,712	-0.3266					
Manufacturing - Transportation Equipment	D	D		1,953,788	1,384,257	-0.2915					
Mining	D	D		193,262	182,947	-0.0534					
Printing and Publishing	D	D		2,911,505	2,341,025	-0.1959					
Total	26,722	29,471	0.1029	129,635,800	128,607,842	-0.0079					

*D - data suppressed*

Source:  
U.S. Bureau of Labor Statistics

Of the nine clusters examined (i.e., those not subject to data suppression), four exhibited a positive differential shift between 2001 and 2009, indicating they performed better than the corresponding clusters at the national level. Three – Forest/Wood Products, Energy and Defense/Security – significantly outperformed the national comparison, while the fourth, Business/Financial Services, grew at a slightly better rate than the national cluster. A fifth local cluster, Biomedical/Biotechnical, also exhibited positive growth from 2001 to 2009, but at a lesser rate of increase than its national counterpart, thus has a negative differential shift.

Combining this analysis provides some basis for evaluation of current cluster performance and an element of guidance as to which clusters might warrant attention, either through potential targeting or through identifying where support might be needed.

Doing so divides clusters into one of four categories, and in this limited analysis, the nine examined clusters fall as follows:

- Clusters that are relatively specialized ( $LQ > 1$ ) and have a positive differential shift
  - Energy (Fossil and Renewable)
  - Defense and Security
- Clusters that are relatively unspecialized ( $LQ < 1$ ) but have a positive differential shift
  - Forest and Wood Products
  - Business and Financial Services
- Clusters that are relatively specialized ( $LQ > 1$ ) but have a negative differential shift
  - Biomedical/Biotechnical
- Clusters that are relatively unspecialized ( $LQ < 1$ ) and have a negative differential shift
  - Transportation and Logistics
  - Education and Knowledge Creation
  - Chemicals and Chemical Based Products
  - Arts, Entertainment, Recreation and Visitor Industries

In the first category, fossil and renewable energies clearly represent significant current and future drivers of the regional economy, especially when a general comparison of wages is added. Meanwhile, it is likely a large number of firms in the defense/security cluster (with the exception of IT-related firms) are not export-oriented and thus do a large proportion of their business within the region, limiting their potential. Forest and wood products and business and financial services show promise, although neither holds a heavy concentration of employment, as noted.

Again, it must be acknowledged that suppression of data, particularly for the Information Technology and Telecommunications cluster, anecdotally a significant presence in the regional economy, significantly hinders a fuller cluster analysis for the LENOWISCO region. Nonetheless, strategies can be directed in those areas of greatest perceived potential.

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

**CEDS COMMITTEE**

# **LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

## **LENOWISCO CEDS Committee**

### **Committee Composition**

As part of the 2011 update of its Comprehensive Economic Development Strategy, LENOWISCO initiated steps to significantly alter the direction and scope of its CEDS process, including the makeup of the LENOWISCO CEDS Committee and the breadth of the Committee's role in not only the upkeep of the CEDS document, but in the general economic development process in the region.

Public sector professionals and regional partners shoulder much of the front-lines economic development effort in the LENOWISCO district, and these interests will continue to be represented on the CEDS Committee.

One significant modification, however, entails increased involvement from the private business sector, which heretofore had admittedly been limited. An initial complement of business and industry representatives were recruited to serve on the LENOWISCO CEDS Committee for the 2011 update, and Committee membership will continue to be expanded as LENOWISCO moves forward.

For the 2011 update, the makeup of the LENOWISCO CEDS Committee was as follows:

#### Private sector representatives

Mr. Tom Deaderick, OnePartner  
Mr. Ron Helton, Thompson & Litton  
Mr. Doug McConnell, Cumberland Resources  
Mr. Doug McDonald, Powell Valley National Bank  
Mr. Dan Minahan, Crutchfield Corporation  
Ms. Kathlyn Terry, Appalachian Sustainable Development  
Mr. Charles Wynn, Wynn Electrical

#### Public sector representatives

Mr. Tim Blankenbecler, MECC Small Business Development Center  
Mr. Darrell Blankenship, Southwest Virginia Workforce Investment Board  
Mr. Michael James, Lee County Industrial Development Authority  
Mr. John Kilgore, Scott County Economic Development Authority  
Mr. Fred Ramey, Norton Industrial Development Authority  
Mr. Carl Snodgrass, Wise County Industrial Development Authority

Mr. Frank Kibler, LENOWISCO Senior Planner, provided Staff assistance to the Committee.

## **Meetings Summary**

The LENOWISCO CEDS Committee held three meetings related to the 2011 CEDS update. A brief summary of the meetings and the Committee's deliberations follows, while meeting minutes and notes are included in **Appendix A**.

At its initial meeting, the Committee was briefed on the nature of the U.S. Economic Development Administration's Comprehensive Economic Development Strategy (CEDS) process, and of LENOWISCO's role and obligation, as an EDA-designated Economic Development District, in that process.

It was noted that, as part of a major update to its CEDS document, LENOWISCO was overhauling its CEDS Committee, with the purpose and goals of the Committee described.

The Committee members were provided with a variety of demographic, economic and workforce data (with its being noted that 2010 data was presently very limited), to serve as the backdrop for the Committee's ongoing discussions.

At its second meeting, the Committee embarked on a facilitated SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.

The regional strengths, weaknesses, opportunities and threats identified through this process are included in Appendix A.

At the Committee's third meeting, economic development professionals discussed past and present projects and initiatives in their respective jurisdictions.

The Committee reviewed the SWOT analysis, offered minor revisions, and discussed current and potential development strategies.

These discussions are included in Appendix A.

It was also agreed that, as part of a subsequent CEDS 2012 update and beyond, Committee make-up will be further expanded to include additional private and public sector participation. Added steps will be taken to fully integrate the Committee into the region's economic development efforts, with the Committee's input into strategies, initiatives and performance measures also expanded to best address EDA CEDS guidelines.

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **GOALS AND OBJECTIVES**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## GOALS AND OBJECTIVES

The region's development goals are presented below, with objectives listed for each.

1. Encourage a strong regional economy through a diverse base of business interests, including large employers and entrepreneurial startups
  - 1-1. Recruit businesses and industries in high-wage industry clusters
  - 1-2. Promote small and entrepreneurial businesses
  - 1-3. Retain and expand existing businesses in the region
  
2. Develop and maintain a workforce adequately skilled to meet the challenges of today's economy
  - 2-1. Promote the development of specialized training and educational programs to further develop higher wage industry clusters
  - 2-2. Promote career and technical education to address the growing needs of business
  - 2-3. Actively attract and retain young professionals to work in the region
  - 2-4. Improve skills of unemployed and underemployed workers
  - 2-5. Improve literacy and graduation rates
  
3. Ensure the region has adequate infrastructure in place to support the growth of higher-wage industry clusters and to ensure regional, national and global connectivity
  - 3-1. Pursue development of appropriate commercial, industrial, and research-oriented sites
  - 3-2. Expand information technology infrastructure and telecommunications systems
  - 3-3. Maintain and expand traditional infrastructure including water, sewer, natural gas lines and transportation infrastructure in areas where such investments will support development
  
4. Project a positive identity for the LENOWISCO region
  - 4-1. Pursue regional marketing initiatives to promote the region to select markets
  - 4-2. Engage the public and media to inform and educate residents on the region's economic development initiatives
  - 4-3. Seek to improve intergovernmental cooperation and collaboration

5. Maintain and promote the region's natural beauty and its cultural amenities, and seek sustainable growth opportunities
  - 5-1. Promote the region's arts and cultural amenities
  - 5-2. Promote the region's outdoor amenities
  
6. Target existing underutilized commercial and industrial properties for redevelopment
  - 6-1. Direct investment to unused or underused properties where available and appropriate
  - 6-2. Pursue revitalization of blighted areas
  - 6-3. Direct investment to increase appropriate use in presently developed areas

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **CURRENT AND FUTURE STRATEGIES**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## CURRENT AND FUTURE STRATEGIES

As recently as a decade ago, the LENOWISCO Comprehensive Economic Development Strategy still placed heavy emphasis on conventional industrial development, with its project list dominated by infrastructure and industrial site development. Today, while conventional industrial development remains a 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.

### **Regional Partners and Assets**

LENOWISCO has numerous partners heavily involved in economic, industrial and community development efforts.

The professional staffs of the **Lee County Industrial Development Authority**, **Scott County Economic Development Authority**, **Wise County Industrial Development Authority** and **Norton Industrial Development Authority** serve as front-line practitioners in the region's development efforts. These Authorities actively market their respective localities, and frequently join forces in the pursuit of regional initiatives.

Serving the larger region, the **Virginia Coalfield Economic Development Authority**, created by the Virginia General Assembly in 1988, continues to provide critical support in the LENOWISCO and Cumberland Plateau districts. VCEDA markets its seven-county, one-city service area as Virginia's e-Region – with "e" representing energy, education, electronic commerce and emerging technologies – a trendsetter in broadband access in rural America. VCEDA operates several incentive and financing programs to encourage new job creation and economic diversification. The Authority provides financial support for fixed assets, construction of buildings for sale or lease, installation of utilities and direct loans to private for-profit basic employers and IDA's. Financing is based in part on the number of new jobs created, wage rates and level of private investment.

The **Virginia Coalfield Coalition**, another economic development partnership between the LENOWISCO and Cumberland Plateau PDC's, was created through Virginia's Regional Competitiveness Act. The Coalition assisted in the successful launch of a number of coalfield-wide projects to spur economic development, including a regional business incubator network, workforce development programs, and market rate housing studies.

The Coalition has most recently played a crucial role in securing significant funding for the region's expanding broadband network, described later in this section.

Additional public investment partners playing a key role in various economic development initiatives include, at the state level, the Virginia Tobacco Indemnification and Community Revitalization Commission and the Virginia Department of Housing and Community Development, and at the federal level, the Economic Development Administration, the Appalachian Regional Commission, and USDA Rural Development.

Two institutions of higher education in the district aid in economic development efforts.

**Mountain Empire Community College**, through its Center for Workforce Development, provides a broad range of workforce training through licensing, certification and recertification. The Center also offers customized training to respond to the specific needs of existing businesses and industries, including new curricula developed from identified areas of need.

MECC is also home to a Virginia **Small Business Development Center**. The SBDC provides one-on-one counseling, business education opportunities and resources to help small business owners or managers improve their business.

The **University of Virginia's College at Wise** is the only four-year public institution of higher education in Virginia's coalfield region. The College's Office of Economic Development, added to the College's mission in 2007, serves as the gateway to the assets and resources of both the College and the University. In addition to the College's degree programs, the Office offers custom programs and training in areas such as banking/finance, manufacturing, service, information technology and telecommunication; professional and leadership development; and entrepreneurial assistance.

Situated just outside the district, nearby **Lincoln Memorial University** in Harrogate, Tennessee, exerts significant economic development impact in western Lee County. LMU offers a range of undergraduate, graduate and professional programs. The DeBusk College of Osteopathic Medicine, opened in 2007, is located on the Harrogate campus, while the Duncan School of Law, opened in 2009, is in nearby Knoxville. The University has recently notified accrediting agencies of its plans to open a College of Veterinary and Comparative Medicine in 2012. While most veterinary schools also have a teaching hospital, LMU intends to use a community-based model, sending students to work in various clinics and hospitals in the region to earn practical experience and specialize in areas of interest.

The **Virginia Employment Commission** provides employer and job seeker services, unemployment benefits and labor market information. Employers may utilize VEC's Virginia Workforce Connection to post job openings and find qualified candidates; access labor market data; locate suitable training or education programs; or find information on a variety of topics, including human resources, diversity and affirmative action, or labor relations. Individuals may research specific occupations; undergo skills analysis; locate training or education opportunities; determine eligibility for community services; and receive assistance in job search capabilities.

Virginia's **Workforce Investment Area One** (WIA) covers the seven counties and one city of the LENOWISCO and Cumberland Plateau districts. WIA offers programs to adults and dislocated workers, designed to meet employer needs by helping job seekers upgrade skills, obtain employment, improve job retention, and increase earnings. WIA also offers employer services designed to recruit and retain a quality workforce, saving time and reducing costs. Available services include pre-employment screening, target recruitment, internships and on-the-job training. WIA's youth programs focus on young people from low-income families, between the ages of 14 and 21, who are unemployed or underemployed and need WIA services to improve their employability. The main goal of the youth programs is school retention and dropout retention.

One of the district's most exciting developments in many years, the **LENOWISCO Rural Area Network**, continues to expand. The provision of advanced communications infrastructure provides an extraordinary competitive advantage for the region.

Reliable, extremely high speed network infrastructure will aid in the attraction and retention of industry; foster entrepreneurship, especially in information technology areas; and provide improved education, health care and information access opportunities throughout the region. This open-access, fiber-optic network positions the LENOWISCO district as one of the more advanced rural areas anywhere in the world.

Through generous investments from the U.S. Economic Development Administration, the Virginia Tobacco Commission, and the Virginia Coalfield Economic Development Authority, the LENOWISCO network presently consists of 650 miles of distribution fiber, including more than 350 miles of backbone fiber installed through the district. More than 1,200 new jobs and \$50 million in corporate investments can thus far be attributed to the LENOWISCO network.

LENOWISCO broadband deployment has expanded steadily and systematically, from K-12 school systems and higher education to business and industry to medical facilities.

Deployment of fiber optic cable throughout the region will also encourage the development of secure data storage facilities, an initiative attracting growing interest in the district.

Additionally, the district continuously seeks ways to set itself apart in what is becoming a more crowded field in broadband communications, as other communities start investing in broadband infrastructure. LENOWISCO pursues this strategy in two ways. By continuing to expand the existing system and offering last mile connections with "fiber to the premises," an increasing number of entrepreneurs will be able to work from home as well as fill "virtual jobs" that need not be located in one particular building or facility. One recent example has been an announcement of DirecTV's intention to add 100 jobs to the larger region for their agents to work from their homes.

A second strategy the district is investigating to further promote the broadband communications infrastructure is "green power" opportunities, with the conviction that more and more data center prospects will seek out those communities that can provide a mix of power supplies.

Discussions are ongoing with Mid-Atlantic Broadband Cooperative, which owns and operates more than 800 route miles of backbone fiber across southern Virginia, in a branding and marketing initiative to promote the two regions' "giga-parks," more than 100 Virginia business, industrial and technology parks connected by an advanced fiber-optic broadband infrastructure network. Digital optical networking technologies with advanced transport capacity provide direct connections to key Internet peering points in Northern Virginia and the Southeast.

With equipment in the region's parks second to none, able to accommodate any type of data use, it's clear that broadband will continue to be an economic driver in the region.

### **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. Over the years, EDA investments have played a significant role in all these initiatives.

Each county has one or more industrial parks, with access to the district's burgeoning broadband infrastructure offering relative advantages previously lacking at the counties' primary sites.

The Constitutional Oaks Business Park is the largest industrial acreage in Lee County, a nearly 300-acre site situated near the Rose Hill community in the western part of the county. Following property acquisition, a master plan for the park was completed and site development initiated. The Lee County IDA completed construction of a 60,000 square foot speculative building to aid in marketing the site to industrial, business and technology interests.

In Scott County, with the acreage of the regional industrial park at Duffield nearly filled, the park was expanded via the development of adjacent property. The addition – the Scott County Regional Business and Technology Park – added 65 acres to the original park, while the subsequent acquisition of additional adjacent property will ultimately add another 50 acres. Broadband accessibility accentuates the park addition’s marketability, with the park’s first building, the Crooked Road Technology Center, a state-of-the-art, multi-tenant facility designed to establish Scott County as a regional host for technology-based companies. The second phase of the Technology Center will be under construction shortly.

Wise County’s Lonesome Pine Regional Business and Technology Park, situated adjacent to the Lonesome Pine Airport and a short distance from the University of Virginia’s College at Wise, currently hosts two technology-based companies, with total employment exceeding 600 persons, and the new Appalachia America Energy Research Center, which will support the commercialization of new energy technologies and the incubation of clean energy start-ups.

Scott and Wise Counties host Virginia enterprise zones, with a combination of state and local incentives available. Scott County’s zone, the oldest in the district, is centered around the regional park at Duffield, while Wise County’s zone includes the Lonesome Pine park near Wise. Lee County looks to regain state enterprise zone status at the next opportunity.

Development can also be found at smaller sites and structures throughout the district, such as the Patriot Center, a cluster of structures in the Town of Pennington Gap, acquired by the Lee County IDA for redevelopment aimed at technology-based companies.

And in Scott County, the County EDA has conducted feasibility analysis, with digital mapping and other infrastructure assessments, to support the potential conversion of a former underground limestone mine into a state-of-the-art underground secure data center.

The region’s broadband infrastructure also supports numerous call center operations, with such companies employing several hundred persons.

LENOWISCO’s economic development partners recently collaborated on a regional site study, designed to examine and identify prospective regional parks to potentially “replace” the original regional park at Duffield. With consideration of large-scale site, heavy industrial sites, rail-served sites, the combined economic study and site selection study recommended and the development of a regional mixed-use business park. In the near future, the Authorities will strategize how best to pursue these recommendations. Brief excerpts from the study are included in **Appendix B**.

## **Entrepreneurial Development**

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

A regional small business incubator network – the original facility opened (with EDA assistance) in the Duffield park in 1999, followed by a satellite site in the City of Norton’s central business district in 2002 – continues to provide and expand support programs.

The regional broadband network has also significantly increased opportunities for home-based and similar entrepreneurial development, as conventional geographic barriers have been removed.

LENOWISCO is partnering with the University of Virginia’s College at Wise, the Virginia Coalfield Coalition and others in a new initiative, the development of an Entrepreneurial Blueprint. Modeled on the region’s Healthcare Blueprint, this community-based initiative is designed to mobilize existing and emerging economic development efforts to create a thriving entrepreneurial community that will accelerate growth for both new and established ventures.

As envisioned, the Entrepreneurial Blueprint will:

- serve as a comprehensive plan for the region to define priorities and guide actions
- leverage existing programs and resources and outline plans to fill identified gaps and capitalize upon current strengths
- leverage the expertise and experience of local and regional business leaders and citizens
- demonstrate vision and collaboration
- enhance chances for successful funding
- be flexible to address areas of possible special interest such as sustainable farming/local food, energy/innovation clusters/research centers, health care, technology, tourism, outdoor recreation, arts, and others

Among the Blueprint’s initiatives will be entrepreneurial planning projects aimed at formalizing programs either to develop additional entrepreneurs within the region or to market the region to attract outside entrepreneurs.

UVA-Wise will also be partnering in another upcoming initiative. The Tayloe Murphy Center, part of the University of Virginia’s Darden School of Business, looks to expand its Certificate in Entrepreneurship program that was piloted in Southern Virginia in spring 2011. The program, unique in that it targets communities in Virginia facing economic challenges, is designed to teach people how to start and grow their business by examining successful Virginia based businesses through the Business School’s renowned case-study method.

As noted in the CEDS Committee section and related Appendix, longstanding cultural attitudes, opportunities and obstacles related to entrepreneurship were a significant topic of discussion.

Concurrent discussions with SBDC personnel and local bank officials confirmed a stark lack of start-up activity, mirroring the impacts of the national economy.

It is hoped current and envisioned programs and support activities will engender increased entrepreneurial opportunities and activity.

### **Tourism Development**

Tourism continues to have a strong economic impact throughout Virginia, as visitors to the state spent nearly \$18.9 billion dollars in 2010. In LENOWISCO, visitor spending exceeded \$72 million and tourism-related payroll topped \$15 million, with \$1.8 million in local tax receipts generated.

The district's historic heritage, scenic beauty and numerous attractions – 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.

The recent birth of "The Crooked Road," Virginia's Heritage Music Trail, has already significantly increased visitation to heritage music venues along its 250-mile route. One of the major venues on the Crooked Road is the famous Carter Fold in Scott County, which recently underwent expansion and upgrades to meet this demand.

Established by the Virginia General Assembly in 2008, the Southwest Regional Recreational Authority will oversee management of the "Spearhead Trail System," designed to make Virginia's seven westernmost counties a destination for all-terrain vehicle users.

The area's vast cultural heritage is on display throughout the region. The newly opened Heartwood Artisan's Gallery in nearby Abingdon is the gateway to Southwest Virginia craft, music, food and local culture. Craft artisans at Heartwood are members of 'Round the Mountain, Southwest Virginia's artisan network, while artisans and musicians offer live events.

### **Business District Redevelopment**

In recent years, numerous district localities have looked to reverse ongoing decline. Several towns are in various stages of downtown revitalization projects, aimed at bringing true economic restructuring to their respective central business districts and larger communities. The establishment of technology zones (with local incentives) and creation of micro-loan programs are among the additional tools available to assist business development and growth.

As part of these revitalization initiatives, many localities look to the adaptive reuse of older, deteriorated structures. Vacant former theaters are popular candidates, particularly for the creation of performing arts centers. The Lee Theater in Pennington Gap (Lee County), Gate City Theatre (Scott County) and Lyric Theatre in St. Paul (Wise County) have been at the center of such efforts.

Connected to current revitalization efforts in the Town of Wise, the Wise County Industrial Development looks to restore and redevelop the historic Wise Inn property into a moderate-to-upscale lodging, restaurant and meeting facility to support regional tourism, education and economic development efforts.

In Wise County, recent school consolidation has created opportunities in the potential adaptive reuse of recently mothballed high school facilities in several towns.

### **Sustainable Development**

Community-based development strategies increasingly have a place in the larger picture. Various alternatives to tobacco farming are being studied, from organic produce to aquaculture, while environmentally friendly, value-added agricultural and wood products are being developed.

Appalachian Sustainable Development, whose service area encompasses ten counties in southwestern Virginia and northeastern Tennessee, completed construction of its new Appalachian Harvest packing and grading facility, replacing one destroyed by fire in May 2007. Located in the Duffield industrial park, this facility not only continues to support the region's farmers, but is also expected to complement the future development of an artisan food production center, which itself will support the Heartwood regional artisan center in Abingdon. ASD is presently working to install a geothermal system to lower energy costs and establish sustainable cooling and heating alternatives.

### **Additional Issues and Opportunities**

At the time of this report, the recession affecting the national economy has had a varied impact in the LENOWISCO district.

The Virginia Coalfield Economic Development Authority, the region's primary marketing entity, has reported fluctuating activity in the last two to three years, with company interest stagnant from late 2008 through the end of 2009, then improving in early 2010.

In many respects, however, 2009 and 2010 were a noteworthy time in Virginia's coalfield region. With the national economic conditions, it was a slower year for company location decisions. Nonetheless, during 2009 the region's average unemployment rate was well below the national average, even approaching or bettering the Virginia state average. And a comparison with adjacent counties in other states revealed that, in terms of unemployment, Virginia's e-Region performed significantly better.

Early in 2010, activity perked up, but the national recession continued to have an adverse impact. While prospects for new company announcements improved, existing company expansion remained sluggish. Unemployment rates rose, albeit still well below national levels, and employment growth remained ahead of the state and nation.

Changes in the national economy altered the direction of regional strategies. Manufacturing remained a target, particularly specialty and wood products and advanced manufacturing, but a shift was seen more toward a technology and IT focus.

An up-tick in activity encountered a slowdown by mid-2011. While the traditional fields of manufacturing and IT remained at the same levels as the past 2-3 years, this remained a lesser level than before the recession.

There has been, however, an increase in non-traditional sectors such as hotels and retail. Prospect visits in these areas have been among the highest levels recorded, primarily a product of increased marketing efforts to generate such activity.

Existing industry expansions continue to be very slow, still a fraction of what it has been in the past, likely an indication that national economic conditions continue to exert a negative impact on the region.

Broadband infrastructure has become a key part of the region's marketing message. It is felt the only reason more companies (e.g., CGI) haven't located in the area has been the impact of national economic conditions. Increased clustering is expected when the national economy improves.

The ongoing evolution toward the "new economy" presents numerous challenges to the region's existing workforce. Recent technology-based growth in the LENOWISCO district, coupled with recent major technology announcements in neighboring Russell County (where projects involving Northrop Grumman and CGI-AMS created 700 jobs), magnifies the need for a well-trained, well-educated, highly skilled and qualified workforce.

The district's two colleges – the University of Virginia's College at Wise and Mountain Empire Community College – and the Southwest Virginia Workforce Investment Board have various programs designed to improve the skills of unemployed and underemployed workers and to develop a more highly skilled and trained workforce, and to customize training to meet the needs of specific industries.

One significant collaboration is a recent public-private partnership between Northrop Grumman Corporation and UVA-Wise, which will serve to strengthen both the College's technology curriculum and the company's workforce recruitment efforts in Southwest Virginia. The company's significant financial commitment will enhance UVA-Wise's new software engineering degree program, the only one of its kind in Virginia.

Meanwhile, efforts are also being made to reach out to former residents to return to the region to take advantage of the explosion of employment opportunities now or soon to be available. The "Return to Roots" program, funded by the Virginia Tobacco Commission, is aimed at the estimated 15,000 high school alumni who left the nine-county region of far southwestern Virginia. Jobs such as computer programmers, network technicians, database administrators, as well as industrial, mechanical and electrical engineers, electricians and welders are among those awaiting the region's current or returning workforce.

Workforce needs also extend into the health care field, where appropriate facilities and personnel are needed to tend to the growing needs of both an aging and a lower-income populace, and to medically underserved areas. Among the efforts to address workforce shortages are those undertaken by the local institutions of higher education, such as the nursing programs at UVA-Wise and Mountain Empire Community College, and through collaboration of several community colleges across southwestern Virginia to develop a healthcare workforce development consortium. These workforce education and training strategies will support economic growth.

# LENOWISCO

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **REGIONAL ACTION PLAN**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## REGIONAL ACTION PLAN

To aid in meeting identified goals and objectives, LENOWISCO's economic development partners look to build on recent or upcoming activities and to apply all available resources toward diversifying and expanding the local and regional economy.

LENOWISCO's advanced technology infrastructure continues to expand, significantly enhancing the marketability of the district's industrial and business sites.

In Lee County, further development of the Constitutional Oaks Business Park will include utilization of the Lee IDA's shell building as a stepping stone to additional expansion. Technology infrastructure will continue to aid the IDA in redevelopment of its Patriot Center in Pennington Gap.

Scott County's new technology park is an outstanding new tool in the region's arsenal, and available technology infrastructure, coupled with promising location, will aid the Scott EDA in expansion beyond the park's initial multi-tenant structure.

Likewise, in Wise County, completion of the energy R&D center in the Lonesome Pine technology park highlights collaborative opportunities between all levels of government, higher education and the private sector.

LENOWISCO's partners recently collaborated on a regional site study, designed to examine and identify prospective regional parks to potentially "replace" the original regional park at Duffield. With consideration of large-scale site, heavy industrial sites, rail-served sites, the combined economic study and site selection study recommended and the development of a regional mixed-use business park. In the near future, the Authorities will strategize how best to pursue these recommendations.

Smaller-scale, entrepreneurial and home-based business development, aided by readily available technology, will continue to expand.

### **Performance Measures**

While job creation and private sector investment are typically identified in connection with successful business attraction efforts, LENOWISCO will continue to analyze ways to improve the quantification of the effectiveness of local economic development efforts. This will include investment and employment numbers beyond initial announcements, job retention efforts among existing businesses, and small business and entrepreneurial job numbers.

It is intended that the LENOWISCO Comprehensive Economic Development Strategy be a fluid document, updated and monitored on an ongoing basis by the LENOWISCO CEDS Committee and regional economic development partners. The CEDS Committee will produce an annual report to be reviewed by the LENOWISCO Board of Directors and submitted every year to the Philadelphia Region Office of the U.S. Economic Development Administration.

The CEDS Committee will formulate and monitor a series of process metrics with which it can evaluate the effectiveness of the overall CEDS process. Initially, the metrics set forth in this section will be utilized for such a purpose. These metrics will be reviewed prior to the completion of the 2012 report and amended and expanded as warranted.

The CEDS process is designed to be a collaborative process involving traditional public sector economic development agencies, local governments, higher education, nonprofits (e.g. chambers of commerce), and private sector businesses and individuals. The following metrics are intended to measure the inclusiveness of the process, participation, and other parameters related to the CEDS process.

#### Composition of the LENOWISCO CEDS Committee

LENOWISCO will strive to meet all relevant EDA regulations regarding the composition and activities of its CEDS Committee. Private sector interests will hold majority representation on the Committee, with economic development agencies, workforce development and higher education among other interests represented.

#### Public Notification

LENOWISCO will utilize various means at its disposal, including traditional media, web presence and social media, to inform and include local governments and the general public in the ongoing CEDS process.

#### Project Impact

The LENOWISCO CEDS Committee will recommend projects that will lead to increased employment opportunities and/or the retention of existing jobs, and private sector investment, and will monitor these measures via available means.

#### Regional Collaboration

LENOWISCO will serve as a regional facilitator as needed in the development and implementation of projects involving multiple stakeholders and/or funding sources.

### **Priority Projects**

Included in the Annual Project Package, current priority projects in the LENOWISCO district include the following:

#### **LENOWISCO Rural Area Network (Broadband Project)**

Continued expansion of the region's advanced communications infrastructure.

#### **Entrepreneurial Planning Project**

Generated by the new Entrepreneurial Blueprint initiative, planning will be conducted to develop entrepreneurial programs and projects in southwestern Virginia.

#### **Duffield Regional Technology Center - Scott County**

Development of the second phase of the multi-tenant facility in the Scott County Regional Business and Technology Park in Duffield.

#### **Wise Inn Restoration/Redevelopment – Wise County**

Redevelopment of the historic Wise Inn property in the Town of Wise into a moderate-to-upscale lodging, restaurant and meeting facility to support regional tourism, education and economic development efforts.

#### **Regional Business Park Site Development**

Development of a 115-acre industrial site in the City of Norton to serve as a regional mixed-use business park, based on a recent regional site study.

#### **Central Business District Revitalization**

Downtown economic restructuring in numerous LENOWISCO localities, including adaptive re-use of vacant, dilapidated structures and, potentially, mothballed school facilities.

# LENOWISCO

**COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

**ANNUAL PROJECT PACKAGE**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## FY 2012 ANNUAL PROJECT PACKAGE

### **LENOWISCO Rural Area Network (Broadband Project)**

Goal: 3-2  
Description: Continued expansion of region's advanced communications infrastructure  
Estimated Cost: \$14,000,000  
Potential Funding: ARC, EDA, VTC

### **Entrepreneurial Planning Project**

Goal: 1-2  
Description: Planning to develop entrepreneurial programs and projects generated by Entrepreneurial Blueprint  
Estimated Cost: \$100,000  
Potential Funding: ARC, VCEDA, VTC

### **Duffield Regional Technology Center - Scott County**

Goal: 3-1  
Description: Second phase of multi-tenant facility to be developed in Scott County Regional Business and Technology Park in Duffield  
Estimated Cost: \$4,200,000  
Potential Funding: ARC, EDA, VCEDA, VDOT, VTC, Local

### **Wise Inn Restoration/Redevelopment – Wise County**

Goal: 6-1  
Description: Redevelopment of historic Wise Inn property in Town of Wise, supporting tourism, economic development and University uses  
Estimated Cost: \$10,600,000  
Potential Funding: ARC, CDBG, VCEDA, VTC, Local, Private

### **Regional Business Park Site Development**

Goal: 3-1  
Description: Development of 115-acre industrial site in City of Norton to serve as regional mixed-use business park  
Estimated Cost: \$14,200,000  
Potential Funding: CDBG, EDA, VCEDA, TVA, VTC

### **Central Business District Revitalization**

Goal: 6-2  
Description: Downtown economic restructuring in numerous localities within LENOWISCO district, including adaptive re-use of vacant, dilapidated structures  
Estimated Cost: \$5,000,000  
Potential Funding: ARC, CDBG, RD, VCEDA, VDOT, VTC, Local

### **Energy R&D Facility - Wise County**

Goal: 3-1  
Description: Additional development of Appalachia America Energy Research Center in Lonesome Pine Regional Business and Technology Park near Wise  
Estimated Cost: \$4,000,000  
Potential Funding: EDA, Leg, VCEDA, VTC

## **Annual Project Package**

*(continued)*

### **Coal-Fired Power Plant**

Goal: 3-3  
Description: Completion of coal-fired power plant at Virginia City, near St. Paul (Wise County)  
Estimated Cost: \$1,800,000,000  
Potential Funding: Private bond issue

### **Southwest Virginia Trail Network**

Goal: 5-2  
Description: Construction of regional multi-use trail network in PDC's 1 and 2  
Estimated Cost: \$5,400,000  
Potential Funding: ARC, DCR, VTC

### **Site Development/Speculative Building Development - Lee County**

Goal: 3-1  
Description: Continued development of Constitutional Oaks site in western Lee County  
Estimated Cost: \$3,500,000  
Potential Funding: ARC, CDBG, RD, TVA, VCEDA, VTC

### **Scott County/Kingsport Water Interconnection**

Goal: 3-3  
Description: Interconnection of water systems in neighboring Kingsport, TN, to Weber City, VA  
Estimated Cost: \$500,000  
Potential Funding: RD, VDOT

### **Industrial Site Development - Scott County**

Goal: 3-1  
Description: Development of initial phases of 90-acre Riverside property in Weber City into commercial and industrial site  
Estimated Cost: \$5,800,000  
Potential Funding: EDA, VCEDA, VTC, Local

### **Industrial Site Development - Lee County**

Goal: 3-1  
Description: Development of 185-acre industrial site near Dryden in eastern Lee County  
Estimated Cost: \$14,800,000  
Potential Funding: CDBG, EDA, VCEDA, TVA, VTC

### **Industrial Site Development - Wise County**

Goal: 3-1  
Description: Development of 50-acre industrial site near Esserville  
Estimated Cost: \$8,000,000  
Potential Funding: CDBG, EDA, VCEDA, TVA, VTC

### **Artisan Food Production Center**

Goal: 1-2  
Description: Development of packinghouse/food production/greenhouse facilities to support regional sustainable agriculture and regional artisan center  
Estimated Cost: \$1,500,000  
Potential Funding: ARC, CDBG, VCEDA, VTC, Local, Private foundations

## **Annual Project Package**

*(continued)*

### **Mine Redevelopment - Scott County**

Goal: 3-1  
Description: Conversion of former limestone mine into energy-efficient, large capacity, secure underground data center.  
Estimated Cost: TBD  
Potential Funding: CDBG, EDA, VCEDA, VTC, Local, Private

### **Big Stone Gap Water Treatment Plant Renovation - Wise County**

Goal: 3-3  
Description: Renovation of Town's water treatment plant, which also provides water to surrounding areas of Wise County, to City of Norton and to Lee County  
Estimated Cost: \$1,700,000  
Potential Funding: DEQ, RD

### **Norton/Big Stone Gap Water Tank - Wise County**

Goal: 3-3  
Description: Development of water storage tank enabling City to share water regionally  
Estimated Cost: \$500,000  
Potential Funding: ARC, RD

### **St. Paul Regional Wastewater Treatment Plant Expansion - Wise County**

Goal: 3-3  
Description: Expansion of regional wastewater treatment plant, plus extension of public sewer service to currently unserved areas as well as industrial site in neighboring Russell County  
Estimated Cost: \$8,000,000  
Potential Funding: CDBG, DEQ, EDA, RD

### **Gate City/Holston Regional Sewer - Scott County**

Goal: 3-3  
Description: Expansion of Scott County PSA's Holston regional wastewater treatment plant to support economic growth in Gate City/Weber City area  
Estimated Cost: \$4,700,000  
Potential Funding: ARC, RDA, VTC

### **Guest River Interceptor - Norton City/Wise County**

Goal: 3-3  
Description: Development of sewer lines to enhance economic development and support future growth in Norton City and in Norton/Town of Wise corridor  
Estimated Cost: \$5,000,000  
Potential Funding: ARC, RDA, VTC

### **Pennington Gap Industrial Park Redevelopment**

Goal: 3-1  
Description: Continued redevelopment of IDA-owned properties in Pennington Gap (Lee County)  
Estimated Cost: \$2,500,000  
Potential Funding: CDBG, EDA, VCEDA, VTC

## **Annual Project Package**

*(continued)*

### **Business Support Center Development - Wise County**

Goal: 3-2  
Description: Development of multi-purpose "support center" facility to serve Lonesome Pine Regional Business and Technology Park near Wise  
Estimated Cost: \$5,500,000  
Potential Funding: CDBG, EDA, VCEDA, VTC

### **Gate City/Daniel Boone/Clinchport/Duffield Water - Scott County**

Goal: 3-3  
Description: Development of water treatment and distribution facilities in central Scott County, with interconnections to Duffield and Gate City  
Estimated Cost: \$4,500,000  
Potential Funding: ARC, VDH, VDOT, Local

### **Additional Airport Facilities Development - Lee County**

Goal: 3-3  
Description: Development of additional facilities at Lee County Airport, including terminal, tank farm, and water/sewer improvements  
Estimated Cost: \$1,750,000  
Potential Funding: VDA, VTC

### **Sewer Development - U.S. 23, Wise County to Duffield Industrial Park**

Goal: 3-3  
Description: Development of sewer lines from Wise County line to regional park in Scott County  
Estimated Cost: \$7,800,000  
Potential Funding: CDBG, Local

### **Industrial Site Development - Town of St. Paul (Wise County)**

Goal: 3-1  
Description: Site preparation of 6-acre industrial site in St. Paul. Utilities and power on-site  
Estimated Cost: \$250,000  
Potential Funding: ARC, EDA, RD

### **Coalfields Expressway Industrial Site - Wise/Dickenson Counties**

Goal: 3-1, 3-3  
Description: Site and utility development of 100-acre industrial park along upcoming Coalfields Expressway, including water and wastewater extension  
Estimated Cost: \$6,500,000  
Potential Funding: ARC, CDBG, EDA, VCEDA, VDOT

### **Cluster Analysis Planning Study**

Goal: 1-1  
Description: Planning analysis to develop strategies on EDA-funded cluster analysis  
Estimated Cost: \$35,000  
Potential Funding: ARC, EDA, VTC, Local

### **Site Development - Wise County Industrial Park (Blackwood)**

Goal: 3-1  
Description: Development of additional 50 acres in park  
Estimated Cost: \$1,500,000  
Potential Funding: ARC, CDBG, EDA, GOF, VCEDA

## **Annual Project Package**

*(continued)*

### **Industrial Site Development - Wise County**

Goal: 3-1  
Description: Development of 150-acre, rail- and natural-gas served heavy industrial site (commonly known as Toms Creek or Dale Ridge site) near Coeburn  
Estimated Cost: \$2,500,000  
Potential Funding: ARC, CDBG, EDA, VTC

### **Technology Training Center - Town of St. Paul (Wise County)**

Goal: 2-1, 2-4  
Description: Renovation of existing facility into regional training center  
Estimated Cost: \$1,000,000  
Potential Funding: ARC, CDBG, EDA, RD, TEA-21

### **Moccasin Gap Technology Park**

Goal: 3-1  
Description: Development of technology-driven park in/near Town of Gate City (Scott County)  
Estimated Cost: \$3,500,000  
Potential Funding: ARC, CDBG, EDA, RD, VCEDA

### **Industrial Site Development - Lee/Scott Counties**

Goal: 3-1  
Description: Development of 50-100 acre site near Jasper community, on Lee-Scott line  
Estimated Cost: \$3,000,000  
Potential Funding: ARC, CDBG, EDA, VTC

### **Wise-Russell-Dickenson Counties Water Line**

Goal: 3-3  
Description: Extension of public water service into western Russell County and southern Dickenson County  
Estimated Cost: \$2,500,000  
Potential Funding: CDBG, EDA, RD

### **Targeted Brownfields Assessments**

Goal: 6-1  
Description: Inventory of abandoned, idled or underused industrial commercial facilities to assess potential brownfields redevelopment opportunities  
Estimated Cost: \$75,000  
Potential Funding: DEQ, EPA, Local

## **FUNDING SOURCES**

ARC	Appalachian Regional Commission
CDBG	Community Development Block Grant (VDHCD)
CIT	Center for Innovative Technology
DCR	Virginia Department of Conversation and Recreation
DDA	Duffield Development Authority
DEQ	Department of Environmental Quality (RLF)
DHR	Virginia Department of Historic Resources
EDA	Economic Development Administration
EPA	Environmental Protection Agency
GOF	Governor's Opportunity Fund
Leg	State/Federal legislative earmarks
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 Commission

# LENOWISCO

## COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### APPENDICES

**APPENDIX A**

**CEDS COMMITTEE MINUTES**

# LENOWISCO

## PLANNING DISTRICT COMMISSION

### Meeting Minutes

#### LENOWISCO CEDS Committee

April 28, 2011

LENOWISCO offices, Duffield VA

#### Committee members present:

Mr. Darrell Blankenship, Mr. Tom Deaderick, Mr. Ron Helton, Mr. John Kilgore, Mr. Doug McDonald, Mr. Carl Snodgrass, Mr. Charles Wynn

#### Others present:

Mr. Frank Kibler, Mr. Skip Skinner

The meeting was called to order at 11:45 a.m.

Mr. Skinner welcomed the Committee members and thanked them for their participation.

Committee members introduced themselves.

Mr. Kibler briefed the Committee on the nature of the U.S. Department of Commerce Economic Development Administration's (EDA) Comprehensive Economic Development Strategy (CEDs) process, and of LENOWISCO's role and obligation, as an EDA-designated Economic Development District, in that process.

It was noted that, as part of a major update to its CEDs document and process, LENOWISCO was overhauling its CEDs Committee, with the purpose and goals of the Committee described.

Future meetings will involve SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, discussion of past, present and potential initiatives, and regional strategies.

Committee members were provided with a variety of demographic, economic and workforce data (with its being noted that 2010 data was presently very limited), to serve as the backdrop for the Committee's ongoing discussions.

The meeting was adjourned at 1:00 p.m.



P.O. Box 366 • Duffield, VA 24244-0366  
Phone: 276/431-2206 FAX: 276/431-2208

*Virginia Planning District One • Serving Lee-Norton-Wise-Scott*



# LENOWISCO

## PLANNING DISTRICT COMMISSION

### Meeting Minutes LENOWISCO CEDS Committee

June 6, 2011  
LENOWISCO offices, Duffield VA

#### Committee members present:

Mr. Tim Blankenbecler, Mr. Darrell Blankenship, Mr. Ron Helton, Mr. Michael James, Mr. John Kilgore, Mr. Dan Minahan, Mr. Fred Ramey, Mr. Carl Snodgrass, Mr. Charles Wynn

#### Others present:

Mr. Frank Kibler

The meeting was called to order at 11:00 a.m.

Mr. Kibler facilitated a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis by the Committee. The following were identified (*as amended 8/19/11*):

#### Strengths

Technology  
Transportation  
Scenic beauty  
Strong higher education system  
    UVaWise - 4-year asset  
    MECC  
    (different focus and function)  
    LMU  
Dedicated work force  
Relatively low cost of doing business  
    Salaries/benefits, taxes, etc.  
Cooperation of businesses in region  
Cost of living  
Existing success stories  
Available funding - VCEDA, VTC, etc.  
    Levels playing field  
    Sites/development costs, utilities, access  
Recreational assets  
Agriculture

#### Weaknesses

Remote location  
GPS/etc. issues in rural localities  
Lack of public transportation  
Outside knowledge of recreational assets  
Lack of lodging/dining (Lee, Scott)  
Workforce issues  
    Aging population  
    Educational attainment  
    Stagnant population  
    Population very "generational"  
Brain drain  
    Retention of those of child-bearing age  
Shortage of "employable individuals"  
Outside perception of commuting distances  
Lack of social/cultural/commercial amenities  
    to attract/support upper-level executives  
    and employees  
Utility infrastructure still lacking in some areas



P.O. Box 366 • Duffield, VA 24244-0366  
Phone: 276/431-2206 FAX: 276/431-2208

Virginia Planning District One • Serving Lee-Norton-Wise-Scott



### Opportunities

Marketing as part of region (e.g., Tazewell Co)  
Access to amenities, etc.  
“Expand our map” to show adjoining areas  
Commuting data/info  
Regional cooperation  
Internet strategies for marketing  
“positive Google profile”  
Market lower cost of doing business  
Take advantage of Heartwood  
Expand/regionalize available information  
Better utilize economic development resources  
Widespread UVaWise student base  
Alumni exposure - success stories

### Threats

Misperceptions on “minor” things (e.g., IDA v. EDA)  
“State line” issues  
Telework  
Tax considerations  
Mortality of Virginia Tobacco Commission  
Stereotyping  
(e.g., downside of RAM events)  
Lack of diversity  
Drug usage - as proportion of demographic  
Relevant solutions to workforce issues noted  
Threats to coal industry, therefore support industries  
Macroeconomic threats

Due to time constraints, discussion of initiatives and strategies will be deferred to a subsequent meeting.

The meeting was adjourned at 1:00 p.m.

# LENOWISCO

## PLANNING DISTRICT COMMISSION

### Meeting Minutes LENOWISCO CEDS Committee

August 19, 2011  
LENOWISCO offices, Duffield VA

#### Committee members present:

Mr. Tim Blankenbecler, Mr. Ron Helton, Mr. Michael James, Mr. John Kilgore, Mr. Doug McDonald, Mr. Dan Minahan, Mr. Carl Snodgrass, Ms. Kathlyn Terry, Mr. Charles Wynn

#### Others present:

Mr. Frank Kibler

The meeting was called to order at 11:00 a.m.

For the benefit of the Committee's private sector members, the IDA/EDA directors presented brief summaries of past and present initiatives in their respective jurisdictions.

Mr. Snodgrass (Wise County IDA) highlighted the previous development of the Lonesome Pine Regional Business and Technology Park, the Appalachia America Energy Research Center, and the current restoration and redevelopment of the historic Wise Inn.

Mr. Kilgore (Scott County EDA) highlighted the Scott County Business and Technology Park and the two phases of the Crooked Road Technology Center.

Mr. James (Lee County), newly hired to his position, noted his IDA Board's intent to examine new strategies. The IDA does have a sizeable property at the Constitutional Oaks business park, including a 60,000 sq.ft. shell building.

The Committee reviewed the SWOT analysis compiled at its previous meeting, made minor additions, and discussed current and potential development strategies.

A summary of these discussions and observations and discussions follows, with individual statements attributed.



P.O. Box 366 • Duffield, VA 24244-0366  
Phone: 276/431-2206 FAX: 276/431-2208

*Virginia Planning District One • Serving Lee-Norton-Wise-Scott*



*M James*

Add Lincoln Memorial University as “strength”  
“Opportunities are brewing” in western part of Lee County

*J Kilgore*

Add agriculture as “strength” ... Scott County 5<sup>th</sup> in state (by what measure?), where is Lee County?

*M James*

Lee County “in the hole” at VCEDA  
Once-in-a-lifetime opportunity to get more VCEDA funding ... “spec” well is dry  
Want to focus on entrepreneurial opportunities going forward  
Re-branding of IDA, improve our image in the county  
# 1 opportunity – take sewer line westward from Rose Hill (to western end of county), connect with Claibourne County KY  
LMU medical school just graduated its first class, great opportunity for housing for LMU post-grad students ... Gibson Station as bedroom community?

*C Snodgrass* (to M James)

“Don’t get discouraged” with county’s shell building

*K Terry*

Non-profits are in position to consider things that might not be attractive to for-profit enterprises  
Look at certain things that may not be profitable to do, but “need to be done”

*R Helton*

A “mystery” to many citizens – “why is such-and-such project taking so long?”

*D McDonald*

5 years ago, funding done quickly ... now, several steps, “people sit on it, dwell on it”  
“I can go \$100,000 by myself right away”  
Very difficult for start-ups ... that’s changed significantly in last 5 years  
Requests from start-ups very seldom ... “last one was 2-3 years ago”

*D Minahan*

Various aspects of “developing youth” lacking  
In other regions of Virginia, opportunities for 11<sup>th</sup>-12<sup>th</sup> graders to get involved in business

*C Snodgrass*

Are students academically challenged?

*D Minahan*

Absolutely not

*(continued)*

*M James*

Severe lack of vocational skills ... “not one brick mason in Lee County”

*T Blankenbender*

Mountain Empire Community College

Offers customized training ... flexible resource with workforce issues

Small Business Development Center at MECC

Created in 1991, helps existing and start-up businesses

5 years ago, more clients than today ... as time goes by, fewer people have interest

Of 100 clients, 60 percent existing businesses, 40 percent start-ups

“Plenty to do” but not always quality

Ties back to lack of entrepreneurial culture

### General discussion

Region losing marketing battle – RAM vs. “Pound dancing” vs. Tempur

Business and technology communities

Obstacles to, and opportunities for, entrepreneurship were a significant topic of discussion

Should there be subsidized marketing and promotion for entrepreneurs?

- where “every human being in the region knows that success story”

Can improved entrepreneurial “infrastructure” overcome non-entrepreneurial culture?

*C Wynn*

Entity available to compile study on waste management? “Looks to be a major problem”

*D McDonald*

Example at Thomas Walker HS, thru JROTC – fundamentals in personal finance

*D Mirahan*

What can be done to promote R&D?

Entire region could use serious marketing boost

Mr. Kibler commended the Committee on its efforts toward the 2011 CEDS Report. It was agreed that membership of the Committee will be expanded during the 2012 update process, with discussions broadened in areas to be determined.

The meeting was adjourned at 1:10 p.m.

**APPENDIX B**

**LENOWISCO REGIONAL SITE STUDY**

**EXCERPTS**

**LENOWISCO Site Selection Study**  
**for the**  
**LENOWISCO Planning District Commission**

**T&L Project No.: 10269-03**

**April 2011**

## TABLE OF CONTENTS

	<u>PAGE</u>
Executive Summary.....	1
Introduction.....	3
Purpose and Scope .....	5
Description of Alternatives .....	6
Alternative I: Lee County Site .....	6
Alternative II: City of Norton Site.....	12
Alternative III: Scott County Site .....	17
Alternative IV: Wise County Site .....	22
Project Costs.....	28
Findings .....	35
Site Selection Matrix .....	39
Preparing an Eco-Park.....	42
Conclusions and Recommendations.....	45

## LIST OF TABLES

Table I:	Preliminary Probable Project Cost for the Lee County Site .....	30
Table II:	Preliminary Probable Project Cost for the City of Norton Site.....	31
Table III:	Preliminary Probable Project Cost for the Scott County Site .....	32
Table IV:	Preliminary Probable Project Cost for the Wise County Site .....	33
Table V:	Comparative Unit Cost Summary.....	34
Table VI:	Site Selection Matrix .....	40

**TABLE OF CONTENTS (CONTINUED)**

**LIST OF EXHIBITS**

	<u>PAGE</u>
Exhibit I: General Location Map .....	4
Exhibit II: Location Map - Lee County Site .....	8
Exhibit III: Conceptual Site Layout - Lee County Site .....	11
Exhibit IV: Location Map - City of Norton Site .....	13
Exhibit V: Conceptual Site Layout - City of Norton Site .....	16
Exhibit VI: Location Map - Scott County Site .....	18
Exhibit VII: Conceptual Site Layout - Scott County Site.....	21
Exhibit VIII: Location Map - Wise County Site .....	24
Exhibit IX: Conceptual Site Layout - Wise County Site .....	26

## EXECUTIVE SUMMARY

The site selection study presented herein evaluates the potential development of the identified Lee County Site, City of Norton Site, Scott County Site, and Wise County Site for use as a regional mixed-use business park to serve the LENOWISCO Planning District area which includes Lee, Scott, and Wise Counties and the City of Norton, Virginia. Utilizing the findings from site reconnaissance and topographic mapping, a site selection matrix was developed which scores each site based upon its strengths and weaknesses to determine which site has the best potential for development as a mixed-use business park with office space, small industrial sites, “flex space” and support services. Additionally, the study provides project costs associated with the development of each site.

Based upon the findings presented in this site selection study, it can be concluded that the City of Norton Site is considered to have the best potential for the development of a mixed-use business park. Additionally, the City of Norton Site scored high with regards to site size (useable acreage) and off-site utility availability. Each of these factors is considered particularly important to the development of a mixed-use business park with regard to the marketability of the site, revenue potential, and employment opportunities. The City of Norton Site has one of the lower on-site development costs per acre of the four (4) alternatives evaluated. In consideration of each of these factors, it can be concluded further that the City of Norton Site offers the greatest benefits as a mixed-use business park.

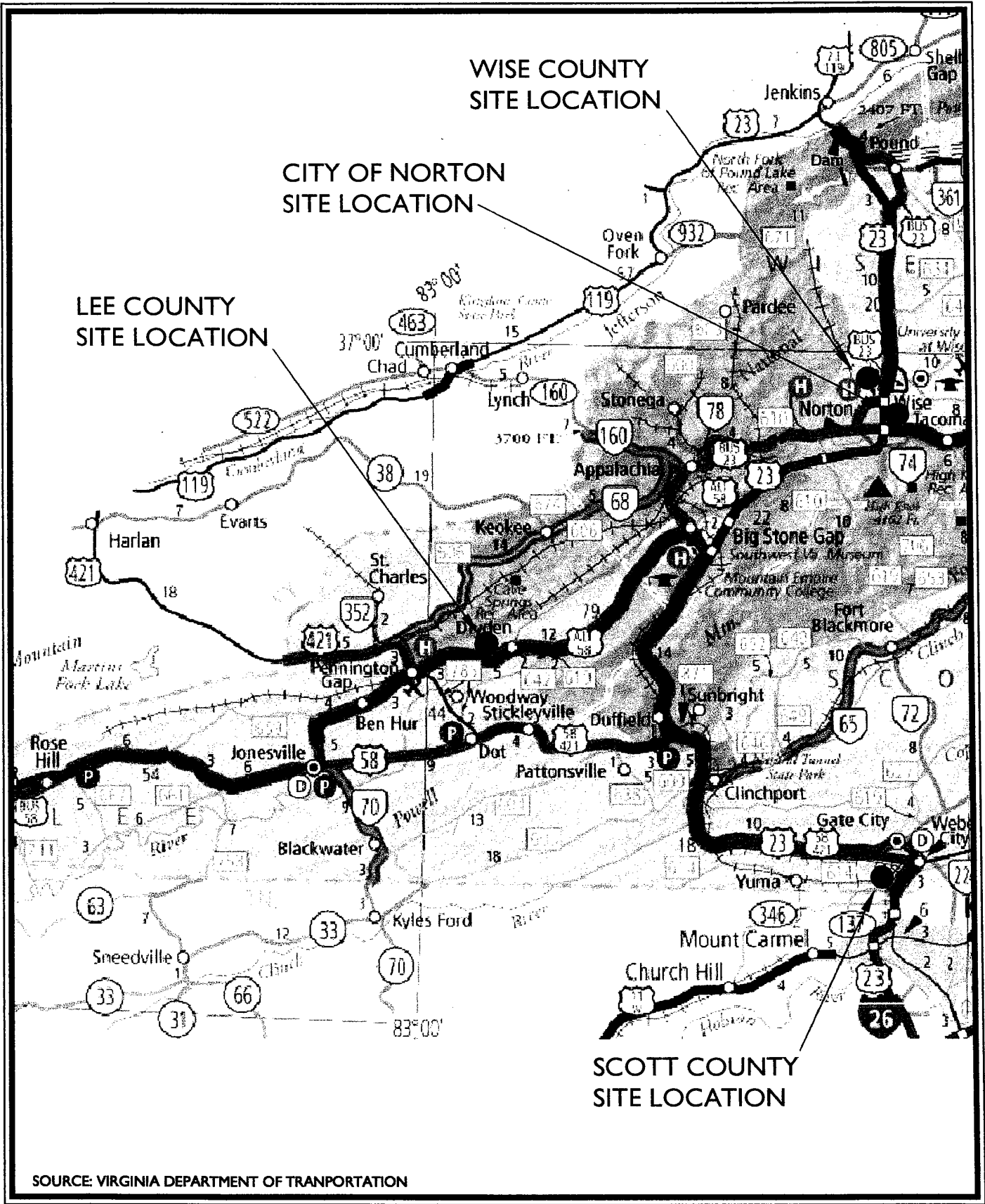
Therefore, it is recommended that a preliminary engineering report (PER) be prepared for the development of the City of Norton Site as a regional mixed-use business park. It is further recommended that the scope of this PER include an evaluation of environmental and geotechnical issues, utility service, site grading, site access, phased development and a more detailed development cost for the project.

## INTRODUCTION

In December 2009, an Economic Study and Action Plan was developed for the LENOWISCO Planning District by Thomas Point Associates, Inc. on behalf of Thompson & Litton. The purpose of this study was to analyze the current situation in the LENOWISCO Planning District with respect to sites for industrial development and to identify land requirements and related marketing approaches.

As presented in this study, Lee County, Scott County, Wise County, and the City of Norton have a good supply of industrial park land, but much of the land is in locations that will take many years to develop. Currently, there is a need for a centrally located mixed-use business park that can accommodate office space, small industrial sites, “flex space” and support services.

Based upon the findings of the Economic Study and Action Plan, LENOWISCO Planning District Commission (LENOWISCO) subsequently commissioned a site selection study to identify and evaluate the potential development of a mixed-use site. Working with the LENOWISCO Planning District Commission, four (4) potential sites were identified in the Planning District area. These sites include the Lee County Site, City of Norton Site, Scott County Site, and Wise County Site. A general location map, which depicts these sites, is presented in Exhibit I.



SOURCE: VIRGINIA DEPARTMENT OF TRANSPORTATION

DESIGNED BY WRW	SCALE 1" = 10 MILES
DRAWN BY WRW	DATE APRIL 2011
PROJECT NO. 10269-03	

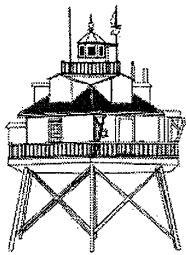
## GENERAL LOCATION MAP



EXHIBIT  
**I**

Economic Study and Action Plan  
LENOWISCO Planning District

Thompson & Litton, Inc.



Thomas Point Associates, Inc.

December, 2009

## ***Executive Summary***

This study analyzes the current situation in the LENOWISCO Planning District with respect to land requirements and marketing approaches to support industrial development.

In the last two decades there have been signs of great improvement for this region. From 1990 to 2009 the regional population grew by 0.5% and the number of jobs increased by 15.7%. There was a corresponding increase in household income, which increased from 57% of the national figure in 1990 to 67% in 2009.

The infrastructure in place to support new locations and expansions is adequate and is, in some respects, excellent. The extensive fiber network is a notable advantage. Educational resources have taken a big step forward with the recent and ongoing improvements to the UVA-Wise campus and educational programs. The business climate overall is generally very good.

At this time the total amount of industrial park land is 1400 acres; 424 acres have been developed and 976 acres are available. The average annual absorption is estimated at 14 acres. This is a good supply of industrial land but much of it is in locations that will take many years to develop. Now there is a need for a centrally located mixed-use business park that can accommodate office space, small industrial sites and “flex space” as well as support services. The site need not be rail-served. There is a precedent for revenue sharing but the creation of a regional park will require a major “sales job” to get the jurisdictions on board.

Economic development in the next decade should bring a different approach to marketing:

- The targets that we recommend---the health care industry, business services and alternative energy---fit the character of the area and are growth sectors.
- Marketing efforts should lead with the three messages that are foremost in the regional picture: workforce, fiber optic network and educational resources.
- Marketing techniques should center on web-based social networking that features greatly improved web sites, FaceBook pages, LinkedIn Profiles and blogs.
- The primary focus should be on engaging the existing business base through linkages, referrals and testimonials, and generating more business from within the region itself.

Meanwhile there is a need for stronger relationships with VCEDA and VEDP, and stronger marketing at the grass roots level---in the counties and the City of Norton---with a portion of the regional marketing budget allocated to the jurisdictions.

## **APPENDIX C**

### **RESOLUTION OF ADOPTION**

**LENOWISCO PLANNING DISTRICT COMMISSION**

**2012-1**

**RESOLUTION OF THE LENOWISCO BOARD OF DIRECTORS  
ADOPTING THE  
2011 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

WHEREAS, the LENOWISCO Planning District Commission, representing the Virginia counties of Lee, Scott and Wise and the City of Norton, is recognized as an Economic Development District by the Economic Development Administration (EDA) of the United States Department of Commerce; and

WHEREAS, LENOWISCO is therefore required to develop and, as appropriate, review and revise the LENOWISCO Comprehensive Economic Development Strategy (CEDS); and

WHEREAS, the 2011 CEDS update has accordingly been completed.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the LENOWISCO Planning District Commission does hereby approve and submit its 2011 Comprehensive Economic Development Strategy for EDA review and approval.

8/1/11  
DATE

Robert R. [Signature]  
CHAIRMAN

8/1/11  
DATE

Glen A. [Signature]  
SECRETARY