



# LENOWISCO

## PLANNING DISTRICT COMMISSION

### COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### 2015 CEDS REPORT



**Crooked Road Tech Center**  
*Scott County*



**Constitutional Oaks Industrial Park**  
*Lee County*



**Hotel Norton**  
*City of Norton*



**UVA Wise Campus**  
*Wise County*

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**LENOWISCO PLANNING DISTRICT COMMISSION**

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# **LENOWISCO**

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **2015 REPORT**

#### **I**

#### **INTRODUCTION**

# 2015 LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## I

### 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>
<b>Timberland</b>				
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%
<b>Farmland</b>				
Land in Farms (acres)	117,224	158,324	25,911	8,302,444
Number of Farms	1,012	1,292	165	46,030

Sources:

*Virginia Department of Forestry - Forest Inventory Assessment Estimates, 2004*  
*U.S. Department of Agriculture - Census of Agriculture, 2012*

### **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**

### **2015 REPORT**

#### **II**

#### **ECONOMIC & DATA ANALYSIS**

## 2015 LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### II

#### 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 several 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**

	Lee Co	Scott Co	Wise Co	Norton	LENOWISCO	Virginia
<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>						
2020	25,063	22,983	40,841	4,199	93,085	8,811,485
2030	23,961	22,819	40,354	4,468	91,602	9,645,271
2040	22,951	22,678	39,978	4,720	90,328	10,530,231

*Sources:*

*U.S. Census Bureau - Decennial Census*

*Virginia Employment Commission - Population projections*

**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**

	Lee Co	Scott Co	Wise Co	Norton	LENOWISCO	Virginia
<b>1990</b>						
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
<b>2000</b>						
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
<b>2010</b>						
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
<b>2020</b>						
Total Population	<i>(projection)</i> 25,062	22,983	40,841	4,199	93,085	8,811,485
Under 18	19.2%	18.2%	20.6%	20.9%	19.6%	22.5%
18-64	61.4%	58.2%	61.4%	60.6%	60.6%	62.1%
65 & Over	19.4%	23.6%	18.0%	18.5%	19.8%	15.4%

Sources:

*U.S. Census Bureau - Decennial Census*

*Virginia Employment Commission - Population projections*

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 fairly 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**

	Lee Co	Scott Co	Wise Co	Norton	LENOWISCO	Virginia
<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/Pac Isl/Other	0.1%	0.0%	0.4%	1.0%	0.3%	3.5%
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/Pac Isl/Other	0.3%	0.2%	0.6%	1.3%	0.4%	5.8%
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%	88.7%	94.4%	68.6%
Black	3.7%	0.6%	5.2%	6.3%	3.7%	19.4%
American Indian	0.4%	0.2%	0.1%	0.1%	0.2%	0.4%
Asian/Pac Isl/Other	0.8%	0.7%	0.7%	2.5%	0.8%	8.8%
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%
<u>2020</u>	<i>(projection)</i>					
White	92.4%	97.3%	91.5%	85.9%	92.9%	65.3%
Black	4.5%	0.6%	5.8%	6.4%	4.2%	19.0%
Asian	0.4%	0.3%	0.5%	2.1%	0.5%	6.9%
Other	2.7%	1.8%	2.2%	5.6%	2.4%	8.8%
Hispanic (Any Race)	2.7%	1.8%	2.0%	3.2%	2.2%	11.1%

Sources:

*U.S. Census Bureau – Decennial Census*

*Virginia Employment Commission – Population projections*

One historic, ongoing characteristic of the region’s population is relatively low education levels. **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 (Population 25 Years and Over)**

	Lee Co	Scott Co	Wise Co	Norton	Virginia	U.S.
Less than High School diploma	26.9%	24.1%	26.3%	20.9%	12.1%	13.6%
Bachelor's Degree or Higher	11.2%	11.6%	12.9%	20.5%	35.7%	29.3%

Source:

*U.S. Census Bureau – 2010-2014 American Community Survey 5-Year Estimates*

**Income**

As shown in **Table 6**, while median household income has increased significantly for all LENOWISCO localities in recent decades, local levels still lag far behind statewide numbers, faring slightly more favorably against national levels. This gap is mirrored in poverty levels, which generally, and often 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>
<b>1980</b>	\$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%	
<b>1990</b>	\$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%	
<b>2000</b>	\$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%	
<b>2014 Estimate</b>	\$31,264	\$36,578	\$37,357	\$36,148	\$64,792	\$53,482
<i>% Virginia</i>	48.3%	56.5%	57.7%	55.8%		82.5%
<i>% United States</i>	58.5%	68.4%	69.8%	67.6%	121.1%	
<b>Poverty</b>	<b>Lee Co</b>	<b>Scott Co</b>	<b>Wise Co</b>	<b>Norton</b>	<b>Virginia</b>	<b>United States</b>
<b>2000</b>						
All Ages	23.9%	16.8%	20.0%	22.8%	9.6%	12.4%
< Age 18	30.1%	20.1%	27.3%	35.7%	11.9%	16.1%
<b>2014 Estimate</b>						
All Ages	26.0%	19.1%	22.7%	14.8%	11.5%	15.6%
< Age 18	38.8%	26.1%	30.9%	11.1%	15.2%	21.9%

Source:

*U.S. Census Bureau - Decennial Census, 2010-2014 American Community Survey 5-Year Estimates*

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**

	Lee Co	Scott Co	Wise Co/Norton	Virginia	United States
1994	32%	25%	27%	9%	12%
2004	31%	28%	32%	10%	14%
2014	38%	35%	38%	13%	17%

Source:

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

### **Employment**

As shown in **Table 8**, an estimated 48.9 percent of LENOWISCO's population age 16 and over was in the labor force in 2014, the most current estimates from the U.S. Census Bureau. This was well below the state level of 65.5 percent.

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

	Lee Co	Scott Co	Wise Co	Norton	LENOWISCO	Virginia
<b>2000</b>						
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%
<b>2014 estimate</b>						
Persons 16-over	21,130	18,949	33,562	3,290	76,931	6,531,424
In Labor Force	9,432	9,920	16,319	1,921	37,592	4,276,515
Civilian LF	9,432	9,914	16,272	1,921	37,539	4,154,410
Employed	7,898	8,776	14,214	1,795	32,683	3,936,638
Unemployed	855	844	1,692	107	3,498	286,994
Armed Forces	0	6	47	0	53	122,105
Not in Labor Force	11,750	9,301	17,556	1,231	39,838	2,101,267
LF Participation	44.6%	52.4%	48.6%	58.4%	48.9%	65.5%
Male	42.1%	57.4%	51.7%	70.2%	51.0%	72.5%
Female	47.2%	45.8%	44.4%	53.9%	46.0%	61.9%

Source:

*U.S. Census Bureau - Decennial Census, 2010-2014 American Community Survey 5-Year Estimates*

Notable is the continued low female labor participation rate, which generally 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 (2010, 2013, 2014), 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 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>Annual 2013</u>						
CLF	9,203	9,850	17,612	1,755	4,240,111	155,379,000
Emp	8,366	9,124	16,067	1,602	4,004,981	143,930,000
Unemp	837	726	1,545	153	235,130	11,449,000
Rate	9.1	7.4	8.8	8.7	5.5	7.4
<u>Annual 2014</u>						
CLF	8,902	9,998	14,415	1,812	4,261,175	155,922,000
Emp	8,173	9,413	13,064	1,670	4,041,105	146,305,000
Unemp	729	585	1,351	142	220,070	9,617,000
Rate	8.2	5.9	9.4	7.8	5.2	6.2
<u>Sept 2015</u>						
CLF	8,487	9,895	13,858	1,737	4,189,472	156,715,000
Emp	7,905	9,426	12,798	1,624	4,016,916	148,800,000
Unemp	582	469	1,060	113	172,556	7,915,000
Rate	6.9	4.7	7.6	6.5	4.1	5.1

Sources:

*Virginia Employment Commission*

*U.S. Department of Labor, Bureau of Labor Statistics*

## Sector Analysis

Analysis of an area's local economic structure aids in understanding strengths and weaknesses, and helps guide current and future strategies.

**Table 10** 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. Between 1994 and 2004, aggregate employment in the district increased by 1,471 persons (5.5 percent), but fell significantly between 2004 and 2014, with a 9.8 percent decrease (2,750 jobs) in employment in the last decade.

**TABLE 10**  
**Employment Change by NAICS Subsectors**

	1994	2004	2014	Growth / Decline 1994-2014	Growth / Decline 2004-2014
<b>LENOWISCO</b>					
<b>Aggregate</b>	26,572	28,043	25,293	-4.8%	-9.8%
<b>Private</b>	21,188	20,794	18,308	-13.6%	-12.0%
Accommodation/Food	1,544	1,904	1,967	27.4%	3.3%
Administrative/Waste	300	876	859	186.3%	-1.9%
Agriculture/Forestry	170	140	128	-24.7%	-8.6%
Arts/Entertainment/Recreation	65	70	44	-32.3%	-37.1%
Construction	974	1,089	785	-19.4%	-27.9%
Educational Services	6	2	13	116.7%	550.0%
Finance/Insurance	653	564	535	-18.1%	-5.1%
Health Care	3,250	3,960	4,176	28.5%	5.5%
Information	647	554	335	-48.2%	-39.5%
Management	31	235	304	880.6%	29.4%
Manufacturing	3,098	1,609	1,260	-59.3%	-21.7%
Mining	3,531	2,586	1,206	-65.8%	-53.4%
Other Services	617	567	486	-21.2%	-14.3%
Professional/Technical	602	747	738	22.6%	-1.2%
Real Estate	275	170	143	-48.0%	-15.9%
Retail Trade	4,096	4,203	4,042	-1.3%	-3.8%
Transportation	567	711	496	-12.5%	-30.2%
Utilities	135	101	214	58.5%	111.9%
Wholesale Trade	607	700	580	-4.4%	-17.1%
Private as Percentage of Aggregate	79.7%	74.2%	72.4%		
<b>Public</b>	5,384	7,249	6,985	29.7%	-3.6%
Federal Government	416	786	706	69.7%	-10.2%
State Government	1,188	2,179	2,285	92.3%	4.9%
Local Government	3,780	4,284	3,994	5.7%	-6.8%
Public as Percentage of Aggregate	20.3%	25.8%	27.6%		
<b>Virginia</b>					
<b>Aggregate</b>	2,943,824	3,495,075	3,653,535	24.1%	4.5%
<b>Private</b>	2,366,191	2,858,916	2,967,988	25.4%	3.8%
Private as Percentage of Aggregate	80.4%	81.8%	81.2%		
<b>Public</b>	577,633	636,159	685,547	18.7%	7.8%
Public as Percentage of Aggregate	19.6%	18.2%	18.8%		

Source:

Virginia Employment Commission, Census of Employment and Wages

Of the district's aggregate decrease, private sector employment fell by 12 percent (2,166 persons) between 2004 and 2014, compared to the Commonwealth's private sector growth of 3.8 percent.

A similar difference is seen in public sector employment, which in the past decade fell 3.6 percent (264 jobs) in the district, while increasing by nearly eight percent at the state level.

From 2004 to 2014, the areas of highest job growth within the district were in health care (216 jobs, up 5.5 percent) utilities, utilities (113 jobs, up 111.9 percent), management (69 jobs, up 29.4 percent), and accommodation/food (63 jobs, an increase of 3.3 percent).

While dropping slightly (3.8 percent) over that time period, retail trade was the second largest source of private sector employment in the district in 2014 (4,042 jobs), trailing only health care (4,176 jobs), which overtook retail trade during the decade to become the largest subsector of employment.

Meanwhile, the most significant declines came in mining (1,380 jobs, a drop of 53.4 percent), manufacturing (349 jobs, a 21.7 percent decrease), and construction (304 jobs, down 27.9 percent).

Public sector employment continues to grow as a percentage of total LENOWISCO employment, increasing from 20.3 percent in 1994, to 25.8 percent in 2004, and to 27.6 percent in 2014. Federal and, particularly, state employment dominated that increase. In the meantime, public sector employment, as a percentage of total employment across the Commonwealth, remained relatively level.

**Table 11** 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.

Since 2004, total LENOWISCO employment has dropped by nearly 10 percent, compared to statewide growth of 4.5 percent.

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, 20.2 percent in 2010, and by 2014, 13.9 percent. While this latter figure remains a higher percentage than the state's 12.3 percent, that gap has gradually and continuously narrowed. That aside, the district's goods domain is also where noticeably higher wages remain, in contrast to the state level, where goods- and service-producing wages remain practically identical.

As would be expected, the \$644 average wage for all industries in the LENOWISCO district stood at 63.3 percent of the state average wage of \$1,018 in 2014.

Goods-producing wages in the district (\$894), driven primarily by mining, have only recently fallen below state wages (\$1,033), now standing at 86.5 percent of state levels.

At the same time, service-producing wages (\$603) trailed state wages (\$955) by a significant margin, at just 63.1 percent of state levels.

**TABLE 11**  
**Employment, Wage Change by NAICS Supersectors**

	2004		2014		Employment Change	Wages Change
	Employment	Wages	Employment	Wages	2004-2014	2004-2014
<b>LENOWISCO</b>						
<b>Total, All Industries</b>	28,043	\$545	25,295	\$644	-9.8%	18.2%
<b>Goods-Producing Domain</b>	5,648	\$758	3,527	\$894	-37.6%	17.9%
Natural Resources and Mining	2,726	\$991	1,334	\$1,173	-51.1%	18.4%
Construction	1,313	\$496	933	\$624	-28.9%	25.8%
Manufacturing	1,609	\$576	1,260	\$799	-21.7%	38.7%
Goods as Percentage of Total	20.1%		13.9%			
<b>Service-Producing Domain</b>	22,395	\$491	21,768	\$603	-2.8%	22.8%
Trade, Transportation and Utilities	5,897	\$433	5,501	\$540	-6.7%	24.7%
Information	609	\$647	384	\$799	-36.9%	23.5%
Financial Activities	739	\$485	679	\$636	-8.1%	31.1%
Professional and Business Services	1,934	\$526	2,003	\$706	3.6%	34.2%
Education and Health Services	7,882	\$536	7,830	\$627	-0.7%	17.0%
Leisure and Hospitality	2,034	\$195	2,101	\$243	3.3%	24.6%
Other Services	569	\$417	489	\$662	-14.1%	58.8%
Public Administration	2,731	\$662	2,781	\$811	1.8%	22.5%
Services as Percentage of Total	79.9%		86.1%			
<b>Virginia</b>						
<b>Total, All Industries</b>	3,495,075	\$779	3,653,536	\$1,018	4.5%	30.7%
<b>Goods-Producing Domain</b>	569,589	\$776	448,678	\$1,033	-21.2%	33.1%
Natural Resources and Mining	21,351	\$644	19,763	\$876	-7.4%	36.0%
Construction	242,956	\$737	187,838	\$965	-22.7%	30.9%
Manufacturing	305,282	\$817	241,077	\$1,099	-21.0%	34.5%
Goods as Percentage of Total	16.3%		12.3%			
<b>Service-Producing Domain</b>	2,925,488	\$780	3,204,858	\$955	9.5%	22.4%
Trade, Transportation and Utilities	683,629	\$639	674,955	\$781	-1.3%	22.2%
Information	103,747	\$1,337	76,624	\$1,669	-26.1%	24.8%
Financial Activities	188,327	\$1,092	182,373	\$1,429	-3.2%	30.9%
Professional and Business Services	593,105	\$1,082	690,495	\$1,533	16.4%	41.7%
Education and Health Services	675,536	\$680	812,591	\$859	20.3%	26.3%
Leisure and Hospitality	337,804	\$291	387,532	\$362	14.7%	24.4%
Other Services	126,994	\$582	133,584	\$772	5.2%	32.6%
Public Administration	211,484	\$1,056	242,288	\$1,388	14.6%	31.4%
Unclassified	4,862	\$784	4,416	\$864	-9.2%	10.2%
Services as Percentage of Total	83.7%		87.7%			

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.

## Previous Cluster Analysis

*As noted in recent CEDS reports, data suppression and timely availability hinder certain analyses.*

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 12** 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 2002 and 2012 (last available) 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 2002 to 2012, 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 12  
Industry Clusters**

<b>LENOWISCO</b>	<b>2002</b>		<b>2012</b>		<b>Change 2002-12</b>	
	<b>Est</b>	<b>Empl</b>	<b>Est</b>	<b>Empl</b>	<b>Est</b>	<b>Empl</b>
Total All Industries	2,006	27,009	2,237	28,233	11.5%	4.5%
Advanced Materials	D	454	11	351	*	-22.7%
Agribusiness, Food Processing and Technology	D	158	9	91	*	-42.4%
Apparel and Textiles	D	250	11	192	*	-23.2%
Arts, Entertainment, Recreation and Visitor Industries	D	573	38	775	*	35.3%
Biomedical/Biotechnical (Life Sciences)	33	3,562	100	3,466	203.0%	-2.7%
Business and Financial Services	100	1,032	173	938	73.0%	-9.1%
Chemicals and Chemical Based Products	D	426	17	428	*	0.5%
Defense and Security	15	1,766	79	2,226	426.7%	26.0%
Education and Knowledge Creation	D	919	23	824	*	-10.3%
Energy (Fossil and Renewable)	59	4,097	196	3,537	232.2%	-13.7%
Forest and Wood Products	35	439	32	275	-8.6%	-37.4%
Glass and Ceramics	0	0	0	0	0	0.0%
Information Technology and Telecommunications	D	454	29	348	*	-23.3%
Transportation and Logistics	28	740	83	581	196.4%	-21.5%
Manufacturing Supercluster	D	363	7	188	*	-48.2%
Primary Metal	0	0	0	0	0	0
Fabricated Metal Product	D	61	4	43	*	-29.5%
Machinery	D	181	3	145	*	-19.9%
Computer, Electronic Product	D	65	0	0	*	-100.0%
Electrical Equipment, Appliance, Component	0	0	0	0	0	0
Transportation Equipment	D	56	0	0	*	-100.0%
Mining	D	210	4	107	*	-49.0%
Printing and Publishing	D	365	20	305	*	-16.4%
<b>United States</b>						
Total All Industries	8,101,872	128,233,919	9,121,868	131,696,378	12.6%	2.7%
Advanced Materials	148,684	5,656,745	129,534	4,267,190	-12.9%	-24.6%
Agribusiness, Food Processing and Technology	142,065	3,151,915	138,056	3,016,018	-2.8%	-4.3%
Apparel and Textiles	88,109	1,526,430	62,488	643,360	-29.1%	-57.9%
Arts, Entertainment, Recreation and Visitor Industries	251,742	5,081,393	265,508	5,209,469	5.5%	2.5%
Biomedical/Biotechnical (Life Sciences)	259,430	12,215,025	336,427	14,446,025	29.7%	18.3%
Business and Financial Services	1,194,378	10,687,619	1,459,358	11,682,533	22.2%	9.3%
Chemicals and Chemical Based Products	73,788	2,531,130	63,794	1,893,889	-13.5%	-25.2%
Defense and Security	275,959	6,445,556	351,449	7,257,540	27.4%	12.6%
Education and Knowledge Creation	96,726	4,407,423	130,899	4,996,003	35.3%	13.4%
Energy (Fossil and Renewable)	368,754	5,690,108	403,760	5,958,442	9.5%	4.7%
Forest and Wood Products	82,699	2,073,752	62,120	1,224,570	-24.9%	-40.9%
Glass and Ceramics	12,642	360,947	8,632	227,973	-31.7%	-36.8%
Information Technology and Telecommunications	324,298	5,616,608	360,195	5,060,605	11.1%	-9.9%
Transportation and Logistics	204,826	3,885,717	220,726	4,001,329	7.8%	3.0%
Manufacturing Supercluster	147,825	7,074,542	112,593	4,940,582	-23.8%	-30.2%
Primary Metal	6,344	506,680	3,163	195,517	-50.1%	-61.4%
Fabricated Metal Product	62,341	1,501,643	54,058	1,254,517	-13.3%	-16.5%
Machinery	34,384	1,221,820	20,263	844,785	-41.1%	-30.9%
Computer, Electronic Product	21,399	1,498,667	17,255	1,029,251	-19.4%	-31.3%
Electrical Equipment, Appliance, Component	7,726	494,450	7,105	360,965	-8.0%	-27.0%
Transportation Equipment	15,631	1,851,282	10,749	1,255,547	-31.2%	-32.2%
Mining	10,476	183,404	12,332	204,258	17.7%	11.4%
Printing and Publishing	181,560	2,488,547	190,929	2,056,820	5.2%	-17.3%

Source:

U.S. Bureau of Labor Statistics

D - data suppressed

\* - not determined

**Table 13** 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 13**  
**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 – of suffer from – local economy factors such as labor force skills, transportation, efficiency of service delivery, etc.

**Table 14** 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 14**  
**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					
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	0.5029	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, Appliance, 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**

### **2015 REPORT**

#### **III**

#### **REGIONAL SWOT ANALYSIS**

## 2015 LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### III

#### REGIONAL SWOT ANALYSIS

Efforts to diversify the local and regional economy have been driven by several decades of decline in the coal mining industry, exacerbated more recently by less expensive, cleaner fuel sources like natural gas, as well as increasingly stringent federal regulations. Losses have been felt not only in coal extraction, but across the breadth of basic sector industry, in LENOWISCO and the larger region.

These diversification efforts have intensified within the past few years, as different initiatives have attracted significant regional interest.

These initiatives, many of which are noted in more detail elsewhere in this document, include advanced manufacturing, entrepreneurship, expansion of agricultural development, downtown revitalization, heritage and cultural tourism, and outdoor recreation.

#### **Regional SWOT Analysis**

Significant numbers of persons across a broad range of interests, including private sector and public sector representatives, education, LENOWISCO's regional economic development partners and its CEDS Committee, interested citizens, and others, have participated in several thoughtful, productive discussions and input sessions to help analyze and address potential alternative economic development strategies.

Many of these efforts have included a conventional SWOT (Strengths, Weaknesses, Opportunities, Threats) or similar analysis.

Included in **Appendix A** are notes from several such collaborative discussions, including regional blueprints for advanced manufacturing and entrepreneurship, an upcoming agricultural development strategic plan, support for localities pursuing downtown and economic revitalization, CEDS Committee dialogue, and an assessment of strategic plans covering a broad range of topics:

- SWOT analysis, *Blueprint for Attracting and Sustaining Advanced Manufacturing in Southwest Virginia*, covering Planning Districts One, Two and Three
- SWOT analysis, *Blueprint for Entrepreneurial Growth and Economic Prosperity in Southwest Virginia*, also Planning Districts One thru Three
- Work Group, LENOWISCO Regional Agricultural Development Strategic Plan
- Rally Southwest Virginia Community Coaching Summit, Planning Districts One thru Four
- SWOT analysis, LENOWISCO CEDS Committee
- Strategic Plans Assessment focus group for LENOWISCO district

It remains incumbent on LENOWISCO and its regional economic development partners to utilize these efforts to guide the district's strategic direction and implement an action to fully diversify the local and regional economies.

### **Hazard Mitigation Planning**

In addition to these regional collaborative efforts to provide some level of resilience in the face of economic downturns, particularly in the mining sector, LENOWISCO localities have also sought to develop resilience in the face of natural hazards, participating in the 2005 development and 2013 update of the *LENOWISCO Comprehensive Hazard Mitigation Plan*, designed to help the district to:

- Better understand local hazards and risks
- Build support for mitigation activities
- Develop more effective community hazard-reduction policies and integrate mitigation concepts into other community processes
- Incorporate mitigation into post-disaster recovery activities
- Obtain disaster-related grants in the aftermath of a disaster

The Plan includes community profiles, a Hazard Identification and Risk Assessment, locality capability assessments, development of a mitigation strategy, and identification of mitigation alternatives and specific projects.

The Plan's Executive Summary is included in **Appendix B**.

# **LENOWISCO**

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **2015 REPORT**

#### **IV**

#### **CURRENT AND FUTURE STRATEGIES**

## 2015 LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

### IV

#### 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 and wireless 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. Meanwhile, through its emerging College of Veterinary and Comparative Medicine, LMU is implementing 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. Situated on 700 acres 12 miles from Harrogate, near the western Lee County community of Ewing, the DeBusk Veterinary Teaching Center (DVTC) provides extensive hands on experiences and educational opportunities with a wide variety of species. The Large Animal Component of the DVTC provides a "working farm" environment with a large herd of cattle.

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.

The **Southwest Virginia Workforce Development Board Area One** (WDB) covers the seven counties and one city of the LENOWISCO and Cumberland Plateau districts. WDB 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. WDB 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. WDB'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 WDB 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 network presently consists of 650 miles of distribution fiber, including more than 350 miles of backbone fiber installed through the district, and can thus far be credited with more than 1,200 new jobs and \$50 million in corporate investments.

In 2012, LENOWISCO completed the sale of its membership interest in its affiliated LLC to the Scott County Telephone Cooperative, positioned to continuously market retail broadband services.

Previous 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 a growing field in broadband communications, as other communities invest in broadband infrastructure.

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 facility. One example has been DirecTV's addition of 100 jobs in the larger region allowing their agents to work from their homes.

Meanwhile, the Virginia Coalfield Coalition continues to implement an advanced 4G wireless communications system in the seven-county region of far southwestern Virginia, with its goal to have ubiquitous internet coverage across the region. New developments in wireless technology have expanded the reach of wireless broadband and offer the potential to reach large geographic areas. Investments in the region are driven by the belief that access to broadband technology has an unmistakable link to economic development, improving the quality of life for residents and revitalizing communities. VCC's project includes the upgrade of backhaul facilities at existing towers to fiber optics and construction of new build-to-suit towers at prescribed sites.

Another 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.

Partnering with Mid-Atlantic Broadband Cooperative, which owns and operates more than 800 route miles of backbone fiber across southern Virginia, has resulted 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.

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 technology-based companies with total employment exceeding 600 persons, and the new Appalachia America Energy Research Center, which supports the commercialization of new energy technologies and the incubation of clean energy start-ups.

Scott County and Wise County host Virginia enterprise zones, with a combination of state and local incentives available. Scott County has now expanded from its original zone centered at the regional park at Duffield to also include a former mine complex northeast of Duffield and the new 93-acre Riverside property near Weber City, envisioned as a multi-use site to include office/flex, retail/commercial, recreational and residential components. Wise County's zone incorporates the Lonesome Pine park, its park at Esserville and additional acreage in the County.

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.

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, noted above, into a state-of-the-art underground secure data center.

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

LENOWISCO's economic development partners collaborated on a regional site study, designed to potentially "replace" the original Duffield park. With consideration of large-scale, heavy industrial and rail-served sites, the economic study and site selection study recommended the development of a regional mixed-use business park, with the top-ranked site situated in the City of Norton. The partners continue to strategize how best to pursue this opportunity. Meanwhile, the Lee County IDA and Scott County EDA have also examined sites in each locality for a potential, joint large site. Similar conversations have been held between Wise County and neighboring Dickenson County.

### **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 partnered with the University of Virginia's College at Wise, the Virginia Coalfield Coalition and others in an innovative initiative, the development of the *Blueprint for Entrepreneurial Growth and Economic Prosperity in Southwest Virginia*. Modeled on the region's *Blueprint for Health Improvement and Health-Enabled Prosperity*, 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.

Among the Blueprint's initiatives are 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 also partners in another initiative. The Tayloe Murphy Center, part of the University of Virginia's Darden School of Business, offers a Certificate in Entrepreneurship program. 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.

CEDS Committee discussions have noted longstanding cultural attitudes, opportunities and obstacles related to entrepreneurship. Concurrent discussions with SBDC personnel and local bank officials confirm 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 more than \$22 billion in 2014. In LENOWISCO, visitor spending exceeded \$79 million and tourism-related payroll topped \$16 million, with nearly \$1.9 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 "Crooked Road," Virginia's Heritage Music Trail, has significantly increased visitation to heritage music venues along its 250-mile route. One major venue on the Crooked Road is the famous Carter Fold in Scott County, which 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 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.

The newest phase in the region's asset-based creative economy – utilizing investments from EDA, USDA Rural Development, ARC and the Virginia Tobacco Commission – is Appalachian Spring, designed to identify and develop cultural and natural assets, particularly outdoor recreation and downtown revitalization.

### **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 revitalization efforts in the Town of Wise, the Wise County Industrial Development Authority has completed a \$12.6 million renovation and construction project that restored and redeveloped 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.

### **Grass Roots 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, operates its Appalachian Harvest packing and grading facility 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.

### **Transportation**

Traditional transportation infrastructure still plays a significant role in the region's development efforts. LENOWISCO has long been involved in promoting the efficient and economical location and design of a balanced transportation system that will ensure the maximum, yet safest, movement of persons and good throughout the district and adjoining states. The Commission and its transportation partners will continue to actively pursue projects identified in the transportation plans of our localities, the district, the Kingsport Metropolitan Transportation Planning Organization, the Bristol VDOT Construction District, and the Commonwealth of Virginia, and will continue to participate in a multi-state initiative to see U.S. 23 fully developed as a highway of both regional and statewide significance.

### **Additional Issues and Opportunities**

The ongoing evolution toward the "new economy" presents numerous challenges to the region's existing workforce.

Technology-based growth in the district, coupled with major technology employment in neighboring Russell County (where 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 Development Board have 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 specific industry needs.

A public-private partnership between UVA-Wise and Northrop Grumman Corporation 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.

Workforce needs are present in many fields. 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 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.

The Commission continually seeks to identify new and innovative means to foster economic development and diversification in far southwestern Virginia.

Following up the region's *Blueprint for Health Improvement and Health-Enabled Prosperity* and *Blueprint for Entrepreneurial Growth and Economic Prosperity in Southwest Virginia*, LENOWISCO and its regional education and economic development partners more recently completed the *Blueprint for Attracting and Sustaining Advanced Manufacturing in Southwest Virginia*, which looks to follow the success of the previously noted initiatives with the intent to preserve the region's rich tradition in successful manufacturing operations.

To fulfill recommendations within a 2013 Boston Consulting Group report, the Virginia Tobacco Commission, in partnership with the Commonwealth Center for Advanced Manufacturing (CCAM), initiated a project to fund three Centers of Excellence (COE's) for advanced manufacturing workforce training. In 2014, three COE's were thus designated, based at the New College Institute in Martinsville, the Southern Virginia Higher Education Center in South Boston, and the Southwest Virginia Alliance for Manufacturing in Abingdon (Washington County).

All three Centers will serve multi-county areas through partnerships with community colleges and other education providers. The COE's will focus on three main job classifications – broadly identified as 1) machinists, 2) welders, and 3) industrial machinery mechanics.

Commissioners also recognized the need and opportunity to extend the reach of the Centers into their respective regions, particularly in far southwestern Virginia. To reach far more citizens and benefit more companies in the farther reaches of the region, satellite facilities were to be established. The Commission determined that one such designated satellite of the Washington County COE is to be located in Duffield (Scott County).

The Duffield facility will offer a fabrication laboratory equipped for both manufacturing capabilities and regional student pipeline recruitment; a COE-level welding program with pre-requisites exclusively offered at Mountain Empire Community College; and distance learning, including classwork and virtual labs.

The Scott County Economic Development Authority is presently pursuing funding to establish this COE satellite facility.

In a different vein, LENOWISCO is aiding in the development of a new regional work group. With numerous initiatives undertaken in recent years to take advantage of this region's assets, from heritage and cultural tourism to outdoor recreation, the Commission is facilitating a collaborative effort to identify, support and expand the region's agricultural and forestry assets. These efforts began in late 2013, with funding secured through late 2014 and 2015, and strategic planning activities are now under way.

# **LENOWISCO**

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **2015 REPORT**

**V**

### **REGIONAL ACTION PLAN**

## **2015 LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **V**

#### **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, a veterinary teaching center, a program of the Lincoln Memorial University College of Veterinary and Comparative Medicine, provides extensive hands on experiences and educational opportunities. The opportunity for growth of both complementary service sector entities and potential supply-chain businesses is significant. Meanwhile, 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 small-site redevelopment in the County.

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. A new multi-use business park being developed on the southern edge of the county looks to take advantage of tax advantages versus adjacent Tennessee localities.

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 collaborated on a regional site study, aimed at examining and identifying prospective regional parks to potentially "replace" the original regional park at Duffield. With consideration of large-scale, heavy industrial, rail-served sites, the combined economic study and site selection study recommended and the development of a regional mixed-use business park. The top-ranked site in the study is situated in the City of Norton. Meanwhile, IDA/EDA leaders consider ways to develop joint sites in adjacent localities.

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 be tasked with formulating and monitoring a series of process metrics with which it can evaluate the effectiveness of the overall CEDS process. These metrics will be reviewed on a regular basis and will be 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.

## **Composition of the LENOWISCO CEDS Committee**

LENOWISCO will continue to strive for the composition of its CEDS Committee to best represent the many varied interest of the district. Private sector interests will continue to play a significant role 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 Initiatives**

Current priority initiatives in the LENOWISCO district include the following:

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

Continued expansion of the region's advanced communications infrastructure, including 4G wireless communications facilities.

### **Regional Agricultural Development Strategic Planning**

Strategic planning will be conducted to develop agricultural development strategies and projects in the district.

### **Entrepreneurial Planning Project**

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

### **Central Business District Revitalization**

Downtown economic restructuring in numerous LENOWISCO localities, including adaptive re-use of vacant, dilapidated structures and integration with numerous regional outdoor recreation initiatives.

### **Regional Centers of Excellence**

Spurred by the Advanced Manufacturing Blueprint, equipment, site and programs to support the Virginia Tobacco Commission's regional Centers of Excellence initiative.

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

Development of initial phases of 90-acre Riverside property in Weber City into a multi-use site.

### **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.

## **Goals and Objectives**

The region's development goals are presented below, with objectives listed for each. These goals and objectives are reflected and noted in the Comprehensive Project List (Appendix C).

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
  - 1-4. Promote agricultural sector, including farming, livestock (including cattles, horses, sheep), and local and regional farmers markets
  
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 and natural gas lines, in areas where such investments will support development
  - 3-4. Encourage accessibility, safety and multimodal improvements in existing primary and secondary transportation routes, and make recommendations concerning future transportation facilities necessary to support and maintain the district's present and future development

4. Maintain and promote the region's natural beauty and its cultural amenities, and seek sustainable growth opportunities
  - 4-1. Promote the region's arts and cultural amenities
  - 4-2. Promote the region's outdoor recreation amenities and opportunities
  
5. Target existing underutilized commercial and industrial properties for redevelopment
  - 5-1. Direct investment to unused or underused properties where available and appropriate
  - 5-2. Pursue revitalization of blighted areas
  - 5-3. Direct investment to increase appropriate use in presently developed areas
  
6. Project a positive identity for the LENOWISCO region
  - 6-1. Pursue regional marketing initiatives to promote the region to select markets
  - 6-2. Engage the public and media to inform and educate residents on the region's economic development initiatives
  - 6-3. Seek to improve intergovernmental cooperation and collaboration

# **LENOWISCO**

## **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**

### **2015 REPORT**

### **APPENDICES**

# **APPENDIX A**

## **REGIONAL SWOT ANALYSIS**

## Blueprint for Attracting and Sustaining Advanced Manufacturing in Southwest Virginia SWOT Analysis

### STRENGTHS

Low cost of living  
Veteran workforce (existing and retired military)  
Recreational opportunities  
Interstate system  
Rail  
Broadband  
Problem solving  
Results oriented  
Location  
Existing technical training capacity  
Cost of doing business in low  
Historically strong work ethic  
State regulations/policies - top state for business  
Low crime rate  
Friendliness of the people  
UVa-Wise software engineering degree  
Strong and growing retail  
Available natural gas (abundance of)  
Local business success stories  
Strong SWVA legislative delegation  
Tobacco Commission  
VCEDA & eCorridor  
Moderate climate  
Support organizations

### OPPORTUNITIES

Increase regional cooperation (coopetition?)  
Thinking regional vs. micro levels(counties/cities)  
Develop clear pathways for career development  
Create/promote our own regional image, not let others define us  
Celebrate our uniqueness - food and culture  
Develop peer groups to better understand available resources and collaboration opportunities  
Engage K-12 and drive needed improvements  
Outreach to parents and grandparents to inform about opportunity in manufacturing  
Develop/implement marketing strategy to community  
Have manufacturing representatives visit classrooms  
Find meaningful experience for youth to expose them to manufacturing  
Promote what is made in SWVA  
Find ways to show "How it is made" in SWVA  
Host manufacturer fair to highlight region  
Stress/emphasize need for skills and certifications  
Market manufacturing jobs as "professional" jobs  
Highlight opportunity manufacturing provides for entry level positions leading to promotions  
Link worth in health with manufacturing  
Identify/address what hinders large manufacturers from moving to SWVA  
Communication message we want to send  
Take charge of messages  
Address stereotypes  
Consider visits to large manufacturing operations in other states for feedback on not locating in SWVA  
Thinking forward  
Collaborate Culture - Market  
Return to Roots  
Young professionals/worker groups  
Get Blueprint out to rest of nation - use it as marketing tool, not just strategic plan  
Involve K-12  
Identify supply chain opportunities  
Partner with tourism to highlight amenities, cultural assets to promote region to manufacturers

## **Blueprint for Attracting and Sustaining Advanced Manufacturing in Southwest Virginia**

### **THREATS AND WEAKNESSES**

Appalachian culture - there aren't enough women in management or key roles in manufacturing  
Decline in percent of males attending college or seeking education and training  
Decline in Energy Sector and trickle-down effect in region's economy  
Distance from I-81 for some of region  
Isolation?  
Strong competition between county economic development organizations  
Lack of recent large manufacturing announcements - could send wrong message to other larger companies  
    looking for locations  
Utilities - access to natural gas and reliability of utilities  
Drug abuse  
Hopelessness  
Brain drain - best and brightest tend to leave  
Declining population  
Failure to recognize resources already available  
Perception of areas - we don't tell our own story, but let others tell it  
Public transportation  
Timing with workforce - need to transition quicker  
Coal Industry - diversification  
Quality of education - perception from outside  
Abrupt decline in energy sector  
    Related social and emotional change  
    Narrow window of time to address issue  
Need for "non-polarizing" language to discuss issues  
    Need to diversify economy  
    Ex. coal, natural gas, etc.  
Lack of Flat Land (demand to design differently?)  
Existing mining companies lack of diversification  
    Transition to advanced manufacturing - is it an option for them?  
    Public perception of those businesses diversifying  
Losing workforce to disabilities  
Lack of charter schools/private schools  
Lack of understanding what "Advanced Management" means  
Ambiguous identity - Southwest Virginia Vs. Southwestern Virginia  
Smaller legislative representation  
    Delegation due to population decline  
    Turnover in delegation

# Blueprint for Entrepreneurial Growth and Economic Prosperity in Southwest Virginia

## SWOT Analysis

### STRENGTHS

#### Cultural Heritage

- The Heartwood
- The "Appalachian Brand"
- Agricultural tradition
- Music heritage

#### Human Capital

- Creative & bright people
- Talented young people

#### Infrastructure

- VCEDA - leadership, funding, diversification
- VA Tobacco Commission - funding
- VA Economic Bridge (connecting SWVA & NOVA)
- DCOM, ETSU, VCOM
- Washington County Dental School
- Educational institutions
- World class companies
- Strong small business development centers
- Telecommunications
- Enterprise Zones

#### Assets and Initiatives

- Community-based participatory entrep strategy
- Rapidly growing health education landscape
- Blue way projects (Clinch, New, natural resources)
- Regional cooperation/ development of trails

#### Key Concepts

- Resilient people with a strong work ethic
- One of most beautiful areas in country
- Ability to rise from depths of poverty and change world through job creation
- Open to outside views and opportunities
- Rising above challenges, seeking opportunities, capitalizing on rural strengths (mining, power generation, agriculture)
- Hardships have created population of strong people, unique culture, future orientation with history at core, and strong ethics

### OPPORTUNITIES

- Energy research centers
- Downtown revitalization projects
- Culture-related initiatives
- Capitalizing on existing clusters
- Retirement communities
- National leader of specialty health care
- Community foundation
- Sustainable tourism economy
- Domestic sourcing
- Extreme sports

### WEAKNESSES

#### Demographic and Geographic Realities

- Lack of skilled labor and diversity
- Lack of a major metropolitan area and amenities
- Conflict of mountain top removal
- Prevalence of substance abuse
- BMI/smoking rates - less attractive workforce
- "Mailbox economy" - generational dependence on government
- Regulatory issues/incentives for econ development
- "Near shoring"
- Absence of regional entrepreneurship center
- Mitigation credits (including prevention)

#### Collective Mentality

- Lack of self-confidence
- Scarcity mentality
- Resigned to "way things are" - status quo

#### Key Concepts

- Stereotypes held outside region (lack of creativity, Appalachia, coal mining) create external and internal perceptions that region is second-rate
- Geographic and demographic realities present formidable obstacles to economic growth

### THREATS

- Other regions aren't standing still (leap frog formula)
- "Appalachian" as slur; negative stereotypes of region
- Lack of high school and college educated workers
- Digital (technology) gap at all education levels
- Uncertainty about federal budget (previous sources of regional funding - HUD, DOD, Health IT)
- Reduction of philanthropy nationally
- Lack of depth on bench - same people (leaders, organizations) doing all the work
- Last mile of broadband development

# **Blueprint for Entrepreneurial Growth and Economic Prosperity in Southwest Virginia**

## **HOPES AND DREAMS**

Have stable, diverse economy with high wage, home-grown jobs  
Be able to recruit and retain talent in region  
Leverage natural resources and assets to put Southwest Virginia on global map  
Leverage rich cultural heritage and arts, music and crafts communities  
Increase high school and college graduation rates  
Have regional identity and brand through unified efforts as well as regional steering committee  
with broad vision (Crooked Road plan)  
Identify "hedgehog" - in what areas can we be the best?  
Be "certified" entrepreneur community (Asheville/Cherokee Nation)  
Celebrate people who take risks, encourage entrepreneurs - even those who have failed  
Have training for entrepreneurs (R.E.A.L. - Real Entrepreneurs in Action Learning)  
Recognize entrepreneurship as legitimate economic development strategy  
Use success stories as teaching models  
Recognize entrepreneurial potential at all levels - teach business skills to trade occupations;  
promote creativity in schools to create problem solvers and thinkers  
Stop decline in health and population  
Have increased tax base to sustain and improve infrastructure  
Have revolving fund to support entrepreneurial ventures  
Have wealth creation at all levels

## **LENOWISCO Regional Agricultural Development Strategic Plan Work Group pre-planning discussion**

### **Concerns to be addressed**

Lack of Ag education (and aiming students toward Ag) in some counties/schools  
Transition of farms within families  
    Youth frustration  
Infrastructure  
    Railroads not Ag ports  
    Value added distribution  
Supply chain diminishing  
Mindset must be changed  
    Farm as tax break, not as income generator  
Increasing difficulty of food certification

### **Opportunities to be addressed**

Sharing of best practices  
Transition existing farms to new/young farmers  
Exploit clean water/other technologies  
    Hydroponics  
    Indoor growing  
Agriculture complex (e.g., Southside VA)  
Products not currently present/considered  
Expand markets beyond local use  
Buy local/organic/etc.  
Carroll Co/Halifax Co examples  
Regional agriculture authority?  
Agri-tourism (European model?)  
Market our grass

## Rally Southwest Virginia Community Coaching Summit

### OUTCOME

Foundation of strong and unified team of community coaches through introduction of *Rally Southwest Virginia* framework.

### MOVING THE PLAN FORWARD

Once plan is formalized on paper, keeping community leadership team advancing is key - following are challenges and opportunities.

#### Plan isn't set in stone

It needs revisiting.

It's changeable: If context changes, allow strategies to adapt.

New assets should be built in, and built upon.

#### What's momentum builder now?

Easy to forget how much progress has been made. Show momentum with timeline or some visual of where team has been and where headed. Celebrate successes.

Momentum builders change with progress. Both celebrating successes and setting up next success is key.

Know where it's falling on calendar. Is there one in coming months? Short term successes keep teams engaged.

#### Checking in is key to coaching

Simple questions can help communities communicate with team.

Where are we now?

What's next step?

How are things going?

Be ready to go deeper. Let them take you there. Look for openings by listening much more than speaking.

Sometimes people just need sounding board to come up with own solutions.

#### There are naturally changes in community leadership

Including election cycles.

Staff expertise can help keep plans alive, though means building new relationships.

Team may be continuity and buffer that helps bridge old and new leadership.

### BEST PRACTICES FROM AROUND REGION

Here are some of best practices in place, some to be explored together.

Start **Downtown Revitalization Roundtable** at PDCs, involving both experienced towns/leaders as well as communities just getting started. Engage town managers, leaders, mayor, entrepreneurs.

Most **successful towns never stop revitalizing** - ongoing process, constant.

Encourage **connectivity** for bikes, pedestrians, trails. Consider system of movement in locality.

Create **ambassador program**. Much happening in region, much to tout, much to be proud of.

**Signage** continues to be ongoing need. Responses range from locally implemented to regional systems.

VDOT is key signage player; enlist their aid in writing best practices and pull out some regional models.

Strong **communication** across community is key to any successful effort. Must be network in place for information to transfer across partners.

Must have strong relationships with **Business Resource Partners**. Are they members of local teams and active in roundtables? They all meet collectively at mySWVAopportunity Steering Committee.

Must **cross pollinate**. Key to engage across partners to support action in communities. Real place-based work!

**Aggregate resource partners** for better support: Agencies, nonprofits, local organizations. Present at regional level. Must make sure that transfers to collective action at local level.

How are we doing? We can **measure our community progress on online HUB**. What are our key metrics?

What progress can we measure?

## **LENOWISCO CEDS Committee SWOT Analysis**

### **STRENGTHS**

Technology  
Transportation  
Scenic beauty  
Strong higher education system  
    UVaWise – 4-year asset  
    MECC  
    Different focus and function  
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 \$ – VCEDA, VTC, etc.  
    Levels playing field  
    Sites/development costs, utilities, access  
Recreational assets

### **OPPORTUNITIES**

Marketing as part of region (e.g., Tazewell County)  
    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

### **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 child-bearing age  
Shortage of "employable individuals"  
Outside perception of commuting distances  
Lack of social/cultural/commercial amenities to  
    attract/support upper-level execs and employees  
Utility infrastructure still lacking in some areas

### **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 demographics  
Relevant solutions to workforce issues noted  
Threats to coal industry  
    therefore, support industries  
Macroeconomic threats

**Strategic Plans Assessment focus group for LENOWISCO region  
Conducted by Virginia Tobacco Commission / Center for Rural Virginia**

**Education & Workforce Development**

Challenges

Funding state - decreasing  
Lack of culture of education  
They go elsewhere to work after being educated  
Substance abuse  
Alignment of training programs from secondary to post-secondary  
Attitude and perception  
Lack of jobs requiring advanced education  
Need jobs for them to stay  
Lack of emphasis on technology jobs  
Minimize effects of folks on disability disability is increasing  
Regional cooperation needed to meet needs of potential employers  
Need assistance from VDOT to relieve congestion and access to UVA Wise and MECC  
More access for Russell, Dickenson and Wise  
More education programs in recreation and hospitality industry  
Lack of diversity in employment offering  
Public sector and government facilities More private sector employers needed  
Abrupt lifestyle change 2013 - \$92K coal how to adjust - homeownership sustained?

Opportunities & Strategies

Education programs for tourism and hospitality industries, including recreational programs (CC's)  
MECC Aim Scholar program (local) mentor program to help encourage folks to stay  
Classes at St. Paul on being hospitable and creating spirit around hospitality  
Currently pilot project possibly expand pilots  
Dual enrollment opportunities within high schools for mentoring other students  
Career paths programs beyond middle and high schools, into elementary schools  
MECC support for entrepreneurs to develop business plans  
Central clearinghouse for various programs and initiatives across region need regional marketing effort  
Lot going on - more coordination needed Already have VCEDA - recommendation is for revenue sharing  
Workforce - regional cooperation necessary to meet needs  
Arts, music and culture (regional assets)  
Focus on attractions to attract businesses and employers Glass blowing program an opportunity  
NYT & WP, etc - great exposure for region  
Infrastructure  
Already have great assets more assets than population to enjoy  
Military veterans good to attract  
Advanced manufacturing  
Center for Excellence UVA Wise MECC  
Marketing as career choice  
Agriculture and forestry Extension and HS programs  
Marketing programs needed  
AFID & TICR planning proposals Agritourism and wineries  
Vet school  
Pop Up Marion similar program to other areas in region  
Vocational programs needed in high schools



## Networking and collaboration

Chambers provide opportunity for regional networking

10 county region of SWVA pilot project of downtown development

### Leadership a challenge

Historically came from business community, but small business declining All starts with leadership

Forward Wise County program how many graduates (425) are now in leadership positions?

Qualified people don't want to get involved in leadership

## Infrastructure

### Challenges

Broadband - homes can't afford service

Robust fiber to industry

Goal - wireless throughout region 4G thru Virginia Coalfield Coalition

Business model to expand service beyond transportation corridors

Convince that broadband is quality of life and economic development issue

Geography and topography make all infrastructure more expensive

Dickenson County - not one linear mile of 4-lane highway Coalfield Expressway will

US 23 / US 58 traverse most others

Electric rates inexpensive

Roads/lack of access inhibits attraction

Scott, Lee, Wise, etc. have great transportation needs

Isolation - state needs to address

Zoning is challenge to attracting businesses

Housing inventory

Land owners want to do what they want with their land

Lack of pride of ownership and property maintenance

Trash on roads

EPA regulations re: onsite development delays

Internet speeds

Lack of rail opportunities (passenger) mass transit

Water and sewer

Aging infrastructure Loans are available but localities can't afford to take on debt

People don't care where wastewater is going as long as it goes

Disparity in expense from other regions

Cost for service if you can get it

Natural gas

Education - folks don't understand benefits

Need more industrial users to expand

### Opportunities & Strategies

Enhance quality of life

Niche that accompanies who we are naturally

Pride in our natural heritage

Apply for federal and state grant funds to turn it around

Abruptness of coal industry decline is more than region can overcome without assistance

Change negative perception of Appalachia

Internal self perception problem

Identify ourselves to world

Best and brightest leave recruit people back

We had Return to Roots funds to continue similar programs

Don't be afraid to bring people in from outside for help and advice

Overcome fear of change and of outsiders

**APPENDIX B**

**EXECUTIVE SUMMARY**

***LENOWISCO COMPREHENSIVE HAZARD MITIGATION PLAN***

# LENOWISCO

## Planning District Commission



## Comprehensive Hazard Mitigation Plan



2013

## **SECTION A EXECUTIVE SUMMARY**

For the purposes of this Hazard Mitigation Plan, the LENOWISCO Planning District is comprised of Lee, Scott and Wise Counties, the City of Norton, and the towns of Appalachia, Big Stone Gap, Clinchport, Coeburn, Duffield, Dungannon, Gate City, Jonesville, Nickelsville, Pennington Gap, Pound, St. Charles, St. Paul, Weber City and Wise. Hereinafter in this document, the area will generally be referred to as the LENOWISCO district.

The area is vulnerable to many types of natural hazards — including floods, severe wind, winter storms, drought and severe thunderstorms — and has experienced the effects of each of these at some point in its history.

Recent decades have seen increasing development in areas of potential harm, increasing the potential for severe economic and social consequences if a major disaster or other catastrophic event were to occur. Such an event could have the potential to cost local governments, residents, and businesses millions of dollars in damages to public buildings and infrastructure, lost tax revenues, unemployment, homelessness, and emotional and physical suffering for several years to come.

A multi-hazard mitigation plan and update have been prepared for the LENOWISCO district. Having this mitigation plan in place will help the area to:

- Better understand local hazards and risks;
- Build support for mitigation activities;
- Develop more effective community hazard-reduction policies and integrate mitigation concepts into other community processes;
- Incorporate mitigation into post-disaster recovery activities; and
- Obtain disaster-related grants in the aftermath of a disaster.

### **Hazard Identification and Risk Assessment**

Prioritizing potential hazards that can affect the LENOWISCO district is based on the probability a potential hazard will affect the area and its potential impacts, given a disaster event. Values are assigned to each hazard type, based on the hazard's highest potential hazard level. These hazard categories represent the likelihood of a hazard event that could significantly affect the district. These categories are based on the classifications used in the Hazard Identification portion of this document and are **High, Medium-High, Medium, and Low**.

**Table A-1** on the following page summarizes the results of this analysis, which is explained more fully in Section E of this plan.

In order to focus on the most significant hazards, those assigned a level of High or Medium-High are the focus of analysis in the risk assessment.

**TABLE A-1  
Hazard Identification**

<b>Hazard Type</b>	<b>Hazard Level</b>
Flooding	High
Severe Winter Storm	Medium-High
Severe Wind (including Tornado)	Medium-High
Severe Thunderstorm/Hail	Medium-High
Landslides, Land Subsidence, Soil Erosion	Medium-High
Drought	Medium-High
Wildfire	Medium
Earthquake	Medium
Dam/Levee Failure	Low
Extreme Heat	Low
Karst Topography	Low

**The Mitigation Strategy**

The LENOWISCO Mitigation Work Group provided input on actions and policies that could lessen the area’s vulnerability to identified hazards. The following comments are reaffirmed:

- o Top priorities remain public safety, public education, and reduction of potential economic impacts of disasters.
- o Alternatives should consider the impacts on the LENOWISCO district as a whole.
- o Alternatives must not conflict with other local government programs.
- o Outreach and other efforts should be attempted to FEMA-designated Repetitive Loss Properties.
- o Past experiences from disasters should be built upon.
- o The success of past mitigation projects should be considered in developing alternatives.
- o CRS and the floodplain ordinance update, policies and activities should be a priority.

The following overarching goal and six specific goals were developed by the MAC to guide the area’s future hazard mitigation activities.

**GOAL 1**

Ensure public health and safety within the LENOWISCO planning region before, during, and following hazardous events.

**GOAL 2**

Implement effective hazard mitigation measures that would minimize the impact of natural hazards on life and property for both existing and future development.

**GOAL 3**

Increase the area’s floodplain management activities and participation in the National Flood Insurance Program.

**GOAL 4**

Incorporate hazard awareness and risk reduction principles into the daily activities, processes, functions, and policies of the community.

**GOAL 5**

Continue to assess and enhance understanding of the extent of our vulnerability to natural hazards.

**GOAL 6**

Publicize mitigation activities to reduce the area’s vulnerability to the identified hazards.

The review of potential project and policies will continue to take social, technical, administrative, political, legal, economic, and environmental considerations into account. This process will help ensure that the most equitable and feasible actions be undertaken based on local jurisdiction's capabilities. These actions are laid out with an implementation strategy and timeframes in Section G of this plan.

**Conclusion**

This plan symbolizes the LENOWISCO Planning District's continued commitment and dedication to enhance the safety of its residents and businesses by taking actions before a disaster strikes. While each jurisdiction cannot necessarily prevent natural hazard events from occurring, they can minimize the disruption and devastation that so often accompanies these disasters.

**Overarching LENOWISCO Area Goal:**

*"To develop and maintain disaster resistant communities that are less vulnerable to the economic and physical devastation associated with natural hazard events."*

**APPENDIX C**

**LENOWISCO COMPREHENSIVE PROJECT LIST**

# LENOWISCO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## COMPREHENSIVE PROJECT LIST

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

Goal: 3-2  
Description: Continued expansion of region's advanced communications infrastructure  
Estimated Cost: \$25,000,000+  
Potential Funding: ARC, EDA, VTC

### **Regional Agricultural Development Strategic Planning**

Goal: 1-4  
Description: Planning to develop agricultural development strategies and projects  
Estimated Cost: \$40,000  
Potential Funding: VDACS, VTC, Local

### **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

### **Central Business District Revitalization**

Goal: 5-2  
Description: Downtown economic restructuring in numerous district localities, including adaptive re-use of vacant, dilapidated structures and integration with numerous regional outdoor recreation initiatives  
Estimated Cost: \$5,000,000  
Potential Funding: ARC, CDBG, RD, VCEDA, VDOT, VTC, Local

### **Regional Centers of Excellence**

Goal: 2-1  
Description: Equipment and potential site to support Virginia Tobacco Commission's regional Centers of Excellence initiative  
Estimated Cost: TBD  
Potential Funding: EDA, VCEDA, VTC

### **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

### **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

## **COMPREHENSIVE PROJECT LIST**

*(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

### **Southwest Virginia Trail Network**

Goal: 4-2  
Description: Construction of regional multi-use trail network in PDC's 1 and 2  
Estimated Cost: \$5,400,000  
Potential Funding: ARC, DCR, VTC

### **Mega Site Development - Lee/Scott Counties, Wise/Dickenson Counties**

Goal: 3-1  
Description: Development of large joint sites serving adjoining localities, with revenue sharing  
Estimated Cost: TBD  
Potential Funding: CDBG, EDA, VCEDA, TVA, VTC

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

Goal: 3-1  
Description: Tenant-driven build-out of multi-tenant facility in Scott County Regional Business and Technology Park in Duffield  
Estimated Cost: \$4,200,000  
Potential Funding: ARC, EDA, 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

### **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

### **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

**COMPREHENSIVE PROJECT LIST**  
(continued)

**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

**Artisan Food Production Center**

Goal: 1-4  
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

**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

## **COMPREHENSIVE PROJECT LIST**

*(continued)*

### **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

### **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

## **COMPREHENSIVE PROJECT LIST**

*(continued)*

### **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

### **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

### **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
VDACS	Virginia Department of Agriculture and Consumer Services
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

**APPENDIX D**

**RESOLUTION OF ADOPTION**

LENOWISCO PLANNING DISTRICT COMMISSION

2015-2

RESOLUTION OF THE LENOWISCO BOARD OF DIRECTORS  
ADOPTING THE  
2014 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 2014 CEDS update has accordingly been completed.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the LENOWISCO Planning District Commission does hereby submit its 2014 Comprehensive Economic Development Strategy for EDA review and approval.

  
\_\_\_\_\_  
CHAIRMAN

12-1-14  
DATE

  
\_\_\_\_\_  
SECRETARY

12/1/2014  
DATE