

# Positive outlook

## Economic development officials say activity is picking up in the region

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*Photo by Michaele White, Office of the Governor of Virginia*



Encouraged by increasing interest from business prospects last year, Southern Virginia economic development leaders say they are optimistic about 2015 as the region continues to recover from the loss of legacy industries, such as tobacco, textile and furniture

“I think the economy is improving, so I think businesses are looking at their long-range plans and evaluating where they want to be in 2015, 2016 and beyond and are soliciting ... sites and buildings and other things ... to prepare for future growth,” says Jeff Reed, executive

director of Virginia’s Growth Alliance, an economic development organization that mostly covers South Central Virginia.

The region has benefitted from continuing growth at Microsoft’s data center, which opened in Mecklenburg County in 2010. Last year, Microsoft announced its third expansion in the county, a move expected to inject more than \$346 million in the area and add 90 jobs.

The biggest job announcement in the VGA region last year involved The Corsi Group, which plans to invest \$5 million in opening a manufacturing facility in Charlotte County. The operation is expected to create 110 jobs.

Henry County already has secured an economic development project this year. Hardide Coatings Inc., an English advanced surface-coatings manufacturer, will invest \$7.25 million in its first Virginia operation. Twenty-nine jobs are expected to be created in that deal, with an average salary of \$50,000.

Another newcomer to Henry County is aerospace company Kilgour Industries Ltd., which is investing \$27.3 million and creating 155 jobs.

The Martinsville-Henry County Economic Development Corp. also continues to see growth from existing businesses. Tennessee-based Eastman Chemical Co., which has a facility in Martinsville, recently acquired another local window film company, Commonwealth Laminating & Coating (CLC).

“We now have more than 35 percent of the world’s window film produced in Henry County,” says Mark Heath, economic development director for Martinsville-Henry County Economic Development.

Other Southern Virginia companies also continue to expand. In late 2014, Memphis-based Monogram Food Solutions announced plans to invest \$36.5 million and add 200 jobs at its Henry County facility, which makes processed-meat products.

Danville expects an economic boost from Telvista’s plan to expand its call center in the city, adding 300 jobs and investing \$1 million. Telly Tucker, Danville’s head of economic development, says he has seen promising

prospect interest in the city since he came on board in mid-2014. The city is continuing its River District Development Project, which is aimed at revitalizing downtown Danville and driving economic development.

“There’s this contagious momentum ... that’s brewing here in Danville that, I think, folks who live in the community can feel,” he says.

Tucker says Danville’s assets include its workforce, its city-owned utilities and the availability of gigabyte infrastructure. The city’s broadband network, nDanville, is partially connected to a regional fiber-optic network, the Mid-Atlantic Broadband Communities Corp.

Danville, however, hit an economic development snag last year. It sued GOK International and Web Parts LLC for a total of \$2.3 million for their failure to meet performance agreements connected to incentives offered by the city and the Tobacco Indemnification and Community Revitalization Commission, which provides formerly tobacco-dependent communities with money to promote economic development. (The GOK International and Web Parts projects were announced in 2012.) According to Danville’s lawsuits, GOK International said it would create 600 jobs and invest \$25 million in the area; while Web Parts planned to create 260 jobs and invest \$10 million in Danville.

Danville says that it now vets prospective businesses more thoroughly. The Tobacco Commission also may see some changes in the way it handles proposed projects. Legislation was introduced this year in the Virginia General Assembly to reform the commission.

Southern Virginia scored a victory in developing one of its industrial sites. Last year, Henry County received a grading permit from the U.S. Army Corps of Engineers for its Commonwealth Crossing Business Centre mega-site. Economic development officials had worked for two years to secure the permit.

Berry Hill Road Industrial Park in Pittsylvania County also has run into regulatory issues with the Corps of Engineers. Local officials still are trying to get a permit to continue developing the site, which is jointly owned by Pittsylvania and Danville.

Meanwhile, Greensville County is looking for a tenant for its Mid-Atlantic Advanced Manufacturing Center, a mega-site that spans 1,600 acres. “It’s as close as it’s going to get without a client,” says Natalie Slate, the county’s director of economic development, about development efforts at the park.

When companies expand or come to an area for the first time, one of their biggest concerns is finding a capable workforce, a growing issue in many areas as baby boomers start to retire.

“The biggest challenge anyone in economic development has, if they’re telling the truth, is finding skilled labor,” says Heath of Martinsville-Henry County Economic Development. “Finding people that have the right blend of skills and work ethic is becoming more and more difficult, and that’s not here; that’s everywhere.”

In dealing with that issue, Southern Virginia has a number of workforce initiatives in place, including the Southern Virginia Higher Education Center in South Boston and New College Institute (NCI), which opened its first new building last year in Martinsville. NCI partners with college and universities to offer bachelor’s degrees, master’s degrees and other special programs.

Another workforce training program is the Center for Advanced Film Manufacturing. It prepares workers for employment at Eastman and CLC through collaboration between the companies, Patrick Henry Community College, NCI and the Martinsville-Henry County Economic Development Corp.

Another workforce effort is underway to bring more medical students to Southern Virginia. The Tobacco Commission recently awarded an \$800,000 grant to the Integrative Centers for Science and Medicine and the College of Henricopolis School of Medicine to help establish a medical school in Martinsville.

The project is expected to funnel \$3 million into the area over the next three years and create 111 jobs. The school, which has a target opening date of fall 2016, will educate primary-care physicians for underserved and underprivileged areas of the state.

While workforce development is a big concern, Reed and Slate also point to a lack of natural gas as another issue in recruiting businesses. There are several efforts underway to bring more natural gas to the area, such as the proposed Atlantic Coast Pipeline, which involves Richmond-based Dominion Resources. The 550-mile pipeline would pass through part of Southern Virginia.

Reed of Virginia's Growth Alliance says he would be thrilled to see the project approved because the region has little access to natural gas. "That's a huge game changer for our industrial development projects because so many of the projects that we get eliminated from, we're being eliminated because we can't supply natural gas," he says.

Being in a rural area can also pose its own challenges when it comes to securing projects. Greensville County's Slate, for example, says prospective companies sometimes think they won't be able to find trained workforce in a thinly populated area. That's not the case, she says, because workers in rural counties are willing to commute farther to work than employees living in traffic-congested metro areas. "My biggest challenge is overcoming that perception," Slate says.