



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP (VEDP)

Jamestown Beach,
James City County

ECONOMIC DEVELOPMENT: POLICIES AND PROGRAMS DESIGNED TO ENCOURAGE GROWTH IN JOBS, WAGES, AND INVESTMENT

VEDP accomplishes this through:



Marketing Virginia to raise awareness of the Commonwealth's advantages for business and cultivate new leads



Recruiting out-of-state firms to select Virginia for new job-creating projects



Encouraging and assisting the **retention and expansion** of existing Virginia firms



Assisting Virginia companies to establish and/or expand international sales (i.e., **trade development**)



Encouraging **coordination** of economic development efforts among local, regional, and state partners



Developing recommended **economic development policies and strategies** to position Virginia and its regions for growth



Conducting **research** to understand and effectively present Virginia's competitive advantages



Administering **performance-based incentives** that encourage job creation and capital investment



Providing **grants or custom workforce solutions** to address talent recruitment and training needs of expanding firms



Collaborating with localities to develop **project-ready sites** for manufacturing and supply chain projects

VEDP DOES ITS WORK IN COLLABORATION WITH HUNDREDS OF ECONOMIC DEVELOPMENT PARTNERS ACROSS VIRGINIA



Core VEDP partners include the Governor, Administration, Virginia General Assembly, other state agencies, 17 regional economic development organizations, over 100 local economic development partners, utilities, railroads, and trade associations



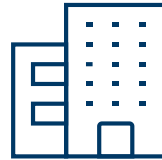
VEDP FOCUSES MOST OF ITS BUSINESS DEVELOPMENT EFFORTS ON A SET OF TARGET INDUSTRIES FOR WHICH VA IS COMPETITIVE



Automotive



Software



Headquarters



Aerospace



Cybersecurity



Life Sciences



Unmanned Systems



Wood Products



Data Centers



Business Process
Services



Supply Chain
Management



Food & Beverage
Processing



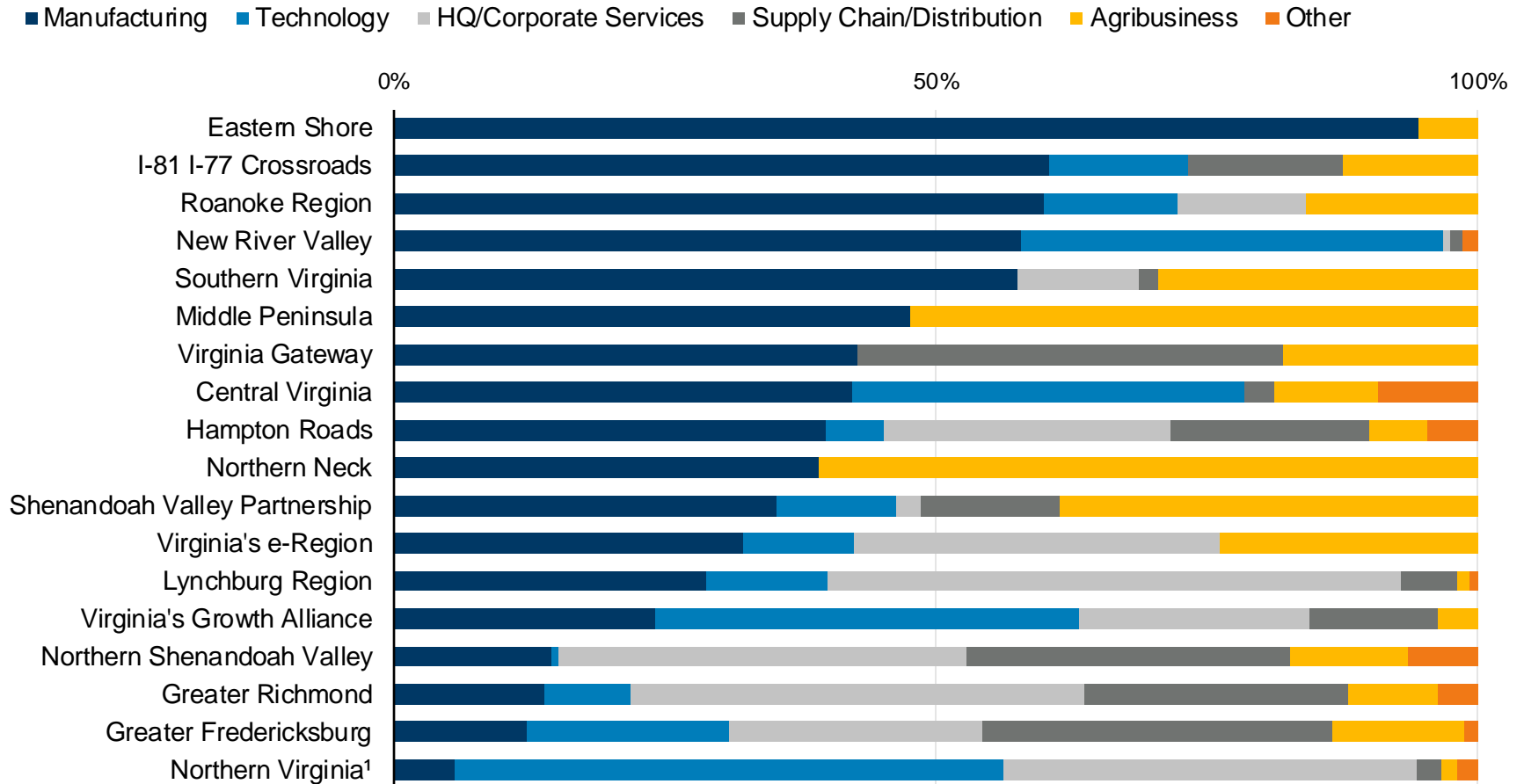
Advanced
Materials



Offshore
Wind

REGIONAL PROJECT ANNOUNCEMENTS REFLECT SIGNIFICANT DIFFERENCES IN REGIONAL ECONOMIC DIVERSITY

Total new regional employment, including expansions
VEDP Marketing Regions, New jobs announced FY18 – FY21



¹Excluding Amazon HQ2

Source: VEDP Announcements Database

VIRGINIA'S STRENGTHS AND WEAKNESSES (EXAMPLES – NOT COMPREHENSIVE)

Strengths

- America's top state for talent (e.g., Top 10 for ed attainment, higher ed, and K-12 schools)
- Competitive, stable business climate
- Advanced logistics infrastructure (e.g., The Port of Virginia, spaceport on Eastern Shore)
- Mid-Atlantic location contiguous to Washington, D.C.
- Attractive small sites (<25 acres) in some regions
- Below-average state/local tax burdens for existing firms
- Diverse range of high-quality employers and HQs
- Compelling workforce incentives: world-class custom workforce program (Virginia Talent Accelerator Program) and VJIP
- Impressive range of relevant higher ed research
- Robust trade development services

Weaknesses

- Meager inventory of market-ready large sites (especially those of 250+ acres)
- Site development timeline/cost challenges due to lack of investment and topography
- Much smaller incentive offerings than most competing states (e.g., NC, SC, GA)
- Insufficient access to industrial-scale water and/or natural gas in some areas
- Heavy M&T local tax burdens in some areas
- Lack of available mid-size and larger buildings
- Limited awareness of our assets and sites among execs and site consultants (largely tied to limited marketing investments)
- Regulatory system not optimized for predictability and speed
- Limited commercialization of intellectual property relative to our assets

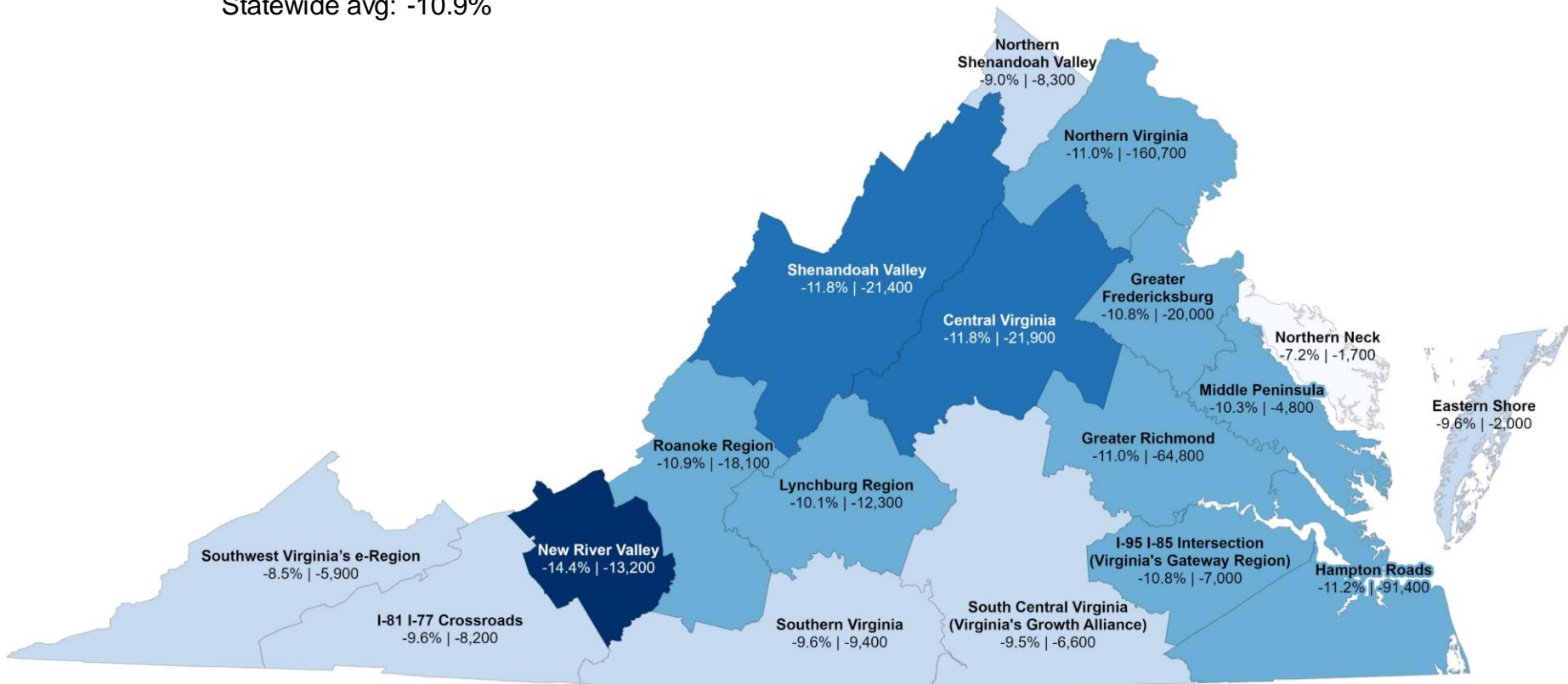
A man wearing a blue Premier Tech cap and a blue long-sleeved shirt with orange accents is smiling and working in a greenhouse. He is leaning over a white tray filled with young plants. The greenhouse has a silver reflective covering. The background shows more of the greenhouse structure and some shelving.

ECONOMIC RECOVERY UPDATE AND OUTLOOK

Premier Tech, Mattaponi

EMPLOYMENT LOSSES PEAKED IN APRIL/MAY 2020, IMPACTING REGIONS TO DIFFERENT DEGREES

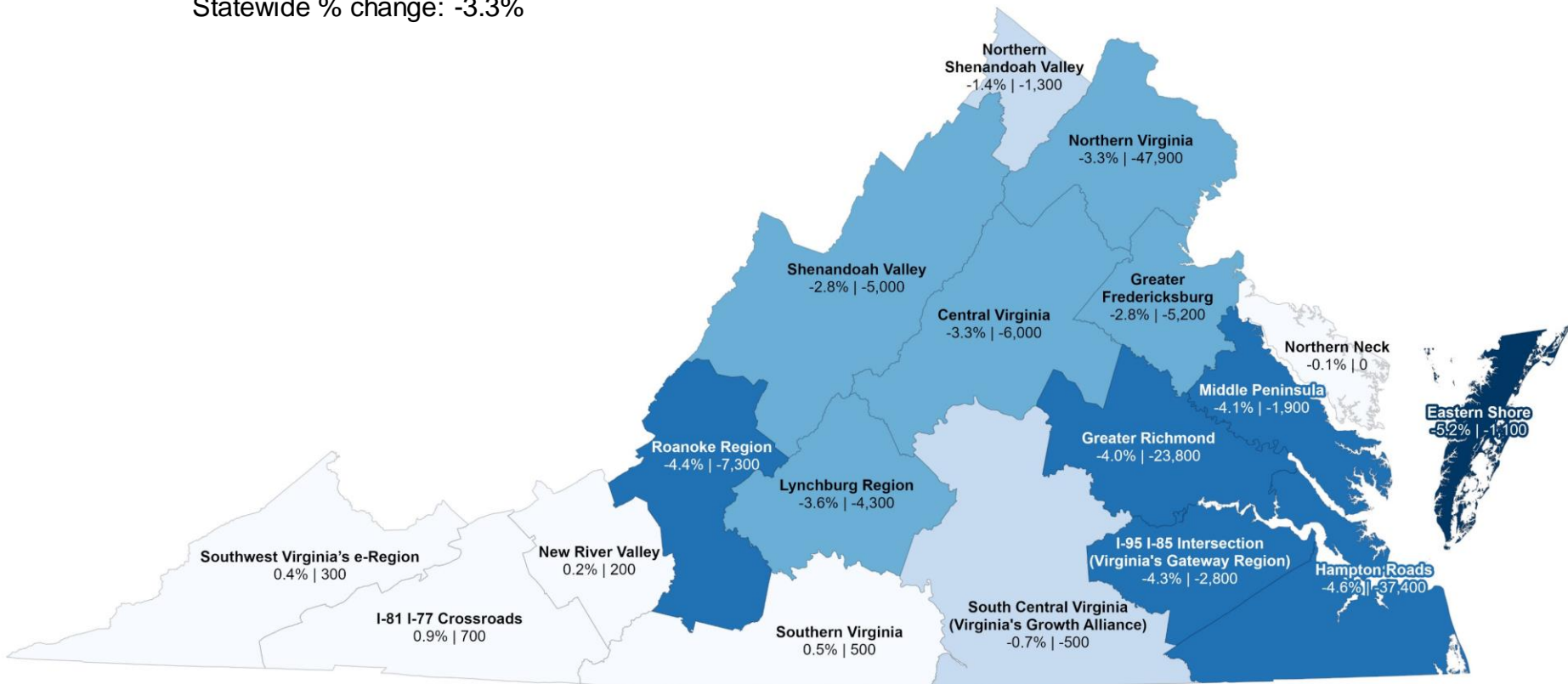
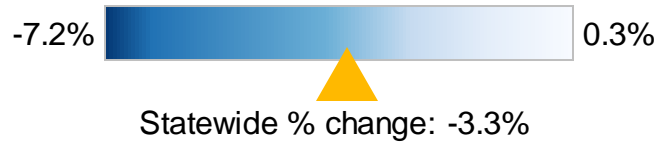
Employment change from February to April/May¹ 2020
 % | absolute employment change, not seasonally adjusted



¹Job losses peaked in May for all regions except Northern Neck, where it peaked the preceding month
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

VIRGINIA HAS SEEN PROGRESSIVE RECOVERY OF JOBS LOST, BUT NOT ALL REGIONS HAVE RECOVERED TO THE SAME EXTENT

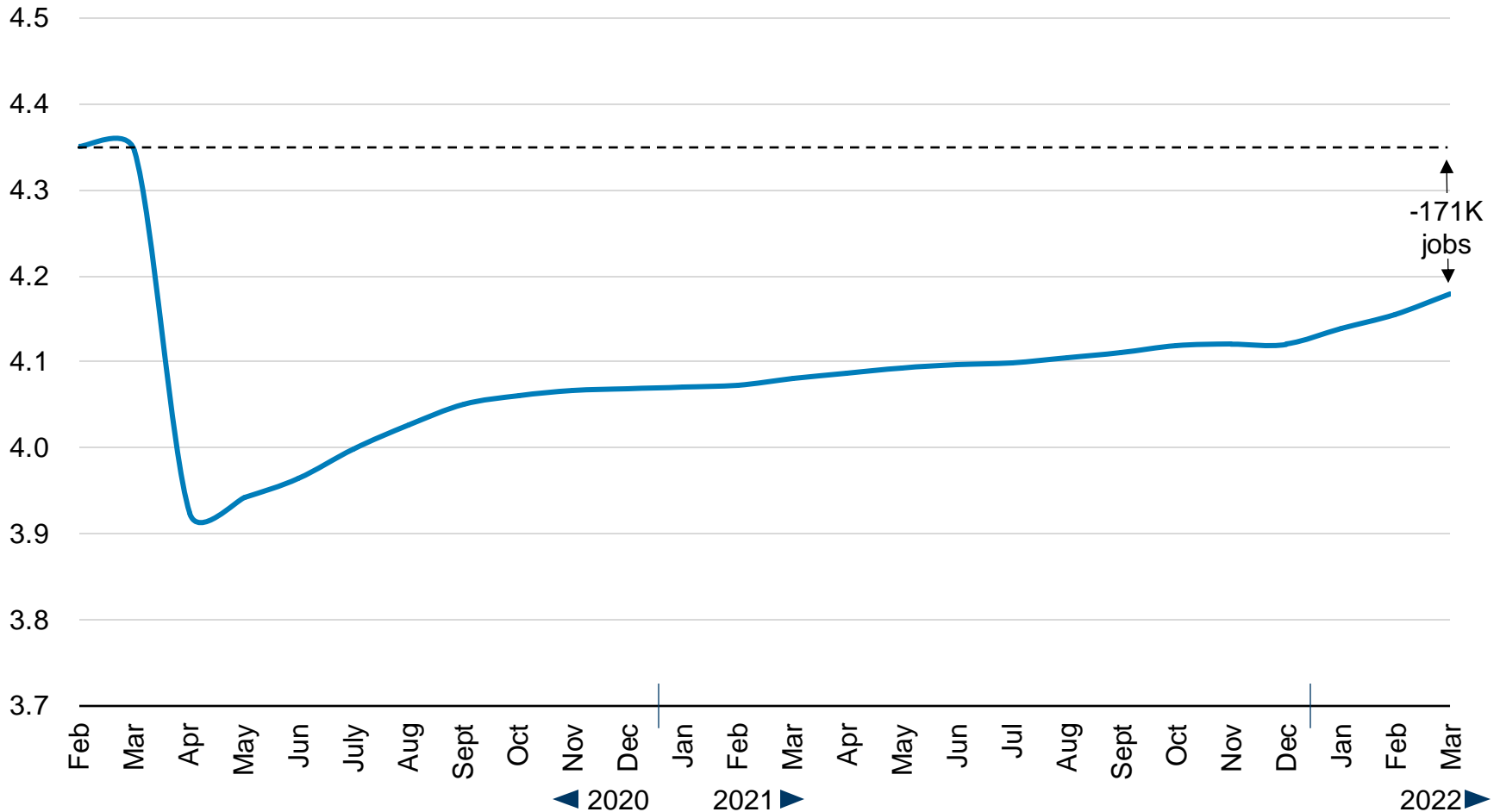
Employment change from Feb '20 - March '22
 % | absolute employment change, not seasonally adjusted



VIRGINIA EMPLOYMENT REMAINED 171K JOBS BELOW PRE-COVID-19 LEVELS IN MARCH 2022

Virginia employment

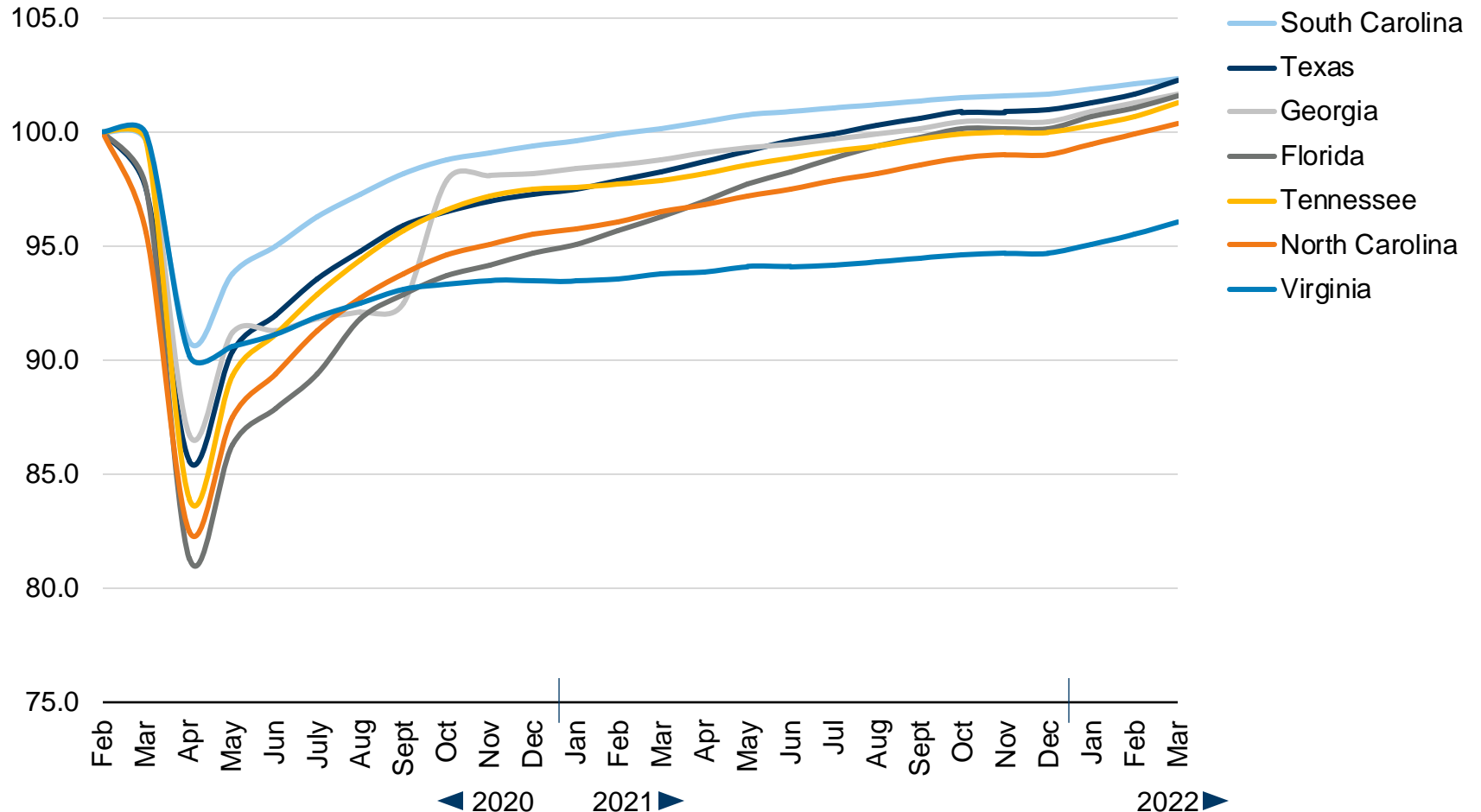
Millions of employed persons, Feb '20 – Mar '22, seasonally adjusted



VIRGINIA HAS UNDERPERFORMED DURING THE RECOVERY COMPARED WITH ITS SOUTHEASTERN PEER STATES

Virginia employment compared to its Southeastern peer states

Employment level, Feb '20 – Mar '22, seasonally adjusted, indexed to Feb '20 levels



VIRGINIA CURRENTLY RANKS NO. 47 NATIONALLY FOR THE PERCENTAGE OF RECOVERED JOBS LOST DURING COVID-19

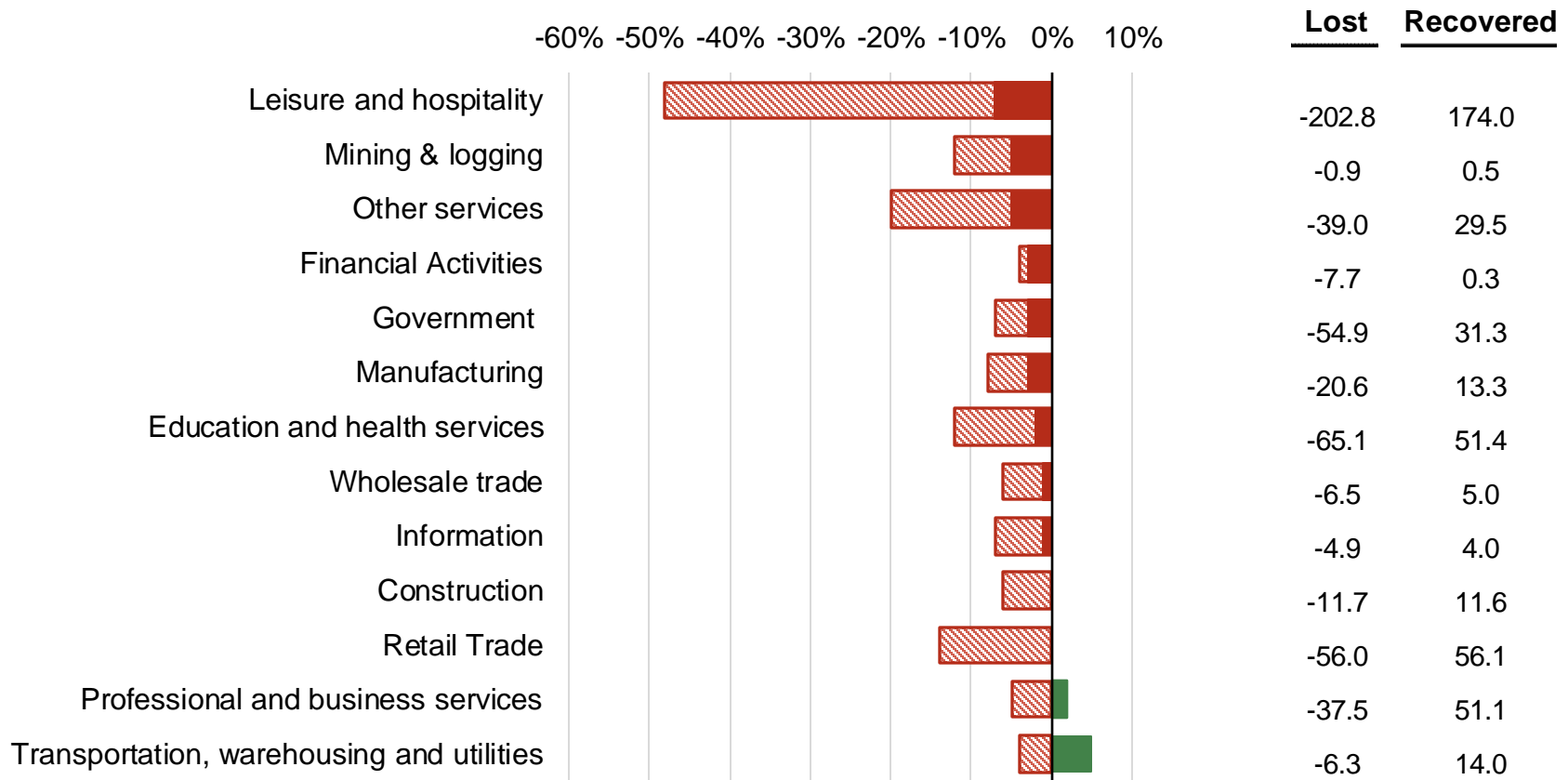
State	Employment lost (Feb – Apr/May '20)	Employment recovered (by Mar '22)	Recovered %	Recovery rank
South Carolina	207,321	261,560	126	9
Texas	1,943,450	2,257,198	116	13
Georgia	667,621	752,710	113	15
Florida	1,868,820	2,030,200	109	16
Tennessee	517,770	560,458	108	17
North Carolina	843,777	864,316	102	24
Virginia	427,490	256,532	60	47

THE PANDEMIC SAW BROAD-BASED IMPACTS, AND EMPLOYMENT REMAINS BELOW FEB 2020 LEVELS IN MOST SUPERSECTORS

Virginia employment change since Jan '20 by supersector
 % non-farm payroll employment change from Jan '20 – Mar '22, seasonally adjusted

Change in # jobs since Jan¹
 Thousands of jobs

▨ Lowest employment level ■ Current employment level

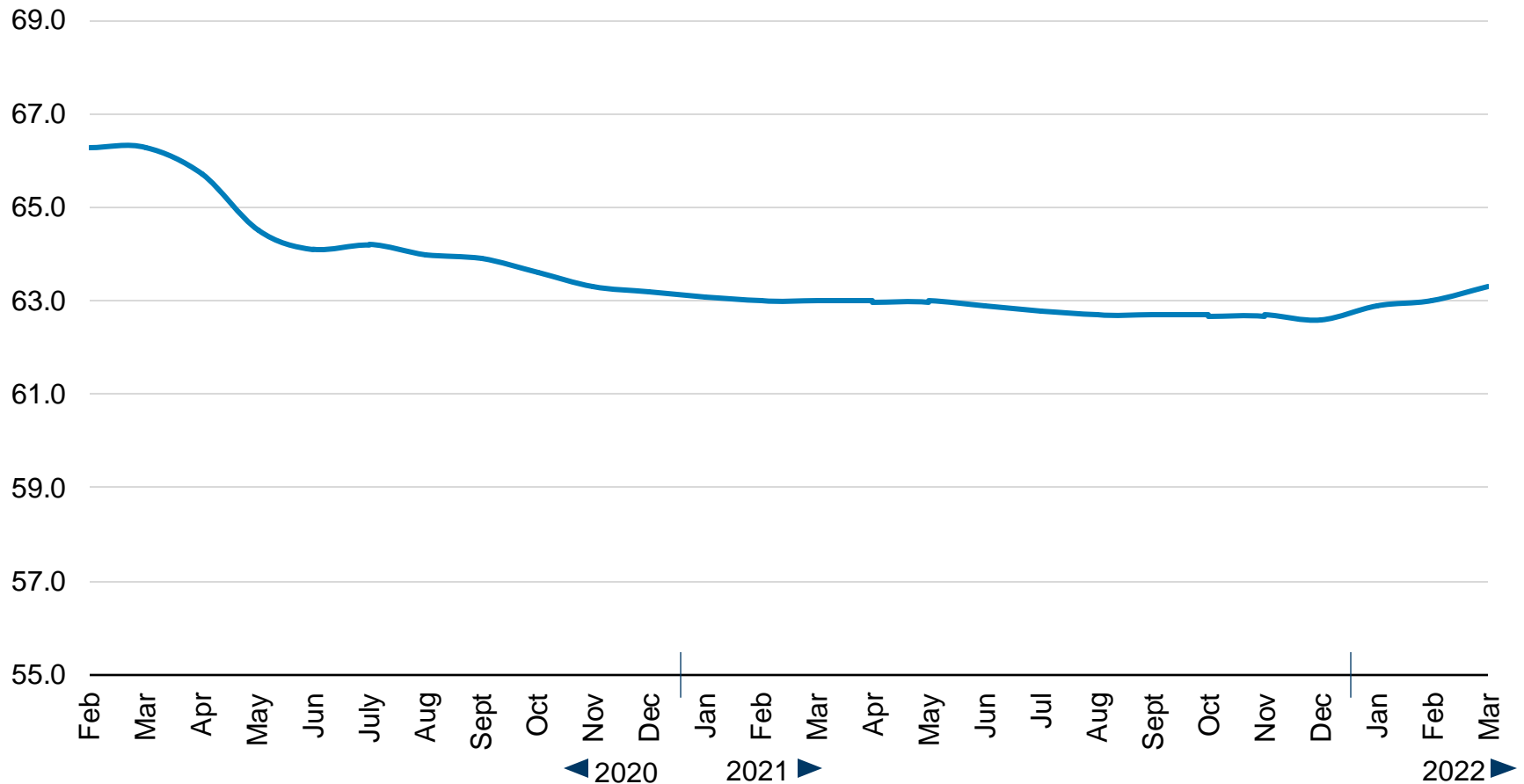


¹Jobs lost at/recovered since lowest employment level for industry. Industry sub-totals do not equal state total due to differing time frames

VIRGINIA'S LABOR FORCE PARTICIPATION RATE HAS BEGUN TO TICK UP IN 2022 AFTER STEADILY DECLINING SINCE PANDEMIC OUTSET

Virginia labor force participation rate

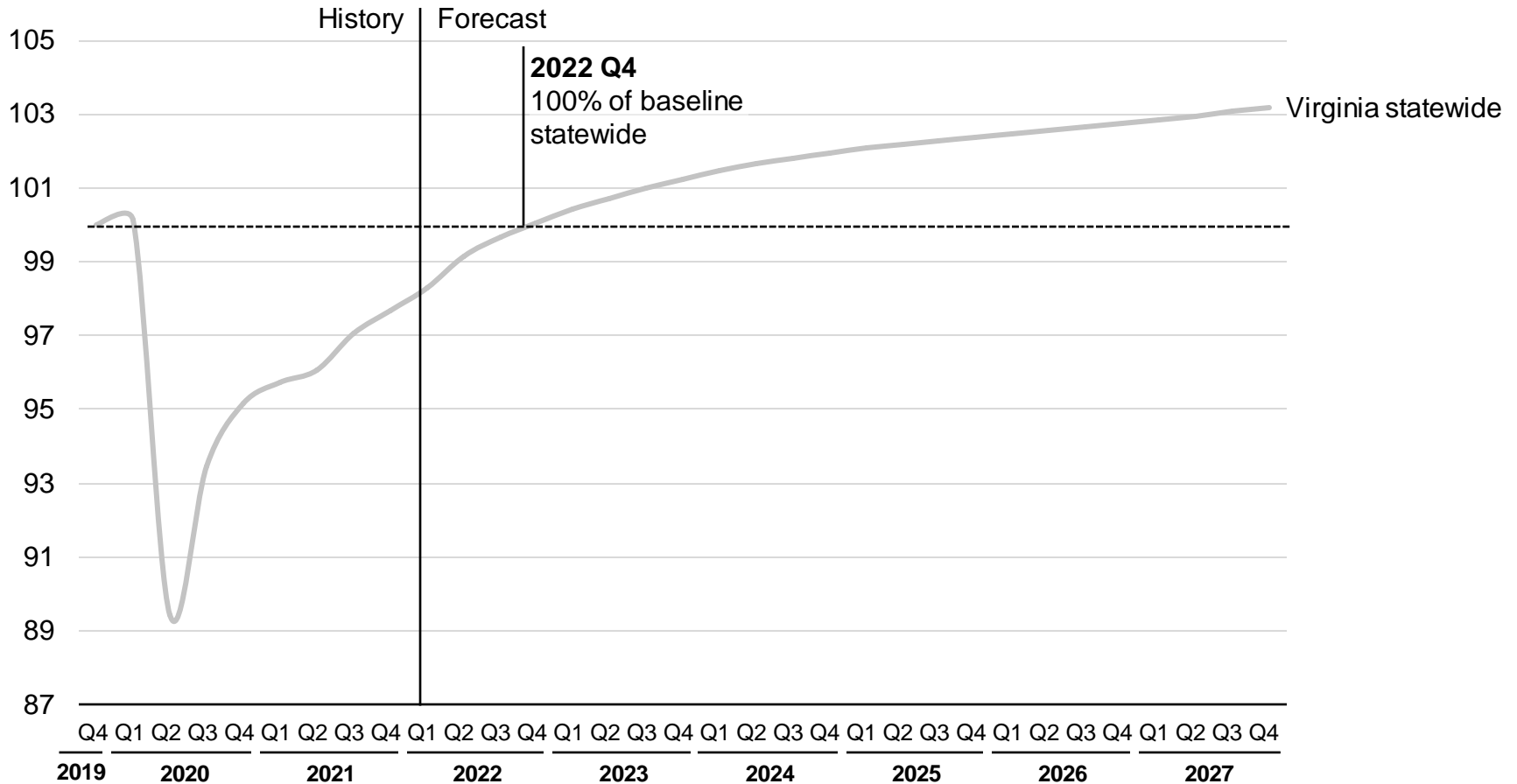
% of employed & unemployed as a % of the civilian population, Feb '20 – Mar '22, seasonally adjusted



STATEWIDE, EMPLOYMENT IS CURRENTLY PROJECTED TO REACH PRE-COVID-19 LEVELS BY THE END OF 2022

Forecasted quarterly employment as % of pre-COVID-19 baseline

Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment

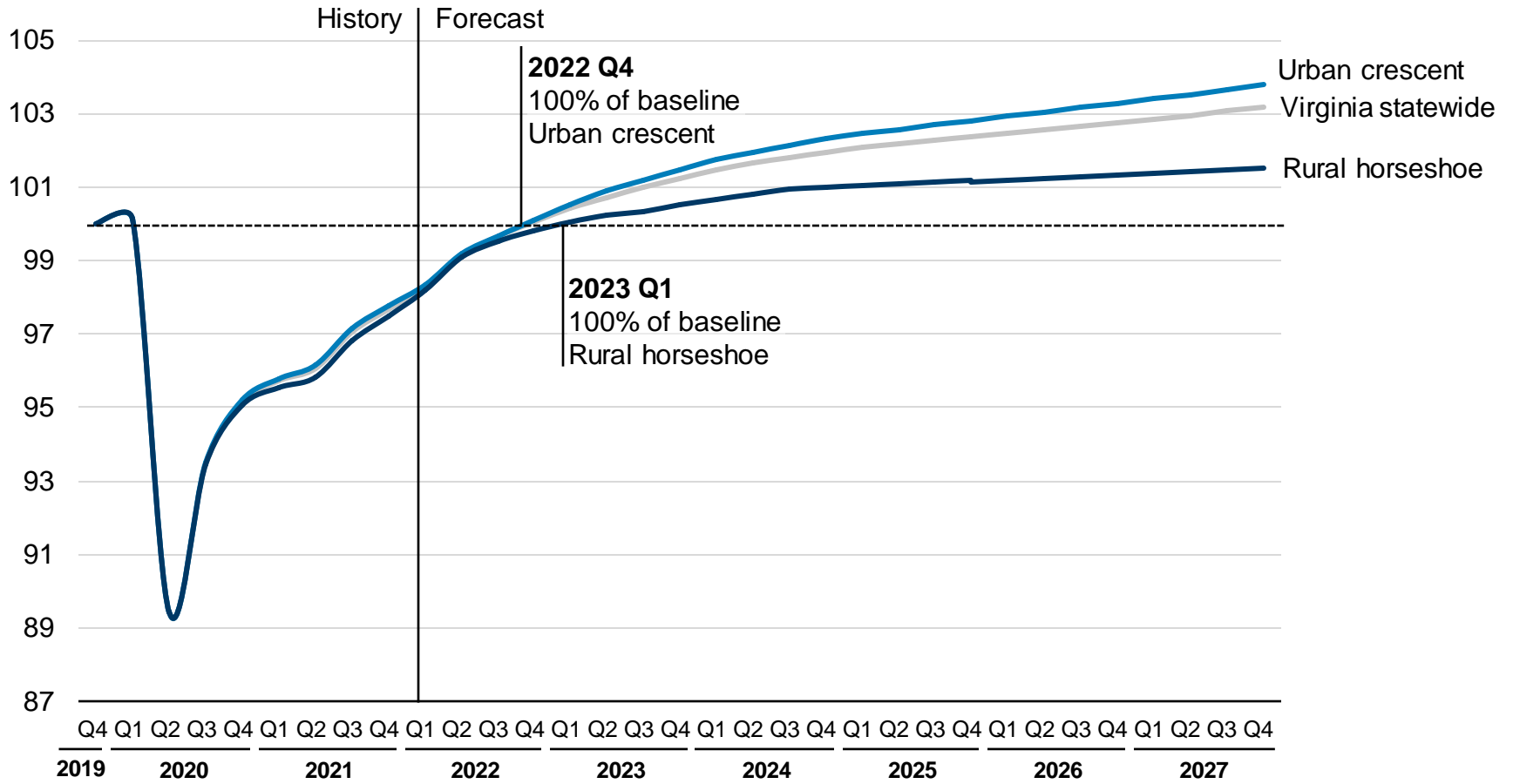


¹Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

RURAL VIRGINIA HAS CLOSED GAP IN FORECASTED RECOVERY WITH URBAN CRESCENT, REFLECTING LAGGING URBAN RECOVERY

Forecasted quarterly employment as % of pre-COVID-19 baseline

Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



¹Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

Source: Moody's Analytics (April 2022 baseline forecast); Census Bureau; VEDP analysis



TRANSFORMATIONAL GOALS FOR VEDP AND VIRGINIA

Marine Sonic Technology, Yorktown

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH

1

Robust State Growth

Position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.

2

Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3

Best State for Business

Restore Virginia to its previous leadership position near the top of the national business climate rankings

4

Top State EDO

Reestablish VEDP as one of America's most effective state economic development organizations

5

Super Collaborator

Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

THE STRATEGIC PLAN IDENTIFIES 14 STRATEGIES TO BE IMPLEMENTED OVER A 5-10 YEAR PERIOD, SUBJECT TO FUNDING

Enhance Virginia's economic competitiveness

By improving Virginia's "product" – its human and physical capital – Virginia will continue to be the top state for business and a top place to call home

Specific strategies:

1. Strengthen Virginia's human capital development engine
2. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
3. Rigorously assess and steadily improve Virginia's state, regional, and local economic competitiveness
4. Leverage public-private partnerships to strengthen Virginia's digital infrastructure (i.e., broadband)
5. Place a special focus on achieving growth in Virginia's rural regions and small metros

Enhance VEDP's capabilities

By improving VEDP's abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now and in the future

Specific strategies:

6. Cultivate world-class execution at VEDP
7. Implement robust marketing/branding, lead generation, and site consultant cultivation programs
8. Strengthen and expand business and international trade development programs
9. Become a national leader in incentives administration

Cultivate target industry growth clusters

By improving VEDP's capabilities and enhancing Virginia's economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters


Specific strategies:


10. Push new boundaries as a U.S. leader in information technology
11. Assemble a world-class transportation and logistics hub
12. Position Virginia's manufacturing base to be future-ready
13. Create business services and operations centers of excellence (e.g., HQs)
14. Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies


PROGRESS HAS BEEN MADE ON ALL FIVE GOALS, BUT MUCH WORK REMAINS TO FULLY ACHIEVE THEM

Transformational goal	Progress to-date	Outlook
1. Robust state job growth	<ul style="list-style-type: none"> Improved 10-year job forecast growth rank from #28 in 2017 to #20 today¹ (peaked in 2020 at #14) Forecast to rank #24 in 10-year job growth relative to pre-pandemic levels; bold action required to reach growth goals² 	
2. Every region wins	<ul style="list-style-type: none"> Marketing regions projected to grow jobs increased from 4 in 2017 to 12 today (19 total regions)¹ Expected to grow jobs in 11 regions relative to pre-pandemic levels by 2026² 	
3. Best state for business	<ul style="list-style-type: none"> Ranked best state for business (CNBC, 2021; <i>Business Facilities</i>, 2021); trail key competitors in other rankings 	
4. Top state EDO	<ul style="list-style-type: none"> Named most competitive state EDO (<i>Site Selection</i>, 2019) Developed Virginia Talent Accelerator Program, International Trade Plan, Virginia Office of Education Economics (VOEE), <i>Virginia Economic Review</i>, best-in-class site intelligence, and incentives administration 	
5. Super collaborator	<ul style="list-style-type: none"> Improved communication through Quarterly Partner Reports, prospect protocols, and post-project surveys 	

 On track to achieve long-term goals with no major concerns

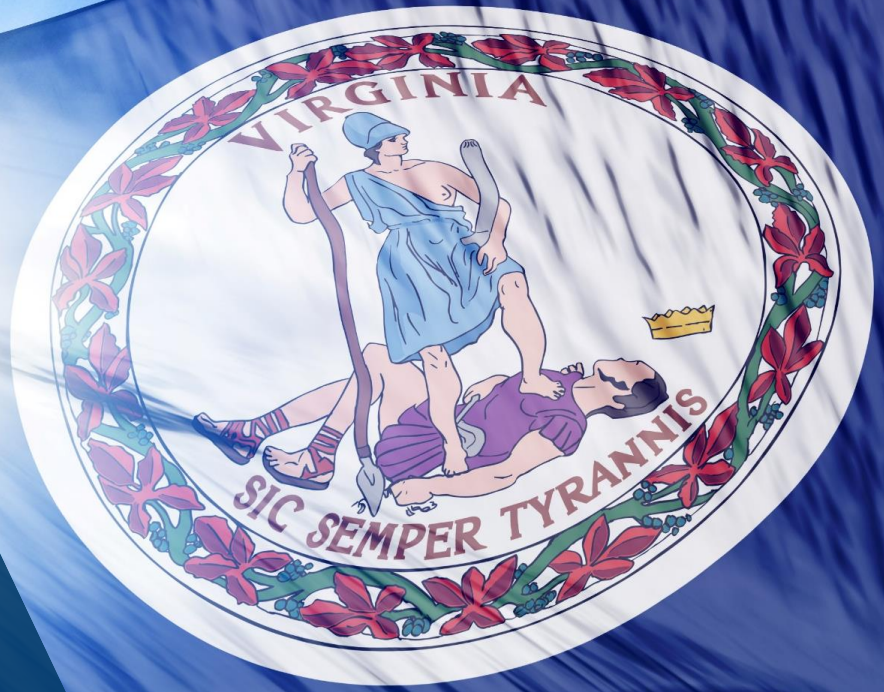
 Will make progress against long-term goals but concerns (typically due to funding challenges)

 Will likely not meet goal (typically due to lack of funding)

 Not started

¹2017 forecast reflects then-current 2017-2026 job growth predictions, present 10 year-job forecasts reflect 2022-2031 job growth

²December 2019 used as baseline to account for impacts of the pandemic



KEY OUTCOMES FROM LEGISLATIVE SESSION

WITHOUT A BUDGET, THE GA CAME BACK FOR A SPECIAL SESSION TO SETTLE THE DIFFERENCES FROM EACH CHAMBER

Status of VEDP Budget Proposals

Virginia Business Ready Sites Program (VBRSP)

Each body includes at least \$100M in FY22 with varying additional funds for the FY23-24 biennium

Virginia Talent Accelerator Program

The House reduces the final ramp for the program by \$1M while the Senate includes the full funding included in the introduced budget (\$9.7M)

International Trade Plan

Both bodies reduced the FY24 funding level by \$3.5M which provides a total of \$4.6M annually for the plan

Commonwealth Development Opportunity Fund (COF)

The introduced budget provided funds to eliminate drawdowns from the COF by JeffersonLab and The Port of Virginia Economic and Infrastructure Development Zone Grant Fund; the Senate maintained the additional general funds, but the House reverted to utilize funds from the COF

MEI Projects

Funding provided for MEI-approved projects including:

- CMA CGM
- Amazon HQ2
- BlueStar
- CoStar
- Rocket Lab

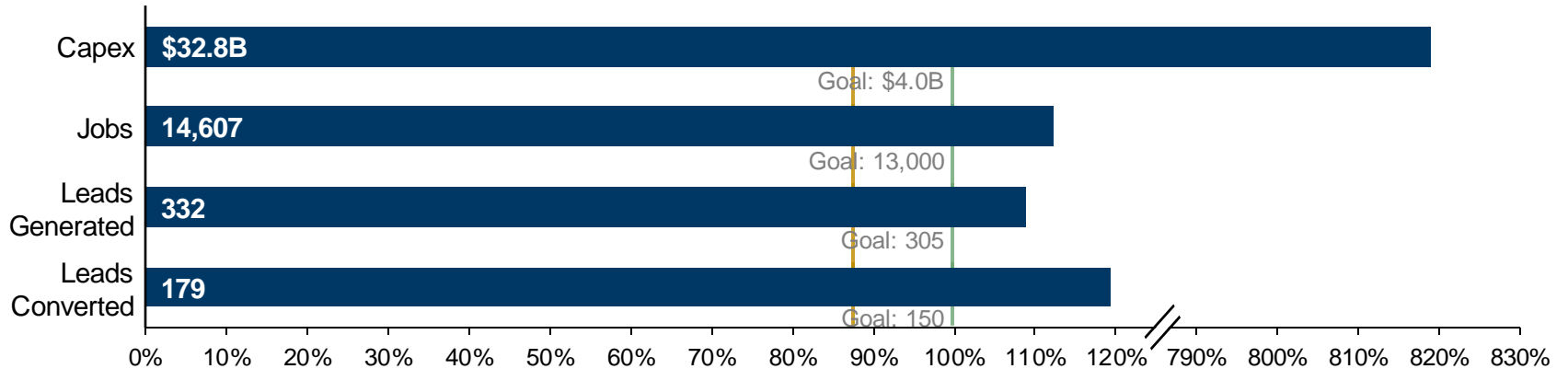


PROJECT PIPELINE

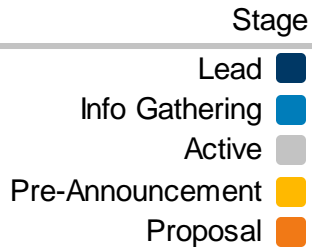
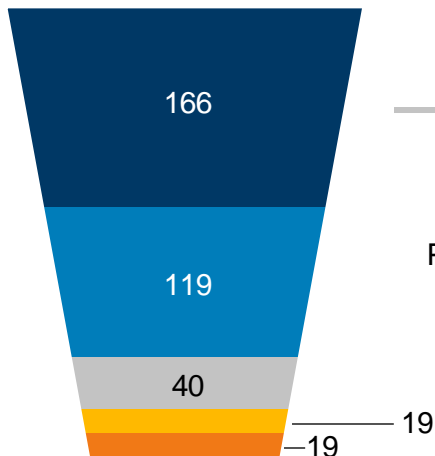
CoStar, Richmond

PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECT DECISIONS TO-DATE JULY 1, 2021 – MAY 17, 2022 (88.3% THROUGH FY22)

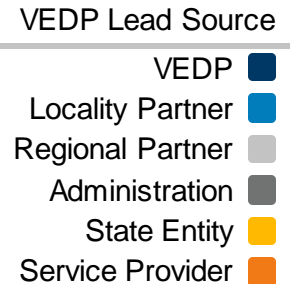
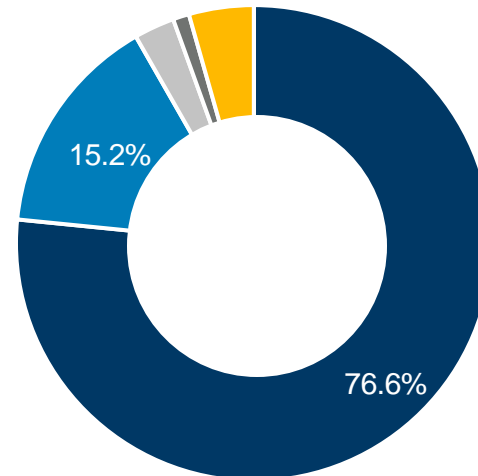
VEDP-Assisted Project Decisions N=92



VEDP Open Pipeline (363)



% of VEDP Leads for Open Pipeline



EVERY REGION WINS: SELECTED WINS FROM FY22 TO DATE





GLIMPSES OF THE FUTURE

Growing commercial space sector on the Eastern Shore



Rocket Lab Neutron Production Complex
Rendering, Accomack County

**Nearly
ubiquitous
broadband**



Bucking America's rural decline trend



University of Virginia's College at Wise

Gigawatts of solar power



Facebook's Solar Site, Gloucester

Gigawatts of offshore wind



Ørsted and Dominion Energy,
Portsmouth Marine Terminal

**> \$10 billion
per year in
data center
investment**



Rackspace, Montgomery County

Leading America in container port capabilities



Virginia International Gateway, Portsmouth

Leading America in export-oriented manufacturing wins



WestRock, Richmond

**Leading
America in
unmanned
systems**



Perrone Robotics, Albemarle County

Leading America in rural and small metro tech centers



1901 Group, Montgomery County

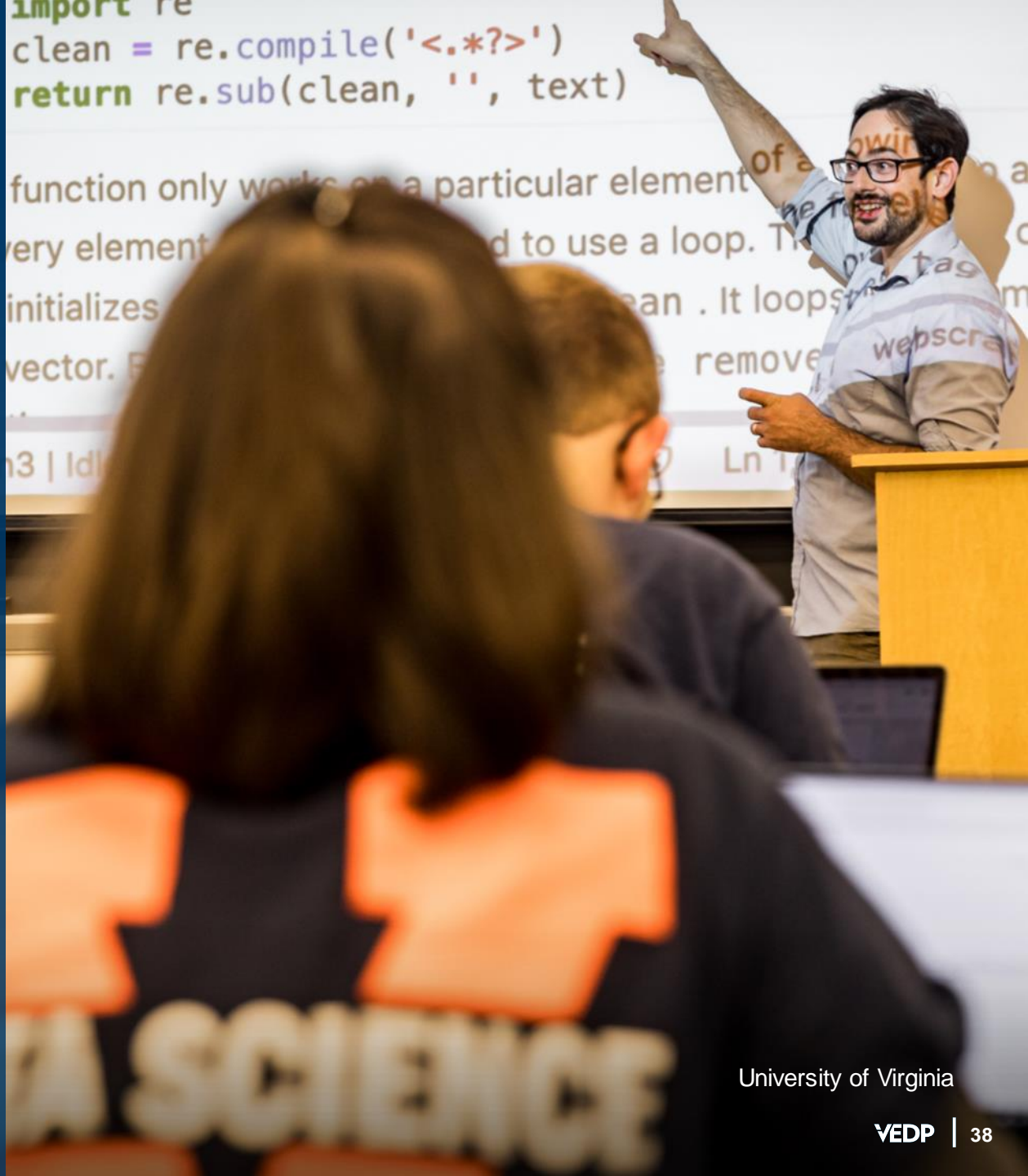
**Leading
America in
computer
science:**

**\$2 billion Tech
Talent
Investment
Program**



Virginia Tech Innovation Campus
Rendering, Alexandria

Leading America in data science



Leading America in human capital development



Wytheville Community College



THANK YOU

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APPENDIX: SELECTED PRIORITIES FOR THE COMING YEAR



**SELECTED PRIORITIES
FOR THE COMING YEAR**

**VIRGINIA
BUSINESS READY
SITES PROGRAM**

Southern Virginia Megasite

REAL ESTATE SOLUTIONS TEAM



Michael Dreiling, P.E.
VP of Real Estate Solutions

13+ years of CAPEX Program Management, RES Div. Leadership, VBRSP Preparation



John Loftus
Manager, Sites & Buildings

25+ years experience, site selection support, Grant Programs



Michelle Mende
Sites & Buildings Specialist

Sites & buildings database management, user support, and data analysis



Abigail Patterson
Sites and Buildings Analyst

Community advocate, site selection support, market intelligence

THE LACK OF PROJECT-READY SITES AND BUILDINGS HAS COST VIRGINIA OVER 47K JOBS AND OVER \$115B IN CAPEX SINCE 2016

Since 2016, Virginia has lost:

47K+

DIRECT JOBS

\$115B+

CAPEX

97K+

EST. INDIRECT
AND INDUCED JOBS¹

344-446M+

EST. ANNUAL
STATE REVENUE

Projects lost FY21 & FY22 (illustrative)

Project Everest Semiconductor	1,900 direct jobs	\$17B
Project Darwin Automotive	5,200 direct jobs	\$3.5B
Project K2 Semiconductor	3,500 direct jobs	\$20B
Project Settlement Semiconductor	5,600 direct jobs	\$40B
Project P2 Semiconductor	3,500 direct jobs	\$21.4B
Project Aurora Automotive	6,500 direct jobs	\$5B

Other recent projects lost due to sites (illustrative)

Mazda Toyota Automotive	4,000 direct jobs	\$1.6B
Project Pony Express Automotive	3,000 direct jobs	\$600M

¹ Estimated indirect and induced jobs calculated using project NAICS codes for projects in which detailed ROI estimates were unavailable

A LACK OF PREPARED SITES HAS COST VIRGINIA BILLIONS IN CAPITAL INVESTMENT AND OVER 40,000 DIRECT JOBS SINCE 2016

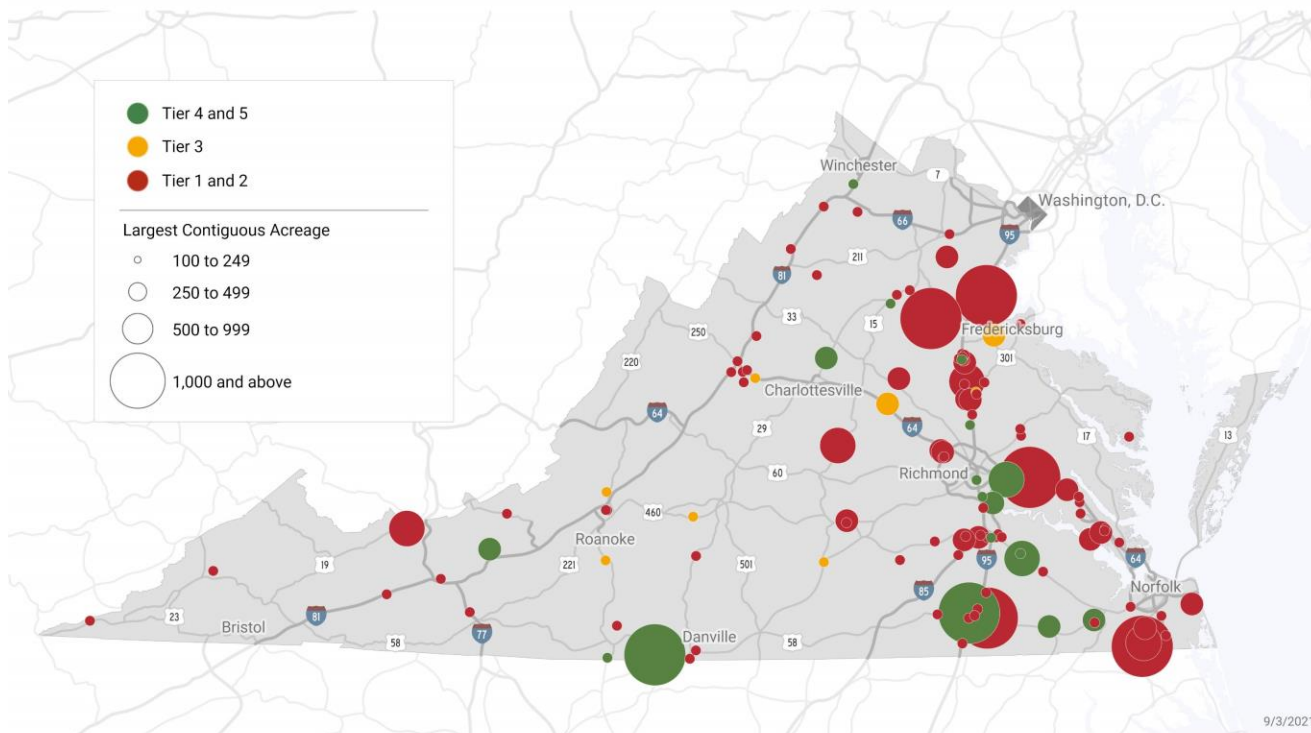
Site Development Facts

Over 85% of Virginia's 100+ acre sites are not project ready

Every year, the lack of prepared sites is a top reason why Virginia loses projects

Peer states are investing more than Virginia¹

- North Carolina: \$338M
- Georgia: \$66M
- Ohio: \$50M
- South Carolina: \$43M



Note: VEDP's Sites & Buildings database includes an additional 543 sites with no tier ranking

¹Based on latest available peer state budget information, North Carolina figure reflects large post-prospect investment into Randolph Greensboro Megasite

A man in a blue suit and glasses stands in the center of a bright, modern meeting room. He is smiling and looking towards the camera. In the background, several other people are seated at long white tables, engaged in discussion. The room has large windows, modern lighting, and a clean, professional atmosphere. A blue diagonal graphic overlay covers the left side of the image.

**SELECTED PRIORITIES
FOR THE COMING YEAR**

VIRGINIA TALENT ACCELERATOR PROGRAM

Virginia Talent Accelerator Program

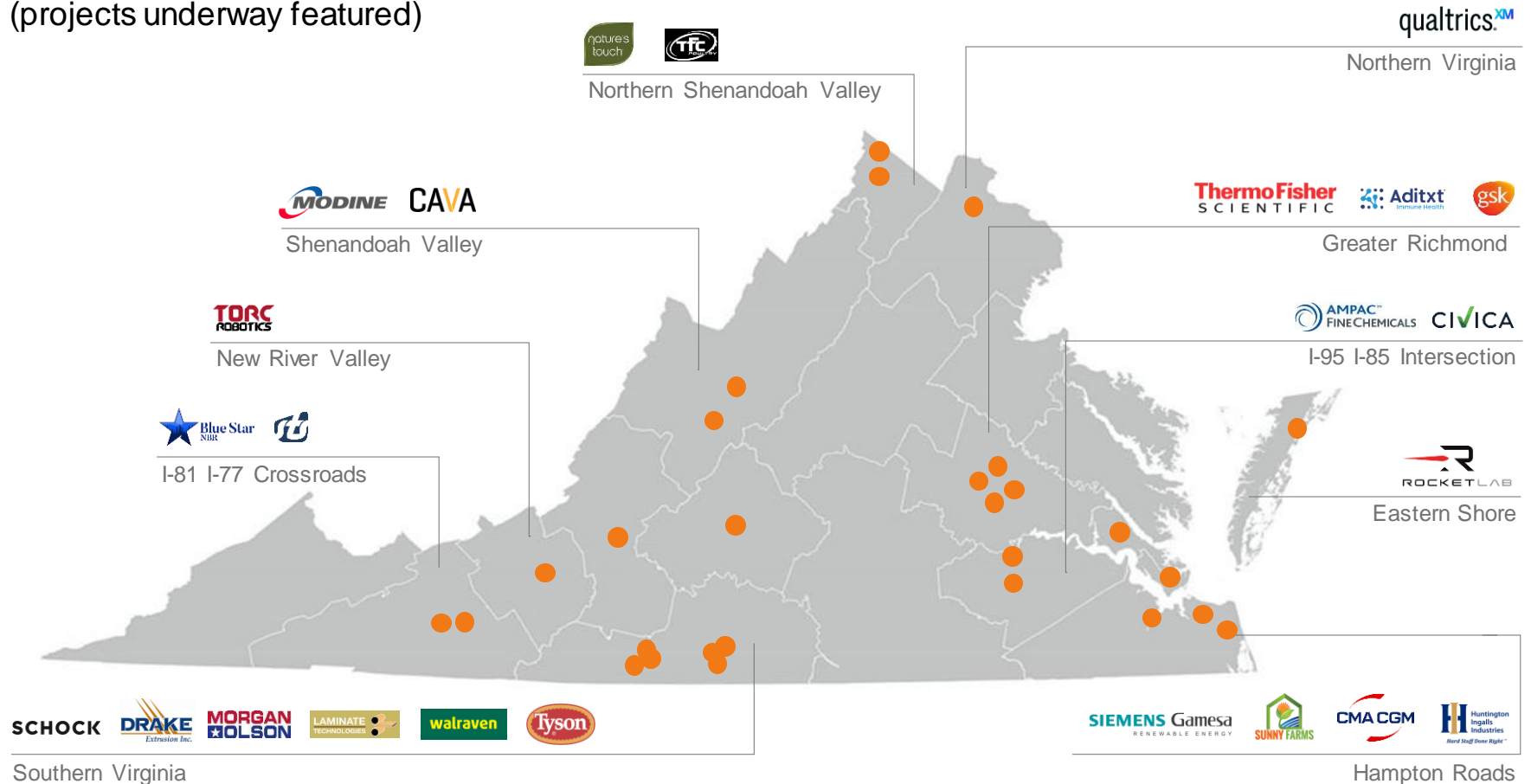
THE VIRGINIA TALENT ACCELERATOR PROGRAM'S APPROACH IS COMPREHENSIVE AND FULLY CUSTOMIZED

 <p>CUSTOMIZED MEDIA DEVELOPMENT SERVICES</p> <p>Broadcast-quality videos, website development, 3D animations, etc. to accelerate recruitment and learning through visualization</p>	 <p>TALENT ACQUISITION SERVICES</p> <p>Data-driven campaigns featuring robust advertising (job boards, social media, radio, outdoor), job fairs, professional search, etc.</p>	 <p>PRE-HIRE TRAINING/ASSESSMENTS</p> <p>Brief training on representative tasks and job expectations to enable company and candidates to preview one another for fit</p>
 <p>FOUNDATIONAL SKILLS TRAINING</p> <p>Compliance and level-setting training including OSHA safety and precision measuring, as well as PLCs for the maintenance team</p>	 <p>PROCESS LEVEL TRAINING</p> <p>Highly customized training to set the context for <i>all</i> jobs; covering receiving to shipping, with a focus on the why's (excludes "how-tos")</p>	 <p>PROCEDURE LEVEL TRAINING</p> <p>Highly customized training and support to teach production team members "how to" perform specific job tasks</p>
 <p>ORGANIZATIONAL DEVELOPMENT TRAINING</p> <p>Training to coalesce new workers into a team through a shared experience learning company values, teamwork, conflict resolution, etc.</p>	 <p>OPERATIONAL EXCELLENCE TRAINING</p> <p>An extension of OD training on tools that improve productivity and quality including Lean, 5S, Value Stream Mapping, A3 Thinking, etc.</p>	 <p>LEADERSHIP SKILLS TRAINING</p> <p>Training to ensure managers share a common approach to leadership aligned with company values. Includes more depth in OD and OE</p>

THE VIRGINIA TALENT ACCELERATOR PROGRAM IS SUPPORTING JOB CREATION PROJECTS ACROSS THE COMMONWEALTH

8,625 jobs

will be created by projects announced
(projects underway featured)



An aerial photograph of a large port facility, likely The Port of Virginia, showing numerous container ships docked at piers, with many colorful shipping containers stacked on the ships and in the yard. Several large blue gantry cranes are visible, used for loading and unloading containers. The port is situated along a body of water, with a green, wooded area and some buildings in the background. A dark blue diagonal overlay covers the left side of the image.

**SELECTED PRIORITIES
FOR THE COMING YEAR**

**INTERNATIONAL
TRADE**

VEDP INTERNATIONAL TRADE PROGRAMS HAVE SIGNIFICANT IMPACT AND ARE HIGHLY VALUED BY PARTICIPATING COMPANIES

\$670M

International sales supported by Virginia's trade programs and services¹

6,030

Trade-supported jobs from companies enrolled in VEDP Trade programs

98%

Companies that were "extremely likely" or "likely" to recommend VEDP's export assistance programs to other Virginia companies

97%

Companies that rated the quality of VEDP-International Trade's export assistance as "excellent" or "above average"



The PBE Group, North Tazewell

¹These figures exclude two outlier companies with international sales over \$600M.

VEDP INTERNATIONAL TRADE PROGRAMS REACH COMPANIES IN ALL CORNERS OF THE COMMONWEALTH

Virginia Leaders in Export Trade (VALET) Program Graduates and Current Participants, January 2022

