

# RESULTS *DRIVEN*



## Fredericksburg Regional Alliance Annual Report 2015-16

City of Fredericksburg ♦ Caroline County ♦ King George County ♦ Spotsylvania County ♦ Stafford County



Kent Farmer  
Chairman



Curry Roberts  
President

## Dear Alliance Partners,

In economic development, results are driven by numbers. Numbers of prospects interested in our region. Numbers of contacts with prospects or their site consultants. Numbers of prospective projects in the pipeline. Numbers of site visits. When the numbers reach the right ratio, they result in announcements, capital investment and jobs. The only problem is that there is no standard industry ratio for the number of projects that are needed in the pipeline that will result in an announcement.

Some say that every 70 projects in the pipeline will result in one announcement, but nobody in this industry knows definitively. What we DO know is that our numbers continue to strengthen, as evidenced in this annual report regarding our results for Fiscal Year 2016 (July 1, 2015–June 30, 2016).

If the experience of other larger economic development organizations in Virginia serves as an indicator of FredRegion’s predicted “sweet spot” in its ratios, we can predict that for every 15 site visits we conduct annually, we can expect three to five projects moving to the region. As a marketing organization, many key factors such as available land and buildings, incentives and infrastructure are beyond the Alliance’s control. However, we are responsible and accountable for aggressively marketing the region and measuring our results.

What we see now is that our numbers are headed in the right direction. Three years ago, the Alliance ended the year with one project in the pipeline. We ended FY2015 with 16 and FY2016 with 29 projects in the pipeline. This pipeline is filled by a thoughtful and aggressive marketing strategy involving digital advertising that is carefully monitored and adjusted; outreach to prospects, site consultants and industry opinion leaders; and meaningful, individualized research for firms interested in our region. The Alliance Board of Directors laid out the roadmap for this work in its Five Year Plan and we continue to be on course.

The progress is strenuous, but evident. It results from the work of the FRA staff Todd Gillingham and Nick Minor, as well as the Alliance Board, its Investors, our colleagues in each locality and the region’s elected and appointed officials. Thank you for your continued support.

Sincerely,

Kent Farmer

Curry Roberts

## Mission Statement

The Fredericksburg Regional Alliance assists the public and private sector by supporting existing businesses and aggressively recruiting new businesses to the Fredericksburg Region.

## Vision Statement

Our vision is that the Fredericksburg Region becomes the region of choice for businesses looking to expand or locate in Virginia.

## 2015 – 2016 Leadership: A Public/Private Partnership

### Board of Directors

THE HONORABLE JACK CAVALIER  
*Board of Supervisors,  
Stafford County*

MR. KENT FARMER  
*President & CEO,  
Rappahannock Electric  
Cooperative*

THE HONORABLE CLAYTON FOREHAND  
*Board of Supervisors,  
Caroline County*

THE HONORABLE RICHARD GRANGER  
*Board of Supervisors  
King George*

THE HONORABLE  
MARY KATHERINE GREENLAW  
*Mayor, City of Fredericksburg*

MR. LLOYD HARRISON  
*President & CEO,  
Virginia Partners Bank*

DR. MICHAEL MCDERMOTT  
*President & CEO,  
Mary Washington Healthcare*

THE HONORABLE TIMOTHY MCLAUGHLIN  
*Board of Supervisors,  
Spotsylvania County*

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*President,  
Union First Market Bank*

DR. TROY PAINO  
*President, University of  
Mary Washington*

MR. CHARLES PAYNE, JR.  
*Partner, Hirschler Fleischer*

MR. SAM PROCTOR  
*CEO, Froehling and  
Robertson, Inc.*

DR. DAVID SAM  
*President,  
Germanna Community College*

MS. AMANDA TALBERT  
*Public Affairs Coordinator,  
GEICO*

MR. BEN THOMPSON  
*Land Use and Development  
Director,  
Luck Companies*

MR. JARROTT PATTERSON  
*Senior Vice President, BB&T*

MS. LINDA WORRELL  
*Silver Companies*

### Officers

MR. KENT FARMER  
*Chairman*

MS. LINDA WORRELL  
*Vice Chairwoman*

MR. CURRY ROBERTS  
*President*

MR. LLOYD HARRISON  
*Treasurer and Secretary*

MR. MICHAEL VANDERPOOL  
*Vanderpool, Frostick & Nishanian,  
P.C., General Counsel*

### Staff

MR. CURRY ROBERTS  
*President*

MR. TODD GILLINGHAM  
*Vice President,  
Marketing and Operations*

MR. NICK MINOR  
*Manager,  
Communication and Research*

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### Investors

BB&T  
Bowman Consulting Group, Ltd.  
Caroline County  
Cellofoam  
City of Fredericksburg  
Cleydael Ltd. Partnership  
Columbia Gas of Virginia, Inc.  
Dominion Virginia Power  
Donley's  
Draper Aden  
Fredericksburg Area Association  
of Realtors  
Froehling & Robertson

GEICO  
Germanna Community College  
Hilldrup Moving & Storage  
Hirschler Fleischer  
Hourigan Construction  
King George County  
Luck Stone  
Mary Washington Healthcare  
Old Dominion Electric Cooperative  
PB Mares  
Peoples Community Bank  
PNC Bank  
Quarles Petroleum, Inc.

Rappahannock Electric  
Cooperative  
Silver Companies  
Spangler Erkert + Associates  
Spotsylvania County  
Stafford County  
Stafford Printing  
Union Bank & Trust  
University of Mary Washington  
Vanderpool, Frostick & Nishanian,  
P.C.  
Virginia Credit Union  
Virginia Partners Bank  
Walton Development

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## Thank You



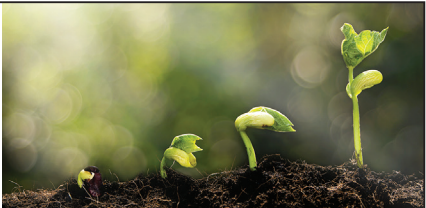


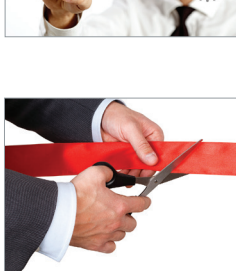
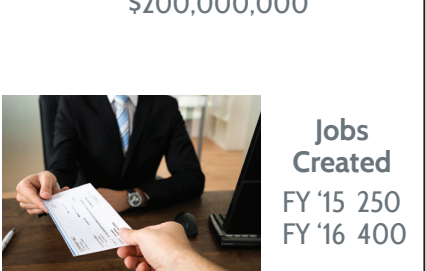
The Alliance would like to thank all of our public and private sector investors, without whose participation none of our activities would be possible. We are pleased to announce that the Alliance achieved a 99% collection rate on all pledges in fiscal year 2016. Thank you for your continued support.

## Organization Highlights FY 2015 – 2016

FY Year	Strategic Plan Goals	Public Fund. Maint/Incr	Private Sector #Invest	Expense Budget	Board Retention /Diversity	UMW Agreement
FY Year 2015	Began the process of drafting new organizational strategic plan.	Maintained level funding from prior fiscal year.	Five new investors representing \$19,500 in new money and \$3,500 of in-kind receivables.	\$668,497 total budgeted expenses, finished year \$10K under expense budget (\$658,543).	Working with current board to attract new board members representing more diversity.	FRA fulfilled 100% of 4th year of UMW contractual agreement. Received 1yr. extension for '17-'18.
			*FY2015 Gross Revenue: \$641,000			
FY Year 2016	New strategic plan approved including a long term, six year goal to double our operating budget	Maintained level funding from prior fiscal year. Met routinely throughout the year with most Boards of Supervisors and EDAs.	Five new investors representing \$10,900 in new money.	\$639,072 total budgeted expenses; finished year \$20K under expense budget (\$619,273).	No real board turnover this year that would have allowed for new recruitment.	Fulfilled 100% of UMW contractual agreement. Received 3yr. extension.
			*FY2016 Estimate Gross Revenue: \$660,000			

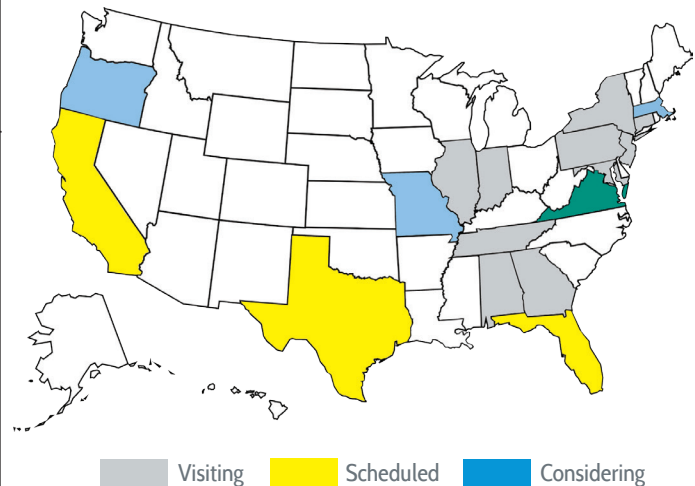
Note: Estimated Gross Revenue Projections based upon FRA's "Five Year Budget Goals and Appropriations"

## Marketing Update FY 2015 – 2016

		<p><b>New Projects</b> FY '15 34 FY '16 44</p>	
<p><b>Outreach</b> (To prospects, site consultants and industry opinion leaders) FY '15 6,463 FY '16 7,563</p>		<p><b>Projects in the Pipeline</b> FY '15 16 FY '16 29</p>	<p><b>Capital Investments</b> FY '15 \$127,500,000 FY '16 \$200,000,000</p>
 <p><b>Qualified Prospects &amp; Research Inquiries</b> FY '15 326 FY '16 344</p>		<p><b>Announcements</b> FY '15 3 FY '16 1</p>	 <p><b>Jobs Created</b> FY '15 250 FY '16 400</p>

## Coordinating site visits with website traffic

Total Website Visits FY'15 - FY '16		51,734	
Total Twitter Profile Visits FY '16		3,829	
Total Twitter Mentions FY '16		221	
Region	Sessions	Region	Sessions
California	1216	Missouri	203
New York	1159	Washington	194
Texas	1001	Oregon	184
Florida	776	Wisconsin	171
District of Columbia	645	Colorado	168
North Carolina	535	Minnesota	162
Illinois	496	Indiana	159
Georgia	481	Alabama	155
Pennsylvania	469	Kentucky	154
Maryland	398	Arizona	151
Michigan	368	Connecticut	134
Ohio	360	Louisiana	117
Tennessee	300	West Virginia	111
New Jersey	299	Ottawa, Ontario	
South Carolina	279	Montreal, Quebec	
Massachusetts	276		



	FY 2015	FY 2016	FY 2017	FY 2018
Website Sessions	29,628	22,106		
Outreach	6,463	7,563		
Qualified Prospects & Research Inquiries	326	344		
New Projects	34	44		
Pipeline	16	29		
Announcements	3	1		
Capital Investment	\$127,500,000	\$200,000,000		
Jobs	250	400		

FredRegion closely monitors not only where its website traffic comes from, but also how long the viewers spend and where they go on the site. This enables us to continually refresh the site so that it is relevant to its visitors. Alliance staff also consult with local economic development allies to determine which state-sponsored outreach trips make the most sense for our region.

The trips planned for the current year reflect the region's cluster industries and target geographic areas that have produced higher levels of interest in the region's website. The Alliance also purposefully attends industry events that reflect the region's strong workforce attributes, as evidenced in last year's Commuter Skills Study. The majority of trips are coordinated with the Virginia Economic Development Partnership (VEDP). In most cases, FredRegion will be the sole regional participant with state officials.

Current outreach plans include:

- ◆ Council of Supply Chain Management Professionals, annual conference, September, '16;
- ◆ Information Management Network Forum, focusing on financing and investing in data centers, October, '16;
- ◆ South Region/Houston Call Trip with VEDP, April '17;
- ◆ Canadian Association of Defense and Securities trade show, May '17;
- ◆ Southern Economic Development Council's "Meet the Consultants Council," Spring, '17.

In addition to outreach efforts organized by VEDP, Alliance staff will schedule private meetings with potential prospects through its lead generation consultant.

## Regional site audit program paves way for new state initiative






An undeveloped property’s “shovel-readiness” is often as important as its location, size, zoning and infrastructure. That’s why a new state program—similar to a regional effort launched in 2015—will help characterize the “shovel readiness” of properties throughout Virginia.

Thanks to the region’s prior work to assess “Business Ready Sites,” the Alliance and its partners are well positioned to participate in the new state program. The “Virginia Business Ready Sites Program (VBRSP) promotes statewide economic development by assisting in the assessment of existing properties. Each assessment, conducted by an independent consultant, will determine what development is needed to make it marketable to companies interested in locating in the Commonwealth. A “Business Ready Site” is a property that could be selected by a buyer for expansion or relocation to Virginia and be fully operational in 12-18 months. The new program offers grants to help assess a property’s readiness. It is sponsored by the Virginia Economic Development Partnership (VEDP).

The Alliance began working with its member localities two years ago, agreeing to fund 75% of the cost to audit up to six properties throughout the region. In FY 16, three properties, The Hylton (or old Shannon) Tract in Fredericksburg, King George Industrial Park and the University of Mary Washington Foundation’s “Stafford East,” tract have been audited. The audits were conducted through a partnership of F&R/Bowman Consulting. Grants will be submitted to the state to fund additional audits for properties throughout the region under the state’s program.

Each assessment employs a tier system to characterize the property based on how much development is needed to become “shovel ready.” The tiers range from raw land to land with all permits in place, ready for a site disturbance permit.

### ‘Shovel-ready’ Site Characterization Tier Levels

	<p><b>Tier 1</b> Property available for marketing and sale, access available for site assessment and marketing, but no established sales price. Comprehensive plan reflects site appropriate for industrial or commercial development or use, but site not zoned accordingly yet. Site has minimal or no infrastructure; minimal or no due diligence performed.</p>
	<p><b>Tier 2</b> Property available for marketing and sale, access available for site assessment, construction and marketing. Owners committed to offering a competitive sales price, but no established sales price. Comprehensive plan reflects site appropriate for industrial or commercial development or use, but site not zoned and zoning hearing needs to be scheduled. Site has minimal or no infrastructure; minimal or no due diligence performed.</p>
	<p><b>Tier 3</b> Site zoned for industrial or commercial development and use. Minimal or no infrastructure. Due diligence, including a wetlands survey with the Army Corps of Engineers within past five years, geotechnical borings, boundary and topographical survey, cultural resources review, an Endangered Species review and a Phase 1 Environmental Site Assessment, completed. Estimated development costs quantified.</p>
	<p><b>Tier 4</b> All infrastructure in place or deliverable within 12 months. All permit issues identified and quantified.</p>
	<p><b>Tier 5</b> All permits in place; site ready for site disturbance permit from the locality in which it is located.</p>

## Local research results in more relevant business data

FredRegion boasts a strong workforce involved in cyber security. Yet what does the region's cyber employment landscape look like in greater detail? Cyber security companies interested in relocating to FredRegion need more detailed information about this important employment cluster.

This question will be addressed over the next two years by the University of Mary Washington Center for Business Research (CBR), a partnership among UMW, the Regional Alliance and the Fredericksburg Regional Chamber of Commerce.

This collaboration strengthens the region's capacity for responsive economic development. Instead of 'farming out' research to other universities or private companies elsewhere, local economic developers can now partner with UMW to create more relevant data. Because of UMW's proximity, it is easier for local officials—and private businesses—to discuss preliminary data prior to release of a final report, expanding opportunities to fully tailor research to be more useful.

The center also serves as a clearinghouse for local business research needs, assisting them in their planning, product or service diversification, and financial forecasting.

Directed by Dr. Mukesh Srivastava, associate professor in the UMW College of Business, over the next two years, the center will also study

- ◆ the region's cyber security landscape,
- ◆ the cost of traffic congestion to the region's governments and businesses,
- ◆ how much the region's job growth can be attributed to unique regional versus national factors and
- ◆ the regional economic impact of the Dahlgren and Indian Head naval bases.

Last year, the CBR focused on its first major research project, the Commuter Skills Study. The study provides expanded data about the region's commuters that will help attract prospective investors seeking specific a workforce requirement.

The center is led by an advisory board with equal representation from the Alliance, UMW and the Chamber.



## Center for Business Research Advisory Board

Lynne Richardson	Dean of the College of Business, University of Mary Washington
Mukesh Srivastava	Director, Center for Business Research, Professor of Management Information Systems, University of Mary Washington
Curry Roberts	President, Fredericksburg Regional Alliance
Susan Spears	President and CEO, Fredericksburg Regional Chamber of Commerce
Zach Hatcher	Senior Director of Corporate, Foundation, and Individual Giving, University Advancement, University of Mary Washington
Bill Hession	Lockheed Martin
JR Flatter	President and CEO, Flatter & Associates
Keith Wampler	Partner, PBMares
Kevin Crown	Senior Planning and Development Manager, Walton Development and Management



## Eastern Virginia's Fourth Metro Market



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