GO VIRGINIA REGION 8: ECONOMIC GROWTH & DIVERSIFICATION PLAN 2023 REVIEW

govirginiaregion8.org

Virginia Growth and Opportunity Fund (GO Virginia)
Region 8 Growth & Diversification Plan - 2023 Review

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1. PRIORITY INDUSTRY CLUSTERS

Region 8's priority industry clusters identified in the 2021 Growth and Diversification Plan are summarized below. No new clusters were added during the 2023 Review.

Priority Industry Cluster
Manufacturing (Light and Advanced) – This cluster includes the manufacturing of materials, parts, and machinery. To avoid duplication, food and beverage manufacturing and pharmaceutical manufacturing are not included in this cluster.
Life Sciences – This cluster includes biomedical and biotechnical industries, pharmaceutical and medical device manufacturing as well as specialized healthcare industries that align with GO Virginia requirements.
Business Services – This cluster includes all business, computer, consulting engineering, finance, and business services as well as research and development activities.
Agriculture and Value-Added Food – This cluster includes food and beverage manufacturing, animal food manufacturing, and agricultural supply industries.
Transportation and Logistics – This cluster includes warehousing, distribution, logistics, aviation sub-sectors, and wholesale suppliers.
IT and Emerging Technologies – This cluster includes computer system and software design, cybersecurity, and telecommunications.

2. WHERE WE ARE - STATE OF THE REGIONAL ECONOMY

The 2021 Growth and Diversification Plan indicated that Region 8's targeted industries accounted for 68,043 jobs, or 28.9 percent of all jobs. Average annual wage for all industries in Region 8 was $46,672 (2021Q1). Average annual wages in the Northern Shenandoah Valley Regional Commission (NSVRC) and Central Shenandoah Planning District Commission (CSPDC) footprints were $48,111 and $45,106, respectively.

The 2021 plan included data that reflected the impact of the pandemic. Region 8 experienced -1.5% average annual job growth from 2019-2021; total employment decreased by 7,043 jobs. By 2021, the region had recuperated most of its lost jobs and was nearing full employment. Our targeted industries recovered sooner and quicker than all industries, reaching the pre-pandemic benchmark prior to the end of the first quarter of 2021.

Job growth has continued. The 2021-2023 total employment increased by 15,422 jobs, a 3.3% annual growth rate. The number of jobs in Region 8's targeted sectors was 76,831 or 31.1% of all jobs. Unemployment rates remain low; the July 2023 unemployment rate for Region 8 was 2.6%. Moreover, wages have increased over the last two years. In the first quarter of 2023, the average worker in Region 8 earned annual wages of $50,696, an 8.6% increase from 2021. By planning district, 2023Q1 average annual wages were $52,670 in NSVRC and $49,206 in CSPDC.

The region had 13 economic development announcements from July 2021 through September 2023. Four new and nine expanding businesses committed to $404 million in capital expenditures and promised 1,339 new jobs. Announcements favored Region 8's competitiveness in Manufacturing, particularly Food Manufacturing. Six of the announcements were in the Agriculture and Value-Added Food industry cluster, six projects expanded operations in the Manufacturing cluster, and one announced a new operation in the Transportation and Logistics cluster.

While Region 8 is growing in population, jobs, and wages, the region continues to be challenged by an overall need for more workers, workers with skills that align with industry demands, and housing and wraparound services to support and attract workers. During the last two years, topics that have quickly come to the forefront include housing, childcare, and transportation. While these are not within the funding parameters of GO Virginia, they are barriers to growth.

3. SKILLS GAP ANALYSIS AND TALENT PATHWAYS - TARGETED INDUSTRY SECTOR PATHWAYS:

The Council intends to vote at our January 2024 meeting on which industry sector(s) to target for the Talent Pathways Initiative (TPI). The current leaning is towards focusing on Manufacturing and Logistics, with a specific interest in exploring aerial logistics opportunities. Both of these sectors are targeted industries in the current and previous updates to the G&D plan. The alignment of existing goals and strategies in the plan with the potential benefits of the new TPI Planning funding will be addressed during the Council's deliberations and decision-making process on October 10th.

4. GOALS, STRATEGIES, AND HOW TO ACHIEVE THEM:

The tables below summarize Region 8's goals and strategies as identified in the 2021 Growth and Diversification Plan. They are presented by framework initiative – talent pipeline, entrepreneurial ecosystem, cluster scale-up, and site development. No changes were made to the goals and strategies during the 2023 review. A description of the referenced projects is provided in Section 5.

TALENT PIPELINE

GOALS	STRATEGIES	OUTCOMES/IMPACT MEASURES	TARGETED INDUSTRY (IES)	STRATEGIC PARTNERS	CURRENT PROJECTS & UPDATES, 2021-2023
Increase Skills Availability	Encourage Earn and Learn programs (adult and youth)	Programs established, credentials earned, jobs created	Manufacturing, Transportation and Logistics	Business and Industry, Community Colleges, Shenandoah Valley Workforce Development Board, Career Technical Educators	**Accelerating Advanced Manufacturing Workforce** - Laurel Ridge Community College has purchased and installed equipment in expanded Mechatronics Lab. Courses scheduled.
	Support Work-Based-Learning opportunities (grades 9-12)	Number of Work-Based-Learning opportunities created, graduate job placement	Manufacturing, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Business and industry, Community Colleges, Shenandoah Valley Workforce Development Board, Career Technical Educators	**Go2Work** - A goal of the project is to transition 85% of students in the high school manufacturing and transportation technical programs to full-time employment or advanced training upon graduation.
	Increase labor force participation	Number of disenfranchised workers re-entering the workforce; increase in labor participation rate	All Targeted Industries	Shenandoah Valley Workforce Development Board, Community Colleges	
Align Career Pathways with Employer Needs	Increase educator engagement with industry	Number of businesses engaged in guaranteed interviews; number of businesses engaged in Work-Based-Learning experiences	Manufacturing and Transportation & Logistics (Specifically industrial maintenance, aviation technology, heavy equipment, precision machining, welding, auto and diesel technology)	Business and industry; Public and Private Higher Education, and specifically Community Colleges; Shenandoah Valley Workforce Development Board	**Go2Work** - Local businesses/industry partners are providing resources for work-based learning, internships, and apprenticeship training.
	Engage business in sector partnerships	Number of established industry consortiums and number of participants	Manufacturing, Life Sciences	Chambers of Commerce, Industry Associations, Local Economic Developers, Shenandoah Valley Partnership	
	Identify and fill career pathway gaps	New or updated employer needs assessments; new or revised curriculum	All - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Shenandoah Workforce Development Board, Community Colleges	
Strengthen Regional Talent Retention	Drive internship availability and placement	Number of new internship opportunities created	All - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	K-12 Education, Colleges and Universities, Business and Industry	**Accelerating Advanced Manufacturing Workforce** - Training program supports apprenticeships.
	Increase job placement efforts	Number of jobs created	All sectors - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Healthcare, Private Industry, Community Colleges, Universities	**Accelerating Advanced Manufacturing Workforce** - Project builds a strong workforce pipeline for Region 8 manufacturers. **Next Gen Nurses** - Project leverages retiring nurses as preceptors to expand the pipeline of incoming nurses into the workforce.
Increase Talent Attraction (use of GO Virginia funds for general marketing activities has historically been discouraged)	Encourage talent to relocate to the region to fill high paying jobs	Number of jobs filled through recruitment	All sectors - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Shenandoah Valley Partnership, Chambers of Commerce, Local Economic Developers, Shenandoah Valley Tourism Partnership	

ENTREPRENEURIAL ECOSYSTEM

GOALS	STRATEGIES	OUTCOMES/IMPACT MEASURES	TARGETED INDUSTRY (IES)	STRATEGIC PARTNERS	CURRENT PROJECTS & UPDATES, 2021-2023
Increase Access to Capital	Fill the gap in early-stage seed funding	Seed-fund established, number and value of investments, increased revenues and job creation	Manufacturing, Life Sciences, IT and Emerging Technologies	Shenandoh Valley Angel Investors, Shenandoah Valley Technology Council	
	Increase access to and utilization of SBA federal funding	Number of SBA products originated	IT and Emerging Technologies	Shenandoah Valley SBDC, Laurel Ridge SBDC, Lending Institutions, Federal and State Resources	
Support Student Entrepreneurship	Increase opportunities to experience entrepreneurship for youth	Number of student encounters with entrepreneurship	IT and Emerging Technologies	Staunton Community Capital Fund, K-12 schools	
Encourage Development of a Technology, Innovation, and Startup Hub	Focus on advanced technology incubation and acceleration	Number of tech companies and number of tech jobs created	Manufacturing, Life Sciences, Agriculture and Value-Added Food, IT and Emerging Technologies	Shenandoah Community Capital Fund (SCCF), The Advancement Foundation (TAF), James Madison University, The Highland Center, Shenandoah Valley Technology Council, Innovation Centers	**Startup Shenandoah Valley** - SCCF delivered a virtual accelerator program to 41 participants; 58 jobs were created and 1 patent was granted. **Virginia Innovation Accelerator** - TAF is building out a mulit-use facility with business incubator and comercialization services. **Capacitor Incubator Program** - SCCF will close a gap in the entrepreneurial ecosystem by providing targeted support to 24 companies that are within their first year of product launch.

CLUSTER SCALE-UP

GOALS	STRATEGIES	OUTCOMES/IMPACT MEASURES	TARGETED INDUSTRY (IES)	STRATEGIC PARTNERS	CURRENT PROJECTS & UPDATES, 2021-2023
Support Business to Business Ecosystem Building	Build on existing and identify new intra-regional supply chain opportunities	Number of new supply chain connections made; increased revenue; job creation	Manufacturing, Life Sciences, IT and Emerging Technologies	Shenandoah Valley Partnership, Local Economic Development Associations, Chambers of Commerce, Industry Associations, Shenandoah Community Capital Fund, VEDP	**Scale-up the Valley** - The project supported 3 small-mid sized companies in completing the National Center of Economic Gardening Program.
Support Expanding R&D Efforts in Cluster Relevant Areas	Respond to additional R&D needs	Amount of R&D expenditure increase	Manufacturing, Life Sciences, IT and Emerging Technologies	Universities and Colleges; Private Industry	**Virginia Innovation Accelerator** - The Advancement Foundation assists with proof of concept and its services incorporate emerging technologies.
Encourage Sector Partnerships	Increase opportunities for business clusters to connect on regionally relevant topic	Number of opportunities to connect	Manufacturing, Life Sciences, IT and Emerging Technologies	Shenandoah Valley Partnership, Local Economic Development Associations, Chambers of Commerce, Industry Associations, VEDP	
	Increase industry association presence in region	Connections made; resources leveraged	Manufacturing, Agriculture and Value-Added Food	Chambers of Commerce, Industry Associations, Local Economic Development staff, Shenandoah Valley Partnership	
Increase Access to Capital	Increase access to Venture Capital and Seed-funding	Number of SVIR, SBA 7(a), small business loans and grants; number and amount of equity investments	Manufacturing, IT and Emerging Technologies	Shenandoah Community Capital Fund. Shenandoah Valley Angel Investors, Local Economic Developers	
	Increase utilization of available federal or state funding for cluster or business expansion	Number of investments	Manufacturing, Life Sciences, Transporatation and Logistics, IT and Emerging Technologies	Shenandoah Valley SBDC, Laurel Ridge SBDC, Colleges and Universities, Economic Development Administration	

SITE DEVELOPMENT

GOALS	STRATEGIES	OUTCOMES/IMPACT MEASURES	TARGETED INDUSTRY (IES)	STRATEGIC PARTNERS	CURRENT PROJECTS & UPDATES, 2021-2023
Increase Readiness of High Priority Sites	Continue site enhancement work to increase VBRS Tier Level	Tier level increase	All - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Shenandoah Valley Partnership, Local Economic Developers, Local Economic Development Authorities (EDA/IDA), Private Industry, VEDP	**Shenandoah Valley Sites Enhancement Project** - Due diligence and site characterization was performed on 9 sites. **SHD Site ECB and SHD Aviation Technology Park** - The project will advance 58 acres from a Tier 2 to Tier 4 site. **Winchester Airport Site Development** - Study will analyze 27-acre site for future business development.
	Identify necessary infrastructure investments at regionally signficant sites	Investigation complete	All - Manufacturing, Business Services, Life Sciences, Transportation and Logistics, IT and Emerging Technologies	Private Business and Industry, CSPDC, NSVRC, Shenandoah Valley Partnership, Local Government	**Shenandoah Valley Aviation Technology Park** - The project will install sewer and water lines to prepare the site for additional corporate hanger construction. Contractor procured and construction to begin Sept. 2023.
Continue to Explore Opportunities for Mega-Site Development	Identify revenue sharing organizations for common investment in site development	Site identified, projected job creation	Manufacturing, Transportation and Logistics	Shenandoah Valley Partnership, VEDP	

5. PROJECT DEVELOPMENT

During the months of March and April 2023, GO Virginia Region 8 held three stakeholder meetings to discuss future project ideas. These "Pipeline Development" meetings were in Front Royal, Harrisonburg, and Staunton to cover the northern, central, and southern parts of Region 8. They were attended by roughly 50 stakeholders. From the meetings, about 27 potential ideas were uncovered. These project ideas were rated and prioritized by staff based on readiness and whether they aligned with Region 8's current Growth and Diversification Plan.

Some of the points of contact for these projects have already submitted an application and received approval; others plan to submit an application soon. The Shenandoah Valley Center for Advanced Learning is one of the projects that originated from these project pipeline meeting discussions. This project was recently and unanimously approved by the State Board on September 12, 2023. These pipeline meetings will serve as roadmap for potential future projects in the next few years.

The following nine Per Capita projects and two Economic Resilience and Recovery projects were active or completed during the last two years. The tables in Section 4, above, indicate the impact of the projects in meeting Region 8's goals.

Per Capita Projects

Scale-up the Valley (Per Capita Implementation, May 2020 – April 2022)
Coordinated by the Shenandoah Valley Partnership, the goal of the project was to launch a region-wide Economic Gardening Program. Region 8 companies were invited to enroll and complete the program hosted by the National Center for Economic Gardening. GO Virginia funds were used to share in the cost of contract services.

Startup Shenandoah Valley (Per Capita Implementation, June 2020 – Sept 2022)
The Startup Shenandoah Valley Program (S2V), led by the Shenandoah Community Capital Fund, is part of the greater Shenandoah Valley entrepreneurial ecosystem. The GO Virginia project delivered a virtual accelerator program to guide entrepreneurs through the stages of development – validate, test, grow. GO Virginia funds were also used to hire two Ecosystem Builders and to build out dedicated workspace and infrastructure throughout the Shenandoah Valley.

Shenandoah Valley Sites Enhancement (Per Capita Implementation, Mar 2021 - Sept 2023)
The Shenandoah Valley Partnership contracted with a consultant for due diligence activities to increase the development readiness of nine sites in Region 8. Seven sites, totaling 1,007 acres, advanced from Tier 2 to Tier 4 in the Virginia Business Ready Sites Program. Another 174-acre site moved to a Tier 2 and will be characterized as a Tier 4 site once a zoning change is adopted. Due diligence on the ninth site, a 45-acre site, was conducted in part with GO Virginia funding but also in part by the property owner. Reports were delivered to local economic development staff.

Virginia Innovation Accelerator (Per Capita Implementation, Dec 2021 - ongoing)
The Advancement Foundation's Virginia Innovation Accelerator (VIA) is a multi-use facility located in Buena Vista that features a business incubator and classrooms, ag and food tech laboratories, small-scale manufacturing space, and product development space. GO Virginia funds are supporting key staff positions, business programming, equipment purchases, and commercialization services. As a nonprofit accelerator, VIA helps food and agriculture entrepreneurs grow to scale. Its services incorporate emerging technologies, proof of concept, and specialized equipment for product development, processing, and distribution.

Accelerating Advanced Manufacturing Workforce (Per Capita Implementation, Aug 2022 - ongoing)
Laurel Ridge Community College partnered with the National Coalition of Certification Centers (NC3) to offer a career pathway training program focused on the advanced manufacturing sector. NC3's program is an industry driven portable and stackable certification system that spans three levels of manufacturing competency-based training. Training is for new job applicants and emerging employees, incumbent workers who need to advance their skills, and apprenticeships for manufacturing production positions and industrial maintenance technicians. The project is intended to build a strong workforce pipeline for Region 8 manufacturers. GO Virginia funds will equip a Mechatronics Lab for Level 1 and Level 2 Courses. Courses have been scheduled for August 2023 through January 2024.

SHD Site ECB (Per Capita Enhanced Capacity Building, Sept 2021 - Nov 2022)
The Shenandoah Valley Regional Airport Commission used GO Virginia Enhanced Capacity Building funds to complete the design and engineering of sewer and water utilities for the Shenandoah Valley Aviation Technology Park. Once completed, SHD applied for GO Virginia Site Development Implementation funds for construction and relocation of utilities.

SHD Aviation Technology Park (Per Capita Site Development Implementation, Dec 2022 - ongoing)
The Shenandoah Valley Regional Airport Commission is using GO Virginia funds to construct 1,920 linear feet of water line and 980 linear feet of gravity sanitary sewer line. The project will relocate existing utilities from the middle of the site to its perimeter, creating opportunities for future hangar construction and buildout of the Aviation Technology Park. The project will advance 58 acres from a Tier 2 to Tier 4 site. A contractor has been procured and construction will begin in September 2023.

Capacitor Incubator Program (Per Capita Implementation, Jul 2023 - ongoing)
Through the Shenandoah Community Capital Fund (SCCF), the Capacitor Incubator Program will expand on the previous Startup Shenandoah Valley Program to support Region 8's entrepreneurial ecosystem. This new initiative will provide targeted assistance to companies that are developing and launching new products, particularly those within their first year of launch. GO Virginia funds will be used for coaching and fractional services to 24 entrepreneurs, personnel to coordinate and deliver customized incubation content, and furnishings and supplies at physical locations across the region.

Go2Work (Per Capita Implementation, Sept 2023 - ongoing)
The Shenandoah Valley Center for Advanced Learning (SVCAL) Go2Work project will create a reimagined and state-of-the-art regional training center and address skill and employment gaps in the manufacturing and transportation sectors. GO Virginia funds will be used to 1) add new career education and technical programs for students in industrial maintenance, aviation technology, and heavy equipment and 2) address critical needs to upgrade equipment to modern standards for training high school and adult apprenticeship students in precision machining, welding, auto and diesel technology.

Winchester Airport Site Development (Enhanced Capacity Building, October 2023 – ongoing)
The Winchester Regional Airport Authority is using GO Virginia funds to complete a planning study of a 27-acre tract of land for future business development. Study activities include analyzing site development requirements and performing selected surveys. The Authority-owned site can accommodate a wide range of aviation uses and is key to implementing the airport's business development strategy and growing Region 8's role in the aerospace industry.

Economic Resilience and Recovery (ERR) Projects
One-time Economic Resilience and Recovery (ERR) Funds supported two projects during the 2021-2023 period to mitigate economic impacts of the pandemic.

Small Business Resiliency Team (SBRT) Round 2 (ERR, Aug 2022 - ongoing)
This is part two of the initial GO Virginia SBRT program, funded through ERR, that helped 58 small business owners. The program is focused on helping local businesses navigate the best paths to recovery, expansion, job retention and growth. The project enabled Business Resiliency Navigators, business advisors from both participating SBDCs, to work with the small business community and assist in the specific areas of e-commerce, finance, and operational systems.

Next Gen Nurses (ERR and Per Capita Implementation, Dec 2022 - ongoing)
The project, with partners Shenandoah University and Valley Health, addresses workforce shortages within the healthcare sector which were exacerbated by the pandemic. The project rebuilds capacity in the health care system by leveraging retiring nurses as preceptors to expand the pipeline of incoming nurses into the workforce.

6. FUTURE PLANNING/G&D PLAN EFFORTS

During the month of August 2023, Region 8 Council members and other economic development stakeholders in the region were given the opportunity to provide input and feedback in the development of the 2023 Growth and Diversification Plan. Region 8 Council members were provided a copy of the 2021 Growth and Diversification Plan and asked to take a short survey to gather feedback on targeted industries, future projects and investments, strategies, and goals. Forty-six (46) surveys were returned with the following results:

Seventy-eight percent (78%) of the 46 respondents reaffirmed Region 8's six targeted industries listed below:

1. Manufacturing (Light and Advanced)
   Manufacturing of materials, parts and machinery
2. Life Sciences
   Biomedical/biotechnical, pharmaceutical and medical device manufacturing, specialized healthcare
3. Business Services
   Business, computer, consulting engineering, finance, and other business services
4. Agriculture and Value-Added Food
   Food and beverage manufacturing, animal food manufacturing, and agricultural supply industries
5. Transportation and Logistics
   Warehousing, distribution, logistics, and aviation sub-sectors
6. IT and Emerging Technologies
   Computer system and software design, cybersecurity, and telecommunications

Survey respondents listed the following as the top 3 areas where Region 8 should be making investments:

1. Align career pathways with employer needs
2. Increase labor force participation (people of working age who are employed or are actively seeking work)
3. Retain regional talent including high school and college graduates

Survey respondents ranked the following as the highest "must have" needs for Region 8 to be economically competitive:

1. More skilled workers
2. Increased childcare options
3. Increased housing options

The survey results were used to confirm goals and strategies, prioritize projects, and to further discussion on the Talent Pathways Initiative. The final 2023 Growth and Diversification Plan Review was presented to the Region 8 Council members at their October 10, 2023, meeting where the Plan was approved.