



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION

GO Virginia Region 9 Growth & Diversification Plan Update 2023

www.GOVirginia9.org

GO Virginia Region 9



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Growth & Diversification Review and Update 2023

INTRODUCTION

This report is the third Growth & Diversification Plan Update (Growth Plan Update) published by the GO Virginia Region 9 Council (Region 9 Council) to comply with the 2016 Growth and Opportunity Act's two-year review requirement. This review template aligns with the approach approved by the GO Virginia Board. This Growth Plan Update will serve as the roadmap for implementing the GO Virginia program in Region 9 for the next two years. The report lays out grant opportunities that may be considered to drive regional economic growth of higher paying jobs in specific traded sectors. To review previous Growth Plan Updates go to www.GOVirginia9.org.

PRIORITY INDUSTRY CLUSTERS

Region 9 Industries

The top five industry sectors (2-digit NAICS) based on number of employees in Region 9 are the non-traded sectors of Health Care and Social Assistance, Education Services, Retail Trade, Accommodation and Food Services, and, Construction (JOBS EQ 2022Q3). These five industry sectors represent a total of 105,907 employees of the 188,614 employed in the entire region. These sectors remain critical to the region; however, the focus of the GO Virginia program is the traded sector.

The top seven traded industries by employment in Region 9 that also have wages above the regional average of \$57,946 (Q3 2022) are highlighted with gray in the table on the following page. The top seven traded industries include: Professional, Scientific, and Technical Services; Manufacturing; Transportation and Warehousing; Finance and Insurance; Wholesale Trade; Information; and Management of Companies and Enterprises. The location quotients (LQ) for these industries at this 2-digit NAICS code level range between .51 and .99. This table by employment is consistent with the same table from the 2021 Growth Plan Update.



GO Virginia Region 9 2022 Q3				
NAICS	Industry	Empl	Avg Ann Wages	LQ
62	Health Care and Social Assistance	28,271	\$61,949	1.05
61	Educational Services	28,199	\$60,326	1.88
44	Retail Trade	19,413	\$34,262	1.02
72	Accommodation and Food Services	16,229	\$26,276	1.02
23	Construction	13,795	\$56,590	1.23
54	Professional, Scientific, and Technical Services	13,643	\$93,276	0.99
81	Other Services (except Public Administration)	10,478	\$43,654	1.30
31	Manufacturing	9,676	\$59,845	0.63
56	Administrative and Support and Waste Management and Remediation Services	8,541	\$42,294	0.70
92	Public Administration	7,775	\$64,810	0.89
48	Transportation and Warehousing	5,268	\$60,219	0.56
11	Agriculture, Forestry, Fishing and Hunting	4,633	\$30,511	1.84
71	Arts, Entertainment, and Recreation	4,140	\$36,969	1.15
52	Finance and Insurance	3,923	\$123,552	0.51
42	Wholesale Trade	3,717	\$75,176	0.53
53	Real Estate and Rental and Leasing	3,287	\$60,087	0.99
51	Information	2,603	\$93,516	0.68
55	Management of Companies and Enterprises	2,398	\$125,287	0.83
22	Utilities	1,641	\$113,760	1.72
99	Unclassified	754	\$53,371	2.13
21	Mining, Quarrying, and Oil and Gas Extraction	229	\$73,100	0.35
	Total - All Industries	188,614	\$57,946	1.00
	Source: JOBS EQ, CHMURA			

Region 9 Clusters

In the original Growth & Diversification Plan (2017), regional clusters were defined by evaluating concentrations of related industries at the four-digit NAICS code level. These original clusters are listed in the table on the following page along with the group of 2-digit NAICS codes for the included industries.



Priority Industry Clusters (2-digit NAICS codes)
Biomedical & Biotechnology (32, 33, 56, 54, 62)
Financial & Business Services (32, 51, 52, 53, 54)
Food & Beverage Manufacturing (31)
IT & Communications (23, 33, 42, 51, 54)
Light Manufacturing (31, 32, 33)

Using the original cluster groupings, employment for these sectors totals 46,755. The average annual wages for these clusters exceed the average annual wages for the region except for Food & Beverage Manufacturing.

Region 9 Cluster	Employment	Average Annual Wages Q32022
Biotech	3,206	\$ 94,807
Financial & Business Services	18,904	\$ 92,578
Food & Beverage Manufacturing	2,593	\$ 35,128
IT & Communications	12,920	\$ 95,028
Light Manufacturing	9,132	\$ 58,297
Total - All Industries	188,614	\$ 57,946

These sectors also align with the Virginia Economic Development Partnership’s (VEDP) new Innovative Framework as noted in the table below. As VEDP pivots to focusing on target sector ecosystem issues, the Council has discussed that GO Virginia may be well aligned to support those efforts that align with this plan.

Alignment with VEDP’s Innovative Framework:

Knowledge Work Sector	Manufacturing sector	Niches
Financial & Business Services	Light Manufacturing	
IT & Communications	Food & Beverage Manufacturing	Ag-Tech
Biotech	Biotech	

Since these sectors continue to represent the greatest regional opportunity to diversify the economy and drive growth of high paying jobs, these clusters will remain the target traded sectors for Region 9 over the next two years with one change. Food & Beverage Manufacturing will be expanded to include Ag-Tech. Transportation & Warehousing has not been included as a target sector in the past due to the lower LQs for these sectors as compared to other sectors.

Food & Beverage Manufacturing was originally identified as a target cluster because it represented a value-added industry that has strong ties to the agrarian base of the region with strong potential for export growth. Over the past several years, stakeholder feedback and recent project announcements have indicated that due to this region's tie to agriculture, food & beverage production, as well as innovation in technology and biotechnology, Ag-Tech is likely an emerging sector that should be included within Food & Beverage Manufacturing cluster. Stakeholders have indicated that some of the Ag Tech startups or expanding firms in the region might be considered biotechnology or technology companies, but in fact they are part of a smaller cluster niche of Ag-Tech. Average Annual Wages would be higher than traditional agriculture wages due to the innovation and scalability of the sector. Ag-Tech is included in the Virginia Economic Development Partnership's (VEDP) Innovative Framework as a target niche and they have defined the state's cluster as including five NAICS codes. Two of those NAICS (6-digit) have representation in our region: 325314 and 325320. These entities generate Average Annual Wages (Q4 2022) of \$68,823 in Region 9. As similar companies are identified appropriate NAICS codes will be added into the expanded Food & Beverage cluster that includes Ag-Tech.

Emerging Industries

To be prepared to adapt this plan to future opportunities, the Council is open to exploring emerging industries by awarding planning grants to organizations that can evaluate their potential impact for this region. Such planning grants should include cluster assessments in the region or sub-regions and identify gaps in talent, sites and entrepreneurship that are barriers to scaling and expanding competitive advantages. Some examples might include Clean Energy, Ag-Tech, etc. (See Grant Opportunities)

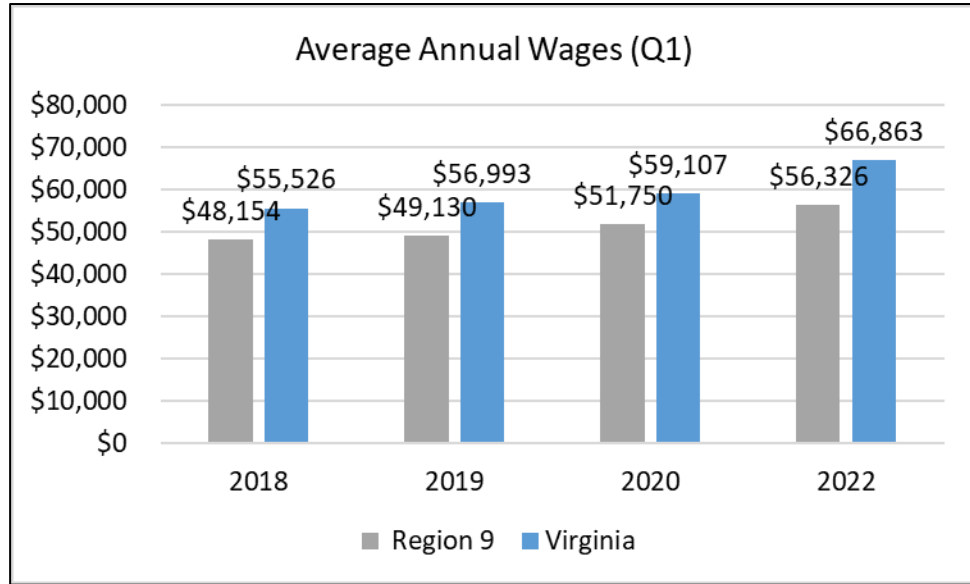
WHERE WE ARE - STATE OF THE REGIONAL ECONOMY

The benchmark for GO Virginia program is average Annual Wages as measured in the first quarter (Q1) of each calendar year as sourced from Chmura JOBS EQ. As noted in the chart below, Average Annual Wages have risen by 16.9% since Q1 2018 in Region 9 as compared to 20.4% for the entire Commonwealth. Average Annual Wages have increased 8.8 % since Q1 2020 through Q1 2022 in Region 9.

As of Q3 2022, Average Annual Wages in Region 9 are \$57,124 and \$67,587 in Virginia. The trend

of increasing Average Annual Wages continues though it should be noted the gap is widening between Region 9 and the state of Virginia.

As of Q3 2022, all economic sectors (2-digit NAICS) cumulatively grew .4% over a five-year, four-quarter moving average and are projected to grow over two years at .6%. This growth remains in line with the same data measured as of Q3 2020 of .4% and .5% respectively.



Region 9’s target industries demonstrated growth in employment over the past five years a captured as of Q3 2022.

Cluster	Employment	Average Annual Wages	Ann%	2-year annual forecast growth
Biomedical & Biotechnology	3,206	\$94,807	2.2	.5%
Food & Beverage Manufacturing	2,593	\$35,128	4.8	.2%
Financial & Business Services	18,904	\$92,578	1.6	.6
IT Communications	12,920	\$95,028	1.8	.8
Light Manufacturing	9,132	58,297	9	0

SKILLS GAP ANALYSIS AND TALENT PATHWAYS - TARGETED INDUSTRY SECTOR PATHWAYS

The Council continues to drive efforts to better understand the skills gap for targeted industries.



In 2021, the Region 9 Target Sector Labor Strategies Report was published. The report was funded through a GO Virginia planning grant and led by the Central Virginia Partnership for Economic Development (CVPED). Several of the recommendations are currently being advanced through two Region 9 implementation grants. The Tech Talent Retention project, led by the Central Virginia Partnership, is working with businesses to help new graduates begin their careers in the region instead of leaving the state. The Talent Supply Connector project led by the Virginia Career Works – Piedmont Region (VCW-P) is a collaboration with high schools and community colleges to drive internships in Food & Beverage Manufacturing and Light Manufacturing. Further, these two projects are also collaborating with the SCHEV grant led by the University of Virginia in regular meetings.

That said, activating the Talent Pathways Planning Grant Initiative (TPI) in the region would accelerate activities. The Council has identified Biotech, IT & Communications, and/or Financial & Business Services as the sectors that will be prioritized for this grant opportunity. In April 2023, the Council released a Request for Letters of Interest for organization(s) interested in leading TPI planning grants in the region and has deployed a robust outreach to identify potential grant leaders. This activity will remain on the workplan until completed.

GOALS, STRATEGIES, AND HOW TO ACHIEVE THEM

The table at the end of this report clarifies how some opportunities from the previous Growth Plan (2021) have been advanced and what opportunities have been identified as priorities for the coming two years beginning in November 2023.

PROJECT DEVELOPMENT

The Council has established a regular cadence for referencing and reviewing the region’s Growth Plan to advanced identified opportunities. This report, as in previous years, will be shared and promoted with regional stakeholders and used as the first touch point for project development. Because regional stakeholders have input into the development of this report, they can more readily inform or participate directly in the grant projects.

The Council expects future grant opportunities will be driven in part from the recommendations published as part of several active planning grants. For example, the Regional Entrepreneurship Investment Strategy Report, funded by a planning grant, will deliver new grant opportunities not included in this report. Additionally, the CEDS reports expected to be published in February 2024 will likely drive new opportunities. As such the Council has contemplated these future opportunities and will review these reports and adjust grant opportunities as necessary.



FUTURE PLANNING/GROWTH & DIVERSIFICATION PLAN EFFORTS

To drive the growth of higher paying jobs in target traded sectors, the Council collaborates with stakeholders to develop and accomplish GO Virginia grant projects. The Council continually assesses the success of active projects at its regular Council Meetings and has a regular annual process for reviewing what has been accomplished each year. This process is in place to ensure the Growth Plan is a dynamic document that is referenced regularly during Council business. Therefore, the Growth Plan update process, that is required bi-annually, is always underway in Region 9. During the year of a Growth Plan Update, this effort is expanded further to engage stakeholders for validating concepts and providing feedback.

The Council reviews accomplishments each year during its June Annual Meeting and that information is published in the Annual Report. Each year the Annual Report specifies how each new or active grant is advancing recommendations in the Region 9 Growth Plan. Much of that information is summarized in the first three columns of the table at the end of this report. Some grant opportunities have been accomplished while some are still necessary and will carry forward into the new Growth Plan. Additionally, with stakeholder feedback, some new opportunities have also been identified. The last two columns of the table specify the new grant opportunities for grant projects over the next two to three years.

That said, there are two Comprehensive Economic Development Strategies (CEDs) in development in Region 9. Virginia Planning Districts 9 (RRRC) and 10 (TJPDC) encompass all of Region 9 and they are working in parallel to create their reports. Additionally, the Region 9 Council is supporting the development of a Super Regional Report of the CEDs that will identify commonalities for larger regional efforts that are expected to inform new or expanded opportunities. As such, opportunities identified in this growth plan may be revisited as new data or reports come out of these CEDs planning efforts. Also, CEDs planning efforts have been a standing agenda item on the Region 9 Council Agenda to facilitate this process. The Super Regional Report is expected to be published in early 2024, while this Growth Plan Update must be approved at the October 2023 Council Meeting. Therefore, adjustments can be expected to be made through Q3 2024.

This growth plan effort was initiated at the March 2023 Council Meeting when key economic data was shared with Council Members for discussion. Council staff shared a plan development timeline and engagement strategy at the April 2023 Council Meeting for discussion. At the Region 9 Annual Meeting, the Council discussed the Cluster Based Economic Development Model presented to staff by DHCD in April 2023. Camoin & Associates also presented initial data

on the CEDS plans in development for Planning District 9 and 10.

The following stakeholder engagement took place to validate this report.

- Discussed report development at four Council Meetings in 2023
- Reviewed 1st draft with stakeholders and solicited feedback from
 - business leaders including Chambers of Commerce
 - economic development offices
 - higher education leaders
- Convened a meeting with VEDP to better understand alignment with Innovative Framework
- Hosted VEDP at Council Meeting to present on Innovative Framework
- Participated at CEDS meetings led by Rappahannock Rapidan Regional Commission, Thomas Jefferson Planning District Commission, and Camoin Associates
- Final report draft was posted for public comment at www.GOVirginia9.org
- Solicited feedback on final draft from regional stakeholders including previous grant recipients, current and previous council members, economic development offices, business support organizations, non-profits, educators, chambers of commerce, and private sector members, etc.
- Feedback requests were promoted via email, Region 9 Newsletter and LinkedIn

ADVANCING GROWTH PLAN OPPORTUNITIES

The following table summarizes how the grants that were awarded within the past two years have advanced the 2021 Growth Plan Update opportunities while also identifying the opportunities for the next two years. The first three columns in the table summarize the activities from 2021 to 2023 while the last two columns include the opportunities identified for the 2023 Update.

The overarching goal of the GO Virginia program is to drive growth in higher paying jobs in high growth traded sector jobs by awarding grants that incentivize collaboration between business, higher education, and local government. The Growth Plan Strategies deployed to accomplish this goal are listed in this order: Talent Development; Growing Existing Businesses; Startups/Innovation/Commercialization; Sites; then Other.

2021 Plan Update			2023 Plan Update	
GRANT OPPORTUNITIES	ACTIVE PROJECTS ADDRESSING OPPORTUNITY	STATUS/ SECTORS	GRANT OPPORTUNITIES	OUTCOMES / IMPACT MEASURES
TALENT DEVELOPMENT STRATEGIES (TALENT)				
Drive the development of a regional and comprehensive workforce coalition or initiative to support collaboration and efficiency in the Region 9 talent development ecosystem	Talent Supply Connector (VCW-P)	Status: In Process Sectors: Food & Beverage Manufacturing; Light Manufacturing	1. Build a comprehensive regional workforce coalition or initiative to drive collaboration and efficiency in the Region 9 talent development ecosystem for target sectors. Sectors: All sectors or selected sectors Potential Partners: Community Colleges University of Virginia Virginia Career Works – Piedmont Region Central Virginia Partnership High Schools	- Established regional workforce coalition(s) or initiative(s)
Accomplish a regionally focused implementation grant to execute labor sector strategies identified for Financial & Business Services, Food & Beverage Manufacturing, Information Technology, and Light Manufacturing in the Labor Sector Strategies Report	Talent Supply Connector (VCW-P) -----	Status: In Process Sectors: All	2. Drive target sector talent pathways planning efforts as described in the Region 9 Request for Letters of Interest for the Talent Pathways Initiative (TPI) planning grants.	- Delivery of a Talent Pathway Plan for Biotech, IT, and/or Financial & Business Services that includes identified future funding opportunities.

for GO Virginia Region 9 (2021).	Tech Talent Retention (CVPED)		Sectors: Biotech, Financial & Business Services, IT Potential Partners: Community Colleges University of Virginia Virginia Career Works – Piedmont Region Central Virginia Partnership CvilleBioHub VA Bio	- Awarded Implementation grants to advance the TPI Plans - # jobs created/filled - # of businesses served
Drive development of Biotech labor sector strategies			Included above	
Develop sector driven credentialing, apprenticeship, and internship programs for target industries	Talent Supply Connector (VCW-P)	Status: In Process Sectors: Food & Beverage Manufacturing; Light Manufacturing	3. Develop sector driven credentialing, apprenticeship, and internship programs for target industries. Sectors: All Potential Partners: TBD	
Evaluate or drive strategies to address regional demand for Software Developers (SOC 15-1256) across IT, Biotech, and Financial & Business Services sector	Tech Talent Retention (CVPED)	Status: In Process Sectors: Biotech; Financial & Business Services; IT, Light Manufacturing	4. Evaluate and/or drive strategies to address regional demand for Software Developers (SOC 15-1252). Sectors: Biotech, Financial & Business Services, IT Potential Partners: Central Virginia Partnership University of Virginia CvilleBioHub CBIC	- # jobs created/filled - # of businesses served
GROWING EXISTING BUSINESSES STRATEGIES (SCALE UP)				
Evaluate challenges to each or all regional target sectors to identify gaps that inhibit regional sectors from scaling to attain a critical mass of enterprises, talent, and intellectual property		Status: Sectors:	1. For each target cluster, re-evaluate industries within each cluster as defined in 2017 and identify gaps in growth to develop recommendations for future implementation grants. (i.e. using Cluster Based Economic Development Model, DHCD, 2023) Sectors: All	- Cluster Strategies for target sectors - Implementation Grants for Target Sectors



			Potential Partners: Consultants University of Virginia VOOE Virginia Career Works -Piedmont Region Central Virginia Partnership Community Colleges Sector led verticals, i.e. CvilleBioHub, Wine/Craft Beverage organizations, etc.	
Implement solutions to identified gaps or barriers to scaling and expanding regional target clusters		Status: Sectors:	2. Support implementation grants from gaps identified through planning grants or other regional reports such as the CEDS Plans to be published in 2024. Sectors: All Potential Partners: Central Virginia Partnership Planning District Commissions Local Economic Development	- # new jobs created - # businesses expanded - # businesses attracted - # businesses retained - # businesses served
Support sector led verticals, i.e., CvilleBioHub, to address business-identified sector gaps to traded sector growth		Status: Sectors:	3. Support sector led verticals to address business-identified and validated sector gaps to traded sector growth. Sectors: All Potential Partners: CvilleBioHub Venture Central CIC CV SBDC VIPC Local Economic Development	- # new jobs created - # businesses expanded
Support development of a large amount of new square footage, including wet and/or dry labs, to serve Biotech industry growth	CvilleBioLab (CvilleBioHub)	Status: In process Sectors: Biotech	4. Support implementation of a biotech wet lab accelerator/incubator model to support expansion in the sector. Sectors: Biotech Potential Partners: CvilleBioHub	- # of new jobs created - # of existing businesses expanded



			VIPC Regional Entrepreneurship Investment Plan identified partners Private Sector	
STARTUPS/INNOVATION/COMMERCIALIZATION STRATEGIES (START UP)				
Support advancement of opportunities identified to serve the regional entrepreneurship ecosystem in the Region 9 Rural Entrepreneurship Report (2020) and the Venture Hub Report (2019)	Venture Central (Charlottesville Regional Chamber) ----- Rural Entrepreneurship Ecosystem Building (CIC)	Status: In process Sectors: All	1. Support recommended implementation grants that catalyze growth in target sector entrepreneurship as prioritized in the Regional Entrepreneurship Investment (REI) Plan in development. Sectors: All Potential Partners: CIC CVSBDC Local Economic Development Venture Central CBIC CvilleBioHub Etc.	- List of validated Implementation grants - Approved implementation grants - # jobs created - # of businesses expanded - # of new businesses created - \$ total capital raised
Develop stronger ideation programming and support strategic expansion of existing programming targeting traded sector startups	Rural Entrepreneurs Ecosystem Building (CIC) ----- Entrepreneurship Investment Strategy (CIC)	Status: In process Sectors: All		
Support advancement of integrated accelerators, incubators, entrepreneurial hubs, etc. to serve the region	Rural Entrepreneurs Ecosystem Building (CIC) ----- CvilleBioLab (CvilleBioHub) ----- BEACON's Kitchen (New Hill Development) ----- Carver Commercial	Status: In process Sectors: All		

	Kitchen (Culpeper County)			
Catalyze wider range of risk capital in the region	Rural Entrepreneurs Ecosystem Building (CIC) ----- Federal grant leveraged by Venture Central	Status: In process Sectors: All		
Strengthen networking of traded sector industry clusters to engage startups more actively	Rural Entrepreneurs Ecosystem Building (CIC)	Status: In process Sectors: All		
SITES STRATEGIES (SITES)				
Advance further development of sites and seek opportunities for regional collaboration on new sites	Accelerating Regionally Significant Sites (CVPED)	Status: In process Sectors: All	<ol style="list-style-type: none"> Develop a plan for regional site development with a goal of identifying priority target sector sites in the region and a sustainable plan for advancing a portfolio of sites and a regular cadence for site projects. Support future planning and/or implementation projects identified in the regional sites plan. <p>Sectors: All</p> <p>Potential Partners: Central Virginia Partnership Local Economic Development</p>	<ul style="list-style-type: none"> - Regional Site investment plan - List of prioritized implementation plans - # acres advanced to higher tier on VBRSP - # sites assessed - # acres characterized
Evaluate regional strategic advantages for potential sites and/or sites under development in regional target sectors, i.e., data centers, light manufacturing		Status: Sectors:	3. Evaluate strategic advantages for site development collaboration	
Support and encourage the continued development of regionally prioritized sites	Accelerating Regionally Significant Sites (CVPED)	Status: In-process Sectors: All	4. Drive the continued development of regionally prioritized sites.	
Advance the creation of a Regional Industrial Facilities Authority (RIFA) or equivalent regional collaborative partnerships, as appropriate, to		Status: Sectors:	5. Evaluate RIFA development opportunity. Sectors:	- RIFA agreement



support regional site development			All Potential Partners: Central Virginia Partnership Local Economic Development	
OTHER STRATEGIES (OTHER)				
Explore opportunities to assess and support the development of emerging industries that could help the region grow high paying jobs and expand traded sectors (i.e, Ag-Tech, Transportation and Warehousing, Clean Energy, etc.)		Status: In process Sectors:	1. Support planning grants to assess, map, and support the development of emerging industries for which this region may have a competitive advantage using Cluster Based Economic Development Model, DHCD, 2023) (i.e., Ag-Tech, Clean Energy, etc.) 2. Support implementation grants identified in the above report. Sectors: TBD Potential Partners: TBD	- # jobs created/filled - New sectors identified
Drive programming for regional economic recovery and resiliency from the economic impact of the COVID-19 pandemic through the ERR grant program		Status: Done Sectors:		
			3. Evaluate grant opportunities that align with the Growth Plan that are identified through the Comprehensive Economic Development Strategies (CEDs) to be published in February 2024 Sectors: All Potential Partners: Planning Districts Localities Central Virginia Partnership	TBD