



**April 17, 2009**

**Executive Committee Meeting Summary**

*“Comprehensive Economic Development: Energizing & Re-Focusing the Partnership”*

**Special Presentation:**

**Overview of the Comprehensive Economic Development Strategy (CEDS) process by Doug Smith, Kaufman & Canoles Consulting**

At the February Executive Committee meeting, background information was provided on U.S. Economic Development Administration requirements for developing a Comprehensive Economic Development Strategy (CEDS). Several meetings and discussions have occurred since February leading us to entertain a presentation by someone who can offer his experience, so we may better understand what a CEDS is and the value in the exercise:

Doug Smith, Vice President of Kaufman & Canoles Consulting and member of the Portsmouth City Council, led a CEDS process with the City of Portsmouth and later in a consulting capacity with officials in Orangeburg County, SC.:

A CEDS required by the U.S. Dept. of Commerce Economic Development Administration will provide Hampton Roads with a continuing economic development planning process, broad-based and diverse public and private sector participation, goals and objectives necessary to solve the economic development problems of the region and clearly defined metrics of success. A CEDS is a useful benchmark by which our regional economy can evaluate opportunities with other regions in the national economy.

The CEDS process was started 6-8 years ago. When the City of Portsmouth was looking for infrastructure monies, the EDA was a natural fit. A CEDS was required to qualify for that money, which supported structures Portsmouth could build to generate jobs. Developing a CEDS is a “business norm” today.

When the CEDS is approved, all of Hampton Roads will become a federally designated Economic Development District (EDD), qualified to apply for and receive EDA funding. Bob Gittler, EDA’s Economic Development Specialist for the Commonwealth of VA, came to Hampton Roads this week to become more familiar with the region and the Partnership, and the region’s interest in a CEDS was discussed.

Much of the results of the CEDS is “about the process that a community goes through,” i.e. the engagement of the public and private sectors along with economic development personnel to collaborate and prioritize.

Developing a CEDS is not easy; it requires “heavy lifting.” And, once it’s in place, it must be built on with annual reports of performance measures and a renewal process every five (5) years.



First step is to establish a CEDS Strategy Committee which, by EDA guidelines, must represent the main economic interests of the region and include private sector representatives as a majority of its membership. Additionally, the Committee must include public officials; community leaders (including faith-based communities); representatives of workforce development boards and institutions of higher education; minority and labor groups; and private individuals. It is being proposed that the HRP Executive Committee and their meetings, with the addition of key components not represented, be utilized as the Strategy Committee.

HRP seems to be the best regional organization to convene all of the components and participants required by the federal EDA. And, it makes sense to build upon the work already done by HREDA and HRPDC. HRP has recently launched [www.HamptonRoadsPerforms.org](http://www.HamptonRoadsPerforms.org) which might serve as the required performance measures.

Having a nationally-consistent format like CEDS will better allow Hampton Roads to benchmark and compare to other regions. A CEDS also provides for consensus. Priorities are settled beforehand.

***Discussion:*** Doing this is important, but we have limited HRP staff and resources.

A Memorandum of Understanding (MOU) among the core organizations as to dedication of staff time and resources is needed to ensure success. An EDA grant for funding of professional staff to manage the effort will also be sought.

Three of the four CEDS categories (Education & Workforce, Economic Diversification & Technology-Based Economic Development and Infrastructure & Land Use) proposed are already part of HRP's Strategic Plan. The fourth, Energy & Environment is a major national issue of which Hampton Roads can take advantage to diversify our economy. The CEDS can serve as the process by which HRP refocuses its strategic priorities, efforts and operations.

The CEDS is not another document that sits on a shelf; there are specific goals and objectives set forth, including performance measures.

Currently, EDA has a one-time pool of money from the stimulus funding of \$150 million, of which Hampton Roads does not qualify due to having no CEDS. EDA is funded to the tune of \$250 million per year, and individual "economic adjustment" grants average \$2-5 million. While not a huge amount of money, it is a meaningful amount. There is a short window of opportunity for monies available.

At first thought, it would seem that HRP needs their own SWOT analysis first, but since HRP's mission is the development of the region, the CEDS makes sense to serve as the SWOT analysis. The CEDS process may help flesh out HRP's issues.



Representatives from both the City of Virginia Beach and Tidewater Community College expressed willingness to dedicate their respective staff time to the process.

**Conclusion:** By “agreement in concept,” we have a consensus to move forward on the development of a Comprehensive Economic Development Strategy (CEDS) for Hampton Roads. It was agreed that the CEDS will also serve as the process by which HRP refocuses its strategic priorities and efforts.

The May 15<sup>th</sup> Executive Committee Meeting will serve as the kick-off of the CEDS Strategy Committee. Due to the required make-up of the CEDS Committee, additional representatives (non- Executive Committee members) will join us.

For Doug’s complete report (32 pgs, inc. 2006 CEDS for the State of Delaware):  
[www.slideshare.net/HRPartnership/comprehensive-economic-development-strategies-ceds](http://www.slideshare.net/HRPartnership/comprehensive-economic-development-strategies-ceds)

Also see attached: **CEDS Strategy Presentation - April 17<sup>th</sup> Session**

## **II. Welcome to Guest, Senator Frank Wagner**

Senator Wagner provided his input, focused on energy, economic development and the environment, in the conversation on the *Comprehensive Economic Development Strategy* (CEDS) process. Energy & Environment is of major national importance to Hampton Roads and is a proposed fourth category in the CEDS.

We spend \$700 billion on energy resources from outside of the U.S. That’s roughly equivalent to the one-time federal “bail-out” expenditure (TARP money). However, the \$700 billion we spend today on outside energy sources is NOT a one-time expenditure; it’s spent annually. Just think what our economy could do with that amount of money spent on American, environmentally-friendly energy sources?

We have an economic opportunity here in Hampton Roads - the generation of electricity. Coal in Hampton Roads is important with regards to shipping only. Other sources are much more vibrant in terms of economic possibilities:

- Nuclear power, a clean (no greenhouse gases produced) resource made practical by the U.S., is important to Hampton Roads, as evidenced by the recent Areva/Norfolk Grumman Newport News partnership.
- Wind generation could be a boon for Hampton Roads as our maritime community lends itself to the production of wind energy and the manufacture of needed components. As policies are now being set into place in Washington, \$60 billion of the stimulus package was set aside for wind energy, and there is none currently generated in Virginia. Virginia Beach is

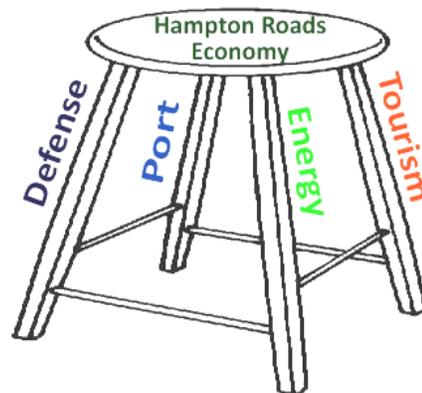
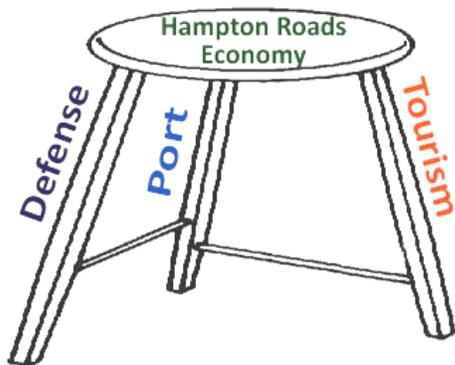


ideally situated, and it's been shown and agreed upon that there is little to no affect on a vital part of our economy - tourism.

- Natural gas, a key component to manufacturing, for power and as a raw material, is well on its way to being a positive attribute in Hampton Roads.
- Offshore drilling in Virginia has the potential to become a reality as early as 2011. Virginia was and is still included in the Dept. of the Interiors (DOI) 5-year plan for new leases. We do need studies, some of which may be privately funded, as to what and how much natural resources may be available. Some of the lowest unemployment figures in the U.S. today is in Houma, Louisiana, a community supporting off-shore oil exploration.
- And, there are other renewable energy resources being researched for potential development. For example, Old Dominion University (ODU) holds the patent on technology to create *algae*-based biodiesel.

Our proximity to the ocean is of great benefit as many renewable energy resources are ocean-dependent. But, Hampton Roads must coalesce to reap the benefits from federal grants available now and in the future. A vibrant economy has to have vibrant research and technology to fuel it. Hampton Roads will be successful in this endeavor as a region, not as individual communities.

Hampton Roads' economy is basically a three-legged stool: Defense, Port and Tourism. Adding a fourth leg, Energy, would make us a more stable economy.



**Discussion:** There are obstacles in Virginia. The grants and new industry discussed require quick resolutions, and there is a huge amount of competition. The states that can work more quickly will win. On the regulatory side, Virginia has numerous agencies with a “say” and permitting responsibility. There is no one over-arching agency that can combine input from the various regulatory agencies to make one decision for the Commonwealth.



Senator Wagner noted that his bill (SB1346) which passed addresses this. The bill broadens the responsibilities of the Virginia Coastal Energy Research Consortium (VCERC), of which ODU is a member, to allow for specific “permit by rule” and adds the Department of Environmental Quality (DEQ) as a member of the board of directors. This will help accelerate the process in Virginia to take better advantage of advances in research and technology. Quoting “A Field of Dreams,” Sen. Wagner noted that “if you build it, they will come,” but we need to build it.

Virginia and Hampton Roads are losing out on opportunities because “we’re dragging our feet.” We need to push in the direction where the money is available, and energy is where it’s available.

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**CEDS\_4-17-09\_Summary of Requirements.pdf**