

May 15, 2009

CEDS Committee Meeting Summary

“Comprehensive Economic Development Strategy: CEDS Kick-Off”

Description of CEDS “process” by Doug Smith, Kaufman & Canoles

A. CEDS is about the “process.”

Having a CEDS in place makes the localities of Hampton Roads eligible for federal Economic Development Administration (EDA) funding. For example, the Hampton Roads Research Partnership (HRRP) has been partially funded with two EDA grants in the past (HRP and HRRP members also provide funding).

It would be very easy to go through the steps, put the final product on the shelf and not maintain it. However, the CEDS should be regarded as a living, breathing document. The public, as well as the private sector, must be engaged in its development. CEDS is an economic roadmap for development in the region.

The “process” consists of analyzing the current situation and then establishing a consensual set of goals and objectives by looking at investment priorities and probable funding sources. Clearly defined performance metrics are then set in place to measure regional and locality successes.

Human capacity is an important component. Representation on the Strategy Committee must be diverse and broad-based, including the faith and education communities as stakeholders, beyond just the business community.

CEDS allows the region flexibility. The document is important, but the “process” used to build it and maintain it is more important. It’s about regional “buy in.”

B. Is the “process” worth the pain? What is the value to the region?

Example: the City of Portsmouth received \$4 million in infrastructure grants over an 18-month period with their CEDS. The problem came with a lack of maintenance afterward. The City’s CEDS has expired. There is real money available for which Hampton Roads currently – with no CEDS in place – does not qualify.

We have connectedness (rail, road, water, air); we have capacity (workforce and intellectual property); we have infrastructure (financial and physical). We’ve attracted development in underserved communities such as Hampton Roads Ventures’ investments. We have an unrivaled quality of life.

In regional economic development maxims, economic development follows regional borders, not political boundaries. Communities that grow and prosper together, plan and implement together. *But, do we practice it here?*



C. Who leads the Hampton Roads CEDS?

The Hampton Roads Partnership's mission is to provide leadership to focus on those strategic issues that will enhance Hampton Roads' competitive position in the global economy. Simply put, HRP's mission is to be the umbrella organization that pulls this type of effort together. Several of its member organizations, such as HRPDC and HREDA, are perfect examples of other groups who should be heavily involved in this "process."

Preparing for CEDS by Donna Morris, HRP Executive Vice President

A. CEDS Committee

The Committee was created with an eye on the knowledge and expertise each member brings to this effort. Committee members will also help identify other volunteers as resources to address specific plan elements.

HRP cannot undertake a CEDS alone. The resources required are significant. We must work with the staff and leadership of other organizations in our region, all who have an interest and role in regional planning, such as:

1. Hampton Roads Planning District Commission
2. Hampton Roads Economic Development Alliance
3. Opportunity, Inc.
4. Peninsula Council for Workforce Development
5. Hampton Roads Research Partnership
6. Hampton Roads Center for Civic Engagement
(for the required public participation component of CEDS)
7. Hampton Roads' colleges and universities
8. Hampton Roads' local governments

A major part of the CEDS "process" includes conducting an economic analysis of the regional economy. The EDA requirements are not specific as to what type of analysis or what level of detail is needed. We're starting at a good place, though.

B. Reports

The first thing we will do is review existing reports and analyses. Then, we'll identify gaps and any additional information needs. We have a good deal of valuable information to begin this part of the "process" thanks to a number of organizations in our region and their existing reports. To mention a few:

1. Hampton Roads Planning District Commission's Data Book, Annual Benchmarking Report and Cluster analysis (EDA requires a "cluster" analysis of the regional economy, i.e. groups of inter-related industries that drive wealth creation in a region.)
2. Old Dominion University's Economic Forecast and State of the Region Report
3. Opportunity, Inc. & Peninsula Council for Workforce Development's State of the Workforce Reports



4. The Planning Council's Investment in Priorities
5. Hampton Roads Partnership's Strategic Planning Documents
6. College of William and Mary's Economic impact of the port study
7. Private sector, Angle Technology, a research and consulting firm on the economic-impact analysis of Modeling, Simulation & Visualization Industry in the region.

C. Measurement tool – HamptonRoadsPerforms.org

HamptonRoadsPerforms.org was launched in early February 2009. It measures the region on 36 indicators, some region-specific, and is the central place to monitor how the elements of our regional plan impact the region's performance.

Through the CEDS "process," we'll better define what needs to be measured, how to measure it, and how best to track our progress. The site serves as an easy reference for organizations and local governments in planning and for the public.

EDA measures recommended include, but are not limited to:

1. Number of jobs created after implementation of the CEDS;
2. Number and types of investments undertaken in the region;
3. Number of jobs retained in the region;
4. Amount of private sector investment after implementation of the CEDS;
5. Changes in the economic environment of the region.

Structure for CEDS by Dana Dickens, HRP President & CEO

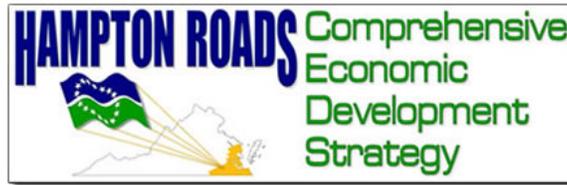
A. *The CEDS Committee, Composition and Requirements*

The Hampton Roads CEDS is designed to bring together the public and private sectors to create an economic roadmap and to diversify and strengthen our regional economy. It will serve as a guide for establishing regional goals, developing a regional plan of action and identifying investment priorities and funding sources.

For example, our economy is dominated by federal spending. Rather than how do we mitigate this, how do we capitalize on this? CEDS will give us the opportunity to hitch the "horses" of all stakeholders to the same regional "wagon." It integrates all of our organization's human and physical capital.

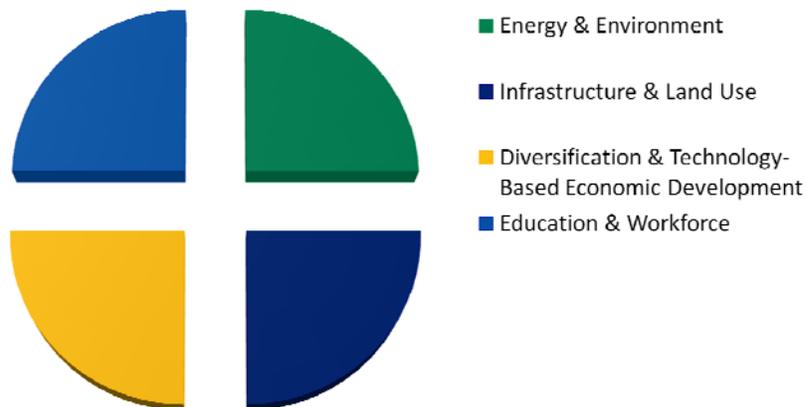
B. *Project Management*

The Partnership has submitted a draft EDA Planning Grant for funding of a Project Manager/Consultant to manage this effort. This position will be filled by a competitive bidding process.



C. Proposed Categories for Structure

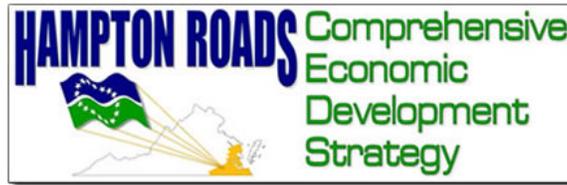
The following four categories were originally proposed for discussion purposes. Three of the four categories closely align with HRP’s current strategic plan, while “Energy & Environment” was added due to Hampton Roads’ opportunities and unique position as a coastal community.



Education & Workforce: An educated population is important to a vital and healthy region. Availability, quality, responsiveness of educational institutions are all important. Education is an investment in not just developing but also attracting human capital to the region. This category includes everything from early childhood education to career and technical education programs in high schools and community colleges to college and university degree programs to employer-based training. Education helps to determine our competitive industries.

Energy & Environment: These are topics of strategic global importance; as a region, we’re concerned about the changing environment and the national importance of alternative energy. The health of the Chesapeake Bay and its tributaries are important, as is the expanded use of alternative energy which will impact new, emerging industry and the expansion of existing business.

Infrastructure & Land Use: This category encompasses all aspects of the region’s infrastructure from buildings, public utilities, broadband access with special emphasis on transportation infrastructure. A quality transportation infrastructure facilitates the mobility of goods and services; a poor one impedes our progress. The ability to move goods and people is critical, and Hampton Roads has a recognized, and growing, traffic congestion problem. We have an interdependent regional economy heavily reliant on an efficient transportation system. Land use is related to all infrastructure, and land use decisions impact health, traffic, and quality of life. There are both costs and benefits to new land development. On the other hand, new developments are a sign of economic development and prosperity, providing much needed housing and increased jobs and economic revitalization.



Better land use decisions allow for economic benefits without strain on infrastructure and the environment.

Diversification & Technology-Based Economic Development: Hampton Roads has long been reliant on the Military, the Port and Tourism as its core industries, making it difficult to achieve the same high growth as our peer regions. These core industries help insulate Hampton Roads in poor economic times and should be strengthened and capitalized upon for needed expertise with a view toward expansion into new industries. Tech-based economic development is important; the Military and federal labs bring us resources and talent. Modeling & Simulation and Port & Maritime Logistics are included in this category. This focus can bring new clean, high-paying jobs to the region. Efforts should be coordinated with other organizations such as HREDA, HRRP, HRFO and HRMFFA.

D. Discussion: Are these the right Categories of focus?

It seems as if we are building the same economic development paradigm. Are we simply re-visiting what we've already done before? Are we chasing opportunities with futility? Shouldn't we work on: what's good for Hampton Roads? What's a waste of time?

This should be a "process" that can help change behaviors and do things truly "regional."

Should we also address controversial projects (example: OLF, Surry Coal Plant) to decide as a region where we stand on these issues and stand together?

Leveraging what we already have here in Hampton Roads is important, such as the Military and the Port.

Looking at other regions, are these categories a "wish list"? Or is this a list of "if we got some help, we could do this?" Can we work on improving what we have now?

The end result of the CEDS "process" must be actionable items, a specific list of things that would bring immediate impact. There are actually two things happening here:

1. Complying with the federal "process", i.e. identifying the stuff we're doing and need help on; and
2. Planning for the future of Hampton Roads, i.e. identifying long-term opportunities.

We already have things in place to work on three of the four proposed categories. The visionary opportunities are what we are not well-organized as a region to handle. To make this CEDS truly a living, breathing document, let's take these visionary opportunities on after the main work is done, the federal compliance portion of this "process."

Should we look for opportunities to align ourselves with other regions?



We are in agreement that this “process” can help us respond to economic changes. What we do is more important than what and how many categories we use.

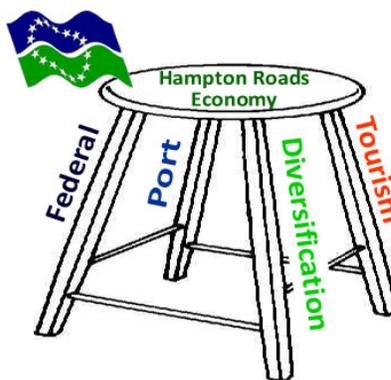
Transportation as a separate category isn’t the answer. That is something that must be addressed within each area of our economic self-discovery “process.” We know that roads aren’t the answer; we need alternatives, and consensus has been nearly impossible. Without a meaningful transportation solution, however, none of this works.

If we must work with the transportation infrastructure as it is now, then we must deal with it and not get bogged down again, or we won’t get anything accomplished. Look at Greater Richmond and Greater Raleigh and their high speed rail “win.” We need a “win” here in Hampton Roads. While the prospect of high speed rail is just that – a prospect, it is a highly subsidized transportation method around the world. The corridor may be set in stone, but there is still a question as to whether it will ever be built. (If the Virginia General Assembly agrees to a DC to Richmond to Raleigh NC corridor, then the Hampton Roads delegation should negotiate for highway and light rail money for the region.)

The defense “leg” of the stool should be expanded to include the entire federal sector.

Energy and environmental issues are increasingly important to be a regional leader in the national and global economy. These issues can fit under “Diversification” rather than as a stand-alone category.

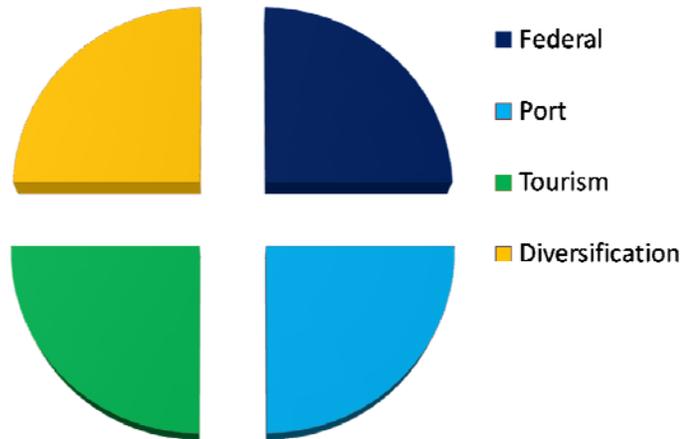
The revised Hampton Roads Economy “stool” model:



By developing the CEDS around the three main categories of the current Hampton Roads economy and adding “Diversification,” we can better identify the assets we have, what/how we’re doing and those things we need help on.



The revised CEDS Categories for sub-committee focus:



By following these core industry categories and by using the CEDS Plan of Action guidelines within each sub-committee's work, we can address those areas where help is most needed in the region and engage those organizations most able to provide the needed expertise.

The Plan of Action implements the goals and objectives of the CEDS in a manner that:

1. Promotes economic development and opportunity;
2. Fosters effective transportation access;
3. Enhances and protects the environment;
4. Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy;
5. Promotes the use of technology in economic development, including access to high-speed telecommunications;
6. Balances resources through sound management of physical development;
7. Obtains and utilizes adequate funds and other resources.

E. *Committee Volunteers to lead Sub-Committees*

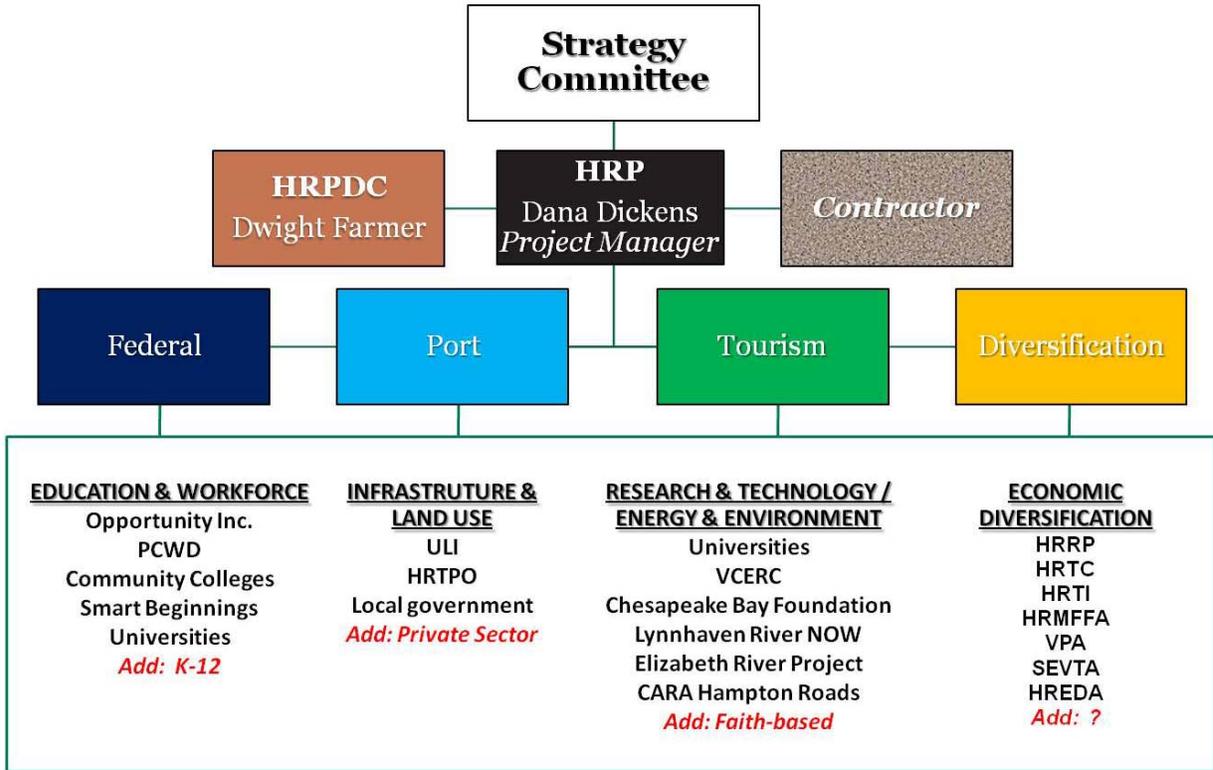
Volunteers to lead each sub-committee are needed:

- ✓ Federal
- ✓ Port
- ✓ Tourism
- ✓ Diversification



V. Next Steps by Dana Dickens, HRP President & CEO

A. Organization Chart (with new Categories)



B. Timeline (proposed)

