

REPORT

AN ECONOMIC ASSESSMENT OF THE IMPACT OF JOBS GENERATED BY THE HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE

10 January 2009

EXECUTIVE SUMMARY

In both 2002 and 2005, I performed studies that examined the impact of the Hampton Roads Economic Development Alliance (HREDA) on job creation and economic activity within Hampton Roads. This current report replicates those studies for the years 2004-2007. I find that the major conclusions of those previous studies have not changed significantly.

Using job, income, assessed valuation and location data supplied by HREDA,¹ the Commonwealth of Virginia and the U.S. Census, I find that:

- The cities and counties of Hampton Roads continue to exhibit a very high level of economic interdependence. Economically, they continue to function as a single, large city in which some portions of the region predictably specialize as residential locations, while others specialize as job and work locations. Williamsburg and Norfolk host more jobs than they have residents, while the citizens of the cities of Gloucester, Poquoson and Suffolk earn higher than average incomes by commuting to jobs in other locations. The region's job commuting patterns, however, cause the benefits of any job cluster to be widely diffused among the cities and counties of Hampton Roads.
- Individuals frequently reside in one city, but work in another. In four jurisdictions within the region, 60 percent or more of the individuals who work there live somewhere else. These are Norfolk, Portsmouth, York County and Williamsburg. Residents of Virginia Beach earn 32 percent of the income generated in the City of Norfolk, while residents of Chesapeake earn 24 percent of the income generated in the City of Virginia Beach.

¹ The primary data provided to me by HREDA are summarized in Table Three below.

- Williamsburg continues to be the most interdependent jurisdiction within the region, economically speaking. Only 16 percent of those who hold jobs in Williamsburg also reside there and 82 percent of the personal income generated within the City of Williamsburg is earned by individuals who live in another city or county. James City County residents earn 34 percent of the personal income generated in the City of Williamsburg.
- Norfolk hosts the second most jobs (143,072) of any city or county in Hampton Roads. Nevertheless, only 40 percent of those working in Norfolk also reside there. Further, these particular Norfolknians tend to occupy lower income positions and hence they account for only 32 percent of all personal income generated in Norfolk. Some 30 percent of those who work in Norfolk reside in Virginia Beach. Because the Virginia Beach residents tend to occupy higher income jobs, these individuals account for 32 percent of all income earned in Norfolk. On the Peninsula, only 51 percent of those individuals working in Newport News actually reside there and almost 18 percent of all workers in Newport News reside in Hampton.
- The Isle of Wight is the regional jurisdiction least connected to the remainder of Hampton Roads from an economic standpoint. More than 26 percent of the individuals working in the Isle of Wight do not live in Hampton Roads and only 20 percent of all personal income generated in the County is earned by Isle of Wight residents.
- When new jobs are created in one city or county, the economic benefits of those jobs are widely diffused throughout the region. Chesapeake provides an apt illustration. When a dollar of personal income is generated in Chesapeake, only \$.51 is earned by Chesapeake residents, while the remaining \$.49 is earned by individuals residing elsewhere. Virginia Beach residents, for example, take home \$.24 of every dollar of personal income generated in Chesapeake.
- Not all jobs are created equal, economically speaking. Some jobs have more economic impact than others because of differences in wage rates. The region's residents are sensitive these wage differentials and travel across city and county lines in order to take advantage of them. The typical resident of Virginia Beach earns a higher than average income (and more than she would earn in a typical job in Virginia Beach) when she works outside of that city. James City, York, Chesapeake, Poquoson and Williamsburg residents also earn more when they work outside of those cities and counties.

- The incremental new jobs attracted by HREDA generated \$500.6 million in additional regional payroll between 2004 and 2007. The economic ripple effects (dollars being spent and re-spent) of these expenditures swelled this economic impact to \$1.001 billion. The Isle of Wight boasts the most favorable benefit-cost ratio, with the ratio of its new payroll to its support of HREDA being 677:1. Chesapeake, Poquoson, Portsmouth and Suffolk all recorded benefit-cost ratios exceeding 282:1. The lowest benefit-cost ratio among the six jurisdictions was Gloucester, at 1.58:1. Overall, the data reveal that all of the ten cities and the five counties benefited significantly from HREDA's activities.
- The additional new jobs attracted by HREDA between 2004 and 2007 not only generated economic activity throughout the region, but also resulted in higher local tax payments (both sales taxes and property taxes) by the residents who live, work, or shop in that city or county. Between 2004 and 2007, these additional tax payments totaled \$14.04 million, or \$2.18 for every dollar of support given HREDA. Every city and county benefitted in this regard. For example, between 2004 and 2007, the Isle of Wight collected 10.6 times as much in tax payments as it spent in support of HREDA.

RESIDENTIAL LOCATIONS, JOB LOCATIONS AND INCOMES EARNED

More than 1.6 million people live in Hampton Roads and these individuals held 728,893 jobs in October 2008. Some of the cities and counties within the region are primarily residential; others host large numbers of jobs. Table One summarizes the populations, employment and incomes earned by individuals who reside or work in thirteen of the region's fifteen cities and counties.² The highest per capita incomes earned within the region are earned outside of the core cities and are found in James City, York, Poquoson and Williamsburg. Per capita income in these locations ranges between \$41,656 and \$43,431. However, the individuals who reside in those locations typically commute to work in other locations. Norfolk hosts the jobs with the highest incomes within the region (\$42,952 average), followed by Portsmouth (\$41,548). The four high per capita income locations (James City, York, Poquoson and Williamsburg) host jobs that generate much smaller incomes (generally ranging between \$31,000 and \$33,000).

At the end of the day, the citizens of each of Hampton Roads' fifteen cities and counties find it efficient to specialize in terms of their economic and residential activities. Presumably, both single individuals and cities take into account their distinctive assets, location and preferences. To state the obvious, not every citizen wishes to live in an urban situation, or, alternatively, in a suburban or rural location. Not all cities and counties want to host industrial complexes, or be primarily residential. Taking these things into

² No data were available for the City of Franklin or Southampton County.

account, individuals exercise their preferences and choose locations for living and working. Practically speaking, this means they distribute themselves about the region and, as the matrix in Table Two below demonstrates, take advantage of the substantial economic interdependence of the cities and counties of the region. **Economically speaking, the majority of the residents of Hampton Roads behave as if the region were one, unified city when they choose where to reside and work. Individuals frequently reside in one city and work in another. They spend their money throughout the region, substantially without regard for city and county boundaries.**

That point having been made, it probably is true that every city or county would be better off if a large, clean, high value-added firm with few negative spin-off effects located in that city and thereafter paid huge taxes. However, such firms are as scarce as a hen's tooth. In the real world, jobs carry both benefits and costs and when long-run costs are properly computed, some jobs actually generate more costs than benefits. Thus, a city or county that boasts a well-educated, well-qualified citizenry that commutes to high paying jobs is, all things considered, often boasts a winning civic strategy.

HREDA'S JOB GENERATION

HREDA reports that it attracted, or assisted in attracting, 3,366 jobs via its activities between 2004 and 2007 (see Table Three for details). The average compensation paid the workers occupying these jobs was \$38,621. This was 10.6 percent higher than the Hampton roads average of \$34,929. Chesapeake led the way with 1,963 new HREDA-related jobs, followed by Norfolk with 431 and Portsmouth with 382. Table Four summarizes these data.

Table Four also discloses that every one of HREDA's new job successes was accompanied by a capital investment in plant and equipment. Within the ten cities and five counties, the size of these new capital investments ranged from \$150,000 (James City) to \$80,102,104 (Chesapeake). The relevant point for our purposes is that these capital investments generate economic impact that is independent of the compensation paid the employers who ultimately work on those sites. The total capital investment associated with HREDA's job attracting activities, 2004-2007, was \$212,182,104.³

³ I estimate that these capital construction projects created 6,095 years of work (about 1,500 per year), spread over 2004-2007. While this additional economic thrust was both large and warmly welcomed, it was a one-time only phenomenon.

Note also in Table Four that jobs in one city or county generate economic activity in most of the other cities and counties. Using the matrix in Table Two as a guide to how economic activity in one city or county affects all others, I divided the compensation from additional jobs into two parts---that part retained by the city or county that hosts the job and that part that is claimed by other cities or counties because they supply employees for that site, or because the citizens of the host city or county ultimately spend their income in other cities or counties. For example, consider the City of Suffolk. HREDA activities are credited for the creation of 168 jobs in Suffolk, 2004-2007. These jobs averaged \$37,789 in compensation, for a total of \$20,177,380 over the four years. However, Suffolk captured only \$11,702,880 of that compensation (58 percent), while the remaining \$8,474,500 (42 percent) was shared by the other cities and counties of the region as well as a very small amount by cities and counties outside of the region.

On average, only 46 percent of the compensation generated by HREDA-attracted jobs is captured by the host city. The other 54 percent diffuses among the other cities and counties in the region plus sites outside of the region. This underlines the substantial economic interdependence that exists in Hampton Roads. Jobs that appear in one location benefit nearly all other locations. Why? Because the region's citizens cross city and county lines continuously in terms of where they choose to live, work, and spend their incomes. Therefore, as Tables Two and Four demonstrate, a new job in Suffolk benefits Virginia Beach, which captures six percent of that job's compensation. Similarly, a new job in Newport News benefits Hampton, which captures 18 percent of that job's compensation.

The economic reality is that for a variety of reasons, HREDA finds it easier to attract jobs to some locations within the region than others. Nevertheless, the entire region benefits, regardless of the location of a new job. What's good for Hampton turns out to be good for Newport News, Virginia Beach and nearly every other city or county in the region.

Note that the same rationale applies to capital construction expenditures. Workers on construction projects emanate not only from city where that construction project is located, but also from other cities. Further, these workers spend their incomes throughout the region. Table Four estimates how HREDA-generated construction expenditures are shared throughout the region. For example, Chesapeake's \$80+ million of capital investments, 2004-2007, generated \$40.8 million of income within Chesapeake (see column (8)), but only slightly less than that amount in the other cities and counties of the region. Analogous to the analysis of job compensation, it can be said that regardless of the location of a new construction project, the entire region tends to benefit.

Finally, column (10) in Table Four sums the compensation economic impact and the capital investment economic impact for each city and county. The sum of these two was \$500,570,751 for the region, 2004-2007. The \$500+ million number represents new economic stimulus attached to HREDA-attracted jobs, 2004-2007. Like nearly every other injection of new expenditures, these

dollars are spent and re-spent and therefore create economic ripple effects throughout the region. Visualize employees at the new Lockheed Martin weapons research facility in Hampton (whose average compensation was reported to be \$91,000) spending their incomes at locations throughout the region, for example, at the Patrick Henry Mall. Upon receiving those dollars, the establishments at the Mall re-spend those dollars at a wide variety of establishments inside and outside of Hampton Roads. The “spend and re-spend” process continues until it eventually withers to zero because money leaks outside of the region, or is saved. A reasonable multiplier to attach to the ripple-like “spend and re-spend” process is 2.0. Hence, in column (11) of Table Four, I have applied a 2.0 multiplier to capture the economic ripple effect. **This increases the total economic impact of HREDA job attraction activities to \$1,001,141,502 (\$1.0 billion). This is the total economic impact of HREDA’s job attracting activities, direct and indirect, upon the region.** It represents the sum of: (1) the compensation paid the workers in these new jobs; (2) the economic impact generated by HREDA-related capital investments; and, (3) the economic ripple effects generated by (1) and (2).

RETURN ON INVESTMENT

Tables Two, Three and Four demonstrate both that HREDA has generated new jobs for the fifteen cities and counties of Hampton Roads and that there is considerable economic impact attached to these jobs.

Two of the most important evaluative measures of the economic impact of HREDA activities are the additional payroll earned by the residents of the fifteen jurisdictions and, almost as a bonus, the additional tax revenues these cities and counties collect. In this section, I perform a rough benefit-cost analysis of tax revenues and personal income versus the financial support the cities and counties provide HREDA.

Payroll

Significant additional payroll dollars have been generated by HREDA-attracted jobs within all of the cities and counties that are members of HREDA. Table Five reports that Chesapeake received the most total, new economic impact (payroll) because of HREDA---\$280,846,145. Portsmouth followed with \$177,757,954 in additional economic impact, with Norfolk recording \$153,702,831 and Suffolk \$129,102,183.

It is appropriate to compare these results with the financial support the fifteen cities and counties provided HREDA, 2004-2007. **Table Five reveals that the average ratio of additional payroll to HREDA support was 155.18 within Hampton Roads. This means that the typical city or county benefited from \$155.18 of additional payroll for every dollar that it invested in**

HREDA. It is difficult to find fault with such a result. No doubt some cities or counties wish they were even better off because of HREDA activities, but all benefit handsomely from HREDA activities even if no new jobs are specifically located in their jurisdictions. It is the interdependence of the region and the “respect no boundaries” commuting and spending patterns of regional citizens that cause this to be so. The Isle of Wight boasted the most favorable benefit-cost ratio with respect to payroll---677:1.

Tax Revenues

Additional economic activity nearly always generates additional tax revenues for the fifteen cities and counties within Hampton Roads. I have generated rough estimates of the additional tax revenues collected by the counties based upon two assumptions. First, I have assumed that the effective sales tax collection rate is 1.17 percent, assuming that the cities and counties retain 1.0 percent and on the basis of other studies that .17 percent of the sales tax revenue collected by the Commonwealth of Virginia is remitted back to the cities and counties as a part of the legislative process. Second, I have assumed that the assessed real estate valuations of each city and county rise by the amount of the capital investments made in those cities. Third, I have assumed an effective real estate tax rate of 1.0 percent per \$100 of assessed valuation. I recognize that these assumptions do not fit each city precisely, but they are sufficiently accurate to provide a good ball park estimate of additional tax revenues generated.

With the obvious caveat that the tax benefits from HREDA activity can vary substantially from year to year, it’s interesting to note that the Isle of Wight enjoyed the highest benefit-cost ratio of new taxes generated to HREDA assessments (10.63:1). By nearly any conventional measure, the payoff ratio for Isle of Wight County represents a superb investment for that county. Within the region the Isle of Wight is followed by Suffolk, Portsmouth and Chesapeake. **For the 2004-2007 period, the average regional ratio of additional taxes collected to HREDA support was 2.175:1. This implies that the typical city or county received \$2.175 in additional tax revenues, 2004-2007, for every dollar it invested in HREDA. Assuming the underlying data are accurate, there is little doubt that HREDA’s efforts have paid off handsomely in tax collections for all of the cities and counties of Hampton Roads.**

SUMMING IT UP

The data clearly drive the conclusion that every city and county in Hampton Roads has benefited significantly from HREDA’s activities---some more than others--- but all substantially. Two measures---additional payroll and additional tax collections---support that conclusion. Some jurisdictions (Isle of Wight) have benefited more than others (Gloucester), but all

have received an adequate to outstanding return on their investment in the organization's activities. Once again, some cities and counties host more jobs than others and other cities and counties supply more workers. All cities and counties, however, have benefitted from HREDA's job attracting activities.

TABLE ONE

EMPLOYMENT AND INCOMES EARNED IN
THE CITIES AND COUNTIES OF HAMPTON ROADS

<u>City or County</u>	<u>2007 Population</u>	<u>Number of Residents Employed October, 2008</u>	<u>Number of Jobs Hosted October, 2008</u>	<u>Ratio of Jobs Hosted to Employed Residents</u>	<u>Hosted Jobs Average Annual Wage</u>	<u>Per Capita Income 2006</u>
Gloucester	36,489	20,653	9,872	0.478	\$28,548	\$30,674
Isle of Wight	33,612	18,384	11,990	0.652	\$36,296	\$33,543
James City	61,739	30,643	25,578	0.835	\$33,696	\$42,923
York	63,184	31,387	21,045	0.671	\$32,292	\$41,656
Chesapeake	216,568	114,690	99,185	0.865	\$34,892	\$35,305
Hampton	145,862	67,118	59,291	0.883	\$39,624	\$31,057
Newport News	182,478	86,286	100,907	1.169	\$40,664	\$28,990
Norfolk	235,987	95,099	143,072	1.504	\$42,952	\$31,459
Poquoson	11,948	6,385	2,011	0.315	\$26,884	\$41,656
Portsmouth	98,543	45,416	43,219	0.952	\$41,548	\$28,866
Suffolk	81,209	39,408	25,328	0.643	\$36,400	\$31,399
Virginia Beach	433,033	223,270	171,049	0.766	\$35,464	\$40,396
Williamsburg	13,245	4,698	14,664	3.121	\$31,304	\$42,923
	1,613,897		727,211			

Source: Va. Workforce Connection, www.vawc.virginia.gov

VA Ave. = \$47,580
HR Ave. = \$37,972

\$39,173
\$34,929

TABLE TWO

**WHEN \$1.00 OF NEW PAYROLL APPEARS IN A HAMPTON ROADS CITY OR COUNTY,
HERE IS THE AMOUNT EARNED BY INDIVIDUALS RESIDING IN VARIOUS LOCATIONS**

<u>The \$1.00 Is Earned In</u>	<u>Glou- cester</u>	<u>Isle Wight</u>	<u>James City</u>	<u>Math- ews</u>	<u>York</u>	<u>Chesa- peake</u>	<u>Hamp- ton</u>	<u>Newp. News</u>	<u>Nor- folk</u>	<u>Poquo- son</u>	<u>Ports- mouth</u>	<u>Suffolk</u>	<u>Va. Beach</u>	<u>Wms. burg</u>	<u>Other</u>
Gloucester	\$0.78	\$0.00	\$0.01	\$0.02	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	\$0.01	\$0.00	\$0.01	\$0.15
Isle of Wight	\$0.00	\$0.49	\$0.00	\$0.01	\$0.00	\$0.03	\$0.03	\$0.03	\$0.01	\$0.00	\$0.04	\$0.14	\$0.02	\$0.00	\$0.21
James City	\$0.05	\$0.01	\$0.49	\$0.11	\$0.00	\$0.00	\$0.05	\$0.16	\$0.01	\$0.01	\$0.00	\$0.00	\$0.01	\$0.05	\$0.16
York	\$0.08	\$0.01	\$0.11	\$0.00	\$0.37	\$0.01	\$0.08	\$0.23	\$0.01	\$0.03	\$0.01	\$0.00	\$0.03	\$0.02	\$0.03
Chesapeake	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.51	\$0.01	\$0.01	\$0.07	\$0.00	\$0.08	\$0.04	\$0.24	\$0.00	\$0.03
Hampton	\$0.02	\$0.02	\$0.01	\$0.00	\$0.11	\$0.02	\$0.49	\$0.22	\$0.02	\$0.02	\$0.01	\$0.01	\$0.03	\$0.00	\$0.02
Newport News	\$0.04	\$0.03	\$0.03	\$0.00	\$0.09	\$0.02	\$0.18	\$0.48	\$0.02	\$0.02	\$0.01	\$0.02	\$0.02	\$0.00	\$0.05
Norfolk	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.14	\$0.03	\$0.02	\$0.32	\$0.00	\$0.04	\$0.02	\$0.32	\$0.00	\$0.10
Poquoson	\$0.00	\$0.02	\$0.01	\$0.00	\$0.13	\$0.01	\$0.15	\$0.11	\$0.00	\$0.59	\$0.00	\$0.01	\$0.02	\$0.00	\$0.00
Portsmouth	\$0.00	\$0.02	\$0.00	\$0.00	\$0.01	\$0.22	\$0.02	\$0.02	\$0.07	\$0.00	\$0.36	\$0.07	\$0.15	\$0.00	\$0.07
Suffolk	\$0.00	\$0.07	\$0.00	\$0.00	\$0.01	\$0.10	\$0.02	\$0.02	\$0.02	\$0.00	\$0.07	\$0.58	\$0.06	\$0.00	\$0.04
Virginia Beach	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09	\$0.01	\$0.01	\$0.08	\$0.00	\$0.02	\$0.01	\$0.77	\$0.00	\$0.02
Williamsburg	\$0.04	\$0.01	\$0.34	\$0.00	\$0.14	\$0.01	\$0.05	\$0.16	\$0.01	\$0.01	\$0.00	\$0.00	\$0.01	\$0.18	\$0.05

TABLE THREE

HREDA ANNOUNCED PROJECTS, 2004-2007

Company Name	Location	NAICS	Business Description	Month in Operation	New/Expansion	New Jobs	Capital Investment	Square Footage	Estimated Annual Payroll	Average Base Salary	Average Salary Plus Benefits
Air Wisconsin Airlines Corporation	Norfolk	488190	Aircraft maintenance & flight crew hub	December, 2005	N	400	\$40,000,000	38,000	\$16,000,000	\$40,000	\$52,000
American Funds Service Company	Chesapeake	561422	Customer service center, investment management services	December, 2005	E	250	\$13,700,000	50,000	\$7,500,000	\$30,000	\$39,000
American Funds Service Company	Chesapeake	561422	Customer service center; investment management services	February, 2006	E	250	\$13,700,000	50,000	\$7,500,000	\$30,000	\$39,000
American Port Services	Suffolk	488320	Third-party logistics & distribution facility	September, 2008	E	0	\$15,000,000	300,000	\$0	\$0	\$0
Ashley Capital	Chesapeake	493110	Warehouse	August, 2004	N	0	\$8,000,000	200,000	\$0	\$0	\$0
Astute Electronics*	Suffolk	423690	Electronic component distribution	July, 2007	N	4	\$250,000	1,750	\$300,000	\$75,000	\$97,500
AvalonBay Communities, Inc.	Virginia Beach	525930	Customer care center, real estate investment trust	August, 2007	N	130	\$1,250,000	22,000	\$5,330,000	\$41,000	\$53,300
BCF Designs Inc.*	Suffolk	334511	Design & production of aviation test equipment	February, 2006	N	6	\$225,000	1,800	\$440,000	\$70,000	\$91,000
BT Conferencing Inc.*	Chesapeake	561422	Call center	July, 2005	N	150	\$1,000,000	25,000	\$5,250,000	\$35,000	\$45,500
Chesapeake Bay Cabinet Co.	Portsmouth	337110	Kitchen and bath cabinet distribution	September, 2006	N	30	\$1,500,000	21,000	\$1,000,000	\$33,333	\$43,333
Cost Plus Inc.	Isle of Wight County	423220	Distribution center; home furnishings	March, 2005	N	190	\$24,000,000	500,000	\$4,307,680	\$22,672	\$29,474
Earthcore Industries LLC*	Chesapeake	327123	Ceramic chimney and flue gas systems	April, 2007	N	30	\$10,000,000	35,000	\$1,200,000	\$40,000	\$52,000
ECCT LP	Norfolk		Sales	December, 2005	N	3	\$250,000	750	\$150,000	\$50,000	\$65,000
Evans Distribution Systems	Suffolk	423120	Distribution center, automotive parts	May, 2004	N	25	\$1,500,000	90,000	\$540,000	\$21,600	\$28,080
FLEXA Furniture Inc. USA *	Suffolk	337122	U.S. HQ; manufacture & distribution of children's furniture	December, 2006	E	30	\$6,000,000	88,000	\$1,000,000	\$33,333	\$43,333
General Dynamics, Electric Boat Division	Chesapeake, Portsmouth	336611	Shipbuilding and repair	November, 2003	E	500	\$1,000,000	35,000	\$7,875,000	\$35,000	\$45,500
ICT Group, Inc.	Chesapeake	561422	Call center	April, 2005/Closed July, 2007	E	949	\$832,104	50,000	\$16,469,597	\$18,758	\$18,758
INIT Innovations in Transportation, Inc.*	Chesapeake	541512	U.S. HQ; software solutions for transport companies	January, 2007	E	13	\$1,500,000	26,500	\$650,000	\$50,000	\$65,000
Johnson Development	Isle of Wight County	493110	Warehouse and distribution	December, 2008	N	0	\$12,000,000	300,000	\$0	\$0	\$0
Lindab USA	Portsmouth	332322	Corporate HQ; sheet metal products	April, 2005	E	57	\$6,000,000	3,000	\$3,705,000	\$65,000	\$84,500
Lockheed Martin - Air Operational Center Weapons System Integration	Hampton	541710	Weapons system research and development	July, 2007	N	90	\$2,400,000	61,000	\$6,300,000	\$70,000	\$91,000
MacGregor	Chesapeake	488490	Engineering services	April, 2006	N	15	\$500,000	9,600	\$1,121,940	\$62,330	\$81,029
Mombaur International Consulting	James City County		Business services	August, 2006	N	1	\$150,000	150	\$100,000	\$100,000	\$130,000
Montague Farms (Soyfarm)	Isle of Wight County	111110	Food Processing	May, 2008	N	6	\$2,200,000	10,000	\$125,000	\$25,000	\$32,500
Nova Design Group	Chesapeake	561499	Sales and distribution	July, 2005	N	5	\$250,000	3,000	\$175,000	\$35,000	\$45,500
Preferred Freezer Services	Chesapeake	493120	Temperature-controlled distribution	October, 2007	N	45	\$30,000,000	173,000	\$1,350,000	\$30,000	\$39,000
Raytheon Company	Suffolk	541512	Computer modeling and simulation services	July, 2006	N	33	\$2,500,000	22,000	N/A	N/A	N/A
Reading Equipment & Distribution, Inc.	Suffolk	336211	Fabrication & distribution of truck body components	September, 2004	N	20	\$1,500,000	30,000	\$612,000	\$30,600	\$39,780
Ride-Away Corporation	Norfolk	336111	Manufacture handicapped-modified vehicles	July, 2004	N	25	\$1,000,000	8,000	\$850,000	\$34,000	\$44,200
Sieck	Portsmouth	424930	Distribution	January, 2006	N	45	\$605,000	18,000	N/A	N/A	N/A
Standard Technology	Hampton	541512	Technology Consulting	April, 2006	N	5	\$250,000	1,500	\$161,650	\$32,330	\$42,029
Target Corp.	Suffolk	424990	East Coast import warehouse	July, 2003	E	50	\$15,000,000	300,000	\$1,250,000	\$25,000	\$32,500
Touchroad International Holdings (USA)*	Chesapeake, Norfolk	551114	U.S. HQ, manufacture textiles & jewelry	March, 2006	N	6	\$400,000	6,000	\$150,000	\$25,000	\$32,500
WIWA LP*	Chesapeake	333912	U.S. HQ; high pressure, industrial coating systems	November, 2001	E	3	\$750,000	12,500	\$120,000	\$40,000	\$52,000
			Totals			3,366	\$215,212,104	2,492,550	\$91,532,867	\$1,199,956	\$1,554,316

* Foreign affiliation

Source: HREDA

TABLE FIVE

CRITICAL RATIOS: ADDITIONAL PAYROLL AND TAXES VERSUS HREDA SUPPORT

	<u>TOTAL REGIONAL ECONOMIC PAYROLL IMPACT</u>	<u>ESTIMATED ADDITIONAL TAXES GENERATED 2004-2007</u>	<u>SUPPORT PAID TO HREDA, 2004-2007</u>	<u>RATIO OF ADDITIONAL PAYROLL TO HREDA SUPPORT</u>	<u>RATIO OF ADDITIONAL TAXES TO HREDA SUPPORT</u>
Gloucester	\$230,806	\$2,700	\$145,956	1.58	0.019
Isle of Wight	\$91,000,961	\$1,424,711	\$134,448	676.85	10.597
James City	\$4,461,109	\$53,695	\$246,956	18.06	0.217
York	\$7,436,632	\$87,009	\$252,736	29.42	0.344
Chesapeake	\$280,846,145	\$4,286,935	\$866,272	324.20	4.949
Hampton	\$29,729,369	\$374,334	\$583,448	50.95	0.642
Newport News	\$25,798,460	\$301,842	\$729,912	35.34	0.414
Norfolk	\$153,702,831	\$2,212,823	\$943,948	162.83	2.344
Poquoson	\$13,509,169	\$158,057	\$47,792	282.67	3.307
Portsmouth	\$177,757,954	\$2,165,818	\$394,172	450.97	5.495
Suffolk	\$129,102,183	\$1,930,246	\$324,836	397.44	5.942
Virginia Beach	\$79,360,672	\$941,020	\$1,732,132	45.82	0.543
Williamsburg	\$8,205,211	\$96,001	\$48,980	167.52	1.960
	\$1,001,141,502	\$14,035,191	\$6,451,588	155.18	2.175