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*We look forward to working with you to help fulfill your economic development potential!*

## Economic Development 101: Is your Community Prospect Ready?



August 14, 2015

By: Joseph C Hines, PE, MBA

Partner / Director & Principal-in-Charge of Economic Development



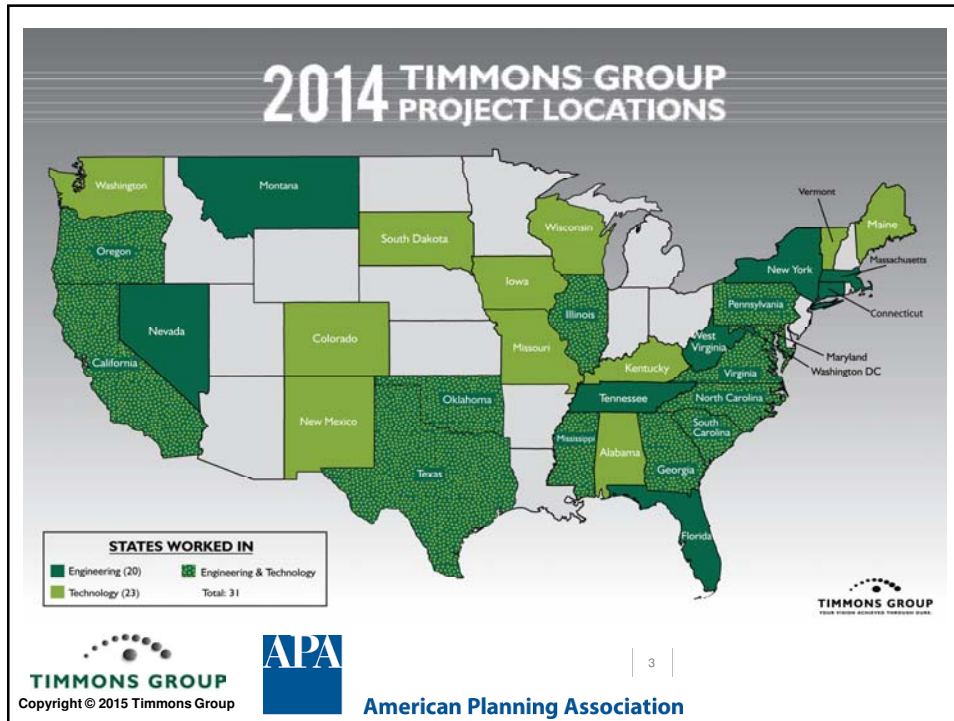
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### Timmons Group Overview

- ✓ Founded 1953
- ✓ Based out of Richmond, VA (Virginia's Capital City)
- ✓ Engineering News Record's Top 500 Design Firms for over 20 years
- ✓ Extensive experience with all aspects of economic development, engineering, environmental, technology services and site & infrastructure development



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## Overview / Agenda

- ✓ Trends in Economic Development
- ✓ Who is your target audience
- ✓ Basics on Infrastructure and Park Development
- ✓ Understanding your product & target markets
- ✓ Preparing your community for success
- ✓ The site visit and afterwards



## Trends in Economic Development A Consultant's Perspective...

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- ✓ Prospects & consultants look at **regions**, NOT sites or localities
- ✓ Projects move in **months**
- ✓ **Speed to market** matters
- ✓ Need **"Ready to go"** sites
- ✓ Internet has **transformed** the process
- ✓ Looking for **solutions**, not sales
- ✓ Incentives do matter – **AFTER** you become a finalist...

**100% of your success is 70-80% out of your control...**

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## State Economic Development Perspective

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- ✓ 60+% of inquiries are for existing buildings
- ✓ 70,000 SF is MEDIAN size Industrial Building
- ✓ 95,000 to 97,000 SF is the AVERAGE size
- ✓ Lack of 100+ acre "ready to go" sites

Project Road Runner



Project Bulldog



Project Cavalier



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## Site Selection Magazine Site Selectors' Top Location Criteria

Rank	Site Selection Factor
1	State and local tax scheme
2	<b>Transportation Infrastructure</b>
3	<b>Utility Infrastructure</b>
4	<b>Land / Building prices &amp; supply</b>
5	<b>Ease of permitting &amp; regulatory procedures</b>
6	Existing Workforce Skills
7	<b>Local economic development strategy</b>
8	Legal climate (tort reform)
9	<b>Availability of incentives</b>
10	State economic development strategy

New in 2012  
Criteria →

Source: Site Selection Magazine



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## Why you need to be Prospect Ready...

✓ Opportunities Lost  
**CATERPILLAR®**

**Athens, GA**  
\$200 million investment  
1,400 Jobs  
\$2.4 billion regional impact



Site visits: December  
Announcement: February  
Started Construction: March

**Requirements:**  
**200 acres, Shovel Ready & Cleared of Environmental**



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## Why you need to be Prospect Ready...

✓ Opportunities Won

**amazon.com**



**Dinwiddie & Chesterfield, VA**

*\$135 million investment*

*1,350 jobs announced*

**Over 3,600 Jobs created to date**

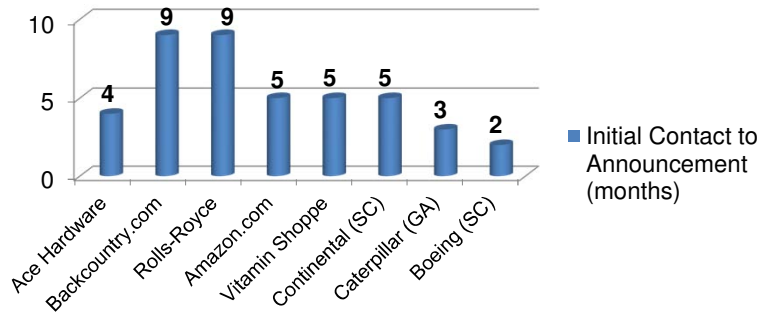
**15 minutes in Seattle  
with Amazon**



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## How fast are prospects moving?

**Timelines for Project Announcements  
(in Months)**



**\$2.36 billion investment & over 10,000 jobs**

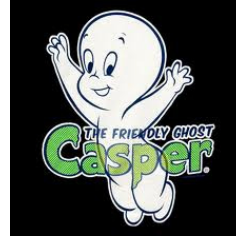
**July 2014 – Boeing announced add'l \$1.1 billion & 2,000 jobs**



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## Project Casper / Acme Smoked Fish

- ✓ Initial Contact – Early June
- ✓ Initial RFP Response – June 15
- ✓ 1<sup>st</sup> Site Visit – June 19
- ✓ Shortlist of sites – June 25
- ✓ 2<sup>nd</sup> Site Visit – July 8
- ✓ NY Negotiation Session – Aug 6-7
- ✓ Decision – August 12



- **Timeline <2.5 months**
- **\$27 million and 104 jobs**



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## The Vitamin Shoppe: 312,000 SF Distribution Center Governor's Announcement on August 31



September 17:  
**3 wks - Pad Graded**



November 15: **2.5 mos - Walls Up**



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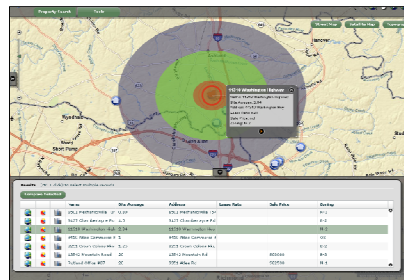
## The Vitamin Shoppe – Substantially Complete

**8 mos – Facility Substantially Complete**



## Who is your target audience?

- ✓ Prospects
- ✓ Site Selection Consultants
- ✓ Commercial Real Estate Brokers
- ✓ Preferred Developers





## What are Prospects looking for?

- ✓ ***The best business decision***
- ✓ Community that fits
- ✓ A site or building that fits
- ✓ Curb appeal and sense of place
- ✓ A place where employees have amenities



## What are Site Selection Consultants & Real Estate Brokers looking for?

- ✓ Site ***“Elimination”*** Process
- ✓ 80-90% of search completed prior to 1<sup>st</sup> contact
- ✓ ***Ready to go sites***
- ✓ ***Utilities & Infrastructure in place***
- ✓ ***Thorough site due diligence***
- ✓ Incentives & Commissions



## What are Preferred Developers looking for?

- ✓ Elimination of Unknowns and Risks (**Due Diligence**)
- ✓ Certainty of Schedule (**"Fast track" permitting**)
- ✓ Control of Development Costs (**Infrastructure & Site Development**)
- ✓ How quickly can I start construction? (**Site plan approval & Construction contract in place**)



## Where do your sites rank?



## Why is site rank important?

Tier	Development Timeline	Odds of Success	Prospect Ready Status	Major Considerations	Financial Investment
0	5+ yrs	0%	No	Need to find sites	???
1	4-8 yrs	< 10%	No	Willing Seller	Little to None
2	3-6 yrs	< 20%	No	Controlled/Zoned	Minimal until site acquisition
3	18-36 mo	40-50%	Minimum	Planning / Due Diligence	\$100k to \$250k+
4 *	9-18 mo	70-80%	Preferred	Infrastructure & Certifiable	Substantial (\$ millions)
5 *	3-9 mo	> 90%	Preferred	Shovel / Pad Ready	Substantial (\$50k to 150k/ac)

\* **“Gamblers Odds”** - Significantly increases your odds of success...



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## Product Development vs. Product Fulfillment

### Product **Development** (Tier 1-3) – **Getting in the game...**

- ✓ Lacking infrastructure and/or sites
- ✓ Substantial investment of time, money & political capital
- ✓ Have sites but lacking due diligence, have substantial permitting hurdles, etc.
- ✓ Can take multiple years to develop into marketable product

### Product **Fulfillment** (Tier 4-5) – **You're in the game...**

- ✓ Have a mature product with infrastructure & “ready to go” sites
- ✓ Pro-actively marketing for the region, locality & site
- ✓ Site is routinely being shown to active prospects



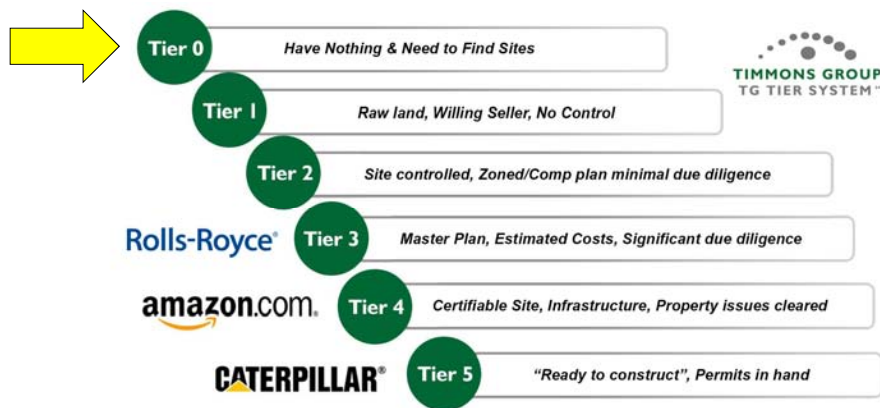
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## Tier System – Major Considerations



## Where a lot of people stand – **Tier 0**



### Why play this Econ Dev game? Potential Rewards for Small to Med Sites...

Category	Company	Investment	Jobs	Tier
<b>Small Sites</b>	Honda Aero / Burlington, NC	\$27 M	70	4
<b>&lt;100 acres</b>	Acme Smoked Fish / Wilmington	\$27 M	104	3/4
	McKesson / Caroline	\$58 M	150	4
	Amazon.com / Dinwiddie	\$45 M	350	4
	Amazon.com / Chesterfield	\$90 M	1,000	4
<b>Medium Sites</b>	Enviva / Southampton	\$91 M	72	5
<b>100 - 500 acres</b>	Hyundai Electric / Alabama	\$90 M	480	4
	Caterpillar / Athens	\$200 M	1,400	5
	Caterpillar / W-S	\$426 M	392	4
	Gulfstream / Savannah	\$500 M	1,000	4
	Microsoft & Exp / Mecklenburg	\$1 B	60	5



### Potential Rewards for Mega-Sites (>500 acres)...

Company	Industry	Investment	Jobs	Tier
Dow Corning Hemlock (TN)	Semiconduct	\$1.2 B	500	4 (Cert)
Hyundai (AL)	Automotive	\$1.4 B	2,500	4
Kia Motors (GA)	Automotive	\$1.2 B	2,900	3/4
Paccar (MS)	Truck Engines	\$500 M	800	4 (Cert)
SeverCorr (MS)	Steel Mill	\$1.4 B	650	4 (Cert)
ThyssenKrupp (AL)	Steel Mill	\$4.2 B	2,700	4
<b>Toyota * (MS)</b>	<b>Automotive</b>	<b>\$1.3 B</b>	<b>2,000</b>	<b>3/4 (Cert)</b>
<b>Volkswagen * (TN)</b>	<b>Automotive</b>	<b>\$1 B</b>	<b>2,000</b>	<b>4 (Cert)</b>
Rolls-Royce (VA)	Aerospace	\$500 M	500	3

**\* Virginia was in the hunt – land acquisition & development timeline issues eliminated sites...**





**May 23, 2012 Headline**

**“Auto plants roar into overdrive.  
Demand drives overtime, hiring”**

**“Volkswagen. Adding 800 workers will allow VW’s Chattanooga, TN plant to run 20 hrs a day, six days a week.”**

**“Toyota. More than 1,000 jobs are being added at five US plants. Most plants already are using overtime and Saturdays. ‘In most of our plants...we’re maxed out,’ Toyota spokesman Mike Goss says.”**



**Infrastructure & Park Development**

**Master Planning for your future....**

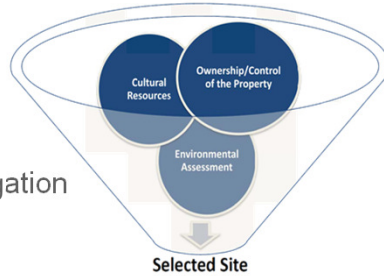
- ✓ Due diligence
- ✓ Transportation
- ✓ Water
- ✓ Wastewater
- ✓ Stormwater
- ✓ Private Utilities



## Due Diligence – what can kill a deal! Elimination of Unknowns (or Risks)

Have these items been addressed?

- ✓ Cultural Resources
- ✓ Environmental Site Assessments
- ✓ Wetlands
- ✓ Utilities / Service Providers
- ✓ Geotechnical / Subsurface Investigation
- ✓ Zoning
- ✓ Ownership / Property Control
- ✓ Easements & Encumbrances



***Eliminate your unknowns before they eliminate you...***

## Transportation Planning

- ✓ Access to 4-lane Highways
- ✓ Intersection vs. Interchange
- ✓ Traffic Impact Analysis
- ✓ Turn Lane Analysis
- ✓ Signal Warrant Analysis



***Transportation Planning can have the longest lead time...***

## Water Planning

- ✓ Capacity considerations
  - Storage
  - Distribution
- ✓ Design considerations
  - Domestic vs. Process
  - System Pressures
  - Fire Flow
    - 2,000 gpm for 2 hrs @ 40 psi
    - 240,000 gal min required fire storage



## Wastewater Planning

- ✓ Capacity
  - Collection & Pumping Systems
  - Treatment
- ✓ Design considerations
  - Capacity & Expandability
  - Process Flexibility
- ✓ Reuse (purple pipe)
  - Cooling Systems
  - Irrigation Systems



Gravity Sewer Pipe Size	8"	12"	15"	24"	36"
Min Slope (%)	0.40	0.24	0.20	0.10	.06
Capacity - MGD	0.54	1.2	2.0	5.0	11.5



### Stormwater Planning

- Water Quality & Water Quantity
- LID's
- On site vs. Regional

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## Private (or Dry) Utilities – Where do they go?

- ✓ Electric Power
- ✓ Natural Gas
- ✓ Communications



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## Private Utilities – Plan for ALL potential utilities...

- ✓ Underground Power
- ✓ Natural Gas Easements in Place
- ✓ High Speed Communications Infrastructure



## Figuring out the Development Costs... Your Money & The Prospect's Money

- ✓ Can the prospect assess cost of development?
- ✓ Infrastructure Requirements (water, sewer, transportation, etc.)
- ✓ Cost of Utilities / Service Providers



***The more due diligence & planning upfront,  
the easier it is to assess costs and timelines.***

***This can be critical to closing a deal!***

## Other Considerations – What amenities can you provide and how will employees spend their days?



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## Understanding your product and target markets

What are your target markets & do you understand their requirements?

- ✓ Agribusiness, food processing & beverage
- ✓ Advanced Manufacturing
- ✓ IT / Data Centers
- ✓ Logistics / Distribution
- ✓ Other business sectors located in your regions



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## Do your sites or buildings fit your target markets?

Industry	Building Size or Acreage Range	Single or Multi-Story	Traffic Demands	Water Demands <sup>(1)</sup>	Wastewater Demands	Green Energy Demands	Swiss Cheese Demands
Business / Financial Services	20k SF to 100k SF	Multi	Low - Med	Low	Low	Low-High	None-low
Transportation & Logistics	50k to						
Information Tech / Data Centers	50k SF to						
Chemicals & Plastics	25 to 5						
Light Mfg / Adv Mfg	50k SF to						

(1) Most industries require a minimum fire storage capacity



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## Do you know and understand your product?

- ✓ Have you completed the necessary due diligence?
- ✓ What are your limitations on your site?
- ✓ What size facilities can you accommodate?
- ✓ How quickly can you respond to an RFI?



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PROJECT XYZ QUESTIONNAIRE CONFIDENTIAL COMPANY	
<b>Property Information</b>	
Site Name:	
Street:	
City, County, State, Zip Code:	
<b>Contact Information</b>	
Name:	
Title:	
Organization:	

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## Shell Buildings: If you build it, will they come?



**50,000 SF Expandable  
to 100,000 SF**

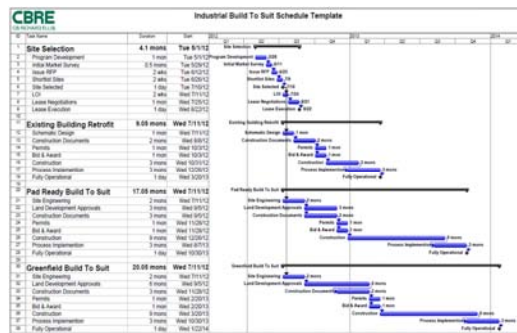


Baskerville



## Existing Building vs. Greenfield Site...

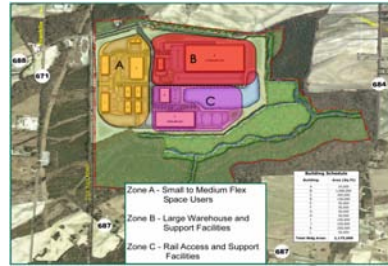
- ✓ Development timelines
  - Delta can be as little as 60-90 days



## Case Study – Southampton County Being Prospect Ready get’s results...

### ✓ Southampton Turner Tract

- Tier 5 – “Pad Ready”
- Environmental Bank Associated with the Park
- Enviva Announcement
- **18 submissions by State Economic Development in 24 months**



## Southampton Turner Tract (Tier 5) The importance of being Pad / Shovel Ready...

- ✓ 200+ acres “Pad / Shovel Ready”
- ✓ \$13 million land acquisition & infrastructure
- ✓ \$30 million wastewater system upgrade
- ✓ 8+ years to develop
- ✓ **Caterpillar Finalist**
- ✓ Enviva Announcement



Enviva Groundbreaking – July 20



**Southampton – Investment in the future!**



- **Rural Water Authority System of the Year**
- **PPEA – DBIA Hampton Roads Project of the Year**



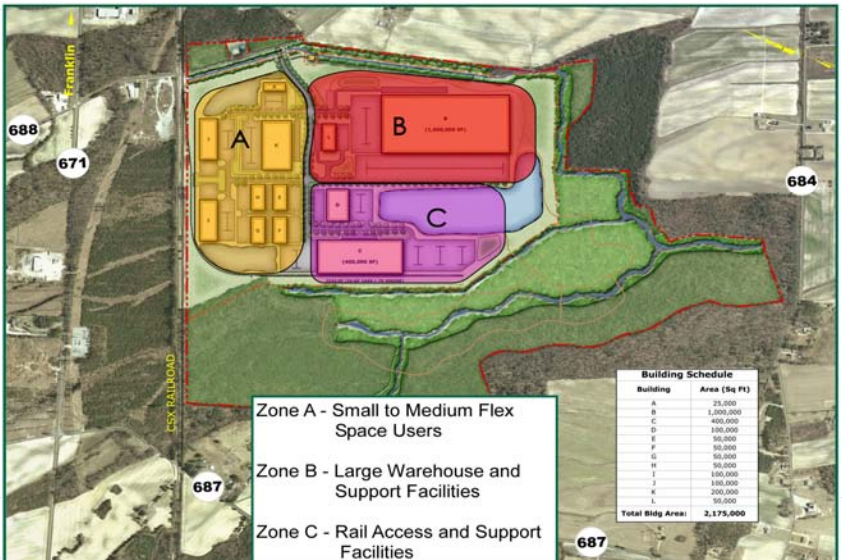
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## Turner - Development Zones & Master Plan




**Zone A - Small to Medium Flex Space Users**


**Zone B - Large Warehouse and Support Facilities**

**Zone C - Rail Access and Support Facilities**

Building	Area (Sq Ft)
A	25,000
B	1,000,000
C	400,000
D	250,000
E	50,000
F	50,000
G	50,000
H	50,000
I	100,000
J	100,000
K	200,000
L	50,000
<b>Total Bldg Area:</b>	<b>2,175,000</b>



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## Kevin Costner's Field of Dreams...



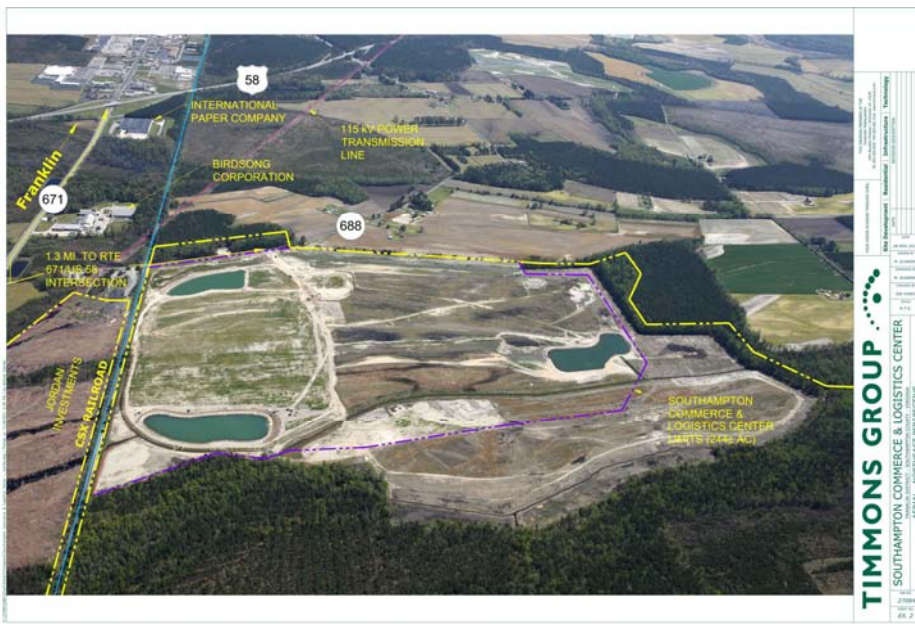
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## Southampton's Field of Dreams...





## Southampton – 8+ yrs for 5 days of mayhem...

- ✓ **Mon, Dec 5: *Project Road Runner*** (Caterpillar)  
Consultant Site Visit – love site
- ✓ **Wed, Dec 7:** Enviva goes to public hearing (adjacent property) for rezoning
- ✓ **Thur, Dec 8:** Enviva pulls rezoning application before planning commission meeting & starts negotiating
- ✓ **Fri, Dec 9, ~9 am:** Southampton ***Closes deal with Enviva***
- ✓ **Fri, Dec 9, Afternoon:** Learn that Southampton would have been a ***Finalist for Caterpillar***



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## What is your competition doing?

***They're being aggressive!***



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How prepared is your community?  
What your elected officials need to realize...

**Economic Development is a  
Team Game**

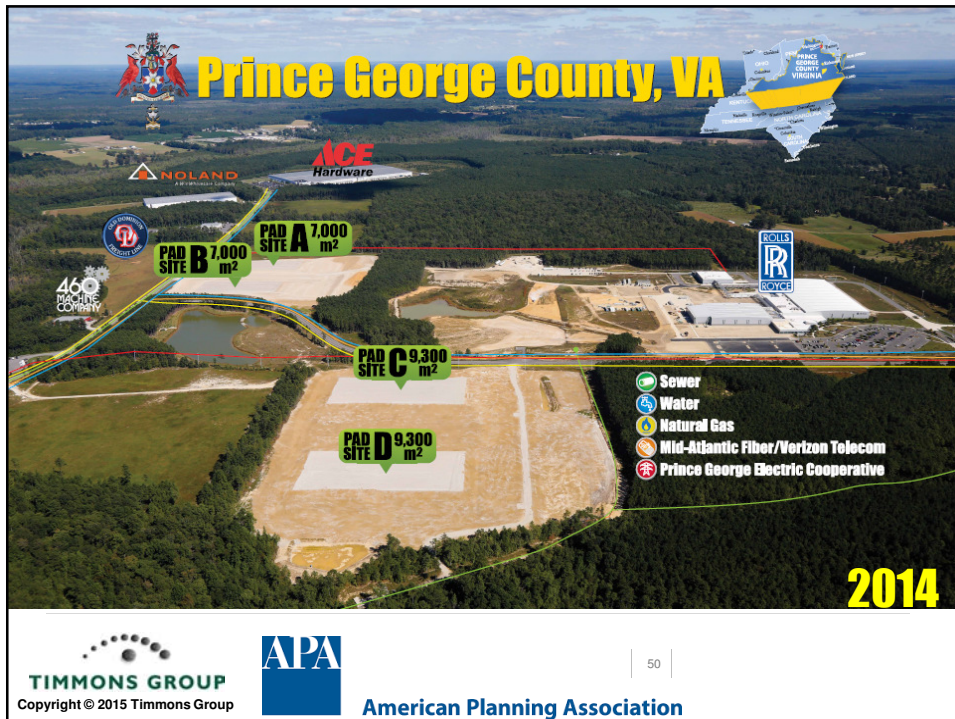
**Everyone needs to come  
ready to WIN...**

FIRST LOOK AT MASTER PLAN



Prince George County residents listen to a presentation by Jim Hines of the Timmons Group on the proposed master plan for Southpoint Business Park.

**Master Plan Presentation  
For Future Rolls-Royce Site  
August 2006**



## Preparing your community...

- ✓ Do you understand your product & potential markets?
- ✓ Have you invested in infrastructure, sites & site readiness?
- ✓ “Fast-track” permitting in place?
- ✓ Have you removed political process & public involvement whenever possible (that will eliminate a site quickly)?
- ✓ **Understand your revenue, incentives & tax structure?**
- ✓ Importance of Non-Disclosure Agreements (NDA’s)?



## Increasing your odds of success! Before the Prospect shows up...

- ✓ Complete all due diligence items
- ✓ Clear all property issues
- ✓ **Highest Tier** possible (*Tier 4 or 5*)
- ✓ **Educate** your elected officials & staff
- ✓ **“Fast track”** permitting processes
- ✓ Know your **costs & revenue** generators



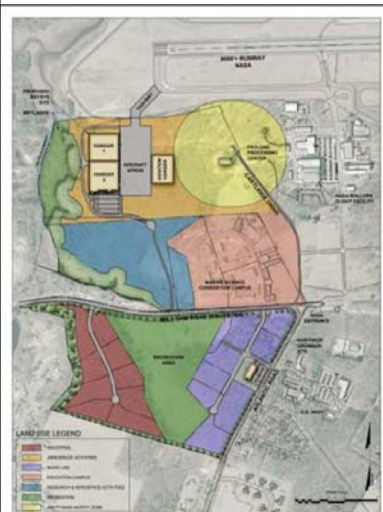
## You're in the hunt - The day of the site visit...

*A lot has happened right, **BUT** you're still one of 6-10....*

- ✓ Make sure your site shows well
- ✓ Presentation graphics
- ✓ Team of **experts** available – know your site...
- ✓ **“Can do”** people involved – **Be a Problem Solver...**
- ✓ **Survive** the Site **“Elimination”**
- ✓ Make them **“feel” good**
- ✓ **Ask questions – look for that decision making criteria they aren't telling you about**



## Visualizing the site - what you want them to see...



## What they will probably see...



## From the Prospect or Consultants perspective: The day of the visit...

- ✓ Already have the **top 2 or 3 sites** chosen in their mind
- ✓ Looking to **validate** the information they have
- ✓ Looking for the **“Feel”** of the community
- ✓ You might be a **pawn** in a negotiating game
- ✓ They might be **gathering info** for their next client



## Follow-up: What can set you apart?

- ✓ **Be pro-active** – your site visit will start to blend in with the others
- ✓ Send a thank you note (handwritten?)
- ✓ **Respond quickly** to requests
- ✓ Don't be afraid to **be persistent**



## You're still in the game - Closing the Deal

If you're a **FINALIST** site – things will move **FAST**

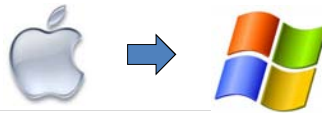
- ✓ **One of 3** or less
- ✓ Prepare for a **multi-party** negotiation
- ✓ Know your **walk point**
- ✓ **Clear cut** MOU / Agreement
- ✓ **Confidentiality** Rules
- ✓ **EVERY DEAL IS DIFFERENT – Rely on the experts & professionals to help out...**



## If you don't get selected...

- ✓ Don't get upset, you did a lot **right** to get to this point
- ✓ Ask for **feedback**
- ✓ Use this **"success"** of becoming a finalist to help **build political momentum**

*Work every deal until the very end, as you never know what you'll learn about your site or community that will help you land your next prospect...*



## Making Your Region & Community Competitive

- ✓ **Plan for and invest in your infrastructure, sites & buildings – "seeds of economic development"**
- ✓ Realize **speed to market** matters
- ✓ **Embrace your assets** – be true to yourself
- ✓ Realize it takes **TIME & MONEY** to be competitive
- ✓ Realize that your competition is being **aggressive**



## Parting thoughts (and quotes)...

*"Luck is what happens when **preparation meets opportunity**"*

Seneca, Roman Philosopher



*"The will to win is not nearly so important as the **will to prepare** to win"*

Vince Lombardi, Green Bay Packers



## About Timmons Group

- ✓ Economic Development
- ✓ Site Certification Programs
- ✓ Site Selection & Analysis Studies
- ✓ Site & Infrastructure Assessments
- ✓ Master Planning & Site Development
- ✓ Infrastructure Development
- ✓ GIS & Geospatial Services
- ✓ SITEOPS® and Site LoGIStics®





## Thanks for your time !

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*We look forward to working with you to help fulfill your economic development potential!*