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Downtown Rebirth For Norfolk

#### Commentary

#### **Comparing Virginia's Economic Development Efforts**

#### By George Asimos, Jr.

"If you don't have what an industry is looking for, some other state does." This familiar phrase heard in industrial development circles reflects the high degree of competition among state and local governments for new and expanding industry. Indeed, the battle among the states is easy to document.

Since the 1960s, every state in the nation has had at least one agency devoted to the promotion of industrial development. In 1979 each of agencies spent an average of nearly \$2 million for advertising, site selection assistance to industry, research and consulting with local governments. During 1981 twentythree states, excluding Virginia, offered some form of indirect loan to industries building a plant within their boundaries; twenty-five states, again excluding Virginia, offered corporate income tax reductions for new and expanding industries. In the same year state and local governments across the country, including Virginia, issued 1,490 industrial revenue bonds worth \$2.2 billion.

Although the provision of various incentives to industry may contribute to a state's success in attracting new companies, other factors, such as the availability of highly desirable sites and a skilled labor force, may exert a larger influence in the locational decisions of businesses. It is clear that managers of firms compare the economic development efforts of neighboring states when they make such decisions. For this reason, it is important to examine the Commonwealth's development activities in relation to the efforts of those states with which it competes most directly for industry.

Looking at the number and type of incentives offered for new industrial growth and the amount of money available to a state's economic development agency are two ways to compare the economic development programs of states.

State incentives for industrial development range from tax abatement and financial assistance for construction to planning industrial parks and constructing shell buildings. Of 55 widely accepted types of incentives, Virginia offers 22. All of Virginia's immediate competitors for industry (Maryland, West Virginia, Kentucky, Tennessee, North Carolina and South Carolina) provide a broader range of incentives. North Carolina, next lowest to Virginia, provides 24 incentives, and Maryland, at the top of the scale, provides 36.

Virginia, like most of its neighbors, shies away from the so-called "tax-giveaway" programs. Of its neighbors, only West Virginia uses these incentives.

Virginia particularly lags behind its neighbors, though, in financial assistance to local governments and to new and expanding industry. Assistance to local governments could help in building industrial parks and expanding sewer and water capacity. Financial assistance to industry also could decrease the start up cost of small businesses (20 or fewer employees) that, it has been shown, are more likely than medium or large-sized businesses to expand and create jobs.

Although Virginia was one of the first states to establish an industrial development agency and still employs a highly professional staff, its agency's budget is smaller than the budgets of agencies in neighboring states. In 1979, Virginia's Division of Industrial Development spent \$1.86 million, while Maryland's agency, being the largest program among Virginia's neighbors, spent \$11 million. In per capita terms, as well, Virginia spent the least on its development agency: 31 cents per person. North Carolina was next lowest at 64 cents, or more than double Virginia's per capita spending. Kentucky spent 69 cents; Tennessee spent 78 cents; South Carolina spent 83 cents; West Virginia spent \$1.66; and at the top, Maryland

spent \$2.37 per capita on its principal industrial development agency. A large portion of Virginia's shortfall may occur in the community development area, since only one professional staff person is assigned the task of assisting local government industrial development efforts. In contrast, North Carolina has seven field offices with one or two professionals staffing each office. Governor Robb's proposed "Leadership Community" program is an attempt to enhance Virginia's efforts in this regard.

One method for gauging the success of a state's efforts to attract industrial development is "by counting new smokestacks." According to a survey by Industrial Development magazine, 79 new or expanded plants costing at least \$200,000 each were located in Virginia in 1981. By this measure, Virginia compares favorably with most of its neighboring competitors. Two of these states had fewer than Virginia: West Virginia and Tennessee, at 47 and 52 respectively. Maryland and South Carolina, with 93 and 128 new plants, were close to Virginia, although slightly higher. Two others, however, far outdistanced Virginia. Kentucky, with 229, and North Carolina, with 292, stood among the top five states in the nation in garnering new or expanding plant locations. The number of plants, of course, is only a rough measure of recruitment success since it gives no indication of the quality of industry attracted.

Interstate competition for industrial growth imposes continuing pressure on each state to meet or exceed industrial development incentives of neighboring states. The Commonwealth's rich natural and human resources have enabled the state to achieve substantial industrial growth with only modest governmental incentives. Whether these incentives will be sufficient to ensure acceptable levels of growth in the future is a question of vital importance.

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On The Cover:

Norfolk's Waterside (building model) is only one project underway in the state. This month's issue, focusing on economic development, features several localities' attempts to keep business and industry in their communities. Other articles discuss how to start an economic development program or how Virginia compares with sister states in recruiting industry. A list of organizations which help local governments with economic developments will be listed in the August 19 LEAGUE LETTER.

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## Want More Business and Industry? Make Your Community Livable

By Dorothy R. Jacobson

What is livability? In working with participating communities, Partners for Livable Places\* has tried to answer the question.

Livability has many facets-physical, cultural, social and economic. Livability is, at the same time, the protected hillsides of Cincinnati, waterfront access in Boston and sensitive streetscape design in Seattle. It is the adaptive reuse of surplus school buildings as community arts facilities, the "animation" of public areas through festivals, noontime concerts and art shows, design consciousness for the handicap and infirm, respect for neighborhood preservation programs, access to affordable housing and a strong employment mar-

### "Livability is the ability of a community and its environment to respond to human needs."

Livability can be a locality's worst enemy, unless it is protected and nurtured. Livable places can attract rapid new growth and development but, if unregulated, can upset the balance between what a community can provide and what is needed. Truly livable communities are those in which this nurturing is shared by public, private and civic leaders.

\*Partners is a national nonprofit organization of municipal agencies, individuals and other organizations which promotes improving the quality of life and making communities livable. It sponsors the Economics of Amenity program.

About the Author

Dorothy R. Jacobson, senior vice president of Partners for Livable Places, manages the organization's program and development activities, including the twenty-city Economics of Amenity program. The subject of this article is further discussed in "Urban Amenities and Economic Development," *Livability Digest*, Volume 2, No. 1, available for \$5.00 from Partners for Livable Places, 1429 21st Street, N.W., Washington, D.C. 20036.



The plaza outside Citicorp in New York City.

Arguments for the economic value of public amenities have earned support in recent decades through conservation, preservation and community improvement programs. Economic benefits have been measured by the increased property values in neighborhoods that have undergone revitalization, decreased construction costs when buildings have been reused and the influx of tourism dollars where new museums, cultural facilities and recreation areas have opened. In only the last few years, however, has "the economics of amenity" been applied as a strategy for urban economic development.

Business demographics have been suggesting a relationship between a community's quality of life and its ability to attract new business investments and tourism revenues for many years. In 1977, researchers at the U. S. Department of Labor made some forecasts about consumer spending patterns of the fastest-growing group of Ameri-

cans, those 25 to 35 years of age, who probably want a strong market for leisure activities, including entertainment and the arts.

In 1979, the Joint Economic Committee of the U.S. Congress identified seven non-business related factors that are more important in corporate location decisions than business-related factors. A locality's attitude toward business, its crime level, adequacy of public facilities and public services, market demand for product services, quality of public schools and cultural attractions were more important in corporate location decisions than tax rates, business costs and labor factors in general.

David Birch of MIT's Program on Neighborhood and Regional Change found that two-thirds of all new jobs in the United States are being generated by firms with less than twenty employees. These firms are typically owned and operated by individuals with the ability and desire to settle their companies in areas

"The movement of people from place to place seems to be directed as much by their desire to relocate in areas where amenities are high as by business opportunities."—Rand Corporation

All these studies of where the jobs are coming from and who is controlling them indicate that communities ought to be directing their economic development policies toward new or young businesses, and that one of the best ways to attract them is through an enhanced quality of life.

At the other end of the scale, some powerful arguments for enhancing a community's quality of life have come from some of the nation's largest businesses. Speaking recently at a meeting of the National Conference of State Legislatures' Committee on the Arts, James Law, corporate facilities manager for Hewlett-Packard, identified the quality of life in a company town as a major ingredient in H-P's decision where to locate. In H-P's selection process, the availability of cultural facilities, downtown amenities, quality shops, accommodating hotel and meeting facilities, efficient public transportation and a community's sensitivity to its public image are weighed along with other business factors such as profit, marketability and labor pool. The company feels its role as a good corporate citizen must be met by the municipality's commitment to provide high-quality services to H-P employees.

In Portland, Maine, one of the city's leading corporate citizens is Fairchild Camera and Instrument, which makes a concerted effort to invest in the city's livability knowing that the Portland plant is one of its most productive and that it will only stay that way if employees remain happy with their lifestyles. Similarly, when Tenneco first proposed its move to Newport News, Virginia some of the first questions directed to city leaders had to do with the availability of libraries and

What a community can do to improve its quality of life begins with a basic philosophy: first, the recognition of mutual self-interest among local business, government and civic groups in a city's economic vitality and enhanced quality of life, and second, a commitment to negotiation and partnership to share resources toward these common goals.

Cities that have adopted this philosophy are approaching their own "economics of amenity" programs in many different ways. In Vancouver, British Columbia, for example, the Department of Social Planning (an anomaly to U.S. municipal governments) reviews all physical development projects and negotiates on behalf of the public interest for environmentally and socially responsible projects. A recent triumph has been its incorporation of a performing arts facility into the plans for a major downtown bank building.

In Denver, a subsidiary of the Denver Partnership, Downtown Denver, Inc., acts as a downtown management authority and runs a portion of the downtown business district as a business, with coordinated maintenance, security services, programming and promotional responsibilities. In St. Petersburg, Florida-which shares sunny skies with Tampa, one of Money magazine's top ten growth centers-the city, local chamber, county arts council and downtown development authority are cooperating on an "amenities audit" to inventory those natural, cultural and physical assets it should protect and build upon in its economic development program. And in Indianapolis, the city's new growth plan, prepared by a committee with sub-

(Continued on next page)

#### **Broad Street: Richmond's Next Renaissance?**

Inherently majestic but worn at its edges from years of neglect, Richmond's key avenue, Broad Street, may be in for a major facelift. In May of this year, under the sponsorship of the CSX Corporation, Partners for Livable Places assembled a sevenmember team of planning, design and development experts to study the street and recommend smallscale, phased improvements to parking facilities, signage, facade design, traffic routing and land

scaping.

Key among the suggestions of the New Idea Corps (Partners' name for its assistance team) was the establishment of a downtown management organization, similar to those being created and operated in Denver, Boston and Hartford, that would manage the street in much the same way that shopping centers are managed, with coordinated maintenance, information services, security and programmed events. The team also recommended substantial physical changes to the street, reducing traffic lanes and expanding sidewalks to provide additional room for bus shelters. public art, special sidewalk events and plantings.

What will happen with the recommendations has as much to do with the city's recognition of Broad Street as an asset and an attraction as it does with the city's public works budget. The heavy commuter traffic that caused Broad Street to be so broad no longer exists; adjacent highways now carry that burden. The option that Richmond's leaders now have is whether to rebuild the street as a "stage" onto which other events-attractive to tourists, shoppers, merchants and business own-

ers-can happen.

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p.o. box 735 madison, north carolina 27025 (919) 427-0289 stantial business representation, includes strong emphasis on urban design, preservation, sports and cultural facilities and a "city gateways" improvement program.

### "The community's quality of life is the ticket to a prosperous future."

Virginia's own capital, Richmond, has made remarkable strides through its commitment to the economics of amenities. Over two years ago, the city established a fifty-member advisory committee of corporate executives, public officials, artists, local merchants, civic leaders and other individuals to set some priorities for the city's economic future. The committee was unique in the city's history because it encompassed a diversity of interests-black and white. young and old, artist and executive-in a forum charged with undertaking cooperative improvement projects. That committee has now spun itself into a newly established corporation, Richmond Renaissance, Inc., a body that will have independent developmental authority to undertake revitalization activities with public and private support.

#### **Using Committees**

The establishment of such a committee is not unique, but the committee must have a purpose. Localities interested in establishing similar forums must answer some tough questions: Who are the people in the community who have the genuine power, vision, and/or financial resources to launch major efforts? Are they willing to work together? Do these people ever meet? What does each have at stake? What are the resources that each can bring to a common forum? Has a committee like this ever met before and what were the reasons for its succes or failure?

Equally important as a committee's composition and chairperson is the assignment of support services. A function of the committee should be outreach, not just to local interest groups but to other communities as well, which takes staff time and coordination. Don't let the committee become inactive or bored; find an energetic staff person who will follow through with the committee's decisions.

Establishing such a committee, whether formal or ad hoc, can be the first step in determining how a community's assets can help sup-

port its economic development objectives. It can provide a forum for communications among diverse groups and allow participants to see how their respective interests overlap. With those mutual interests expressed, the task of enforcing, modifying, or eliminating existing policies for growth, conservation and change becomes an easier task.







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The Virginia Chapters of the American Society for Public Administration recognized two top public administrators. Hampton Assistant City Manager George Wallace received the T. Edward Temple Award and Chesterfield County Administrator Richard L. Hedrick accepted the J. Sargeant Reynolds Award.

Robert J. Stull began as Glasgow's new town manager June 1. Stull, of Natural Bridge, left the Environmental Systems Inc. where he tested wastewater treatment for the City of Buena Vista.

**Craig Teller** resigned as Hillsville's attorney and is now attorney for Carroll County, where he is also commonwealth's attorney.

Earl L. Martin, Pearisburg's Police Chief since 1956, retired; Ronald Lee Lemons is the Town's new chief.

Charles D. Klotz, Jr. was appointed director of finance for the City of Bedford and Robert J.

**Schnabl** was appointed electric utility director.

John W. Epling, Executive Director of the Northern Virginia Planning District Commission, was named to the Executive Director's Advisory Council of the National Association of Regional Councils (NARC).

Tedd E. Povar was appointed city manager in Emporia in July. He was interim city manager for six months following a term as assistant city manager.

James A. Hill succeeds Barry Shockley as town manager of Boykins.

**Susan Clinard** was appointed town clerk of Stuart. She previously was employed by the J. P. Stevens Company.

Former Roanoke city manager Arthur S. Owens died Sunday, June 20. Although he was 80, he was the special assistant to the president of Ferrum College and teaching courses in public administration at

the time of his death. Prior to spending 17 years as Roanoke city manager, Owens was city manager of Portsmouth and worked for the City of Norfolk as the coordinator of urban affairs. He was a past president of the International City Management Association and was active in the Virginia Section, ICMA.

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#### Norfolk—Breaking Ground for Tomorrow

By June T. Miller

This year Norfolk is celebrating its 300th birthday. It's also cele-

brating a rebirth.

Norfolk has returned to its birthplace—the waterfront—for a rebirth in economic development. Waterfront activity is progressing and spreading throughout downtown and to other parts of the city. New projects taking off reflect a strong commitment on the part of Norfolk's city government to attract and work with the private sector.

All the city's key downtown waterfront projects are either underway or in advanced planning. The Waterside, a festival market-place developed by James W. Rouse, is under construction on the downtown waterfront. The multimillion dollar market, to be completed in June 1983, is being patterned after other successful Rouse marketplaces in Boston, Baltimore and Philadelphia. The Waterside is expected to attract up to six million visitors a year and provide between 800 and 1,000 jobs.

Norfolk Mayor Vincent J. Thomas believes it's fitting that The Waterside is being built on the site where the city began 300 years ago. "Our waterfront is our city's source of life," said Thomas. "It has nurtured Norfolk to heights of remarkable growth, starting with the merchants of the 17th century. We are again looking to our waterfront to bring prosperity to our people and vitality

to our city."

#### "When we broke ground for The Waterside, we envisioned it as the launching for development of our entire downtown waterfront."—Mayor Thomas

City officials expect Norfolk's new festival marketplace to serve as a vital people magnet to the city's waterfront—bringing enjoyment to its citizens, luring visitors to the city and providing new jobs and a strong tax base.

**About The Author** 

Ms. Miller is the Public Communications Coordinator in the Communications and Marketing Department for the City of Norfolk. "We share Rouse's philosophy that the only legitimate purpose of a city is to provide for the life and growth of its people," said Thomas.

Ground was also broken this year for the \$22 million Virginia World Trade Center which is expected to increase international trade in Norfolk. This nine-story facility is being built on the downtown western waterfront and will house nearly 1,000 employees upon completion.

Another important element in the city's waterfront development is the proposed Cousteau Oceans Center. The Cousteau Society moved its world headquarters to Norfolk in 1980, and since then plans for the center have been progressing. This year the Virginia General Assembly appropriated \$600,000 for planning

and design of the center.

Town Point Park, a recreation site being developed between the Waterside and the Cousteau Center, was packed with people for this year's Harborfest. Although Town Point is undeveloped, it is intriguing that hundreds of people still flock there for the city's annual celebration. This year's waterfront festival of tall ships, bands, military demonstrations, water shows, fireworks, food fests and land events attracted an estimated 750,000 people, the largest crowd in its six-year history.

City officials hope people will also want to live downtown as more housing becomes available. Construction of waterfront housing is proceeding in the Freeman Harbor District, where townhouses are going up near renovated turn-of-the-

century homes.

Millions of privately-loaned dollars are being poured into downtown office buildings, restaurants and hotels. The grandeur of the recently converted Hotel Madison attests to the type of major investments going on downtown. Formerly the aging Commodore Maury Hotel, the Hotel Madison underwent \$3.5 million in renovations and is Norfolk's newest plush hotel.

The good news about Norfolk is spreading fast. "All of a sudden, it looks like we're going to have a very exciting downtown, and everybody wants to jump on the bandwagon," said Robert M. Stanton, president of Goodman Segar Hogan, Inc., the real estate firm that's developing the World Trade Center.

#### It's Working Because . . .

A large part of the city's success is due to its growth policy and interest in public-private partnerships. When Norfolk put its energies into redeveloping potential investment sites, it convinced the private sector to take advantage of city-initiated investment opportunities. And, when the private sector expressed an interest in new construction or expansion and needed assistance with obtaining land or financing, the city responded to that need.

Investors are finding that the city backs up its commitment to economic development with favorable financing. The Norfolk Redevelopment and Housing Authority and the Norfolk Industrial Development Authority are offering urban speculators loans with 11 or 12 percent interest rates rather than the prevailing 18 or 19 percent.

The city helps out in other ways. When Systems Management American, Inc., one of the country's largest black businesses, agreed to purchase a vacated building downtown last year and relocate there, the city lent the company \$800,000 as an inducement, and the Industrial Development Authority approved \$2.2 million in revenue bonds. The company expects to employ 600 people in its downtown location.

But, downtown isn't the whole story. Within the past year the city also broke ground for Norfolk Commerce Park near the Norfolk International Airport. It's the first business park to open in the city in more than twenty years. Businesses are building and buying up tracts of land in the park at a rapid pace. When completed, the park is expected to generate about 3,500 jobs.

In the Ocean View area on the Chesapeake Bay side of town, another city-developed site is thriving. The city bought an old amusement park site and sold part of the land to Baymark Development Corporation for Ocean View's first waterfront high-rise residential condominium. Most of the 120 units of the \$8-million privately financed structure have already been sold.

Whenever the potential is realized in Norfolk for attracting new growth or improving upon existing resources, the city is taking the in-

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#### **Keeping Downtown Active**

#### By Wendell L. Seldon and Larry Waldorf

Business seemed to be doing well for Winchester's downtown Loudoun Street Mall. Built by the city with revenue sharing funds and a special tax approved by the General Assembly and City Council, the mall had adequate parking space, good retail sales and showed no decline in business licenses and sales tax since it opened in 1974.

However, 1981 brought a different story. A regional Apple Blossom Mall, to be located on the outskirts of Winchester (within the corporate limits), was announced and moving to it are three anchor downtown stores.

#### "The story is not new for cities like Winchester but what is different is Winchester's aggressive plan."

An aggressive action plan, created for Winchester by the National Development Council of Washington, will cushion the impact of the regional mall on the downtown and accelerate the diversification of downtown's function from primarily retail to a more diverse mix of activities including government, finance, law and professions, specialty and support retail, entertainment, recreation and leisure. The plan is supported by the city government, downtown merchants and property owners.

#### **Special Assessment**

Winchester is continuing its special assessment for the primary district (the downtown mall) and expanding the assessment to an adjoining district to enlarge the downtown area. This tax, in addition to the real estate tax, is 49¢ for the primary and 25¢ per \$100 assessed value in the secondary district. The concept of assessments for improvements is not new, as the "authority to impose assessments for local improvements" had been granted by the legislature to cities having a population in excess of

300,000 prior to 1972. At the request of Winchester and other localities, the 1972 General Assembly amended Section 15.1-239 of the *Code of Virginia* to extend special assessment authority to all cities and towns.

The grant of authority was not used extensively until 1975, when Winchester chose special assessment to fund one-half the construction cost of the Loudoun Street Mall. This alternative was supported by City Council and property owners over voluntary owner-financing, general tax fund financing and other possibilities.

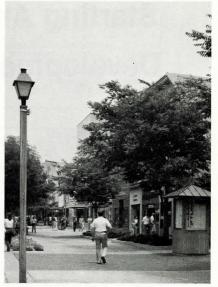
Winchester chose the same special principal to finance development and promotion of its "secondary assessment district" surrounding the Loudoun Street Mall. At the City's request, the 1981 General Assembly adopted legislation intended to be included in Article 2 (Assessments for Local Improvements) of Chapter 7 of Title 15.1 (Section 14.1-239 et seq). After various legislative maneuvers, the legislation was codified as Section 15.1-18.3. Its wording, which was somewhat obscure due to its placement in the Code, was clarified slightly by 1982 amendments. However, this enabling legislation is currently limited to cities between 20,000 and 21,000 population and towns over 30,000 population.

Winchester will also initiate changes in the city's zoning ordinance so the upper floors of buildings in the downtown area can be used for apartments and businesses. Parking requirements will be eliminated in this area, too.

Other steps have been taken. The Historic Shopping Area will be redesigned and the joint Frederick-Winchester Judicial Center will be built. In June, a second six-level court square autopark was dedicated and the Preservation of Historic Winchester is working to rehabilitate commercial property on the pedestrian mall.

#### Downtown Development Board

The Winchester City Council appointed a Downtown Development Board of nine members. Four members are from the primary district, four are from the secondary district and one member is ap-



Winchester's Loudoun Street Mall

pointed at-large. In turn, the board hired a part-time director to coordinate its activities and lend direction to an overall comprehensive program.

The board was organized into five committees: finance, architectural, development, activities and promotion. The finance committee is charged with developing plans and programs which will assist new businesses in locating in the downtown area as well as assisting property owners with available tax incentive programs for facade renovation.

The architectural committee is in the process of developing a design program for the downtown area which will build and expand upon the 19th century architectural setting. New lighting and other street furniture will be included as well as planting areas and signage. It is hoped that the design program will unify the downtown area.

The development committee, which has prepared a brochure for prospective businesses, is attracting newcomers to the downtown area.

To keep people coming downtown, the activities committee scheduled an event on the mall every weekend from April 1 through October. With the other committees functioning, the promotion committee acts as the public relations and information arm of the DDB to keep the area in the news.

#### **Other Efforts**

Efforts in the downtown area have suffered to a certain extent from a lack of cohesion and unity of purpose among merchants located in various areas of downtown. This

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**About The Authors** 

## Starting An Economic Development Program

By June M. Bachtell

Economic development is one of those rare public programs that is directed outside the community, yet brings benefits inside the community. Citizens don't always recognize the indirect benefits—parks, schools, low tax rates and employment—that a good economic development program can bring.

Local officials, however, who see the advantages of jobs and taxes want to get into the economic development business. But any community thinking of this effort should slowly and painstakingly question why the program is being considered. Identifying the reasons for having a program of economic development is the key to answering the question of how an economic development program is structured and what its goals are. What the program looks like should also tell local officials what type of expertise the staff should have who will run the program.

#### How To Identify Reasons For Starting A Program

A paper entitled Making Local Economic Decisions—A Framework of Local Officials published by the Urban Land Institute spells out four basic conditions and four manipulations of these conditions which identify the need for a program of economic development in a community. See the chart on this page for the conditions specified by the institute.

Choose one condition on the left hand side of the chart, reflect how the community rates in that condition and carry out that rating across the "Changes" row to identify whether or not any of the manipulations need to be made. Place a check in the appropriate box. When completed, local officials have fairly well defined criteria of what an economic program should produce for the

community—a matrix of economic development requirements.

For example, during this recessionary period Loudoun County has a current unemployment rate of three percent and, at the last ranking, the eighth highest per capita income of the cities and counties in Virginia. On the other hand, the proportion of commercial and industrial tax return in Loudoun County is not sufficient to pay for the costs of services required as a result of rapid residential growth. These conditions obviously mold the economic development program Loudoun has, including an equal appropriation for tourism development as well as industrial development. The industry mix requires labor cadre of skilled professionals (Loudoun is part of the Washington metropolitan area in which 37.9 percent of adults have completed college, almost twice the national average), a higher than average wage rate and at the same time does not stimulate population growth. According to the latest annual estimate, the tourism program brought \$25.6 million into the community without service demand or population growth as a fallout.

#### "It took Loudoun County two years to bring in a major corporation."

The commitment for economic development should require, also, an "incubator" period when the community preparation (by far the most time consuming), marketing efforts and other parts of the program need time to gel to produce results. The rule of thumb is two years. Besides the belief that one's



June Bachtell

community is an excellent business location, the other major characteristic needed in supporters of a program is *patience*—patience to see to it that the kinds of economic developments the community gets are the kinds it needs. In Loudoun, it took a shade over two years to land Magnavox Government and Industrial Electronic Controls on a 76-acre tract. It also took that time to increase the number of visitors to the Visitors Center in Leesburg by 39 percent.

A community needs to keep the spirits up while the AAA corporations are not in focus vet. At a recent Virginia Division of Industrial Development Seminar on Marketing and Communications: The Selling Edge. Mike Morgan of Morgan and Associates in Richmond, reported that 60 to 80 percent of new industry locations come from businesses within a community's immediate area, although the glamour comes when the local media headlines a triple A corporation decision to locate in the community and the small print allotted to existing industry expansions appears more often. Give priority to a program that helps the businesses in the immediate area. The rewards are more consistent and probably constitute the real backbone of a community's economic base.

As previously mentioned, community preparation is time-consuming. But, unless the

#### **Changes Needed**

		Growth	Arrest Decline	Cyclical Stability	Distribute More Evenly
13	Employment				
<u>ō</u>	Income		+		
nditi	Fiscal Condition				
ပ္ပ	Quality of Life				

About the Author

Ms. Bachtell became Loudoun County's first economic development director in 1979. She recommends local officials who are interested in creating a program to get a copy of *Are Your Ready*? prepared by the Virginia Division of Industrial Development.

#### (Norfolk, from page 9)

itiative to develop that potential. Judging from the present feverish rate of development in this port city, Norfolk is fertile ground for investment opportunities and Norfolk is making the most of it.



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## When EF Hutton talks, people listen.

#### Industrial Development in Transition

Things are changing for Virginia's Division of Industrial Development—it's getting more aggressive when competing for industry.

Following Governor Robb's call to make the Commonwealth a viable place for development, the Division is carving some new priorities while it goes through a transition. Development activity has been called for, particularly in the area of small and minority businesses, and the relationship between state and local economic development programs is being examined. Also, a new community certification program is being prepared.

#### **State Director Chosen**

The first important step completed in the transition is the appointment of a director for the Division of Industrial Development. The position has been vacant for nearly a year, with Russell G. Hanson and Hugh D. Keogh serving as acting directors during that time.

After his election fast fall, Governor Robb placed top priority on the task of selecting a permanent director. Consequently, Paul Scott Eubanks was appointed director on June 1. Previously the director of economic development for Rhode Island, he served as executive director of the Rhode Island Ports Authority, the Economic Development Corporation, and the Industrial Facilities Corporation.

Virginia is the fourth state in

which Eubanks has held industrial development or business promotion positions. Prior to becoming director of Rhode Island's program, he was director of the Oklahoma Department of Economic Development. He also has held positions with the Oklahoma, Texas and Louisiana Chambers of Commerce.

#### **Local Leadership Changes**

Several localities have also selected new leaders for their development activity. Dave Edwards now heads the Virginia Peninsula Economic Development Council. He was previously executive director of the Fairfax County Economic Development Authority. April L. Young has been appointed executive director of the Fairfax County post. She was a consultant to the Phoenix Fund in St. Louis, and had been director of economic development for the city of St. Louis.

Stafford County's new director of economic development is James W. Butler. He was executive director of the Coastal Plains Regional Commission prior to joining Stafford County in early June.

Earlier this year, Russell G. Hanson became executive director of the Metropolitan Economic Development Council. He was deputy and acting director of the Division of Industrial Development. MEDC serves the Chesterfield, Henrico and Hanover counties and the city

of Richmond.

#### Developers Association Formed

Public and private sector developers gathered this spring to form the Virginia Economic Developers Association.

VEDA is the first professional association for individuals responsible for economic development in Virginia. It intends to improve communications among developers at all levels, and establish a means of providing input into development programs which affect the state.

The officers elected for the VEDA are President, Bob Johnson, chairman of the Wythe County Board of Supervisors; First Vice President; Charles Pendleton, executive director of the Danville Chamber of Commerce; Second Vice President, June Bachtell, director of Loudoun County Economic Development; and Secretary/Treasurer, Beverly Fitzpatrick; assistant vice president for Economic Development, First National Exchange Bank.

#### **Charting The Course**

Economic conditions as well as the nature of the Industrial development process demands flexibility in how Virginia's efforts are organized to attract industry. In keeping with the times, Virginia's development program is being shaped to respond successfully in a new era.



#### Secretary Diener Comments

"We look forward to increasing the state's traditional emphasis on economic development, particularly in the area of international trade and in the strengthening of community development efforts throughout the state," says Betty J. Diener, six months into her term as Secretary of Commerce and Resources.

Dr. Diener, the first woman appointed to this Cabinet post, is in a unique position to measure the pulse of the state's economy. The 34 agencies under her direction touch every economic sector.

She sees a program of broadbased economic development as the key to a healthy state: "The strength of our communities depends in large measure on improving their readiness for industrial development. One of the highest priorities of this administration is to draw new business to our cities and towns."

To accomplish this, the former dean of Old Dominion University's Business School is looking at Virginia with a fresh perspective.

"The world is increasingly a marketplace for our products and out state is becoming more attracive to foreign investors," she remarked.

Another feature of this administration's approach is to focus more attention on the needs of small businesses and minority businesses. In particular, Dr. Diener hopes that her agencies will attempt to eliminate regulations which unnecessarily hinder businesses, large or small: "Certainly these aren't the best of times for the national economy. Nevertheless, we're going to do everything we can, at the state level, to help our businesses and industries prosper."

For localities, an important source of development activity already exists within the state. As local governments review their community's process, or work to increase a development program, they should consider this: In recent years roughly 60 percent of the state's new manufacturing jobs have been created by Virginia companies. In 1981, for example, nearly twice as many new jobs were created by expanding facilities, or by the location of new industry.

Clearly Virginia'a manufacturing population has demonstrated its potential for enhancing the Commonwealth's economic growth.

#### **SIDC To Meet**

The Southern Industrial Development Council (SIDC) will meet at the Cavalier Oceanfront on October 23-26, 1982. Governor Charles Robb will provide the welcome and keynote address, "New Challenges in the South." Topics include the new demographics, tax changes, new financing, federal legislation, port development, and other subjects-all related to southern development and the changing economy. Contact Harold L. Gallup. Jr., Industrial Development Coordinator, 401 Lynnhaven Parkway, Virginia Beach, Virginia 23452. Call 804-486-0880 for registration information.

#### A Little Design Will Do It

Why would officials in Chelsea, Massachusetts embed sixty bronze crabs in the pavement of the town square? To remind residents where fish were formerly sold, of course.

This and many other innovative ideas are becoming realities in communities across the nation as local officials attempt to revitalize and redesign depressed areas. "Design is important because design perspectives can enhance the human quality of life," said Anne Smith Denman, editor of Small Town, a magazine that has published a special 96-page issue describing ways design perspectives have been applied to improve communities. The special edition also presents profiles of specific small-town projects grouped by issues such as downtown design and planning, facilities, fund-raising and growth. For further information, contact Small Towns Institute, P.O. Box 517, Ellensburg, Washington 98926, (509) 925-1830.

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#### 1982 VIRGINIA MUNICIPAL LEAGUE CONFERENCE VIRGINIA BEACH

#### **SUNDAY, SEPTEMBER 19**

SUNDAT, S	EFICIVIDEN 19		
1:00 p.m.	REGISTRATION AND EXHIBITS	3:15 p.m.	CONCURRENT SESSIONS
2:30 p.m.	POLICY COMMITTEES  —Community and Economic Development  —Effective Government  —Environmental Quality  —Human Development  —Public Safety  —Transportation	to 5:00 p.m. 6:00 p.m.	-Workmen' Compensation Loss Control -Conducting Town Council Meetings -Local Cost Cutting Strategies -Housing and Community Development HOST CITY NIGHT
4:00 p.m.	NOMINATIONS COMMITTEE		TUESDAY, SEPTEMBER 21
6:00 p.m.	OPENING RECEPTION	7:30 a.m.	* PRAYER BREAKFAST
	MONDAY CERTIMPER OF	9:00 a.m. to	REGISTRATION & EXHIBITS
7.00	MONDAY, SEPTEMBER 20	12:00 noon	
7:30 a.m.	* WOMEN IN LOCAL GOVERNMENT * LEGISLATIVE COMMITTEE	10:00 a.m.	SECTION WORKSHOPS
8:00 a.m.	REGISTRATION		URBAN SECTION  —Antitrust Implications
9:30 a.m.	OPENING SESSION		—Tax Equity Issues
	<ul><li>Keynote Address</li><li>President's Report</li><li>U.S. Senate Candidates</li></ul>		CITY SECTION Land Use Task Force
	- Executive Director's Report - Nominations Report - Time and Place Report		TOWN SECTION  —Zoning in Small Towns  —Cash Management
11:30 a.m.	SANDWICHES & BEVERAGES IN EXHIBIT HALL	12:00 noon	LUNCHEON—James H. Boren, International Association of Professional
12:00 noon	* MANAGERS LUNCHEON & PROGRAM	0.00	Bureaucrats CONCURRENT SESSIONS
1:30 p.m.	CONCURRENT SESSIONS	2:00 p.m. to	CONCORRENT SESSIONS
to 3:00 p.m.	-VMGSIA Annual Meeting	3:30 p.m.	Public Records Act     Hazardous Waste
	<ul><li>The Commission on Local Government and Towns</li><li>HJR 105—Local Government</li></ul>		Health Care Cost Containment     Public Procurement Act
	Responsibilities	3:30 p.m.	BUSINESS SESSION
	-Human Services Issues	6:30 p.m.	RECEPTION
	Block Grant Task Force Long Term Care of the Elderly	7:30 p.m.	ANNUAL BANQUET Featuring—"The Conti Family"
			1000

<sup>\*</sup> Requires individually purchased meal ticket.

#### CONFERENCE INFORMATION

This year's conference will be held in Virginia Beach with most activities scheduled in the beautiful new Pavilion, the city's conference center. Conference hotels include The Cavalier, Holiday Inn (39th Street), Howard Johnson's, and Sheraton Beach. Room reservations are being handled by the housing bureau and a \$40.00 deposit is required for each room. The reservation deadline is **Monday, August 16.** If you have not made your reservations, please contact:

VML Housing Bureau P.O. Box 136

Virginia Beach, Virginia 23458 (804) 428-8000

Advance prepaid conference registrations received by September 3 qualify for a \$10 discount on the package registration rate. Most

localities designate one official to coordinate VML Conference registrations. Please contact your clerk or manager concerning the registration procedure used by your locality to insure that there is no duplication.

Social functions during the Conference include the Sunday reception, Monday evening host city event and Tuesday reception and banquet. The City of Virginia Beach is planning an enjoyable outdoor event on Monday, September 20 at the Narrows on the waterfront. Bus transportation will be provided and casual attire is a must! More details on conference events and the guest program activities will be included in the September issues of LEAGUE LETTER.

Ticketed events include the Women in Local Government Breakfast, the Manager's Luncheon, the Prayer

Breakfast and Tuesday luncheon. Humorist James H. Boren promises to provide an entertaining view of the bureaucrats' life in Washington at the luncheon. Mr. Boren spoke at the VML banquet in 1978 and has been brought back by popular acclaim.

In response to the increasing number of issues facing local officials, conference workshops have been expanded to include four additional topics on Tuesday afternoon. The 1982 conference will offer more topics to choose from than any previous conference.

The Annual Banquet will include the presentation of the VML Achievement Awards and will feature entertainment by the dynamic CONTI FAMILY.

Plan now to attend the VML Conference this September in Virginia Beach.

#### **REGISTRATION FORM** 1982 VIRGINIA MUNICIPAL LEAGUE ANNUAL CONFERENCE

NAME	
TITLE	
LOCALITY/AGENCY/FIRM	
ADDRESS	
CITY	
Spouse Attending? YESNO First Name of Spouse	
Guest Attending? YESNO Name(s)	
. ,	

#### **REGISTRATION**

Diogga circle annuariate registration are	DELEGATE COMMERCIAL PROFESSIONAL	NON MEMBER DELEGATE COMMERCIAL PROFESSIONAL	GUEST SPOUSE*	
Please circle appropriate registration amount				
PACKAGE REGISTRATION—includes all activities, group meals, and host city	85.00	95.00	40.00	
entertainment for Sunday, Monday and Tuesday, except ticketed meal functions	(Prepaid before 9/3/82 75.00)	(Prepaid before 9/3/82 85.00)	(Prepaid before 9/3/82 30.00)	
SUNDAY ONLY—includes all Sunday meetings and Opening Reception	25.00	35.00	15.00	
MONDAY ONLY—includes all Monday meetings and Host City evening activities	35.00	45.00	15.00	
TUESDAY ONLY—includes all Tuesday meetings, Reception and Banquet	35.00	45.00	25.00	
TICKET EVENTS				
Women in Local Government (Monday) Managers Luncheon (Monday) Prayer Breakfast (Tuesday) Luncheon (Tuesday)	8.00 8.00 8.00 12.00	8.00 8.00 8.00 12.00	8.00 8.00 8.00 12.00	
*REGISTRATION FOR SPOUSE INCLUDES ALL SPOUSES' ACTIVITIES SPONSORED BY THE HOST CITY				

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#### Lt. Gov. Davis Talks About Local Government

By Sarah B. Holt

Editor's Note: Lt. Gov. Davis, a former mayor of Portsmouth, began his public career at the local level. An interview with Paul Trible was featured in the June issue.

If you asked Richard J. Davis to comment on the status of local government in the 1980s, he'd probably tell you two things. First, he'd say localities will have to work harder to maintain existing programs with decreasing funds. But then he'd probably smile and tell you local government is the most exciting and demanding level of government.

"Local government is the final level at which the people who are the beneficiaries of assistance are disappointed beneficiaries. It is at this level where they come face to face with their locally elected officials," said Virginia's lieutenant governor in a recent interview.

Currently facing local officials in Virginia are the issues of block grant proposals, general revenue sharing, payments in lieu of taxes, problems with public mass transit systems and more. Davis had some suggestions for facing decreasing revenues and increasing demands, stressing the importance of a strong economic base in every locality.

"Historically the term 'block grant' has been a code word for 'less money'," Davis explained. "In Virginia next year we expect to receive about \$100 million less than was provided under former systems of funding."

"A hidden figure of another \$100 million reduction will be incurred because of direct funding mechanisms that formerly went to cities and counties," he added.

Since Virginians will have less

Since Virginians will have less money to distribute, Davis stressed the importance of insuring a minimum cut off the top for administrative costs. Local officials must also define a system of allocation of those monies so population and other needs are taken into account.

He remarked, "I'm not dancing in the streets in applause of the system. If I had my way, I would not favor what I think will be major reductions in funding levels."





Gov. Davis gestures as he talks about the problems of local government. *Photographs by Charlotte Kingery* 

The bright spot for local government? Davis said the advantage for local governments faced with the program is the heightened discretion it gives local officials in deciding the fate of their monies: "If we have to do with less, at least local officials will be able to determine within their jurisdictions where those fewer dollars can best be applied."

Providing the best service for citizens is the most important function of every level of government, Davis noted as he applauded general revenue sharing. "I fully support the program and I hope we'll be able to maintain levels of financial support that would equate to the people's needs. The dollars come from the people, and in the public sector, the dividends are the levels of service and quality of service provided to the people. With careful management and prudent oversight, these dollars can be used to respond to the needs.'

Davis said he is against the mistaken impression among federal officials that the program is nothing more than a "massive giveaway" and that there have been too many freeloaders. He said he, too, is against any abuse of the system, but feels it is basically very effective.

Since general revenue sharing may not be permanently guaranteed to all governments, Davis said local officials must broaden their economic bases. "I realize this is difficult now in this period of recession and/or depression, but I urge every locally elected official to work harder in the face of this adversity. Local governments must also streamline their governments to eliminate the unnecessary evils

that bloat budgets. Lobbying, too, must be continued to make federal officials in the House and Senate realize the needs of the people," he said.

"Take a serious look at payment in lieu of taxes—it's impossible for local governments to operate if the federal government pays nothing for their occupancy."

As localities look toward improving their economic situations, Davis warned against "giving away the store." He mentioned his experience in Portsmouth where a large percentage of the land is federally owned and nontaxable, leaving the city with much less revenue than others with similar demographics: "Localities need to study incentives for attracting businesses and be aware of the impact of federal presences. I'm not suggesting the federal government pay the same tax rate as John Jones who owns a home, but the system for accommodating local governments for federal presences need some adjustment and tooling.'

There is more to broadening a locality's economic base than getting tax money from the federal government. Namely, it is improving public transportation. "It's important to bring industry and economic development to where the people live," Davis explained, "because I don't know of a city in

(Continued on next page)

About The Author

At the time of the interview, Ms. Holt was a communications assistant with the VML.

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America with an adequate mass transit system."

He said even the shiniest new plant in the suburbs will be of little use to the underprivileged work seeker who cannot get to and from work.

Davis suggested three points in improving local transportation systems. Primarily, the local public sector must do all it can to create a viable system. "That means subsidies unless or until America divorces herself from her love affair with the automobile," he said.

Secondly, the federal government must realize localities cannot do all the improvements alone and offer their financial support.

Lastly, Davis said the private sector must do all it can to encourage the continuation and growth of local mass transit systems, both by using them and believing in them.

Mass transit in another form must also be used. Davis said it doesn't look like many Americans are believing in the quality and accessability of Dulles International Airport and this, too, could be caused by poor mass transportation. Dulles has substantially fewer booked flights than its competitor, National Airport, which is also in the Washington, D.C. area. "I think a more direct access is needed to Dulles," Davis said. Although he said the sheer numbers of flights in and out of National might eventually preclude any new bookings, traffic needs to be redirected to the underused airport. Davis said he did not mean to offend future colleagues, but suggested if congressmen would patronize Dulles Airport when flying to and from their districts, the problem might also be lessened.

Davis hopes to be elected to the United States Senate in November and said his position is unique. Going back a few years, he could not recall one Virginia senator wellversed and experienced in local politics, and considers those qualities his forte and main edge. "My emphasis is an empathy and sympathy for what local officials face. If I am elected, that will be the high priority."

He hopes to put his priority to work in appointing two staff members to deal solely with local officials and their problems. "I want two full-time employees devoted to interrelations between localities in Virginia and the Senate. Using the prestige of that office, we could work to broaden the economic bases of localities."

#### Enterprise Zones-Virginia's Approach

#### By Stanley S. Kidwell, Jr.

In the past, the problem of neighborhood renewal has been government loans and grants provided for activities ranging from rehabilitation of buildings to building community facilities. A great deal of money has been spent, but the record of success is mixed.

Enterprise zones are a different approach to reviving economically distressed places. The concept involves selecting an area with economic problems and offering "incentives" to existing businesses which locate or expand their operations in the zone. No government loans or grants are provided, instead the removal of governmental burdens and red tape is stressed.

Currently fourteen enterprise zone proposals have surfaced in Congress including The Enterprise Zone Tax Act of 1982, sponsored by the Reagan administration. Congressional action on this measure has not been scheduled.

Virginia has done better than the federal government. According to the American Legislative Exchange Council, the Commonwealth is one of about 12 states which has enacted enterprise zone laws. Even though no state has been able to get an enterprise zone into operation, several expect to do so within the next year.

Virginia's Urban Enterprise Zone Act (Section 59.1-270 to 59.1-284 of the *Code of Virginia*) should stimulate business and industrial growth which will revitalize neighborhoods.

#### Virginia'a Zone Act

Virginia's Department of Housing and Community Development (DHCD) is responsible for administering the act. In order to implement it, the department will seek advice from representatives of federal, state and local governments, business, industry and other private sector groups. An advisory committee is being formed to help develop policies for administering the program and a state agency task force will be appointed to address technical issues such as the application of tax incentives and the relaxation of regulations.

About the Author

Mr. Kidwell is the Associate Director of the Office of Local Development Programs in the Virginia Department of Housing and Community Development.

#### **What The Zone Act Provides**

The Governor designates the zones with the advice from the Secretary of Commerce and Resources. A total of six zones, which can exist for 20 years, may be designated statewide.

All cities and counties are eligible to compete for an enterprise zone and applications for a zone must be submitted by the local governing body

A proposed zone must meet either the low income or unemployment criteria contained in the act; however, the Department of Housing and Community Development may establish additional criteria for determining what areas qualify as enterprize zones.

"Qualified" business firms are eligible for state tax incentives (see box) and localities may also provide incentives to businesses.

A zone will be terminated if a locality does not honor its commitment to provide incentives; however, the state tax incentive will continue for qualified firms in operation.

#### **State Incentives Available**

Business Income and Unemployment Tax Credits

Relief will be credited on the following basis:

80% in the 1st year 60% in the 2nd year 40% in the 3rd year 20% in the 4th, 5th years Sales Tax Exemptions (5 year

Credits and exemptions are available only on income or taxes attributable to conduct of business within the zone.

#### What Can Be Expected From Enterprise Zones?

limit)

Enterprise zones are an experiment. If they work business activity will grow, jobs will be created and the zones will prosper. Small businesses will be attracted because of lower taxes and flexible regulations. New jobs will be filled in large measure by unemployed persons or low income wage earners. Vacant lots and empty buildings will provide locations for new and expanding firms. Property

values will rise and so will tax revenues. The break even point will come when increased revenues from within the zone overcome losses resulting from the application of state and local incentives.

Can these things happen? Some skeptics say that without the provision of venture capital, the program will not work. In an American Planning Association publication, writer Robert Mier cautions that tax concessions and regulatory relief may be insufficient to induce the creation or expansion of businesses.

On the other hand, the enterprise zone concept has many things in its favor. It provides for local solutions to local problems. In his article Enterprize Zones: Pioneering in the Inner City, Stuart M. Butler says the concept offers an incentive package which will reduce start up and operation costs of businesses and will signal investors that the likelihood of a firm being overwhelmed by taxes, regulation and red tape is substantially lessened.

It will be some time before anyone can determine the success of enterprise zones, but the concept has promise. Its basis is freedom of action, local initiative and the promotion of small business—concepts which in an earlier time were building blocks for successful communities throughout America.

19

#### The Certified Development Company Program

Editor's Note: This is an overview of the Certified Development Company Program. For more information, request the Section 503 Program brochure from the U.S. Small Business Administration.

The Small Business Administration Certified Development Company Program was created to help communities by stimulating the growth of small businesses within a defined area of operation. SBA-Certified Development Companies organized under the provisions of Section 503 will provide long termfixed asset financing. By providing this service, the program will enable communities to create jobs, increase their local tax base, expand business ownership opportunities and offer improved community services. In addition, the program is a flexible economic development tool that can be used for other purposes such as city or regional development, neighborhood revitalization and minority enterprise development. Through this joint federal government/private sector program, financing for the acquisition of land and building and construction, expansion, renovation and equipment is available to small business concerns for up to 25 years.

#### How to start a development company

A certified development company may operate on a local, regional or statewide basis. It may be organized as a private, nonprofit corporation or a for-profit stock corporation.

Establishing a certified development company is not difficult. Local officials should:

Identify the area to be served by the certified development company.

Identify individuals interested in joining an organization that will play an important role in the economic development of their community. Certified development company membership (25 members are required) must include representation from the following groups: a local government, a private lending institution, a community organization, or a business organization.

Identify the officers and directors (there must be a minimum of five, who must represent the group stated above), including a president, vice-president, a secretary and a treasurer. The board of directors is required to meet bi-monthly and actively participate in management decisions such as the making and servicing of laons by the development company.

Identify the individuals or organizations who will provide the financial and management services that SBA requires for each participating certified development company.

Request a lawyer to draw up the articles of incorporation and bylaws for the certified development company based on sample forms obtained from the SBA.

Prepare a membership list with

the following information: name, address, telephone number, occupation and percentage of ownership or voting control of each member and name, address, telephone number, occupation of the individual or organization performing each staff capability required by the certified development company. Identify the specific function provided by each individual and their related experience.

#### 503 Debentures

The proceeds of a Section 503 debenture are used to assist and identify with small business concerns to finance plant construction, conversion or expansion. Plant construction includes acquisition and installation of machinery and equipment. Each loan from the debenture proceeds must be approved by the SBA.

The SBA-guaranteed debenture may not exceed \$500,000 and according to administrative rule, may generally not comprise more than 40 percent of the project's total cost. A development company is required to inject into the project an amount equal to 10 percent of the funds, which may come from a variety of sources including the small business receiving assistance.

The current interest rate on Section 503 debentures is about 14 percent depending on the maturity date. The maturity date cannot exceed 25 years and will depend upon the economic life of the asset being financed.

SBA will provide guaranteed funding to certified development companies by selling 100 percent SBA-guaranteed 503 debentures to the Federal Financing Bank (FFB). SBA will act as the agent for certified development companies for the purposes of such sales. The FFB is an instrumentality of the federal government pursuant to the Federal Financing Bank of 1973.

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#### Southside Localities Form Corporation

By Joyce I. French

Want some business? Start a corporation of your own.

That's what four local governments did in Southside Virginia to promote economic development and industrial growth.

Using the Small Business Administration's Section 503 Certified Development Corporation Program (see the article on the preceding page) and the Revolving Loan Fund under Title IX of the Economic Development Administration, the Lake Country Development Corporation has enticed small business concerns to come to the area.

Comprising Halifax and Brunswick counties, South Hill and South Boston, Lake Country Development Corporation is a non-stock, non-profit corporation chartered on June 4, 1981 by the Commonwealth to operate within the geographical boundaries of the Southside Planning District.

### "The principal objective is to foster employment opportunities."

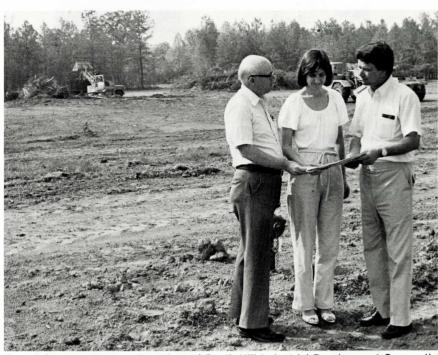
Consisting of 28 members and governed by a nine member Board of Directors, Lake Country is guided by the Southside PDC and led by President Lawrence Wuensch. county administrator of Halifax. Board members are Emory H. Lucy and G. Michael Whitby of Brunswick County, Lazarus Bates of Halifax County; Arthur A. Moran, Jr. and Claude W. Wright of Mecklenburg County; J. Aubrey Houghton of the City of South Boston; Barbara G. Nanney of the Town of South Hill and Clyde E. Delbridge of the Southside Planning District Commission.

#### **Revolving Program**

Under the Revolving Loan Fund Program, LCDC administers an Economic Development Administration grant of \$500,000 which provides low-interest financing for working capital as well as fixed assets. Loans range from a minimum of \$25,000 to \$125,000

**About The Author** 

Ms. French, a staff member with the Southside PDC, is the corporate administrator for Lake Country Development Corporation.



From left: Harry Nanney, President of South Hill Industrial Development Corporation; Joyce French, Corporate Administrator of Lake Country; and South Hill Town Manager G. Morris Wells, Jr. Courtesy of South Hill Enterprise.

with the interest rate being 75 percent of the Federal Discount Rate. Local industries receiving such funds must provide 15 percent equity in the project and create a minimum of one job for each \$10,000 of federal money borrowed. Loans under this program are intended to "bridge the gap" in projects which are not quite fundable under ordinary standards at local lending institutions. Each applicant must have been turned down by two banks or have received only partial funding.

To date, two loans of \$125,000 each have been approved. The corporation's first loan went to Switzer Furniture Company in South Boston, which manufactures and assembles casual dining and kitchen furniture. Switzer sells to

retail stores in an eight-state area and will create 30 jobs within the first year of operation. The creation of these jobs will continue to provide relief for high unemployment in the area. Also, Switzer Furniture is located in the Tobacco Warehouse district, a blighted area which is undergoing industrial revitalization and contributing to the growth in the central business district.

The South Hill Development Corporation, a for-profit corporation, has also received a loan in the amount of \$125,000 to construct a shell building in the Town of South Hill Industrial Park. This 65-acre park is being developed through a \$700,000 grant from the Department of Housing and Urban Develop-

(Continued, page 26)



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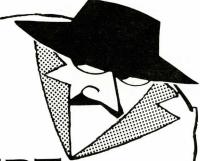
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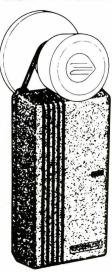
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#### Norfolk Fairfax County, Win Awards

Fairfax County and the City of Norfolk won 1982 Outstanding Achievement Awards from the Virginia Chapter of the American Planning Association. Norfolk won for its downtown plan while Fairfax was presented an award for its study on preserving agriculture and open space.

The general development plan for downtown Norfolk was adopted by City Council in October, 1981. Several aspects of the plan are now underway. It combines all elements considered essential for downtown development and shows how they should be integrated for greatest impact. Compiled by city planning staff in the planning commission, the 169-page report is the result of many groups' efforts from public and private sectors. The planning association judges said that Norfolk's plan reflects a belief that mixed use/mixed old and new downtown can be an attractive to users

Fairfax County study was under-

and investors.

taken at the direction of the Board of Supervisors in April, 1980 on the question of whether Fairfax County should adopt an ordinance providing a special land use tax assesment to farm land and other open space lands.

Over the past several decades, the County has changed from a rural to an urban county. Much of Fairfax's agriculture, horticulture, forest and general open space land was converted to developed uses. The study assessed the status of the remaining lands in those categories and explored how they might be preserved.

The Board of Supervisors established several committees to assist staff in formulating the agricultural preservation program. As a result of the study and the findings of the committee, the Virginia General Assembly approved a bill to allow the creation of agricultural and forestal districts in areas of 25 acres or more. When land is included in agricultural or forestal districts, it is taxed as a special district rather than what its development potential might be. In return, the land owner must promise to continue agricultural use for at least eight years.

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is exemplified by the fact that downtown has been divided into a primary district, the Loudoun Street Mall, and a secondary district, the streets surrounding the mall for tax purposes. Recognizing the importance of an identity for the downtown shopping area, the board is sponsoring a contest to find a suitable name which will include the mall and the secondary district. The unified concept will also be beneficial in advertising and promoting the downtown area. It has been shown that a sense of identity and cohesion is important to the public's perception of a downtown shopping area.

In June, the DDB began publishing a newsletter to keep property owners and merchants informed of the board's activities. The newsletter is a forum for ideas and allows merchants to participate in the downtown development

process.

Winchester's DDB, committed to the idea of creating a unique environment in the downtown area, is providing a shopping experience built around the 19th century theme. As a kickoff to this theme, Winchester is planning a special promotion called Christmas "Christmas 1890" which will run from the day after Thanksgiving to Christmas Eve. For 29 days the eight block area of Winchester's central shopping district will become an 1890s shopping village.

Horse drawn carriages, knickers, top hats, street carolers, hot chestnuts, flower girls, and good old fashioned Christmas spirit will replace the workaday world. Shops will be decorated by merchants and sales people will wear 19th century garb. One of the main attractions will be an antiques fair with over 30,000 square feet of quality antiques for sale from all over the east coast.

The construction of the first pedestrian mall in 1974 was the first step and now, eight years later, Winchester is embarking upon a ambitious program to continue a vibrant, cohesive and active downtown.

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#### Junior Firefighter Bill By Senator Charles L. Waddell

The 1982 General Assembly approved legislation, effective July 1, 1982, which will enable local governments to adopt a local ordinance permitting 16 and 17 year olds to fully participate in volunteer fire companies after attaining certification of training as administered by the Department of Fire Programs.

The legislation, requested by the Loudoun County Fireman's Association and the Loudoun County Board of Supervisors, was sponsored by Senator Charles L. Waddell (Loudoun/Fairfax) and Delegate Kenneth B. Rollins (Loudoun), among others. Loudoun County has adopted the local ordinance effective July 1, 1982.

For many years volunteer fire companies were permitted by a Virginia Department of Labor regulation to accept junior members to participate as full members of the fire company after training. This practice was brought into question by the Attorney General's opinion in September, 1980. The opinion stated the Department of Labor lacked the authority to create this exception to the Hazardous Occu-

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Governor Robb signs the bill. Senator Waddell is third from the right.

pation Law regarding the use of minors in volunteer fire companies and rescue squads.

Loudoun County, like many jurisdictions across the state, was immediately impacted by the ruling. The county has 17 organizations, which are 100 percent volunteer providing service to an area of 517 square miles for more than 57,000 citizens. The 522 volunteers are supported by a small full time county staff. In Loudoun, the immediate effect of the negative ruling on full use of junior volunteers was the loss of 61 teenagers from the program.

Volunteerism is the life blood of the county's fire protection program. Many local fire chiefs and professional staff members feared turning away these young people would precipitate a future reduction in volunteers. The training experience will allow these youngsters to compete successfully for a future fire fighting career. In Loudoun County, 19 junior firemen have become full time career firemen or medic unit personnel.

In 1981 legislation was introduced permitting the 16 and 17 year olds to participate fully in both volunteer fire companies and rescue squads, but the bill's final form applied only to rescue squads.

The 1982 attempt was the second made to permit the full use of trained junior volunteer firefighters. The successful passage of Senate Bill 103 in the 1982 General Assembly must be credited to the coordinated efforts of volunteer firefighters across the State who diligently kept in contact with their legislators and to the spokesmen for State Fire Chief's Association of Virginia and the office of Fire Service Training who actively supported the bill.

(Southside, from page 21)

ment. With the Industrial Development Corporation erecting a shell building on a 6.9 acre lot, the industrial park will be a prime site for industries wishing to locate in Southside Virginia. This project is considered an excellent example of a joint venture between the private and public sectors to promote economic development in the community.

#### 503 Program

Under the SBA certified development company, Section 503 funds will allow private lenders to meet long-term credit needs through supported loans based on subordinate SBA second mortgage financing in the form of 100 percent SBA guaranteed debentures. As under the revolving loan fund program, assistance will be focused on projects that create or retain a meaningful number of jobs.

LCDC was fortunate to be Virginia's first certified development company and thus be able to offer a new source of investment capital to attract new industry and to expand existing businesses.

Currently three applicants are in the process of collecting information to complete their applications. One of these applications has been submitted for consideration by the Lake Country Board of Directors.

The people of Southside Virginia feel the SBA program will be the "way of the future" and believe it will be a very useful tool for attracting new industry and providing for business expansions.

As summarized by Senator John Warner, "This is very good news for the people and economy of the Southside area. This SBA decision reflects the success of local economics development initiative."

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