

# Virginia Welcomes Philip Morris USA Headquarters

Greater Richmond is celebrating a major economic development win. In March, Governor Mark R. Warner joined local, regional and state representatives to welcome the corporate headquarters of Philip Morris USA to the Commonwealth. The company will relocate its headquarters from New York City to the former Reynolds Metals complex on West Broad Street in Henrico County.

Through a two-tier economic development project, Philip Morris USA will create 450 jobs at the new Henrico County headquarters with an annual payroll of approximately \$83 million. The company will also invest more than \$300 million in its existing Richmond manufacturing facility—



(Above) Virginia Governor Mark R. Warner (right) and Philip Morris USA Chairman and CEO Michael Szymanczyk (left) applaud the team effort that brought this major economic development project to the Greater Richmond Region.

(Right) Michael Szymanczyk (left) discusses plans with Greater Richmond Chamber of Commerce President James W. Dunn (center) and Secretary of Commerce and Trade Michael J. Schewel (right).



representing the largest capital investment in the City of Richmond in more than 25 years.

The Philip Morris USA relocation will integrate the company's headquarters employees with the 6,800 employees and critical functions already located in the Richmond area. The headquarters facility, which will be leased from the University of Richmond, will undergo minor renovations before the first employees arrive this summer. The company anticipates completing the move by June 2004.

The headquarters of a major subsidiary of one of the world's largest corporations coming to Richmond will have a positive economic ripple effect on the airport, hotels, restaurants and other travel and hospitality businesses. In addition, cumulative 10-year state and local tax revenues from the project are estimated at more than \$85 million.

Governor Warner approved a \$3 million grant from the Governor's Opportunity Fund (GOF) to assist the Richmond region with the project. Philip Morris USA qualifies for a \$25-million performance-based grant from the Virginia Investment Partnership (VIP) program. The Virginia

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From the Director

The first quarter of 2003 has been a wild ride in economic development. While January was slow in regard to project activity and announcements, February was eventful. In March, the pace quickened as we announced that Philip Morris USA would relocate its corporate headquarters to Greater Richmond. Other areas of Virginia also celebrated economic development victories. Grayson County landed a pharmaceutical sales facility and Virginia Beach welcomed

a major expansion from German-based STIHL Inc.

Our International Trade division hosted a buying mission of nine Polish companies selected from more than 40 who applied. In March, the Passport Program was launched in Virginia's Gateway Region, marking our seventh community to host this intensive export awareness campaign. International Trade is actively recruiting companies to participate in its very busy spring calendar, which includes trade missions to the United Kingdom, Korea and Japan, Brazil and Chile, Hungary and Romania, and attendance at the Caribbean Hospitality Industry Show.

Our 2002 calendar year numbers are in. Thanks to all of you who have worked so hard to help achieve these results. Virginia fared well in 2002 regarding corporate location and expansion announcements. New capital investment exceeded \$2.4 billion and nearly 31,000 new jobs were announced. These results are not record-breaking but are impressive in a weak global economic climate. I am pleased to report that Virginia again ranked in *Site Selection's* top 10 (#8) in the annual Governor's Cup issue.

Speaking of Governors, our chief executive has been busy meeting with prospects. Governor Warner traveled to Detroit on an automotive prospect mission in January. He will meet with executives in New York City in April and travel to Europe with us for his first overseas mission this May. In addition, the Governor, Secretary of Commerce and Trade Mike Schewel and Deputy Secretary Matt Erskine have traveled the state participating in numerous announcements. I would again like to recognize and thank Governor Warner and Secretary Schewel for their unfailing support for the work of economic development.

I am pleased to "officially" announce in *Commerce Quarterly* some recent management changes at the Partnership. Gary McLaren has been selected as VEDP's Deputy Director, after leading our business development effort for four years. Gary is a trusted professional, and I welcome his assistance as we strive to strengthen VEDP's efforts. I'm pleased also to announce that Liz Povar is the new Director of Business Development, replacing Gary. Liz brings a wealth of local and state experience to the division and is one who has demonstrated an exceptional ability in the economic development profession. I am grateful that Liz and Gary have accepted the challenges of their new positions.

On May 29, we will hold our first VEDP/Ally Meeting at the Dominion Resources Innsbrook Technical Center in the Richmond area. This meeting is programmed specifically for Virginia's local and regional economic development practitioners to help keep you informed of programs and issues at the state level and to provide an open forum for communication. Stay tuned for more detailed information.

I wish you success over these next three months as we work together to improve the lives of all Virginians through economic development.

Sincerely,



Mark R. Kilduff  
Executive Director

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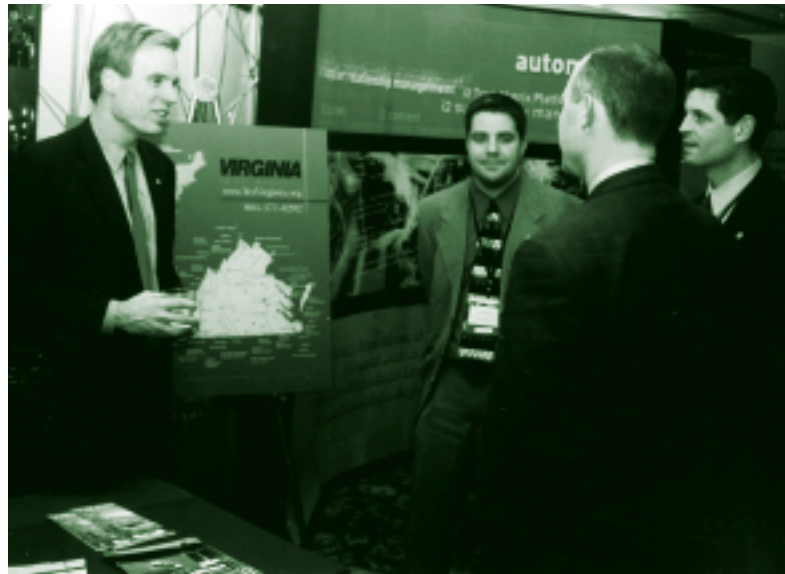
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## Governor Warner Courts Auto Prospects in Detroit



Governor Warner (left) greets executives as he works Virginia's booth at the 2003 Automotive News World Congress in Michigan.

Governor Mark R. Warner recently traveled to Detroit, Michigan to meet with top executives in the global automotive industry. During the *Automotive News* World Congress and the North American International Automotive Show, Governor Warner discussed Virginia's advantages as a strategic location for automotive manufacturers and suppliers.

Virginia has long targeted the automotive industry. The Commonwealth's automotive and automotive parts manufacturing facilities employ more than 25,000 Virginians. There have been more than 117 new facilities or expansions of existing Virginia facilities in the automotive industry announced during the past 10 years. Since 1992, Virginia has announced approximately \$2 billion of automotive investments creating more than 10,300 jobs.

In March, Governor Warner announced a \$60-million reinvestment by Lear Corporation in four existing Virginia manufacturing facilities that translates into 200 new jobs. Governor Warner met with Lear executives during the Detroit mission. In the past year alone, total sales at Lear's Virginia operations have grown by \$45 million, reflecting reallocation of production as well as new contracts received from automakers such as Ford, General Motors and Toyota.



After the Governor's Detroit mission, Lear Corporation announced a \$60-million reinvestment in the company's four existing Virginia manufacturing facilities.

## Firm Locates in Roanoke's eTown

The Vidette Group, a preferred America Online Yellow Pages strategic partner, has chosen the InSystems Building in downtown Roanoke for its new sales facility. Located in the city's eTown district, the new operation will include a sales lab, a frontline sales team and a customer service function. The company will create 100 jobs over the next five months and invest \$2.5 million in the project.

"We're looking for our Roanoke Valley sales operation to set the standard for our other



Governor Warner (left) presents a Virginia flag to Tim Byland, CEO of The Vidette Group.

facilities around the country," said Tim Byland, CEO of The Vidette Group. "We're extremely pleased with the opportunities this community offers us."

VEDP, the Roanoke Valley Economic Development Partnership and the City of Roanoke assisted The Vidette Group with its decision. DBA will provide workforce training services.

facility to house finished goods for worldwide distribution. The expansion will be carried out in three phases over the next two years and includes the purchase of 14.3 acres.

A \$500,000 GOF grant was approved to assist Virginia Beach with the project. STIHL Inc. also qualifies for a \$700,000 VIP grant. VEDP, the City of Virginia Beach Department of Economic Development and the Virginia Beach Development Authority assisted STIHL Inc. with its decision. DBA will provide workforce training services.

## Verizon Calls on Wise County

Verizon will create 61 new jobs in Wise County. Through a \$3.3-million investment, the company will open a Verizon Welcome Center in Wise County's Lonesome Pine Technology Center. Employees at the Wise facility will verify credit information and addresses of new customers in the Northeast and Mid-Atlantic states.

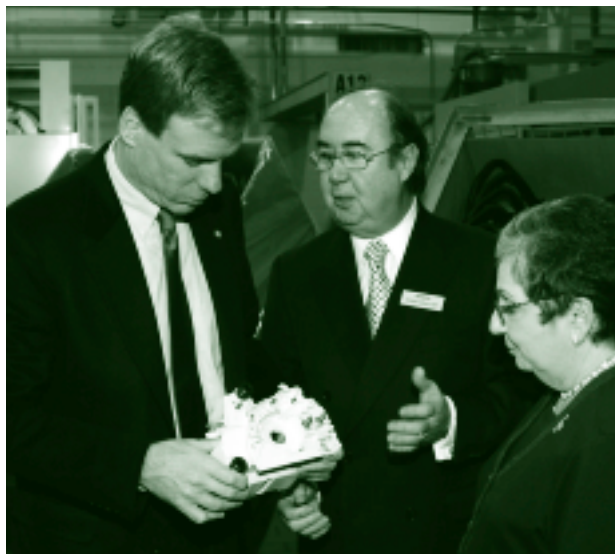
"Southwest Virginia boasts a large pool of educated and highly motivated workers," said Robert Woltz, President of Verizon Virginia. "We have had great success with other offices we have opened in this part of Virginia, and we have every reason to believe we'll enjoy the same success here. I'm pleased that the first voice many of our new customers will hear be that of a Southwest Virginian."

A \$100,000 GOF grant and \$100,000 in Tobacco Region Opportunity Funds were approved to assist Wise County with the project. U.S. Congressman Rick Boucher was instrumental in securing this project for Virginia. VEDP, the Virginia Coalfield Economic Development Authority and Wise County assisted Verizon with its decision. DBA will provide workforce training services.

## No "STIHLing" these Jobs

STIHL Inc. will expand its operations in Virginia Beach. Through an investment of \$60.8 million, the company will create 200 new jobs. STIHL's investment includes the construction of a 228,000-square-foot addition to its U.S. headquarters in the Oceana West Corporate Park.

STIHL manufactures the world's largest-selling brand of chain saws and portable, hand-held cut-off machines, as well as a complete line of outdoor power equipment for homeowners and professionals. STIHL Inc. began manufacturing at the Virginia Beach facility in 1974 with about 50 employees. The manufacturing area was expanded in 1983 and again in 1990 to its current size. In October 1996, STIHL opened a new 50,000-square-foot warehouse



Governor Warner (left) and Virginia Beach Mayor Meyera Oberndorf (right) learn about STIHL's manufacturing operations from Peter Mueller, Executive VP of Operations (center).

## Roanoke County Finds a Window of Opportunity



Governor Warner (left) presents the Governor's Opportunity Fund (GOF) check to Joseph McNamara, Chairman of the Roanoke County Board of Supervisors (right).

Marvin Windows and Doors, a Minnesota-based corporation, has chosen Roanoke County's Valley Gateway Business Park as the site of a new manufacturing facility for its line of Integrity Windows and Doors. The Integrity facility is expected to create 150 jobs within the next 30 months, and 350 by the end of 2008. Integrity plans to invest \$32 million within the next five years: \$15 million in Phase I and \$17 million in Phase II.

Integrity's product line includes a wide range of standard-size windows and doors. This is the first company to locate in Valley Gateway, a mixed-use business park in eastern Roanoke County.

Governor Warner approved a \$500,000 GOF grant to assist Roanoke County with the project. VEDP, the Roanoke Valley Economic Development Partnership, Roanoke County and Virginia Tech assisted Marvin Windows and Doors with its decision. The company qualifies for road access funding through VDOT. Workforce training services will be provided by DBA.

## Frederick County Wins Distribution Facility

The Home Depot, the world's largest home improvement retailer, will create 125 new jobs in Frederick County. Through a \$25-million investment, the company will open a 750,000-square-foot distribution center in the East Gate Industrial Park.

The new center will distribute merchandise from countries outside the United States to more than 100 Home Depot stores in the Mid-Atlantic states. Most of the jobs will involve warehousing, but management and administrative positions also will be available. The center is expected to open in fall 2003.

"The Frederick County site was selected based on its overall cost, proximity to stores and the opportunity to cost-effectively process ocean containers through the Virginia International Terminals and the Virginia Inland Port," said Lee Bandlow, Vice President of Distribution Services for The Home Depot.

Governor Warner approved a \$150,000 GOF grant to assist Frederick County with the project. VEDP, the Virginia Port Authority and the Winchester-Frederick County Economic Development Commission assisted in bringing Home Depot to Frederick County. DBA will provide workforce training services.

## Gray Hawk Adds New Defense Jobs

Virginia-based Gray Hawk Systems, Inc. will invest \$8.7 million to expand its operations across the Commonwealth. Over the next three years, the company plans to create more than 200 new jobs at its Alexandria headquarters and Virginia offices in Arlington, Prince William County, King George County, Norfolk and Virginia Beach.

Headquartered in Alexandria, Gray Hawk Systems is a veteran-owned small business founded in 1995. The company provides professional engineering services for the federal government. Today, the Department of Defense is a major client. Gray Hawk engineers also provide systems integration, secure communications and data management expertise to federal agencies. Currently, the firm has more than 240 employees across Virginia.

VEDP and the Alexandria Economic Development Partnership, Inc. assisted Gray Hawk Systems with its decision. Workforce training services will be provided by DBA.

## Deal Gets Franklin's Stamp of Approval

Money Mailer, a leader in the direct mail industry, will invest \$8.5 million and create 160 new jobs over the next five years in the City of Franklin. The investment will allow Money Mailer to locate a printing, packaging and mailing operation in an existing shell building in the Pretlow Industrial Park.



Money Mailer President and CEO Godfred Otuteye (at the podium) addresses the crowd at a recent news conference announcing the company will bring 160 new jobs to Franklin.

"I am pleased that the City of Franklin is bouncing back so remarkably from the devastating flood of 1999, and that Money Mailer recognized the community's spirit with this investment," said Governor Warner.

Headquartered in Garden Grove, California, Money Mailer was established in 1979 and is now one of America's leading direct response advertising companies. The Franklin operation will print, insert and distribute direct mail advertising packages and materials for Money Mailer's East Coast franchisees.

Governor Warner approved a \$225,000 GOF grant to assist the City of Franklin with the project. VEDP and the City of Franklin assisted the company with its decision. DBA will provide workforce training services.

## Cendant Heads for the Beach

Cendant Corporation, a leading provider of travel and residential real estate services, will create 100 new jobs in the City of Virginia Beach. The company will locate a human resources call center in the Avis Building located at 300 Centre Pointe Drive. This facility will serve Cendant's more than 50,000 U.S. employees.



CENDANT

Cendant Corporation is primarily a provider of travel and residential real estate services. The contact center will employ a minimum of 50 customer service specialists at its opening and will staff up to 100 in the next few years as the center expands. VEDP and the City of Virginia Beach Department of Economic Development assisted Cendant with its decision. DBA will provide workforce training services.

"We selected Virginia Beach as the location for our new employee contact center because of its reputation for high-quality employees with a superior work ethic," said Cendant Executive Vice President of Human Resources Terry Conley. "We are pleased to be able to expand our business to the Commonwealth of Virginia and the City of Virginia Beach."

## Washington County Wins Glass Manufacturer

AFG Industries, one of the largest glass manufacturers in North America, will locate a new glass coating operation in Washington County, creating 80 new jobs. Through a \$30-million investment, the company will build a 150,000-square-foot facility in the Oak Park Center for Business and Industry located in Abingdon.

Headquartered in Kingsport, Tennessee, AFG is the second largest flat glass manufacturer in North America and a part of the Flat Glass Company of the Asahi Group, which is the largest flat glass manufacturer in the world.



"While Washington County was competitive, the real key in our decision was the interest, professionalism and aggressiveness of the team from the community and the state," said D. Roger Kennedy, President and CEO of AFG Industries.

A \$120,000 GOF grant was approved to assist Washington County with the project. The county also obtained \$350,000 in Tobacco Region Opportunity Funds. AFG is eligible to receive tax credits because it is locating in an enterprise zone. VEDP, the Mount Rogers Partnership (Virginia's aCORRIDOR), and Washington County assisted the company with its decision. DBA will provide workforce training services.

## Martinsville Welcomes New Company

Axiom Technologies, Inc. plans to locate its headquarters in the City of Martinsville. The company will create 250 new jobs after completing the planned \$5-million investment towards its new facility in Martinsville. Virginia successfully competed with Nevada and Maine for the project.

Axiom Technologies is a manufacturer of engineered super-high-frequency ceramic materials and high-end electronic components for the defense, aerospace and wireless communications industries.

“We are very excited about the opportunity to locate our business here in Martinsville,” said Eugene Belousof, President of Axiom Technologies. “This region has so much to offer businesses.”

A \$250,000 GOF grant and \$250,000 in Tobacco Region Opportunity Funds were approved to assist Martinsville with the project.

Axiom Technologies is eligible to receive further tax credits because it is locating in an enterprise zone. VEDP, the City of Martinsville Economic Development Department, the Henry County Office of Commerce and the City of Martinsville Redevelopment and Housing Authority assisted the company with its decision. Workforce training services will be provided by DBA.



Eugene Belousof, President of Axiom (left), discusses the applications of his company's electronic components with Governor Warner (right).

Headquartered in Lavonia, Georgia, Carry-On Trailer manufactures utility trailers typically found at major hardware and farm/home retail outlets. Construction on Carry-On Trailer's new facility will begin in January 2004, and is scheduled for completion in September 2004. VEDP's Division of International Trade recently provided assistance in helping Carry-On Trailer enter the Canadian market.

Governor Warner approved a \$100,000 GOF grant to assist Westmoreland County with the project. Carry-On Trailer is eligible to receive tax credits because it is locating in an enterprise zone. VEDP and Westmoreland County assisted the company with its decision. Workforce training services will be provided by DBA.

## Fairfax Attracts 700 New Jobs

STG, Inc., a government information technology, scientific, and engineering services provider, plans to create more than 700 new jobs through a \$15-million investment in Fairfax County. The investment includes the expansion of the company's corporate headquarters in Fairfax County, as well as the continued investment in testing laboratories, security and network operations centers.

“Key to our success is our ability to recruit from the technical talent that Northern Virginia offers,” said Simon S. Lee, President and CEO of STG, Inc. “We have aggressively grown our company through acquisitions and major contract awards. We currently have over 80 percent of our engineers with secret and above clearances, which is vital to supporting our clients and their national security initiatives.”

VEDP and the Fairfax County Economic Development Authority assisted STG with its decision. DBA will provide workforce training services.

## Chesapeake Knocks on Wood for New Jobs

Virginia-based Chesapeake Hardwood Products, Inc. will invest \$4 million to expand its manufacturing facility in the City of Chesapeake. The investment will create 50 new jobs in Chesapeake's South Norfolk Enterprise Zone. Virginia competed with Vermont for this manufacturing operation, which is currently operating at the company's Hancock, Vermont facility.

Chesapeake Hardwood Products is associated with Plywood Tropics USA, Inc., an importer of hardwood, plywood and lumber to the United States and Canada. The company is a supplier of hardwood plywood, wall paneling and flooring to the building products industry, and also is a supplier of components to the furniture and cabinet industries.

VEDP, the Virginia Port Authority and the City of Chesapeake Economic Development Department assisted the company with its decision. The company is eligible for further tax credits based on its location in an enterprise zone. DBA will provide workforce training services.

## New Jobs Trail this Deal

Carry-On Trailer Corporation, a manufacturer of utility trailers, will create 75 new jobs through a \$2.5-million investment in Westmoreland County. The company's investment will allow it to build an 85,000-square-foot facility in the Westmoreland Industrial Park. The expansion will save an additional 65 existing Virginia jobs as Carry-On Trailer transitions its operations from its current manufacturing facility in Northumberland County.

## “Expansion Management” Recognizes Virginia Communities

*Expansion Management*, a leading economic development trade magazine, recently ranked three of Virginia’s metropolitan areas as “Hottest Cities” in its January 2003 issue. The magazine ranked the Hampton Roads region as the eighth hottest metropolitan statistical area in the country for economic development. Roanoke came in at number 29 and the Richmond region ranked 32nd. The magazine polled 75 site selection consultants to achieve its “America’s 50 Hottest Cities.”

In the magazine’s February 2003 issue, seven Virginia metropolitan areas were ranked on *Expansion Management’s* first annual “Health Quotient.” At number 2, Charlottesville, home to the University of Virginia Health Science Center, topped the list. Roanoke ranked fourth and the Richmond region ranked fifth. The Lynchburg, Danville, Washington, D.C. and Hampton Roads metropolitan areas also made the list. *Expansion Management* surveyed the costs, quality and availability of health care to rank the “Health Quotient” in metro areas.



## State’s Plastics Industry Garners Attention

Virginia’s plastics industry was recently highlighted in *Plastics News*, a leading industry trade publication. The January 20 article “Wis., Pa rank at top in analysis of growth” uses data from the Society of the Plastics Industry, Inc. (SPI) to provide a broad look at the industry’s economic situation.

“In the Southeast, the states that have grown the fastest have targeted plastics processors serving healthier industries, such as food packaging and medical. Georgia and Virginia lead the Southeast, with a growth of 33 percent and 32 percent, respectively. In the size of their processing industries, Georgia ranked 12th in the country and Virginia was 15th.”

According to the article, plastics processing industries in Wisconsin and Pennsylvania seem to be faring the best in the United States, while Ohio, Michigan and Indiana seem to be struggling the most among the largest states.



## Virginia Product Receives National Attention

A Charlottesville company, Universal Safety Response, has garnered national media attention in publications such as the *New York Times* and *Newsday* with a new device it developed: the Ground Retractable Automobile Barrier (GRAB). With significant homeland security applications, the GRAB is a flexible yet powerful net that can ensnare cars or trucks and safely stop them within a few seconds. Because it can stop a vehicle safely with little or no injury to occupants, the device is also ideal for railroad crossings, drawbridges, highway lanes under construction and other transportation-related uses.

Harrisonburg-based Shenandoah Engineering Services is under contract to manufacture the device, which is just now entering the market after 10 years in development. The \$200,000 system can be deployed to standing position in three seconds by two motors on each side of the net. Lowered, the machine is under the road surface so it can be driven over. It can be automatically or manually activated.

For more information, visit [www.usrgrab.com](http://www.usrgrab.com).

## Virginia Named a "Sweet Spot" for Business

The January 2003 *Plants, Sites and Parks* Bizsites Survey and annual Readers' Poll picked Virginia as one of the top 10 "Sweet Spots" for development.

Virginia ranked fourth in the magazine's Bizsites survey, a quantitative listing of announced projects. In the Readers' Poll, a qualitative telephone survey, Virginia came in sixth. The Readers' Poll asked a broad cross-section of readers to list the top states they would consider for expansions based on criteria they deemed important, such as transportation access, workforce training and incentives programs.

## Virginia's Economic Development Accomplishments Nationally Ranked

*Site Selection* magazine has ranked Virginia among the top 10 states in 2002 economic development announcements. With approximately 300 announcements of new and expanding businesses recorded last year, Virginia was the eighth most successful state in the nation according to *Site Selection's* annual Governor's Cup competition.

### Site Selection 2002 Governor's Cup Overall Top 10 States

Rank	State
1	Illinois
2	Michigan
3	New York
4	Ohio
5	North Carolina
6	Tennessee
7	Pennsylvania
8	Virginia
9	Texas
10	California, Indiana (tie)



## New Programs Designed to Streamline Business Location Process

VEDP's new "Right Now" Sites and "Virtual" Building Programs are designed to meet the compressed timeframes of modern business location and expansion decisions. These programs establish minimum standards for infrastructure development, environmental clearance and readiness to begin construction in the shortest timeframes possible.

### Right Now Sites



"Right Now" Sites will have a special designation on VEDP's VirginiaScan website. "Virtual" Buildings listings on the VirginiaScan website will be the same as an existing building.

"Right Now" Sites will have a special designation on VEDP's VirginiaScan website. "Virtual" Buildings listings on the VirginiaScan website will be the same as an existing building.

#### Right Now Sites

The "Right Now" Sites Program is designed to assure business prospects and consultants that those business properties designated as "Right Now" Sites have all the essential elements in place for rapid business location. The "Right Now" Sites Program establishes minimum infrastructure requirements for

eight industry groups (light manufacturing, general manufacturing, heavy manufacturing, mega sites, business/industrial parks, office parks, warehouse/distribution and research and development.) In addition to these industry-specific standards, separate "readiness standards" have been established to ensure that these sites are truly "ready-to-go."

#### Virtual Buildings

The "Virtual" Building Program is a business location alternative to an existing building. A "Virtual" Building is a business location where all the preliminary work has been completed in order to immediately start construction on the building—the building has been designed, all utilities are to the site, the development team is in place, firm cost estimates and construction schedule have been established, and the site plan permit has been obtained.

### Virtual Buildings

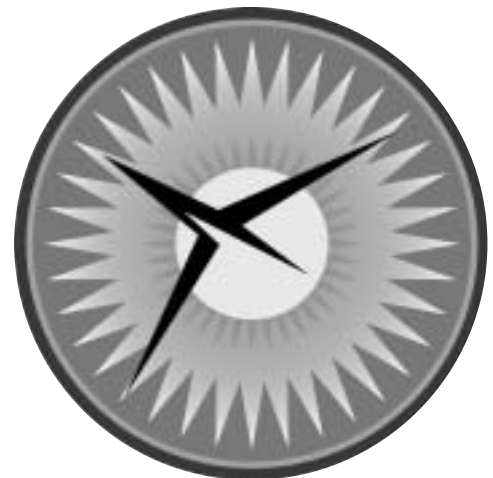


For more information on these programs, contact Neal Barber, VEDP Community Resources Manager, at (804) 371-0022 or [nbarber@YesVirginia.org](mailto:nbarber@YesVirginia.org).

## National Institute of Aerospace Unveils Location

The Board of Directors of the National Institute of Aerospace (NIA) has approved a plan to move into a state-of-the-art facility in a new high-tech research campus in Hampton Roads Center North Park in Hampton. Once the new building is finished near the corner of Magruder and Commander Shepard Boulevards, the institute will have a facility built specifically to house a research staff and foster distance learning technology.

Last fall, NASA's Langley Research Center teamed with the National Institute of Aerospace Associates (NIAA), a non-profit corporation, to create the world-class institute to do research, develop new technologies for the nation and help educate and inspire the next generation of scientists and engineers. Keeping the Institute near Langley helps facilitate the Institute's involvement in agency-sponsored research programs and foster collaboration with NASA, including access to its world-class research facilities.



## VEDP Staff Changes

Gary McLaren has been selected as VEDP's Deputy Director. Previously, Gary served as Director of Business Development. Prior to joining VEDP, Gary served as Director of Economic Development for Chesterfield County for more than 10 years. Previously he held positions as Director of Economic Development for Chesapeake, Virginia; Director of the Florence County, South Carolina Industrial Development Commission; and an industrial representative for the South Carolina State Development Board.



Gary McLaren

Jerry Giles is the new Finance Manager for Business Development. Prior to accepting his new position, Jerry was a Project Manager for VEDP's Information Technology and Electronics Business Development team. Jerry spent more than 32 years with the SunTrust Bank/Crestar Bank companies before joining VEDP.



Jerry Giles



Liz Povar

Liz Povar has accepted the position of Director of Business Development, replacing Gary McLaren. She has been with VEDP's Business Development Division since 1995, serving in the roles of Marketing Manager, Project Manager and Team Leader. Prior to joining the VEDP, Liz served at the local level for 10 years as the Executive Director of the Emporia-Greenville Industrial Development Corporation.

## Appalachian Regional Commission Taps Governor

Governor Warner has been named the state's co-chairman of the federal Appalachian Regional Commission (ARC). The Governor begins his one-year term by recommending more than \$3.5 million in grant offers for community development projects throughout Virginia's Appalachian region.

The ARC consists of 13 states, including Virginia, and provides funding and support to foster economic development and improve the quality of life in the Appalachian region.

As the state's co-chairman, Governor Warner will oversee ARC meetings throughout the year and provide leadership and guidance for the commission. In addition, Governor Warner will host the annual ARC fall conference, which will be held in Virginia this year.

## A Tribute

Virginia's economic development community lost a dedicated professional and friend when Kim Hadaria Butler passed away after a brief battle with cancer on March 7, 2003.

Kim was the first Marketing Manager for Virginia's Region 2000. She served as the catalyst for establishing the "Heart of Virginia," a multi-regional team to share the costs of trade shows which, otherwise, they would not be able to attend. For Virginia's Region 2000, Kim conducted research on industrial development trends to refine targeted marketing programs, developed and implemented the Region 2000 marketing strategy and helped coordinate regional marketing activities with surrounding localities.

Kim began her economic development career at the West Virginia Economic Development Authority in 1985. From there, she continued her work in Montgomery and Huntington, West Virginia, respectively.

## Creative Savings on Marketing Activities



By: *Nina Sims*  
*Senior Marketing Associate*  
*VEDP Communications & Promotions*

The new economy has forced the economic development community, as well as other service-related organizations, to curb outreach activities. Now more than ever, creativity is vital in maintaining the quality of marketing events and planning for trade show success. Understanding that missing a key trade show can make a negative statement in some targeted industries, rethinking activities on a smaller budget may be the solution.

Some ideas that the VEDP has utilized and a few suggestions from the staff of *Meetings & Conventions* magazine (October 2002) include:

**Décor.** Use artwork indicative of your region and/or allow school children to enhance the creativity of your presentation. Or, use art departments at local colleges/universities to assist in creating themes, graphics and backdrops.

**Speakers/Entertainment.** Use speaker contacts from pro-

fessional organizations as experts on specific topics. Use a “one man band” for background music during an event. Invite local school groups to perform for your event at little or no cost.

**Catering.** Stay local by choosing food from your region. Fill buffets with pasta and soups. Some caterers offer gourmet boxed lunches for mid-day events. For a tight budget, you can also choose only one cocktail to serve and purchase coffee and tea by the gallon.

**Gifts.** Check for inexpensive clearance items with your vendor and use one-color logos. Choose practical gifts that attendees can use such as a beach towel or sunblock. Also remember that you can uniquely package simple edibles such as Virginia peanuts.

**Venue.** Be loyal to venues experiencing financial hardship and gain benefit out of repeat business.

**Sponsorships.** Give sponsors the opportunity to contribute to the content of the program, have a place in the receiving line with a dignitary, sponsor food stations and/or take the platform for a brief presentation. This may increase the quality of the event and level of sponsors’ financial participation.



## Nine Companies Embark on VALET Program

In January, nine Virginia companies were announced as the newest participants in VEDP's VALET (Virginia Leaders in Export Trade) Program. Launched in January 2002, the program assists exporters in the Commonwealth that have firmly established domestic operations and are committed to international exporting as an expansion strategy. To learn more about the VALET Program, visit [www.ExportVirginia.org](http://www.ExportVirginia.org).

"The VALET Program brings us the discipline needed to sustain our strategic focus," said Alan Sonner, Manager of Commercial Sales and Distribution for KITCO Fiber Optics, a Virginia Beach company and current VALET program participant. "The program has made a major contribution to the success of our export strategy."



Representatives from the nine companies accepted into the January VALET class gather for a photo during a meeting in Richmond.

Representing a variety of industries throughout the Commonwealth, the nine companies selected for the January 2003 VALET class are:

COMPANY	LOCATION
AgilQuest Corporation	Richmond
Badger Fire Protection	Charlottesville
BluePrint Automation, Inc.	Colonial Heights
International Communications Group, Inc.	Newport News
Logis-Tech, Inc.	Alexandria
McKinney and Company	Ashland
Slocum Adhesives Corporation	Lynchburg
Sorbilite, Inc.	Virginia Beach
Teledyne Hastings Instruments	Hampton

### Trade Tidbits

#### CITY LIVING

- Number of cities in the world with a population exceeding 11 million: **14**
- Number of cities U.S. cities with a population exceeding 11 million: **1**

#### ECONOMIC GROWTH

- Average annual percentage increase in real Gross Domestic Product (GDP) in the United States, 1990-1999: **3.3%**
- Number of countries with faster percentage increases in real GDP, 1990-1999: **54**

#### TRADING PLACES

- Largest importing nation in the world: **U.S.**
- Largest exporting nation in the world: **U.S.**

#### STOCK MARKETS

- Percentage increase in stock market capitalization in the United States, 1990-1999: **444%**
- Rank of the United States in percentage increase in stock market capitalization, 1990-1999: **40th**

#### LET'S TAKE A RIDE

- Number of cars per 1,000 people in the United States, 1999: **486**
- Rank of the United States in car ownership: **9th**

#### IT'S FOR YOU

- Number of cellular phones subscribers in the United States, per 100 people, 1999: **31.6**
- Rank of the United States in cellular phone subscribers, 1999: **30th**



A delegation of Polish business leaders visited the Commonwealth March 2-6 to explore trade opportunities with Virginia companies. Pictured here, the group pauses for a photo with the Albert Einstein statue during an excursion to Washington, D.C.

# Review of the 2003 Legislative Session



By: *John B. Sternlicht, CEcD*  
*General Counsel and Legislative Director*  
*The Virginia Economic*  
*Development Partnership*

The 2003 session of the General Assembly attracted a good bit of press for controversial social issues, budget squabbles and election year posturing. In the midst of all the fireworks, however, Governor Warner's economic development agenda fared extremely well. The Governor's legislative program keyed in on some of the major initiatives in *One Virginia, One Future*, Governor Warner's economic development strategic plan. Some of the Governor's successful bills addressed key goals such as delivery and coordination of workforce training, enhanced assistance to fiscally distressed areas of the Commonwealth, increased focus on recruiting high-paying jobs, and greater support for Virginia's agricultural products and producers.

## Workforce

House Bill 2075 addressed the current panoply of workforce training programs scattered across state government with a view toward better coordinating the service delivery. HB 2075 addresses several shortcomings of Commonwealth's Workforce Investment Act (WIA) program identified by the Virginia Workforce Council, the Governor's Office, the Secretary of Commerce and Trade and the Joint Legislative Audit and Review Commission (JLARC). The legislation reduces the number of members on the Virginia Workforce Council from an unwieldy 43 to a more manageable 29, while slightly increasing the proportion of business representation. The smaller size is more conducive to the policy-making role that the bill would establish for the Workforce Council.

The Governor's bill also clarifies and expands the powers and duties of the Council, clearly providing the Council with policy-setting authority for both statewide administration of the WIA and for local Workforce Investment Boards (WIBs). The JLARC study had criticized the existing statute's failure to articulate the advisory versus policy responsibilities of the Council. The bill

further reinforces the Council's oversight of the WIA and WIBs to ensure that all workforce resources are brought to bear on the workforce training challenges facing the Commonwealth in a systematic and accountable fashion. In so doing, all of the federally mandated partners for One-Stop centers will now be listed in the statute, and TANF (Temporary Assistance to Needy Families) and Food Stamp training programs must also participate in the One-Stops (assistance centers). Moreover, the bill clarifies the Governor's discretion in assigning responsibility for coordination of the workforce system in Virginia.

WIBs now will be subject to state performance measures in addition to the federal measures for continuous improvement, and WIBs must develop an annual demand plan connected to economic development. Also, the bill incorporates another JLARC recommendation in requiring WIBs to seek sources of funds to supplement WIA.

## Assistance to Fiscally Stressed Areas

Certainly, the Governor's package of unemployment bills, which provides important benefits to laid-off workers, will have a significant impact in Virginia's fiscally stressed areas, many of

which have suffered from plant closings of late. More specifically, with regard to economic development incentives, Governor Warner sought and secured amendments to the Virginia Investment Partnership (VIP) Act that will implement two goals contained in *One Virginia, One Future*. The VIP provides discretionary, negotiated performance grants to (1) existing Virginia manufacturers that invest at least \$25 million in their facilities, or (2) existing Virginia basic employers that invest at least \$100 million and create at least

- **SB 1200: Increases from two to five the number of additional retail outlets at which the holder of a farm winery license may sell his/her wine.**
- **SB1201: Authorizes any holder of a winery license (be it a farm winery or a commercial winery) to sell and ship its wine in closed containers to another winery licensee for the purpose of making wine. Such transfers of wine in bulk allow wineries to transfer excess product to other wineries for production of blended wines.**
- **SB1202: Allows the Virginia Department of Agriculture and Consumer Services to petition the ABC Board to allow a winery to purchase fruit from other sources for the production of wine in a given license year if that winery, as a result of severe weather or disease conditions, experienced a significant reduction in the fruit available on their specific farm.**

1,000 new jobs. The VIP is designed to encourage Virginia companies to expand here rather than in other states or countries, and to invest in their Virginia facilities to ensure competitiveness in the global market. First, HB 2328 provides that manufacturers located in fis-

cally stressed localities will receive grants two years sooner (the fourth year after the project is completed, rather than the sixth year). Second, the bill seeks to encourage higher-paying jobs by treating them differently. For the larger tier of VIP grants, the employment threshold would be reduced from 1,000 in proportion to the amount by which the new average salaries exceed the prevailing average wage of the area.

### Support of Growers and Virginia's Agricultural Products

Governor Warner's actions during the past session also supported strategic goals in the agricultural arena. Poultry and egg farmers will receive \$1.5 million in payments to help them recover from losses sustained during last year's avian influenza outbreak. They will also benefit from the Governor's bill allowing them to deduct federal indemnity payments from their state income tax.

Governor Warner's concerted effort to promote and expand Virginia's wine industry made progress during this session. Three successful bills represent the first phase of legislative recommendations from the Governor's Wine Study Work Group and passed both Houses of the General Assembly without a dissenting vote. In combination with the legislation permitting the interstate shipment of wines into and out of Virginia, these bills will strengthen the budding Virginia wine industry, a key initiative of Governor Warner.

### Summary

This sampling of successful Governor's bills illustrates Governor Warner's commitment to various aspects of economic development, including workforce—arguably the most important recruiting factor—support of economically challenged localities, pursuit of higher-paying jobs and support of agribusiness and growers. Should you have any questions on these or other bills, contact John Sternlicht at [jsternlicht@yesvirginia.org](mailto:jsternlicht@yesvirginia.org).

## Quarterly Calendar

<b>April 7-11</b>	<b>CR</b>	<b>New England Marketing Mission</b>
<b>May 7-13</b>	<b>SK</b>	<b>Korea/Japan International Trade Mission</b>
<b>June 9-13</b>	<b>SK</b>	<b>Brazil International Trade Mission</b>
<b>May 12-16</b>	<b>CR</b>	<b>New York/New Jersey Marketing Mission</b>
<b>May 12-16</b>	<b>SK</b>	<b>International Trade Mission from Mexico</b>
<b>May 29</b>	<b>RR</b>	<b>VEDP/Ally Meeting — Richmond, VA</b>
<b>June 4</b>	<b>DM</b>	<b>Virginia Economic Development Seminar Herndon, VA</b>
<b>June 9-13</b>	<b>CR</b>	<b>Iowa Marketing Mission</b>
<b>June 15-22</b>	<b>SK</b>	<b>Trade Mission to Hungary and Romania</b>
<b>June 22-25</b>	<b>SK</b>	<b>CHIC 2002 —Carribean</b>
<b>June 22-25</b>	<b>VB</b>	<b>BIO International — Washington, D.C.</b>
<b>June 23-27</b>	<b>VB</b>	<b>National Plastics Expo (NPE 2003) — Chicago, IL</b>

<b>VB</b>	<b>Vince Barnett</b>	<b>VEDP</b>	<b>(804) 371-8265</b>
<b>SK</b>	<b>Scott Kennedy</b>	<b>VEDP</b>	<b>(804) 371-0052</b>
<b>DM</b>	<b>Debbie Melvin</b>	<b>DBA</b>	<b>(804) 371-0371</b>
<b>RR</b>	<b>Rick Richardson</b>	<b>VEDP</b>	<b>(804) 371-8259</b>
<b>CR</b>	<b>Chuck Rogers</b>	<b>VEDP</b>	<b>(804) 371-8189</b>

Continued from cover.

Department of Business Assistance (DBA) will provide workforce training services. Philip Morris USA qualifies for additional tax credits because the head-

quarters site is located in a newly expanded enterprise zone.

VEDP, the Greater Richmond Partnership, the Greater Richmond Chamber of Commerce, the Henrico County Economic Development Authority and the City of Richmond Department of Economic Development assisted with the decision.



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## **CQ** DID YOU KNOW?

The Virginia Economic Development Partnership (VEDP) has received a 25-year award from Hannover Fairs USA. The Commonwealth has maintained a marketing presence at either the Hannover Fair or CeBIT for the past 25 years. Both trade shows allow Virginia to promote itself as a business location to international companies. Virginia companies also attend the shows with the VEDP to promote the export of Virginia products and services.

Hannover Fairs USA is the U.S. subsidiary of CeBIT organizer Deutsche Messe, AG. Each year roughly 8,000 companies exhibit at CeBIT to promote their products and services. The show is staffed by VEDP's personnel based in Virginia and Frankfurt, Germany. Virginia's office has been located in Europe since 1968— longer than any other U.S. state economic development or trade office. Mr. Hans Schetelig (fourth from left), has worked in the office since it opened.



**HANNOVER · GERMANY  
12 - 19 MARCH 2003**

Be sure to check out our Ally Information Exchange web site at [www.VirginiaAllies.org](http://www.VirginiaAllies.org).