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We look forward to working with you to help fulfill your economic development potential!
Economic Development 101: Is your Community Prospect Ready?

August 14, 2015
By: Joseph C Hines, PE, MBA
Partner / Director & Principal-in-Charge of Economic Development

Timmons Group Overview

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

- Trends in Economic Development
- Who is your target audience
- Basics on Infrastructure and Park Development
- Understanding your product & target markets
- Preparing your community for success
- The site visit and afterwards
Trends in Economic Development
A Consultant’s Perspective…

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

100% of your success is 70-80% out of your control…

State Economic Development Perspective

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

Project Road Runner

Project Bulldog

Project Cavalier
### Site Selection Magazine
#### Site Selectors’ Top Location Criteria

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

*New in 2012 Criteria*

Source: Site Selection Magazine

---

### Why you need to be Prospect Ready…

**✓ Opportunities Lost**

**CATERPILLAR®**

_Athens, GA_

$200 million investment  
1,400 Jobs  
$2.4 billion regional impact

Site visits: December  
Announcement: February  
Started Construction: March

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

---
Why you need to be Prospect Ready…

✓ Opportunities Won

amazon.com

**Dinwiddie & Chesterfield, VA**
$135 million investment
1,350 jobs announced
**Over 3,600 Jobs created to date**

15 minutes in Seattle with Amazon

How fast are prospects moving?

$2.36 billion investment & over 10,000 jobs
July 2014 – Boeing announced add’l $1.1 billion & 2,000 jobs
Project Casper / Acme Smoked Fish

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

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

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

September 17: 3 wks - Pad Graded

November 15: 2.5 mos - Walls Up
The Vitamin Shoppe – Substantially Complete

8 mos – Facility Substantially Complete

Who is your target audience?

- Prospects
- Site Selection Consultants
- Commercial Real Estate Brokers
- Preferred Developers
What are Prospects looking for?

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

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

- Site “Elimination” Process
- 80-90% of search completed prior to 1st contact
- Ready to go sites
- Utilities & Infrastructure in place
- Thorough site due diligence
- Incentives & Commissions
What are Preferred Developers looking for?

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

Where do your sites rank?

Tier 1: Raw land, Willing Seller, No Control
Tier 2: Site controlled, Zoned/Comp plan minimal due diligence
Rolls-Royce Tier 3: Master Plan, Estimated Costs, Significant due diligence
Amazon.com Tier 4: Certifiable Site, Infrastructure, Property issues cleared
Caterpillar Tier 5: "Ready to construct", Permits in hand
Why is site rank important?

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

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

Product Development vs. Product Fulfillment

Product Development (Tier 1-3) – Getting in the game...
- Lacking infrastructure and/or sites
- Substantial investment of time, money & political capital
- Have sites but lacking due diligence, have substantial permitting hurdles, etc.
- Can take multiple years to develop into marketable product

Product Fulfillment (Tier 4-5) – You’re in the game...
- Have a mature product with infrastructure & “ready to go” sites
- Pro-actively marketing for the region, locality & site
- Site is routinely being shown to active prospects
Tier System – Major Considerations

**Site Selection / Identification**

- **Tier 0**: Have Nothing & Need to Find Sites
- **Tier 1**: Raw land, Willing Seller, No Control
- **Tier 2**: Site controlled, Zoned/Comp plan minimal due diligence
- **Tier 3**: Master Plan, Estimated Costs, Significant due diligence
- **Tier 4**: Certifiable Site, Infrastructure, Property issues cleared
- **Tier 5**: “Ready to construct”, Permits in hand

**Site Negotiation**

**Site Control / Zoning**

**Planning / Due Diligence**

**Infrastructure Investment & Certifiable Site**

**Shovel / Pad Ready**

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

**Tier 0**: Have Nothing & Need to Find Sites

**Tier 1**: Raw land, Willing Seller, No Control

**Tier 2**: Site controlled, Zoned/Comp plan minimal due diligence

**Rolls-Royce**

**Tier 3**: Master Plan, Estimated Costs, Significant due diligence

**Amazon.com**

**Tier 4**: Certifiable Site, Infrastructure, Property issues cleared

**Caterpillar**

**Tier 5**: “Ready to construct”, Permits in hand
### Why play this Econ Dev game?
#### Potential Rewards for Small to Med Sites…

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

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

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

* Virginia was in the hunt – land acquisition & development timeline issues eliminated sites…
May 23, 2012 Headline

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

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

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

Infrastructure & Park Development

Master Planning for your future….

✓ Due diligence
✓ Transportation
✓ Water
✓ Wastewater
✓ Stormwater
✓ Private Utilities
Due Diligence – what can kill a deal!
Elimination of Unknowns (or Risks)

Have these items been addressed?
- Cultural Resources
- Environmental Site Assessments
- Wetlands
- Utilities / Service Providers
- Geotechnical / Subsurface Investigation
- Zoning
- Ownership / Property Control
- Easements & Encumbrances

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

---

Transportation Planning

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

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

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

Wastewater Planning

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

<table>
<thead>
<tr>
<th>Gravity Sewer Pipe Size</th>
<th>8”</th>
<th>12”</th>
<th>15”</th>
<th>24”</th>
<th>36”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min Slope (%)</td>
<td>0.40</td>
<td>0.24</td>
<td>0.20</td>
<td>0.10</td>
<td>0.06</td>
</tr>
<tr>
<td>Capacity - MGD</td>
<td>0.54</td>
<td>1.2</td>
<td>2.0</td>
<td>5.0</td>
<td>11.5</td>
</tr>
</tbody>
</table>
Stormwater Planning

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

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

- Electric Power
- Natural Gas
- Communications
Private Utilities – Plan for ALL potential utilities…

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

Figuring out the Development Costs…
Your Money & The Prospect’s Money

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

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

*This can be critical to closing a deal!*
Other Considerations – What amenities can you provide and how will employees spend their days?

Understanding your product and target markets

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

- Agribusiness, food processing & beverage
- Advanced Manufacturing
- IT / Data Centers
- Logistics / Distribution
- Other business sectors located in your regions
Do your sites or buildings fit your target markets?

<table>
<thead>
<tr>
<th>Industry</th>
<th>Building Size or Acreage Range</th>
<th>Single or Multi-Story</th>
<th>Traffic Demands</th>
<th>Water Demands</th>
<th>Wastewater Demands</th>
<th>Green Energy Demands</th>
<th>Swiss Cheese Demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business / Financial Services</td>
<td>20k SF to 100k SF</td>
<td>Multi</td>
<td>Low - Med</td>
<td>Low</td>
<td>Low</td>
<td>Low-High</td>
<td>None-low</td>
</tr>
<tr>
<td>Transportation &amp; Logistics</td>
<td>50K to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Tech / Data Centers</td>
<td>50k SF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals &amp; Plastics</td>
<td>25 to 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Mfr / Adv Mfr</td>
<td>50k SF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Most industries require a minimum fire flow capacity, which is usually 1,500 to 2,000 gpm for 2 hrs (180,000 to 240,000 gal fire storage)

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Do you know and understand your product?

- Have you completed the necessary due diligence?
- What are your limitations on your site?
- What size facilities can you accommodate?
- How quickly can you respond to an RFI?
Shell Buildings: If you build it, will they come?

50,000 SF Expandable to 100,000 SF

Existing Building vs. Greenfield Site…

✔ Development timelines
  ▪ Delta can be as little as 60-90 days
Case Study – Southampton County
Being Prospect Ready get’s results…

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

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

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

Enviva Groundbreaking – July 20
Southampton – Investment in the future!

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

Turner - Development Zones & Master Plan

Zone A - Small to Medium Flex Space Users
Zone B - Large Warehouse and Support Facilities
Zone C - Rail Access and Support Facilities
Kevin Costner’s Field of Dreams…

Southampton’s Field of Dreams…
Southampton – 8+ yrs for 5 days of mayhem…

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

What is your competition doing?

_They’re being aggressive!_
How prepared is your community? What your elected officials need to realize...

**Economic Development is a Team Game**

*Everyone needs to come ready to WIN…*

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**Prince George County, VA**

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**Master Plan Presentation**

For Future Rolls-Royce Site

August 2006
Preparing your community…

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

Increasing your odds of success!
Before the Prospect shows up…

✓ Complete all due diligence items
✓ Clear all property issues
✓ **Highest Tier** possible (*Tier 4 or 5*)
✓ **Educate** your elected officials & staff
✓ “Fast track” permitting processes
✓ Know your **costs & revenue** generators
You’re in the hunt - The day of the site visit...

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

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

Visualizing the site - what you want them to see…
What they will probably see…

From the Prospect or Consultants perspective:
The day of the visit…

✓ Already have the top 2 or 3 sites chosen in their mind
✓ Looking to validate the information they have
✓ Looking for the “Feel” of the community
✓ You might be a pawn in a negotiating game
✓ They might be gathering info for their next client
Follow-up: What can set you apart?

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

You’re still in the game - Closing the Deal

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

- **One of 3** or less
- Prepare for a **multi-party** negotiation
- Know your **walk point**
- **Clear cut** MOU / Agreement
- **Confidentiality** Rules
- **EVERY DEAL IS DIFFERENT** – Rely on the experts & professionals to help out...
If you don’t get selected…

✓ Don’t get upset, you did a lot right to get to this point
✓ Ask for feedback
✓ Use this “success” of becoming a finalist to help build political momentum

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

Making Your Region & Community Competitive

✓ Plan for and invest in your infrastructure, sites & buildings – “seeds of economic development”
✓ Realize speed to market matters
✓ Embrace your assets – be true to yourself
✓ Realize it takes TIME & MONEY to be competitive
✓ Realize that your competition is being aggressive
Parting thoughts (and quotes)…

“Luck is what happens when preparation meets opportunity”
Seneca, Roman Philosopher

"The will to win is not nearly so important as the will to prepare to win"
Vince Lombardi, Green Bay Packers
Thanks for your time!

Contact info:

Joseph C. Hines, PE, MBA
Principal-in-Charge
Economic Development
joe.hines@timmons.com
804.615.2162 (c)
804.200.6380 (o)

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