

ARTICLES OF INTEREST

McDonnell seeks \$37 million for job-making initiatives

Ideas to be presented as legislation and as part of his 2-year budget

BY OLYMPIA MEOLA
Richmond Times-Dispatch

Gov. Bob McDonnell is asking state lawmakers for \$37 million over the next two years to fund a new package of initiatives targeting jobs and the economy.

"Jobs is still job one for our administration," McDonnell said Wednesday at a news conference in Richmond.

The package includes \$10 million devoted to fostering the life-sciences industry in the state, \$4 million for improvements at the Wallops Island rocket launch site and \$2 million for tourism

marketing and advertising.

McDonnell also is proposing a new small-business investor tax credit, an economic development grant program for agricultural and forestry operations, and \$500,000 for offshore wind energy. Some of the ideas will be presented as legislation, while others are part of the budget that McDonnell proposed in December.

His two-year, \$84.9 billion spending plan balances increases in transportation, higher education and the state's pension system with \$882 million in targeted reductions largely to Medicaid and public education funding.

The General Assembly, which meets Wednesday in Richmond to begin its 2012 session, will consider the governor's proposals.

Lt. Gov. Bill Bolling, the state's chief job

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McDonnell

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creation officer, said the \$37 million package, if passed, would build upon the roughly \$100 million in economic development initiatives approved in the past two years.

Asked about return on investment figures, McDonnell indicated that his administration is working on crunching numbers for General Assembly members.

Bolling said that of the 671 economic development deals closed in the state in the past two years, about 14 percent involved incentives. They tend to be larger deals, he said.

Michael Cassidy, president

and CEO of The Commonwealth Institute for Fiscal Analysis, a left-leaning think tank in Richmond, says tax credits have a number of issues involving cost and effectiveness based on how they are structured.

The aim is "to incentivize behavior so that firms would do things that they wouldn't otherwise have done."

Cassidy said research has shown that some companies receive credits for hiring people they would have anyway and that it can be difficult to publicize a tax credit at the state level in a way that changes employer behavior.

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Tobacco panel spent \$142 million in rural Va. in 2011

The Associated Press

The Virginia Tobacco Indemnification and Community Revitalization Commission, created to mark development in southwest and Southside Virginia, spent \$142 million in the last fiscal year to change the landscape of the state's rural communities hurt by manufacturing and agricultural job losses, according to the panel's most recent annual report. The commission, which will meet in Richmond today, uses part of Virginia's share of the \$206 billion national settlement against the tobacco industry to target communities that have the highest unemployment rates. About half of Virginia's \$4 billion goes to the commission. It also works with tobacco growers affected by programs that limited and stabilized the amount of tobacco they produced. Farmers are expected to receive about \$479 million in 2012 for what the commission calls "cataclysmic and historic" losses.

Since its creation in 1999, the 31-member panel, now chaired by Del. Harry G. Kilgore, R-Scott, has approved more than 180 grants for agribusiness, education, research

and development, economic development and other special projects.

In fiscal year 2011, it approved 154 grants totaling about \$142 million, including \$25 million to help build industrial and commercial "megasites" to attract new businesses, about \$36 million to fund energy and biotechnology research, and nearly \$5 million to help software maker Microsoft Corp. invest up to \$499 million and create a data center in Mecklenburg County.

Other grants include a \$4 million grant for the Commonwealth Center for Advanced Manufacturing, a 50,000-square-foot, state-of-the-art facility in Prince George County that will bring together researchers from Virginia universities and global manufacturing companies.

More recently, the commission approved \$850,000 in funding to help online retailer Amazon.com invest \$50 million for a distribution center in Dinwiddie County, creating more than 350 jobs.

In addition to the incentive funds, the commission's funding to buy land for the county's commerce park in 2005, make road improvements and

prepare the site for businesses to move there were "absolutely key" in bringing the project to Dinwiddie County, said Greg Reid, the county's director of economic development.

"Had it not been for the tobacco funding avenue, (I) don't know that we would have what we have. And that applies really throughout the tobacco region," Reid said.

While some praise the commission's contributions to help close business deals and improve conditions in Virginia's tobacco communities, the commission's work hasn't come without controversy in recent years.

A study by the General Assembly's investigative arm says the commission signed off on millions of dollars in economic development projects with a sketchy understanding of them, and some yielded little or no benefit.

In 2010, former Virginia Finance Secretary John W. Forbes received a 10-year prison sentence for defrauding the commission. Forbes, who served on it while finance secretary between May 2001 to January 2002, pleaded guilty in August 2010 to using \$4 million of a \$5 million grant for personal expenses.

12/26/11

Work remains on Bedford city-county deal

BY JUSTIN FAULCONER
Media General News Service

BEDFORD — After three years of working behind closed doors, the Bedford City Council and the Bedford County Board of Supervisors voted separately this year to enter into a historic agreement to turn the city back into a town.

The Sept. 14 settlement seeking to join the city and county was significant progress but only a launching point — the state has to approve the multilayered process known as reversion. Bedford was a town before 1968 and is trying to become the third Virginia city to revert; South Bos-

ton and Clifton Forge have done so.

The targeted date for the proposed change is set for July 1, 2013, to coincide with the start of a new fiscal year. Though the city invited residents to ask questions not long after the agreement was unveiled, there have been no formal public hearings.

City Manager Charles Iakowski said he expects the public to get a chance to weigh in formally in 2012.

The Commission on Local Government and three-judge panel oversee the process.

Justin Faulconer writes for News & Advance in Lynchburg.

Covington-Alleghany merger fails again

by James Heffernan

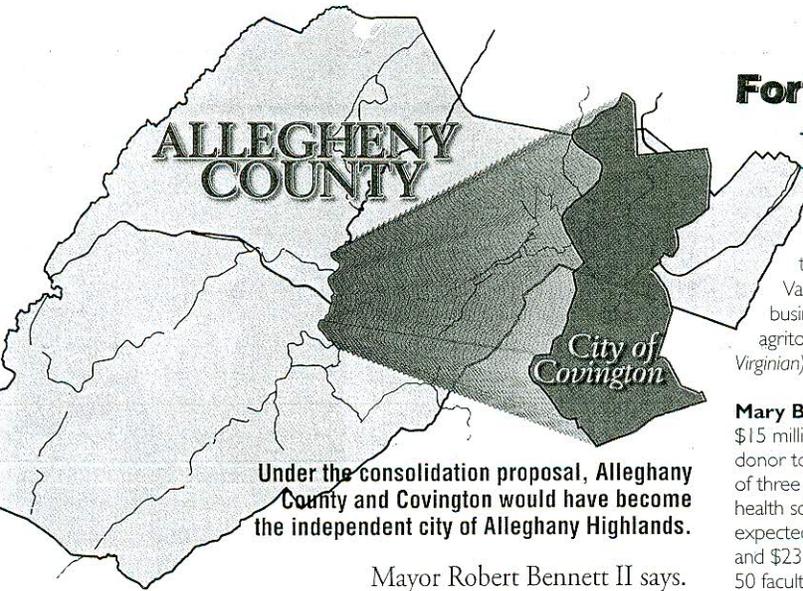
Suffolk's title as Virginia's largest city by land area is safe, thanks to voters in Covington and Alleghany County.

A proposal to merge the two failed on a local ballot in November, with more than 62 percent of voters in Covington and 54.5 percent of those in the county rejecting consolidation.

At a sprawling 450 square miles, the combined western Virginia locality, the proposed independent city of Alleghany Highlands, easily would have eclipsed the urban areas of Hampton Roads. The region has twice before rejected consolidation, including a three-pronged proposal in the 1980s involving the county, Covington and Clifton Forge, then an independent city.

The November referendum grew out of a 2008 study commissioned by the nonprofit Alleghany Foundation that identified more than \$7 million in annual savings and additional funding if the two local governments and their school systems merged. Maintaining the current structure could mean higher real estate taxes and fees for residents, the study showed.

After some false starts exploring consolidation, two citizen's committees — one for each of jurisdiction — were appointed to develop a plan. Committee Co-chairman Joe Carpenter, a former county



supervisor who now lives in Covington, says committee members compromised on a city structure for the combined local government. They believed that a city would have more flexibility in taxation and economic development while being able to get additional state funding for schools, law enforcement and other services.

But in retrospect, Carpenter says the city label likely raised a red flag with some county voters who viewed the merger as a threat to their rural way of life. Many county residents also did not want to assume Covington's debt from the recent construction of two schools.

Covington voters, meanwhile, didn't want to give up representation on the proposed Alleghany Highlands City Council and School Board,

Mayor Robert Bennett II says.

Under the consolidation plan, the new city would have been carved into seven districts, each with about 3,300 people. Covington, with a population of about 5,900, would have become an unincorporated town and its residents divided between two districts.

Many of the details of consolidation would have been left to the new government. "It's awful hard to vote for the unknown," Bennett says.

Despite the latest setback, Carpenter and others in favor of consolidation believe it offers the best scenario for the future of the region. Bennett, however, doesn't buy that argument. He thinks there is room for city and county to share some services, including schools, "but the citizens clearly are not in favor of merging governments." VB

Shenandoah Valley

For the Record

The Central Shenandoah Planning District Commission and the Shenandoah Valley Partnership will use a \$56,000 state grant to inventory and map the central Valley's agricultural assets and businesses in studying prospects for agritourism in the region. (*The News Virginian*)

Mary Baldwin College received a \$15 million gift from an anonymous donor to help underwrite establishment of three new graduate programs in the health sciences. The curriculum expansion, expected to cost between \$18 million and \$23 million, will add 300 students and 50 faculty and staff positions. (*The News Virginian*)

Mercury Paper Co., a Strasburg-based business that employs more than 150 people, has been swept up in a Greenpeace campaign against an Asian tree pulp and paper company that the organization says is destroying rainforests. Mercury gets its tree pulp and paper from Asia Pulp and Paper; one of the largest paper companies in Asia. Greenpeace is urging retailers — Kmart, Food Lion, Safeway and Kroger to name a few — to stop purchasing Asia Pulp and Paper products until its harvesting process adopts more environmentally sound practices. (*Northern Virginia Daily*)

McClung Companies, a Waynesboro graphics business, merged with **Select Group**, a printing company based in Salem. The merged operation will work from McClung's Waynesboro base. (*The News Virginian*)

Virginia Savings Bank and its five local branches are being sold to a City Holding Company of Charleston, W.Va. The sale of the Front Royal-based savings bank is expected to be completed by late February or March, according to W. Michael Funk, president and CEO of Virginia Savings Bancorp Inc., the bank's parent company. The bank's name will change to City National Bank of Virginia. All five branches in Front Royal, Strasburg, Winchester, Woodstock and Stephens City will remain open. (*Northern Virginia Daily*)

Trex Co., a Winchester-based manufacturer of alternatives to wood decking, introduced Trex Enhance, a high-performance composite decking material. The new product is described as durable, wear-resistant and able to maintain a long-standing good appearance. (*Business Wire*)

People

Jonathan Alger, named president, James Madison University. Alger was most recently senior vice president of Rutgers University. (*Richmond Times-Dispatch*)

Dr. Dale A. Carroll received the Meritorious Service Award, Virginia Hospital & Healthcare Association. He is senior vice president, RMH Healthcare,

Harrisonburg. (*News release*)

Dwayne Ross, named to the board of trustees, LewisGale Hospital Alleghany, Low Moor. Ross is an assistant principal at Alleghany High School. (*Alleghany Journal*)

F. Dixon Whitworth Jr. received the Excellence in Governance Award,

Virginia Hospital & Healthcare Association. He is chairman of Valley Health, Winchester. (*News release*)

Linda Winkler, named director of programs and special events, Greater Augusta Regional Chamber of Commerce. She has more than 20 years of experience in hospitality and special event coordination. (*The News Virginian*)

From the The Business Journal:

<http://www.bizjournals.com/triad/blog/2011/12/virginia-megapark-whats-the-next-step.html>

What's next for a massive industrial park near the Triad?

The Business Journal by Catherine Carlock, Special Reports/Publications Writer

Date: Monday, December 19, 2011, 2:47pm EST



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A 3,500-acre megasite just across the Virginia/North Carolina border is expected to provide a significant employment opportunity to the Triad when fully built out.

But the megapark still has a ways to go before the Triad can start reaping the rewards.

Of the 13 sites spread across 3,500 acres, none have been graded. And it's difficult to picture a thriving, robust industrial plant location when all there is to see is a huge tract of undeveloped, ungraded land, says Leigh Cockram, executive director of the Southern Virginia Regional Alliance in Danville, Va.

"It will be easier to market once we get a graded site there, and people can actually see the development of the site," she says.

But economic developers say the grading process is still at least a year out. Currently, developers are working with the U.S. **Army Corps of Engineers** on mapping wetland areas, and much of the site is still in the permitting process, says Greg Sides, assistant county administrator for planning development in Pittsylvania County.

Sides says the lot that's been selected to be graded first is on the corner of Oak Hill Road and Berry Hill Road, which connects with U.S. 58.

"It's a highly visible lot, being on the corner of two state roads," Sides says. "It lays better than some of the lots that require more grading, so it seems a good place to start."

Michael Dougherty, director of economic development for the city of Eden, says between 5,000 and 12,000 total workers from six counties and two states could be employed by

companies that could locate at the megasite.

"As much as 50 percent of the work force could come from North Carolina, and a good portion of that would be from Rockingham County, just because of proximity," Dougherty says.

[Read this article from *The Business Journal* to learn more about the Virginia megasite and find out more about why Eden is investing across state lines.](#)

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