

Chapter 7

ECONOMIC DEVELOPMENT

BACKGROUND AND ANALYSIS

Tappahannock's Local Economy

The Town of Tappahannock and Essex County have experienced a significant decrease in the unemployment rate between 1997, when the most recent revision of the Comprehensive Plan was being drafted, and today (Virginia Employment Commission). Unemployment fell from 7.1 percent in 1997 to 5.0 percent in 2006. The data also reveals that the absorption of available labor is reflective of the trend for the Commonwealth of Virginia during the same period (from 4.0 percent to 3.3 percent).

The major industry in Tappahannock in 1980 was manufacturing. At that time, 41 percent of all workers in Essex County were employed in some kind of manufacturing industry. However, by 1990 this figure dropped 31.7 percent of all workers and with the closing of the SouthTech Plant just outside the Town only 11.2 percent of workers within Essex County were employed in manufacturing in 2003. Retail trade over the same time period gained to hold a share of 18.3 percent of all workers, as of the closing of WH Warshow in August 2005. Other major employment sectors in the area include health services and government. Quality Automotive is the only factory left in Tappahannock with 160 employees. While manufacturing was the dominant industry in 1980, by 1986 retail trade held an equal status with manufacturing and later passed manufacturing as the dominant industry.

The shift in employment coincides with the general trend which has occurred in the United States over the past twenty years. The United States is shifting from an industrial based economy to a more service oriented economy. It is evident by the shift in employment from manufacturing to retail trade and services that Tappahannock is also experiencing this trend but at a rate less than the United States as a whole.

While the area has gained in population, the area has lost jobs, particularly in the manufacturing sector. At the time of the 1998 Comprehensive Plan, total employment in Essex County was 5,220 full and part time positions. By 2000 employment had maximized at 5,306 but had dropped to 5,059 in 2003. Although total employment in the County has dropped, total unemployment has also dropped indicating more residents are commuting outside Essex County for work or a larger portion of the population are retired.

Basic Industries

The economic base analysis in the 1985 and VCU plans indicates Tappahannock's economic base is expanding. In 1980, there were 11 basic industries in Tappahannock. By 1986, there were 14. Retail trade gained two basic industries while manufacturing gained one. It is important for a community to have a diverse economic base. If a community is dependent upon a few industries, then those industries will largely affect the economy of that community. If an industry is doing poorly, then the economy of that community will do poorly. On the other hand, if the economic base is diverse, then the downturn of one industry will not greatly affect the community's economy.

While Tappahannock's economic base is becoming more diverse, most of the basic industries experienced an increase in export employment from 1980 to 1996. This increase occurred even though the population of the area has generally remained constant. "Textile mill products" was Tappahannock's most important industry because it was the community's largest export employer. At one time the manufacturing industry in general hosted 1,083 jobs and could be considered Tappahannock's most important industry type. Now one of the only exports is brake shoes exported by Quality Automotive Corporation, which employs about 160 employees and FDP Virginia, which employs about 83 employees (see Figure 7-1 below).

Export employment as a whole decreased 9.6 percent in Tappahannock from 1980 to 1986. This decrease can be attributed to the recession the United States experienced in the early eighties. The largest single loss of export employment occurred in the manufacturing industry "transportation equipment."

The economic base analysis shows that Tappahannock's economy is becoming more stable. There was an increase in the number of basic industries from 1980 to 1986, and most of those industries saw an increase in export employment. This expanding economic base is stabilizing Tappahannock's economy by allowing it to become less dependent on one industry. In 1998, Cannon plant which had recently opened in Tappahannock employed over 350 persons.

Figure 7-1
Major Employers in Essex County Region

Firm	Product/Service	Employees
Riverside Tappahannock	Hospital	500+
Wal-Mart	Retail and Groceries	411
Essex County Schools	County School System	255
Quality Automotive Corp.	Brake Shoes	160
Lowes	Building/Hardware	120
CLC Tappahannock	Retirement Home	115
Lowery's Restaurant	Food Service	100
Eastern Virginia Bankshares/Southside Bank	Banking	95
William W. Cooke, Developer	Essex Concrete, Aylett Sand & Gravel, Hobbs Hole Golf Course and Restaurant	90
FDP Virginia	Brake Shoes	83
Food Lion	Groceries	75
St. Margaret's School	Private Education	70
Shoney's	Food Service	60
Applebee's Bar and Grille	Food Service	55

The economic base analysis also shows that Tappahannock is a regional center. Export employment was present in six retail trade industries. Since production in these industries exceeds local demand, consumers are coming into Tappahannock to purchase these goods. Unlike manufacturing industries that produce goods which most likely will be sold outside the area, retail trade products are sold within the immediate area. With the growth of the retail sector, combined with declines in retail activity in other areas, Tappahannock is a regional center. There has been an increase in employees, export employment, and base industries in retail trade as a whole.

Tappahannock has become more service sector oriented since 1980. This trend is one that the United States is experiencing as a whole. Employment at the Riverside Tappahannock has almost doubled since 1997. Although the manufacturing industry has the most expert employment in Tappahannock, the retail trade industry has gained substantially in that area since 1980. Retail trade also added a number of basic industries and saw a 9 percent increase in

employment figures through 1986. Since Tappahannock is becoming more of a regional center, the retail trade sector has probably increased even more since 1986.

Figure 7-2
Tappahannock and Essex County Employment by Industry

	Essex 1980	Essex 1990	Essex 2000
Employed Persons 16 yrs and over	3861	4022	5306
Agriculture, Forestry, Fisheries, Mining	258	179	51

**Figure 7-2
Tappahannock and Essex County Employment by Industry**

Construction	526	537	301
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Manufacturing	786	707	900
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Transportation	83	124	77*
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Communications and Public Utilities	75	118	**
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**Figure 7-2
Tappahannock and Essex County Employment by Industry**

Wholesale Trade	103	139	77
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Retail	681	734	1,366
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Finance, Insurance, Real Estate	154	175	292
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Business and Repair Services	127	105	**
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Figure 7-2
Tappahannock and Essex County Employment by Industry

Personal, Entertainment, Recreation Services	231	214	**
Professional and Related Services	685	753	**
Health Services	218	245	
Educational Services	368	301	
Other	99	207	
Public Administration	152	239	**

Source: U.S. Dept. Of Commerce, Bureau of Census, Labor Force Characteristics, 1980, PHC80-2-48, and Bureau of Economic Analysis Regional Economic Information System, 1990, Bureau of Economic Statistics 2000. Note: for 2000 data the reporting had changed for many of the employment sectors and comparable information is not available.

*Utilities included with Transportation in 2000

**No Data

Business Corridor

The Town of Tappahannock is an active trade center for the region which is reinforced by the crossroads of Highways 360/17. Also, the fact that sixty-three percent of retail and business services along the corridor is regional and thirty-seven percent is local activity is another factor that reinforces the statement that Tappahannock is clearly an active trade center for the region.

The rents along the corridor are important as they differ according to their location. The downtown area, the rents are much lower ranging from \$600 to \$650 per month for businesses. However, the rents along the corridor are much higher from \$950 to \$975 per month towards the shopping centers. Even though rents are much higher along the corridor, businesses continue to locate along the Highways of 360/17 because of better visibility and access for shoppers.

The three existing shopping centers of Tappahannock create a regional center for the town. The Tappahannock Town Center, White Oak Village, and Essex Square shopping centers all provide convenient shopping for the neighborhood, community, and regional area. All three shopping centers have an appropriate mixed use which establishes a well-developed regional center. This appropriate mixed use is a combination of at least three revenue producing uses from retail, office, and restaurant facilities. The most typical tenants in regional shopping centers are fast food services, family stores, and card and gift stores. All of these tenant types are available in the shopping centers in Tappahannock.

The central business corridor of Tappahannock plays an important role to its businesses, shoppers, and the community. The data represents a greater portion of the regional retail and service businesses being conducted along the corridor which provides a stable economy for the community. Presently, the corridor has produced a valuable and active center for conducting regional business activities. These shopping centers offer a wide variety of services for local and regional shoppers, this is important to the community because it brings in new money to the local economy. This past trend represents growth in retail trade at the local and regional level that will remain strong and stable in the future.

Downtown

The downtown district is a primary retail and service provider for the local community with some retail services directed towards the regional community. A review of the business inventory suggests that nearly sixty percent of the consumer base is derived from the local community. Approximately twenty-six percent are a mix between local and regional users and thirteen percent are dedicated to the regional markets (VCU 1989 Plan).

The distribution between local and regional service providers could become more equal if plans are developed which encourage more tourist interaction in the downtown area. In the future, Tappahannock is looking toward seeking a community design element that will create visual similarities throughout the Town to encourage more tourist interaction. It is interesting to note that the composition of the regional market is primarily retail in orientation, such as furniture stores and antique shops which account for a large percentage of the downtown retail business

uses. The balance of the regional offerings include services such as restaurants, medical services and building contractors.

The local market on the other hand is comprised of professional services such as realtors, banks, lawyers, insurance offices, local government offices, and hair salons/barber shops. A small percentage of uses are dedicated to specialty retail uses such as children's clothing, books, crafts and bridal accessories.

The downtown business district, which by design is oriented towards the pedestrian consumer, provides goods and services for the local community. The quantity of undeveloped land is limited and the number of building vacancies is limited, though many structures are not fully occupied or oriented towards the window shopping consumer. The expansion of the parking capacity should be considered when implementing a downtown redevelopment plan.

Industry

The economic base analysis suggests that the industrial sector accounted for approximately one-third of Tappahannock's employment when WH Warshow was open. The manufacturing industries located in Tappahannock are export industries. These industries are an important part of the town's economy, not only because of the large numbers of persons they employ, but also because of the very nature of export industries. Export industries produce more goods than local consumers demand, therefore, goods are exported to larger geographical markets and the costs of producing goods are distributed.

Incentives which make Tappahannock an attractive location for development are the low business tax rates for the area, with real estate taxes at \$ 0.58 per \$100 of assessed value for the county and \$0.13 per \$100 of assessed value for the town, and the relatively low cost of labor compared to more urbanized areas. Once the new Tappahannock Essex Airport opens outside of town, a large amount of land may be available for light industrial use.

At present, most of the labor demand is for unskilled or semiskilled workers. This currently poses no problem. However, with the potential for attracting industries which demand workers with a higher skill level, the present labor force could prove to be a disincentive. Vocational/technical training is not offered through Essex County High School. Rappahannock Community College in Richmond County offers courses in areas such as civil engineering, drafting, computer science, and mechanical engineering. However, with the current job market in Tappahannock, students in these disciplines have limited incentive to stay in the area to seek employment and typically look elsewhere.

With the decline in employment in textiles and lumber the Town needs improved upon with diversification. In the event of an economic recession, Tappahannock would certainly suffer economic hardship. Industries which supply lumber and building materials and automobile parts would see a drastic decline in demand for goods. Therefore, the town should encourage the location of new industries which will not be as affected should a recession occur.

GOALS AND OBJECTIVES

Goal: *Maintain positive employment growth in industries which export products to regional and national markets.*

Objectives:

- Encourage diversified, light industrial developments.
- Promote Tappahannock in conjunction with the County as an attractive and available location for small or light industries.

Goal: *Maintain the mix of retail and service business along the business corridor.*

Objective:

- Encourage the location of new businesses along the business corridor where vacancies are present during the next two to five years.

Goal: *Efficient and attractive commercial development within the town should be promoted to strengthen the town's economic base and provide necessary jobs for local residents.*

Objectives:

- Existing businesses should be encouraged to maintain and improve their appearance so as to preserve the attractiveness of the central business district, and shopping centers.
- New businesses should be encouraged to cluster around existing business areas where common off-street parking and adequate lighting, drainage, and traffic flow are available.
- Industrial development within the town should be encouraged in order to strengthen the economic base and provide necessary jobs.
- The preservation and expansion of existing industries should be encouraged.
- Industrial activities should be located at the designated industrial sites within the town.
- Light industry located within the town should be limited to those which cause no environmental problems including air and water pollution or which would be disharmonious with the natural setting of the town.

IMPLEMENTATION RECOMMENDATIONS

Commercial Development

The Town of Tappahannock is clearly an active trade center for the region that needs to be maintained for its future role in stabilizing a strong local economy. The economic development plan for the commercial corridor area will be done in three phases which include organization of public/private partnerships, promotion of retail and service businesses, and economic structuring of the existing assets of the corridor retail and service area.

The first phase in the process is the development of a community organization. This would be an organization of public/ private partnerships that consist of community leaders who, on a voluntary basis, will be working in conjunction with the Chamber of Commerce. This organization is important as it organizes the economic entities of the town to develop a plan for local and regional retail and service businesses. The organization of businessmen, civic leaders, and town officials will facilitate the implementation of the Plan's commercial development objectives and provide a forum for promoting public/private partnership.

The strategy for the highway corridor commercial is to provide adequate amounts of appropriately zoned land and improve the physical appearance and attractiveness of the corridor. The land use analysis described in Chapter 3 revealed that even with the proposed expansion of the general business district shown on the Land Use Map, the town only has a moderate amount of undeveloped commercial lands along the corridor within the corporate limits. For this reason it is recommended through the Land Use Plan that additional areas adjacent to the General Commercial District be proposed outside the corporate limits. These areas are generally located around the Rt. 17 Rt. 360 intersection. Improvements to the business properties along the commercial corridor will be achieved through the provisions of a highway corridor zone. As properties are rehabilitated and redeveloped they would be encouraged to come into compliance with appearance and landscaping requirements.

The strategy for downtown is proposed in three phases: (1) to promote the existing businesses so as to maintain their location in the district when feasible; (2) to actively attract new business which will complement the existing businesses and meet the downtown's changing role as an office, specialty retail and governmental center; and (3) to market the downtown as a service provider for tourist attractions.

In order to maintain the present businesses and encourage the location of new ones, the downtown businesses should establish a development organization. This group would be established from within the existing framework of the Chamber of Commerce. Membership in this association would be voluntary and the membership should be open to non-Chamber members.

The focus of this group would be to work with the town staff and merchants to address the image, promotion and viability of the downtown area. Some of the programs could include:

- the establishment of a logo for participating businesses which can be printed on the shopping bags, letterhead, street banners, etc.

- maintain an up-to-date listing of all available store space to facilitate expansion or relocation efforts;
- work with the town staff to implement design guidelines to promote a unified image of a downtown district as discussed in Chapter 10;
- sponsor downtown events such as an arts festivals or outdoor music productions in the summer, and a sidewalk sale (this may include closing a portion of the roadways in order to accommodate the pedestrian traffic);

The Central Business District (CBD) will remain the focal point of community life in Tappahannock. The CBD currently serves as a government, office and specialty retail center. Commercial activities in the CBD are going through a metamorphosis from general retail to smaller, upscale, tourism-oriented specialty retail shops mostly catering to out-of-town tourists. The historic character of the CBD has made it an attractive location for specialty retail shops whose products are oriented towards the area's tidewater heritage. The majority of general commercial retail activity which serves Tappahannock and Essex County residents has, over the years, moved from the CBD to outlying, adjacent shopping centers. The emphasis in the Central Business District needs to be on complimenting the general business on the highway corridor with specialized retailing, office and selected service activities rather than competing with like products and services.

Industrial Development

The focus of future industry should be on attracting new businesses and enhancing work skills. The first phase will capitalize on the existing industrial park. The existence of an already developed industrial park with infrastructure needs, provided by the town should serve as an incentive to attract new industries to the area. New industrial development should be limited to the area in and immediately surrounding the designated industry park area. Remaining parcel sizes in the industrial park will limit new development. New development requiring a large parcel size must be located outside the town limits in Essex County.

While the current mix of industry is good, the mix can be improved upon with diversification. Diversification will provide some protection of jobs in the event of an economic recession. Firms which do not compete with existing employers for labor should be targeted. Since currently the largest industrial employers are textile manufacturers, automotive manufacturers, and lumber suppliers, new development in these industries should not be encouraged with the exception of expanding existing operations or the development of "feeder" industries. Feeder industries are industries which supply technology, parts, or supplies to an industry which then produces the goods.

Examples of target industries include food and related products, furniture and fixtures, paper and allied products, printing and publishing, fabricated metal products, machinery, electric and electronic equipment, and instruments and related products. One area with great potential is

manufacturing industries which combine manufacturing facilities with a showroom to sell goods directly to local and regional consumers and tourists, in addition to exporting goods to regional and national markets.

If the suggested truck route linking the industrial park with Route 17 is built, development in the industrial park area and corridor has the potential to expand. It is essential that growth be controlled and planned so that the existing services will not be overwhelmed. Efforts to relocate the existing airport will make opportunities for an expanded and diversified industrial base.

First and foremost, the Town of Tappahannock and Essex County must examine the current economic situation and decide if they want to attract new industrial development. Since the unemployment rate in the town and surrounding counties is low, Tappahannock can afford to be very selective in targeting new industrial development and can limit new development to clean industries which will not pollute the environment and which will improve the quality of life.

In recognition of the need to provide additional, up-graded and diverse job opportunities for residents of Tappahannock, it is proposed that several areas be reserved for development into industrial clusters. Proposed land areas are sufficient to meet future needs of the community. A variety of sites are necessary to permit the location of industrial uses which provide employment opportunities. Several industrial clusters are necessary to provide for the location of industry according to their specialized needs while protecting the environment of the community.

Proposed industrial lands were selected based upon a series of principals. These are:

- A variety of industrial sites should be available in several concentrated locations near collector and arterial highways.
- The character and aesthetics of adjoining residential areas should be preserved by requiring industrial activities to meet strict performance standards.
- A variety of job opportunities should be encouraged within the Tappahannock Area with varying land uses requirements.
- Industrial locations should provide large land areas suitable for horizontal expansion, of sufficient size to provide on-site storage, parking and landscape areas.
- Industrial lands should be so located as to minimize any adverse influence on adjoining land uses and in consideration of the environmental attributes of the area.
- All industrial activities should be served by a complete array of community facilities.

The Land Use Plan Map suggests the concentration of industrial activities in several key locations north of the corporate limits as the best method of preserving the character of development in both the town and surrounding urban areas. All activities should be served by community facilities and situated with direct access to either arterial highways or major collector routes.

To encourage the development of industrial activities to high standards, industrial park development should be encouraged. Where development occurs in an area on a fragmented basis, uniform standards should be established which will assure that virtually all industrial uses are located in park-like settings. Because of the compact nature of existing industrial development in the urban-core and its predominantly residential character, future industrial activities within the corporate limits should be limited to small, light industries.

Industrial Development Clusters

The cluster concept can be implemented for industrial activities through establishment of industrial parks. An industrial park is a planned location for industrial activities developed in accordance with a Comprehensive Site Plan. Implementation of the Site Plan assures compatibility of industrial operations with surrounding areas. A park-like atmosphere is created which provides an attractive buffer between industrial uses and other neighboring land uses. If properly developed, the industrial parks provide a pleasing working environment for employees of Tappahannock's firms.

To assure establishment of a scenic and pleasant working atmosphere, several basic elements should be included in the Site Plan. The park should be of sufficient size to offer sites for a broad spectrum of industrial activities. Minimum land units should guarantee sites which can accommodate building restrictions such as proper setbacks, land to building ratios, architectural provisions, parking requirements, use restrictions, and extensive landscaping requirements.

The park must provide a full array of community services to occupants. Streets should be designed to facilitate truck and employee traffic with direct access to arterial highways. Electricity, water, sewer and gas must be available to complete facilities.

Attractiveness of the industrial center is assured primarily through covenants established by the developer in accordance with public standards. Subdivision ordinances, consistent with local zoning provisions, establish lot sizes and setbacks. A part of the local approval procedure is the review of operations. Proper maintenance of the park can be provided by a park association composed of occupants, by the developer if he retains partial ownership, or by public controls.

Because of its potential for attracting employee and truck traffic, access to the park is controlled by public policy. Internal street layouts are consistent with town plans and policies as a method of reducing conflicts at major intersections, particularly if the traffic stream includes a high percentage of trucks. In general, industrial clusters should be located with direct access to arterial or collector routes.

An industrial park can be a valuable asset to a community if well planned, controlled, and maintained. With substantial landscaping and land use controls, the park not only reduces potential detrimental effects from industrial activities, but also provides an attractive setting which can preserve and enhance the natural features of the area.

Resources Available

There are resources available for implementing economic development efforts other than the organizational strategies already described. These include a number of state programs that include financing, infrastructure, and training.

1. Community Development Block Grants

CDBGs are available to eligible cities, counties, and towns for industrial or commercial revitalization, site development, access road construction, railroad span construction, and water and sewer projects.

2. Economic Development Revolving Loan Fund

The Economic Development Revolving Loan Fund provides loans to Industrial Development Authorities (IDAS) within communities eligible for Community Development Block Grant non-entitlement funds. The loans may be re-lent to private businesses within the IDA service areas.

3. Tax Increment Financing

The purpose of the Tax Increment Financing (TIF) program is to remove blighted conditions by improving the real estate tax base and by attracting private investment to the area. A local government may adopt TIF by passing an ordinance designating a blighted area as a development project area. This may be useful in redeveloping the area associated with the existing airport.

4. Virginia Revolving Loan Fund

The Virginia Revolving Loan Fund (VRLF) provides loans to assist eligible Virginia localities in efforts to create or retain permanent jobs. The loans may be used for asset financing for manufacturing and related uses and may include the acquisition of land and buildings, development or redevelopment of real estate, rehabilitation and renovation of buildings, and purchase of equipment and other fixed assets. The loans may be used for on-site and off-site public facilities supporting manufacturing and related uses.

5. Industrial Access Road Program

Virginia Department of Transportation (VDOT) administers a program to assist in constructing industrial access roads to serve new and expanding manufacturing or processing companies. The program may be used to improve existing roads, construct a new road, and to maintain the access road after completion as part of the secondary highway system or road system of the locality.

6. Shell Building Initiative

This initiative provides funds for selected cities and counties to construct industrial shell buildings to attract basic employers to the community. The funds are awarded on a competitive basis. The Virginia Supplemental Retirement System has agreed to loan sufficient funds for the initiative to the Virginia Department of Economic Development (VDED). VDED will then loan the funds for a shell building to a selected locality and the Commonwealth of Virginia will make the interest payments on the loan. Upon the sale or lease of the building by the locality or at the end of five years, whichever is first, the locality will repay the principal and interest to the commonwealth.

7. Industrial Training Programs

The Industrial Training Division of the Virginia Department of Economic Development will prepare and coordinate an industrial training program tailored to meet the specific needs of new or expanding companies seeking to increase employment in Virginia. Industrial training will recruit prospective trainees, provide specialists to analyze job training requirements, develop and implement training programs, conduct "Train the Trainer" programs, arrange for adequate training facilities, and prepare instructional audiovisual materials for in-depth training orientation. These services are provided at no cost to the employer and may be helpful in meeting the town's job retention objectives.

