

Department of Economic Development
& Tourism
Annual Report
2009



Gary R. Wilson
Director

Kathy Beard
Tourism Manager

Cassie Ruby
Administrative Assistant

January 2010

Executive Summary

In spite of 2009 being America's worst economic year since the Great Depression, Caroline has brought three significant projects to the point of announcement, been deeply engaged in two additional recruitment efforts, taken a transformative rail project from study phase to rezoning, enjoyed nine small business investments and has struggled with unemployment while median family incomes have risen.

Administratively, the Department has made major strides under the leadership of Supervisor Popowicz in organizing greater cooperation among County departments and institutions through the Economic Team concept. The County has passed a strong Technology Zone Ordinance with incentives to add leverage to Technology Business Recruitment. A new signage and logo program efficiently projects the program to the technology business market.

Marketing efforts were reconsidered due to budget cuts in the Department. However, direct calling has been accelerated, expanded communication with regional organizations has been enacted, the Director has been inducted as a member of REDCO, and one marketing event resulted in an interface with Governor Kaine. The sole magazine advertising piece purchased found its way onto Air Force One.

The web site has been upgraded and the Department's Administrative Assistant has taken on additional responsibilities as supplementary web master. The Department has been deeply involved in extending broadband service in the County while also working on a new source for water capacity for public utilities.

The Department was recognized with the coveted Community Economic Development Award for Virginia and is a CEDA finalist for the South in 2010. The Department also was instrumental in bringing donors to the All America City competition, making that presentation possible without public financing.

The Tourism effort was highly successful with the organization of the All America City trip while contributing to the presentation and public information resulting in the County designation as an All America City winner. Tourism and Economic Development followed up the Award with marketing efforts.

The State Fair of Virginia had its ribbon cutting and enjoyed a successful first year of operation in the County. This important economic development recruitment has resulted in over \$200,000 in revenue in its first year. Operating as the Meadow Events Park, the site has the potential to generate additional revenue throughout the year.

The Visitor Center has been operational for a complete year in 2009 and has received outstanding reviews and broad community support. Operations have been ably led by the Tourism Manager. The Visitor Center supported public meetings, a business appreciation event, and full time retail sales for 50 local businesses and artisans.

Tourism has also been successful in assisting in the creation of the first permanent County Fair site in Caroline. Staff represented the County at this event and at several others fairs and festivals in 2009. Moreover, staff has assisted the creation of a County Museum in Bowling Green while participating in the Chamber of Commerce's organizational development. Tourism was also instrumental in the creation and organization of Ladysmith Days, a festival held in the spring.

Caroline's Tourism program also claimed a leading place in the Northern Virginia Region for the five year period, 2003-2008, for highest percentage of tourist spending growth. The region includes Fairfax County, Alexandria, Arlington, and thirteen other communities, Caroline being the most southern. The trend was recorded over a five years; the County enjoyed a 51% growth rate over that period. Before the opening of the Fair or the Visitor Center, Caroline's efforts were objectively ranked and reflect an exceptional leap forward for the community in the tourism industry.

Despite the deep national economic downturn and the tightening budget, the Department has been successful in creating new recruitment opportunities, realizing the successful completion of past recruitments, advancing outstanding projects to the point of announcement, upgrading internal practices, operating a world class Visitor Center, assisting in developing long term community organizational investments, winning a Statewide Development Award and assisting in the All America City victory. The recruitment of the Meadow Events Park, alone, has generated more annual revenue than is expended to operate the Department of Economic Development. Caroline County's funding of Development and Tourism has produced a high return on investment.

Recruitment

Business recruitment occurred in a period of economic trouble unparalleled in modern memory. Banks failed at an alarming rate, seemingly rock solid businesses shuttered their doors, several financial institutions collapsed and with them credit and consumer confidence. Emergency federal aid belayed the precipitous slide toward economy wide collapse, but underlying systemic concerns and market disruption in residential construction and sales have placed a strong drag on current business activity. These negative developments have made credit availability far less abundant than at any previous time within decades.

Credit is the basis for most business expansion. Several projects that could have announced for Caroline in 2009 were suspended for lack of finance capital.

Business recruitment then became not so much an effort to persuade businesses to invest in Caroline, but to identify surviving firms strong enough to expand, and also motivated to move, and then market to those firms in an increasingly competitive environment.

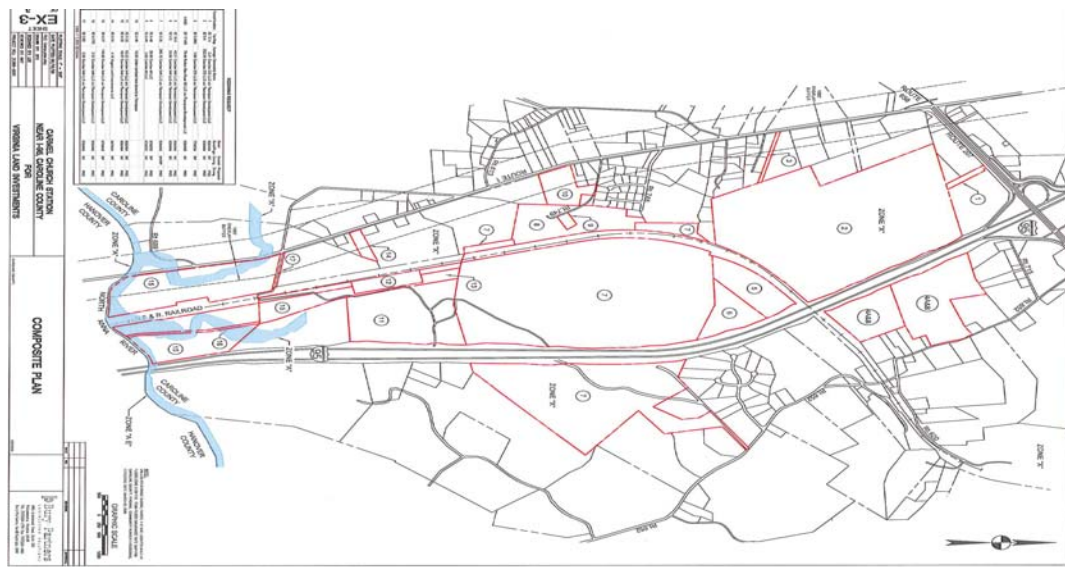
County revenues also deflated making emergency budgetary measures necessary. As a result, the lean Economic Development budget was reduced further. Marketing could no longer be conducted through advertising in the media. Direct mail and cold calling became the sole tools to attract business investment in the second half of the year.

Unofficially, in Virginia in 2009 there were only 51 new business investments recognized by the VEDP announced in 135 communities; mostly in urban areas such as Fairfax County. New investments tended to be small investments and few hires resulted on average.

In spite of the challenges, the local economy achieved some forward motion.

- Ladysmith Floor & Lumber has advanced a filing for an expansion of its warehouse operations by 50,000 square feet.
- Control Technology has neared announcement in Milford but has been delayed by VDOT related issues.
- Virginia Natural Gas announced an investment of its gas transmission station in Cedon, and investment of \$24,000,000. This project is currently under construction.

- Union Bankshares announced a merger with First Market Bank resulting in a planned expansion of their operations center by forty jobs.
- Thompson Rail Project, an effort of over seven years that comprises commuter rail and major business and commercial investment within a high density mixed use context, has advanced to the Planning Commission for rezoning. The Thompson project has been studied and endorsed by VDOT, VDRPT, the National Capital Planning Commission, and is the only new rail station to be included in the Commonwealth's *Statewide Rail Plan, 2008*. Should the rezoning be adopted, Caroline County will have one of the most powerful economic development tools anywhere to recruit industry and office investment.



A page from the rezoning application showing the rail project

Ribbon Cuttings for small businesses in Caroline was an encouraging bright spot. Nine small firms opened their doors in Bowling Green, Dawn and Ladysmith. Employment in small firms tends to be disproportionately high as a ratio to investment, and so it has been in Caroline where at least 30 jobs resulted from the investments.

Advances in program organization, a result of Supervisor Popowicz's leadership in mounting a development team concept for County departments, has facilitated greater efficiency and cooperative synergy toward business recruitment. Several meetings a year combine staffs of Administration, Planning, Economic Development, Utilities, the school administration, and A.P. Hill to build mutually supportive efforts to address the challenges to business recruitment and community development.

Technology Zones/Logos/Signs are innovations resulting from the Economic Development Team format. Caroline County, through Board action, now has the largest acreage in Virginia established as Technology Zones. These zones are an overlay of existing land use zoning that allows for any business considering locating there to participate in a tax reimbursement program that will act as an incentive to spur their decision. Caroline has a Technology Zone in every primary and secondary growth district in the County collectively exceeding 30,000 acres.

The Technology Zone logo to visually promote and emphasize the County's commitment to recruiting Technology based firms was created in-house and formatted by local graphic arts firm, Rare Sky Studios. The Technology Zone logo applies specifically to named communities, and for any property that a land owner within a Technology Zone can use for their own marketing purposes. Real estate brokers can use the logo on their printed materials and electronic media.



Technology Zone Signs are currently being fabricated for placement in the community to market the County to the 70,000 travelers who daily pass through the community. The signs are designed to promote each community within the County. Six signs will be installed in the winter of 2010. Each sign is 5 feet by 3 feet and visible from a road. Private land owners can also purchase signs for \$200 to market their properties. An example is the Carmel Church sign:



Business Retention was conducted in a series of calls, visits and events that were programmed to keep communication strong between the County and the business community. Caroline was fortunate that no major business shuttered its doors in 2009. Layoffs were common in the down economy and even local government furloughed all County staff for six days. **Total Service Contacts** were **3,443**:

Industry Service Categories:

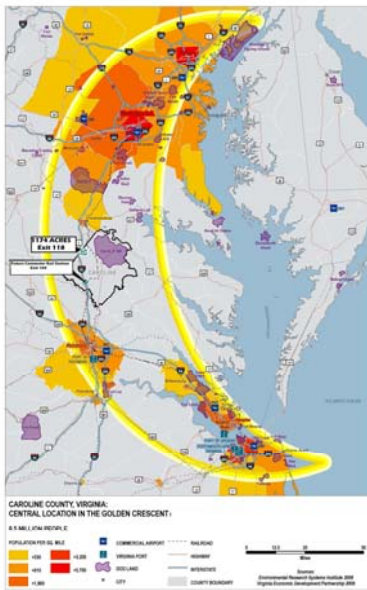
Ribbon Cuttings: Nine small Businesses
Meetings with Meadow Events Park, for marketing, set up, operations
Employment Hotline
Web Hosting of Business Listings
Business Retention Calls, over 50
County Fair Financial Support
Contractor's Directory—In Print and On Line
All America City Logo Use Outreach
All America City Trip Fund Raising
Technology Zone Logo and Sign Outreach
Industry Site Expansion Discussions
Direct Information Updates via Emails and Press Releases
Business Appreciation Event
Provided Sales Venue at Visitor Center for over 50 Local Businesses
Broker Conferences and Facility Support for Residential Sales Marketing
Notification to Contractors of Jamboree Capital Project Work
Notification of Contractors of A. P. Hill Bidding Process

Fund Raising for the All America City (AAC) competition was successful by bringing major donors to the project and eliciting the support of the Caroline County Industrial Development Authority. The County team of volunteers that attended the competition in Florida was successful in winning this seminal award for the County. The Industrial Development Authority also financed a decal mailing to hundreds of County Businesses, and purchased other promotional items for AAC Recognition.



Award: Caroline County received the coveted *Community Economic Development Award* from the Virginia Economic Developers Association in 2009 for its work on the Thompson Rail Project and the Caroline County Visitor Center with Whale Project. Caroline has been nominated for the CEDA Award for the entire South in 2010 by the Southern Economic Development Council. Caroline County Economic Development is the only program in Virginia to receive three CEDA awards.

Marketing



Caroline markets with strong graphic content: Caroline in the middle of the *Golden Crescent*

Direct Marketing has been aggressively pursued with cold calling and direct mailings. Though the opportunity to impact mass markets has been nearly eliminated due to budget realities, the tightly targeted direct marketing approach has resulted in more lead generation than in any previous year. Technology Zone mailings have resulted in multiple calls in one day from across the nation. Though this level of contact is not the norm, a high level of lead generation has been realized.

Overseas Outreach has brought the Department into contact with dignitaries of Norway, Belgium-via embassy visit, the United Kingdom, and the Netherlands. Greater contact efforts are anticipated in 2010. The world economy as a flat plain with few barriers to free trade is an undisputed fact in the current international political context. Communities on several continents are vying for scarce business investments and Caroline is in that international competition. Caroline has a global perspective on business recruitment and appreciates the implications of competing for firms not just from within the region or Commonwealth, but multi-nationally.

Marketing to the VEDP has become an essential part of prospect generation. The Virginia Economic Development Partnership, like any organization, responds when a message is delivered clearly and often. As the VEDP is a source of relocation leads, the Department views the VEDP as a customer of Caroline's message business recruitment to generate economic growth. Communication with the VEDP has increased on the part of Caroline County. Though the Commonwealth-County recruitment relationship in 2009 was not perfect, greater cooperation and understanding was established. Lead generation from the Commonwealth in the faltering economy was similar for all localities—infrequent.

Caroline County did place one magazine advertisement early in the fiscal year. In reaching out to international investors and business leaders via *Foreign Affairs*, the Caroline piece found its way onto **Air Force One**. It is not possible to say that the president read the Caroline advertisement; however, we can determine that the choice of the publication for Caroline did rise to an elite level.



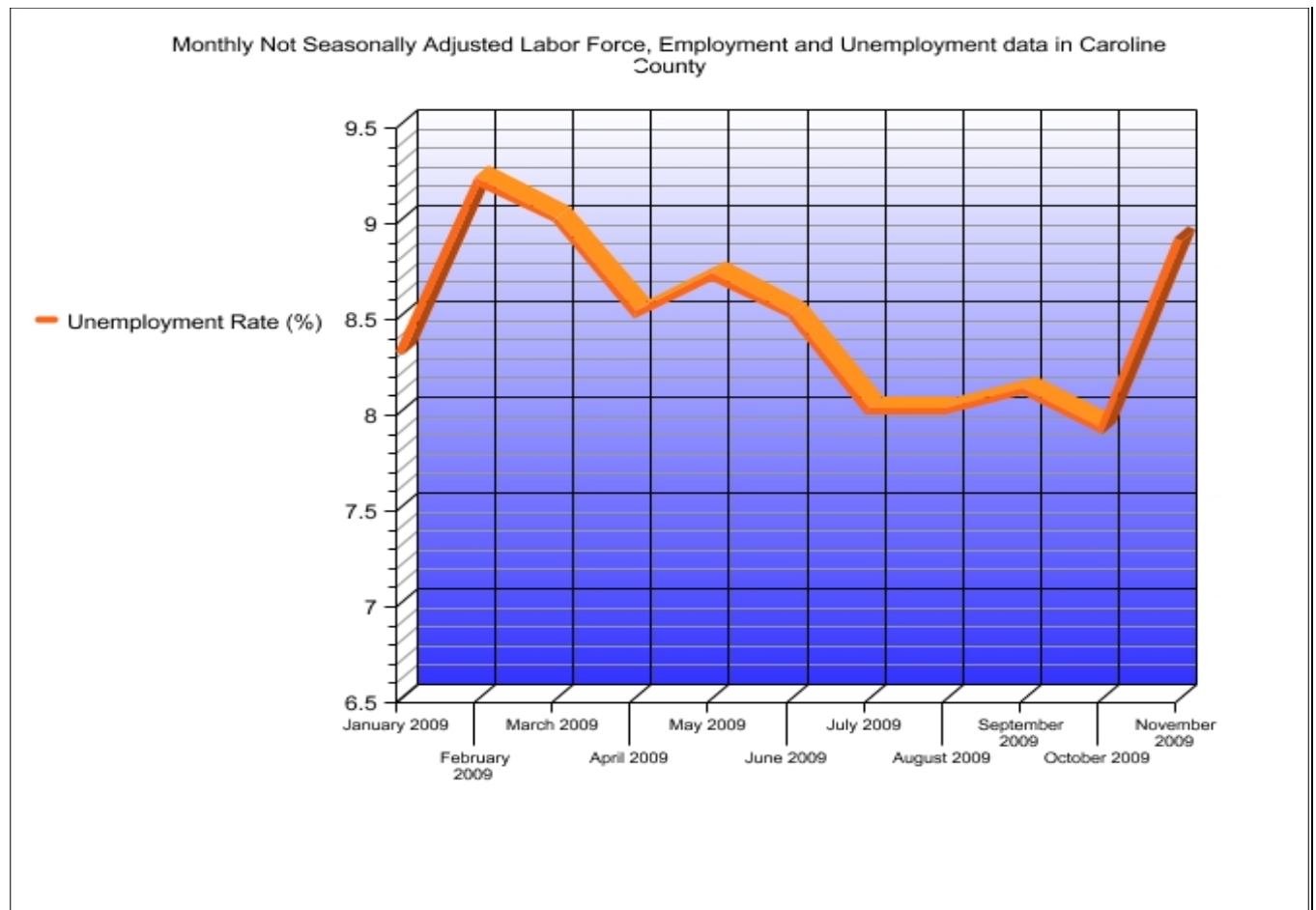
Image produced by Foreign Affairs and may not be reproduced without permission, 2009 ©

The choice of *Foreign Affairs* has been a “bang for the buck” determination by the Department—with positive results. No other periodical advertising has resulted in as many calls, and overseas contacts. In the future, the Department will resume marketing to the world’s political and business leadership for investment in Caroline.

Data and Trends

Unemployment remained stubbornly near the 9% range throughout the year with the exception of a few months. New openings could not counter the flow of layoffs from all categories of businesses in the County. Anecdotally, a significant number of the unemployed retuned from retail occupations shedding jobs in Fredericksburg. Caroline’s unemployment remained lower than Fredericksburg’s, nearly the same as

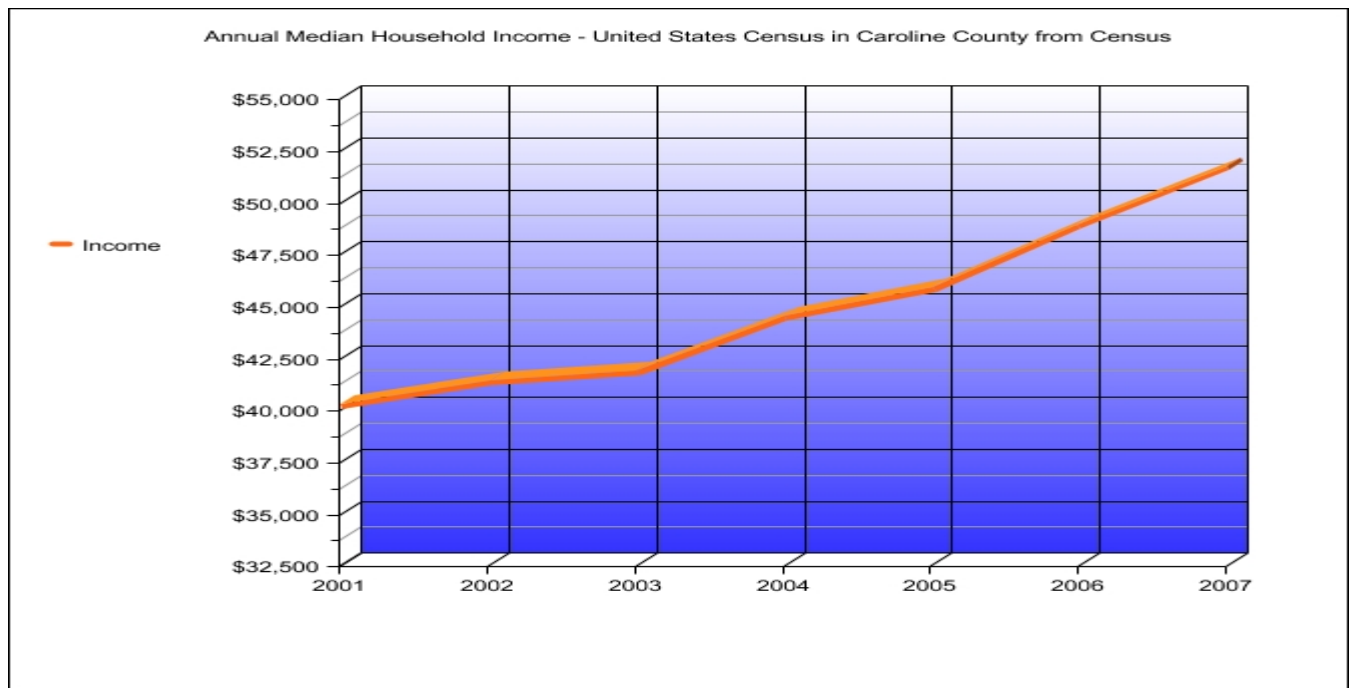
King George's, but significantly higher than Stafford's or Spotsylvania's. While other communities have the benefit of significant federal employment to buffer the full effects of the recession, Caroline's distance from those employers is greater and so they have less effect. (Fort A. P. Hill provides less spin off employment than any other federal reserve in the region.)



The dip in unemployment during the July to October period may reflect an increase of construction employment and temporary employment at the State Fair of Virginia.

Caroline has consistently, over a several year period, maintained a 5-6% unemployment rate. The 2009 unemployment data reflects a massive shift in the national economic condition that drives down local employment. The connection of local conditions to distant banking entities, governmental policy decisions, and commodity markets is clearly reflected in the existing job situation.

Median Family Income Growth, 2000-2009



The graph provided reflects the final year reported with adjustments. Unadjusted data extends the reporting period.

Summary:

From 2000 through 2001 Median Family Income (MFI) remained flat or declined slightly. From 2002 to 2007 MFI increased by a strong 25% (approximately \$40,000-\$51,000). As new hires from firms like MC Dean, Remuda Ranch, ASI, and VSE brought up weekly wages, new housing starts created construction employment and allowed in migration of more professional workers.

HUD estimates the Caroline Median Family income for 2009 to be \$58,550*, over \$7000 growth in from the last full reporting year, adding to the strong upward trend of greater incomes through better employment opportunities in the County. The Median Family Income percentage growth from 2001 to 2009 was a robust 46%.

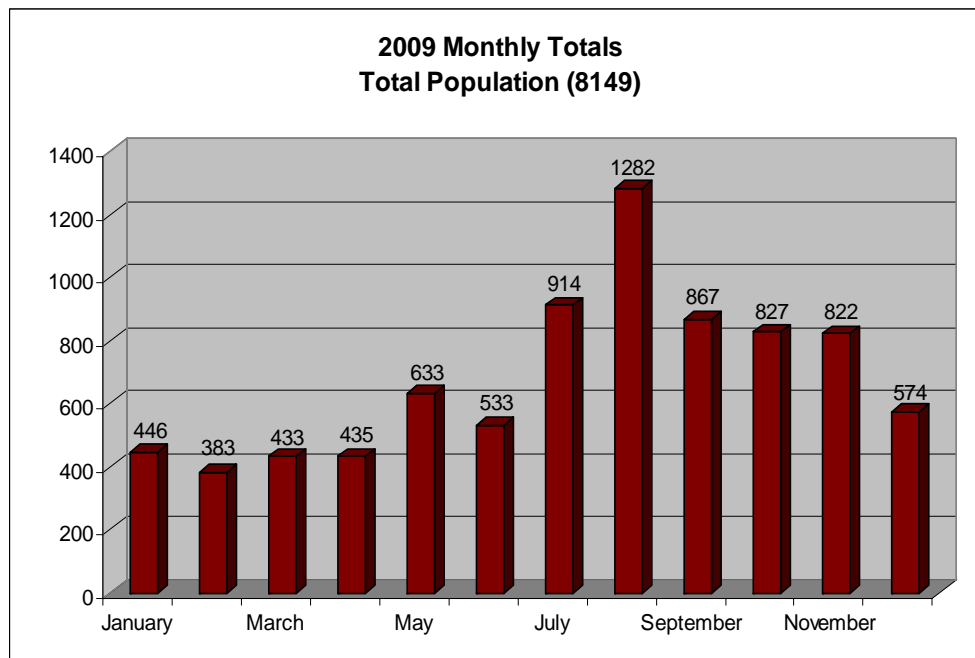
Assuming the reported statistics are confirmed, Caroline County has significantly increased real household wealth in a very short period of time. This is reinforced by other economic indicators such as business investment in the same period expanding by 20,000% and significant growth in Average Weekly Wages in the long trend.

Higher Median Family Income data also may have the effect of encouraging more commercial investment. Commercial investors regard the MFI as one metric suggestive of investment success. www.vawc.virginia.gov and Weldon Cooper Center, HUD

* Family of four

Annual Report Tourism 2009

The highly anticipated Caroline County Visitor Center completed the inaugural year of operation in 2009. With over 8,000 visitors passing through the center and achieving Visitor Center Certification recognition by the Virginia Tourism Corporation, the Caroline County Visitor Center has been deemed a success.



Throughout 2009, many elements of the facility and tourism programming have been accomplished. This Annual Report will specifically delineate those achievements and also identify opportunities for improvement for 2010.



Building & Grounds

For this new building and tourism program, having the opportunity to finalize operational details as the building was opened provided overall efficiencies to the hiring of staff, acquisition of equipment and final decisions regarding communication and connection details. This strategy provided the extra “hands-on” assessment to fine tune items such fiber networks, voice and data communications, satellite television choices, Wi-Fi access, custodial care, parking availability and exterior maintenance protocols. Final placement of security cameras and alarm systems were also completed after a few months of operation, including all the appropriate staff training on the systems.

Addressing the landscaping issues of the entire site will be a priority for 2010. With the completion of the Route 652 project, control of the entrance and frontal area of the center will be restored. Curb appeal strategies are targeted for the fall of this year for a markedly improved appearance of the site in the spring of 2011.

Signage

The monument sign for the Visitor Center site was installed over the summer months of 2009. Selection of materials and placement of the sign were designed to enhance the aesthetics of the Route 207 corridor and to provide clear information for visitors. The process for installation of the signage for I-95 was also completed in 2009; however, the actual construction of the signs along both the north and southbound lanes of the interstate did not occur until the end of the summer travel season in late August.

Events and Building Revenues

The configuration of the Visitor Center lobby provides space for events and meetings. The tables and chairs that have been acquired allow for approximately 85 people to be seated. Events necessitating caterers have also been successful due to the preparation areas and the convenience of the electrical outlets in the flooring of the center. Agencies associated with county government and community service organizations have utilized the space in the evening for special events requiring meals to be served.

The Visitor Center is also positioned to host meetings for a fee. The nominal fee of \$45.00 is for a two hour minimum, covering the cost for staffing and equipment use. Revenues from these activities are identified to assist with enhancement projects for the center. For the 2009 year, the Visitor Center and staff provided meeting and event space for 32 projects at the facility. The breakdown was as follows:

- 6 evening meetings for service organizations in Caroline County
- 10 evening meetings for neighboring HOA
- 4 evening meetings that included catered dinner meals
- 12 evenings of extended Visitor Center operations for shopping events

Impact: 836 Visitors were served during these evening meetings in 2009

Retail Space—The Caroline Crafters

The retail shop at the Visitor Center is the showcase for crafters and artisans residing in the county and for established businesses that sell items utilized by travelers. The retail shop has 46 crafters and businesses participating in this project. Visitor Center staff manages the individual inventories and displays the merchandise. The Visitor Center does not charge rent for any crafter, however, 20% of each item sold is collected and used in support of the project. As of a “year-end” inventory exercise performed by the staff, more than 1,080 items are logged into the space, with overall sales recorded in the retail shop of exceeding \$10,600 for 2009.

Impact: 2,144 persons visited the Caroline Crafters shop in 2009

Marketing

The tourism program for Caroline County is geared to visitor recruitment as a tool to increase revenues for our local business base and to encourage job creation. Although an assortment of methods is used to achieve these goals, the primary objective is to build awareness of the County’s offerings at the Center, in publications, and during events. For the inaugural year of 2009, available resources were committed to produce the following outreach marketing opportunities:

2009 Marketing Initiatives

- 62--Letters and brochures mailed to Virginia motor coach firms offering the amenities of the visitor center to their passengers and clients;
- 47—Letter and brochures mailed to local organizations requesting information on 2009 to be promoted at Visitor Center
- 6 --Display ads placed in various newspapers;
- 3--Travel writers for national publications were hosted in the County
- 1--Cover, article and display ad was secured in a regional publication with circulation over 100,000
- 4--One day events were manned by Visitor Center staff to operate a information booth;
- 16--days of continuous information booths were manned by the Visitor Center staff at the Caroline County Agricultural Fair and the Virginia State Fair;
- 4--New brochures were developed and printed *in house* to showcase various elements of the County to visitors and festival goers: *Antique Trail of Caroline*; *There be Whales Here*; *Welcome to the Visitor Center*, and *Our Own Secretariat*.
- Expansion of the existing Caroline County Web site to include updated Tourism information

2010 Caroline County Visitor Guide

The Caroline County Visitor Guide will serve as the primary county-wide promotional piece for 2010. This 16 page publication promotes the visitor services throughout the county by focusing on lodging, dinning, shopping and all the sports offerings.

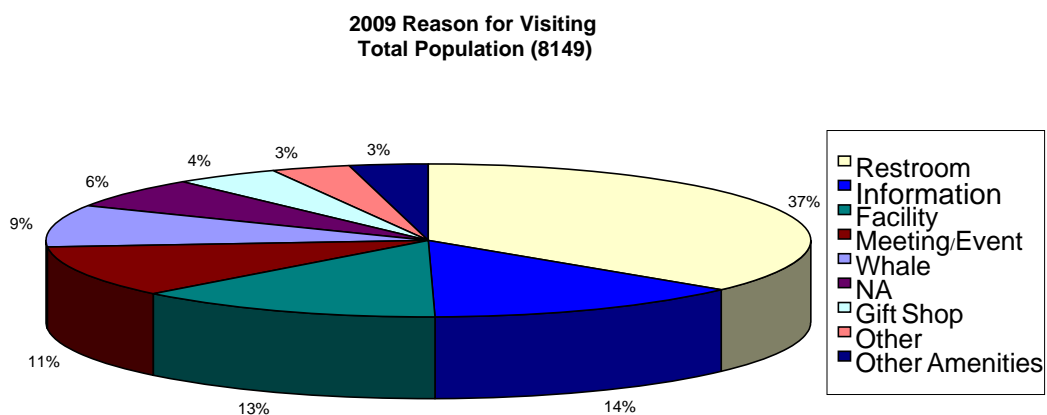
Meadow Event Park, County Fair, Ms. B's, and various special event locations are also identified for use by event planners. The Historic Towns, communities, and notable figures in Caroline's colorful history are also highlighted in the first edition. A smaller, more economical version of the guide showcasing lodging and restaurants has been produced to be used during specific large volume projects. Plans are to print the Visitor Guide each year for use during events, for distribution to other visitor centers throughout the Commonwealth, and as the hand-out at the Visitor Center.

Visitor Center Staffing

In addition to the Tourism Manger, 5 additional part-time travel counselors operate the Visitor Center and Tourism program. The Visitor Center is open daily from 9:00 a.m. until 5:00 p.m., 362 days a year. Thanksgiving, Christmas Day, and New Year's Day are the only scheduled days the facility is closed. The Center staff also provides a traveling Visitor Center / County Information Booth to various events and festivals. For the inaugural State Fair of Virginia, the County's travel counselors maintained an information booth about Caroline County throughout the Fair.

Visitor Center Numbers

The 2009 operational year brought 8,149 visitors to the facility. The staff, through series of questions, is able to determine the reason for visiting and specific information about how the Visitor Center is used.



This chart illustrates the manner in which the visitor center is used by customers. As with most visitor centers, restroom use is usually a function of any visit to a center. Although the statistics indicate that 37% of visitor's use included restrooms, the next highest percentage of customers at 14% specifically requested community and travel information.

Additional statistics indicate that of the 8,149 visitors served in 2009, 53% (4,357) were from out of the region and traveling out of the area, 38% (3,084) were from Caroline County, and 9% (708) were from the adjacent counties.

Overall Revenue and Employment Impacts of Tourism for Caroline County

Each year the Virginia Tourism Corporation publishes statistical data to chart the various revenues that are generated by visitors to each jurisdiction. These statistics also assess the number of jobs that are created or maintained for the industries that server visitors. In Caroline County, the results for 2008 were recently published by the Virginia Tourism Corporation on their web site located on:

<http://virginiascan.yesvirginia.org/localspending>

For the Years	2006	2007	2008	% Change
Tourism Related Employment	533	557	599	up 7.5%
State Tax Receipts	\$3,203,52	\$3,442,31	\$3,705,274	up 7.6%
Local Tax Receipts	\$1,413,704	\$1,611,163	\$1,793,827	up 11.3%

Tourism Challenges for Caroline County

Caroline County's tourism program operates solely from taxes generated by the 5% occupancy tax that comes from each hotel, motel, and camping site. The Tourism program in Caroline County has an obligation to maximize opportunities for revenues both to the business base and to the residents of the community through an increase of taxes collected. The commitment of the annual Tourism budget dollars will determine the level of success for accomplishing the assigned goals. As travel revenues soften due to economic conditions, recommendations for funding commitments must be re-evaluated and adjusted accordingly in order to maximize existing resources. Regional partnerships, grants, co-operative marketing plans with Virginia Tourism Cooperation and localized partnerships are just a few of the methods that will be used to augment existing tourism dollars.

Caroline County has gathered the elements of a strong tourism program through recruitment and development of physical assets and attractions. The path of the Tourism program has been successful and that success is documented in the Virginia Tourism Corporation data released in 2009. Caroline's Tourism program earned a leading place in the Northern Virginia Region for the five year period, 2003-2008, for highest percentage of tourist spending growth. The region includes Fairfax County, Alexandria, Arlington, and thirteen other communities, Caroline being the most southern. The County enjoyed a 51% growth rate over a five year period. With the program in place as described above, Caroline is positioned to be strongly competitive for the future to generate more jobs and revenue.

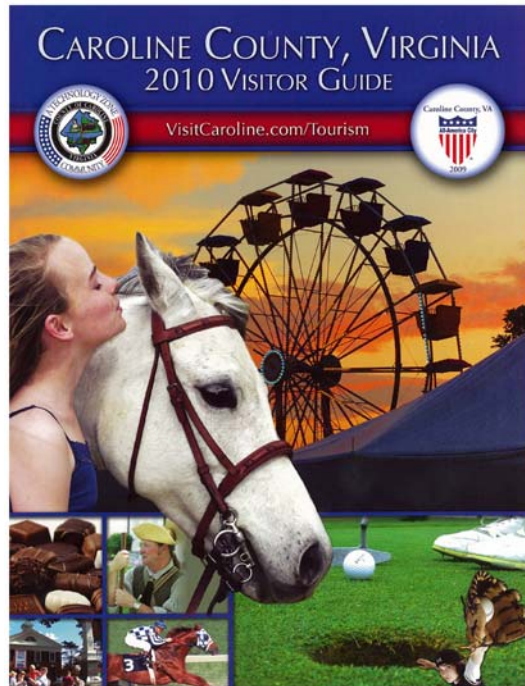
Addendum: Caroline County--Visitor Guide

The Department of Economic Development and Tourism is pleased to present the first-ever Caroline County Visitor Guide. This Guide is developed to showcase the tourism offerings throughout the county while providing specific location information for lodging, restaurants and specialized shopping.

The Visitor Guide will be used as the primary promotional piece for County businesses that are most frequented by visitors. It will be distributed around the Commonwealth to various Visitor Centers in order to promote the County's offerings in advance of traveling through Caroline. As the primary publication used during fairs, tradeshow, festivals, and events; this guide will provide opportunities for purchasing goods and services of Caroline County businesses.

The publication is twenty pages of dramatic color and photos of Caroline County. Designed to promote the county to visitors not familiar with Caroline's sports venues, meeting locations, and communities; several maps are placed to show easy access to a verity of visitation options. Information on the historic towns is blended with historical facts scattered throughout the piece. Pages are dedicated to the "Notables" of Caroline, including: Lewis & Clark, Stonewall Jackson's Shrine, John Wilkes Booth, and the legendary racing champion Secretariat.

A smaller version of the guide has also been produced to accommodate requests from Fort A.P. Hill, participants of the 2010 Boy Scout Jamboree, and the county's lodging industry.



It is the goal of the Department to update this marketing piece every year in order to promote Caroline County. Work will soon begin on the 2011 edition of the Caroline County Visitor Guide.