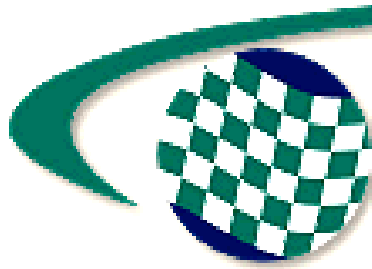


COMPETITIVE ASSESSMENT

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MARTINSVILLE



HENRY COUNTY, VA

DECEMBER 11, 2003

MARKET STREET SERVICES
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Introduction and Methodology



INTRODUCTION AND METHODOLOGY

The current practice of local economic development is undergoing dramatic changes as the result of permanent structural shifts in the national and global economies. After over a century and a half of industrially focused development, the world's economies are now orienting towards an information-and-services-based model of local development. With the rapid incorporation of the Internet as a crucial everyday tool for business, in addition to the widespread adoption of other advanced technologies, communities of all sizes are now faced with a radically different playing field for business development, job growth and wealth creation. The old industrial-recruitment development strategy (which an essayist once derided as the "shoot anything that flies, claim anything that falls" theory of economic development) is giving way to a more balanced, multi-pronged approach. Instead of simply competing to land the next manufacturing facility, local economic developers are increasingly focusing on existing businesses and local entrepreneurship to stimulate growth. While recruitment can still be a component of successful economic development strategies, it has never been the single legitimate means to create local prosperity.

What is Business Climate?

In the past, a community's relative location was the most important factor influencing a company's decision to establish operations there. While cities such as Boston, New York, Chicago, Philadelphia and Charleston, South Carolina became established trading hubs because of access to water, others like Denver, Atlanta, Dallas and Birmingham grew large because of their expansive networks of railroads. Not only has the primary transportation infrastructure related to trade changed to a road-and-highway orientation, but innovation has rendered location itself a less important factor for business relocation decisions. Certainly, some companies choose expansion sites because of proximity to customer bases, access to clusters of similarly oriented businesses, transportation infrastructure, and other location-based reasons, but many of the fastest-growing high-tech companies of the future will be less constrained by physical location when they choose to set up shop in a community. Likewise, traditional industries no longer have to manufacture their products where they will be sold, nor must they site affiliate operations in the same vicinity as their headquarters because of today's far-reaching telecommunications tools.

In the coming century, the most critical local economic advantages will be education and workforce quality, "traditional" infrastructure like roads and utilities combined with high-technology infrastructure like broadband and wireless capacity, low business costs, and desirable quality of life. This last criterion, especially, is a component of the new paradigm in local economic development. The desire among young, well-educated, highly-skilled information workers to live where they can enjoy nature, have multiple entertainment options, and practice the lifestyles they choose means they will have very specific demands of their chosen cities of residence. The footloose nature of the high-

tech industry allows these workers to find fulfilling jobs in dozens of communities nationwide.

According to Richard Florida, author of the influential book, *The Rise of the Creative Class*, creativity is now the defining feature of economic life, “because new technologies, new industries, new wealth and all other good economic things flow from it.”¹ Florida says the so-called “creative” workers that foster these new developments, “Gravitate to stimulating creative environments – to places that offer not only opportunities and amenities, but openness to diversity.”²

City size is not necessarily a make-or-break criterion for New Economy companies. In fact, smaller communities often have the lower cost, welcoming, natural-amenity rich setting that knowledge workers enjoy. Cities such as Asheville, North Carolina; Provo, Utah; Taos, New Mexico; Ashland, Oregon; and others, are able to compete for New Economy jobs because their business climates are well positioned for information-based firms.

For areas such as Martinsville and Henry County, Virginia, which are losing a large percentage of their young people to other communities, is it critical to ensure that these individuals have quality local employment options and lifestyle choices welcoming to the new class of knowledge worker slowly taking over the reins of American business.

Therefore, the essential components of business climate in today’s marketplace are:

1. Education and Workforce Development;
2. Infrastructure (both traditional and technical);
3. Business Costs; and
4. Quality of Life.

How well a community prepares itself to be competitive in these categories enables it to be a viable commodity in local economic development.

The Competitive Assessment

This *Competitive Assessment*, designed to analyze Martinsville-Henry County’s business climate and compare it with the benchmarked communities of Danville-Pittsylvania County, Virginia; Columbia-Maury County, Tennessee; and Carrollton-Carroll County, Georgia; is the second step in a five-step strategic process for the community. Ultimately, the findings in this report will enable the Advisory Committee, comprised of civic, business and community leaders from Martinsville and Henry County, to evaluate the area’s current economic realities and target business clusters and development strategies with the greatest potential to facilitate local job and wealth creation. Along with the previously completed *Economic and Demographic Profile*, this *Competitive*

¹ Florida, Richard. *The Rise of the Creative Class*. New York, NY: Basic Books, 2002, p. 21.

² Ibid, p. 11.

Assessment will inform both a *Target Business Analysis* and a *Community and Economic Development Strategy* for Martinsville-Henry County, which will eventually lead to an *Implementation Plan* to advise the community on the best means to put the strategy into action.

This *Competitive Assessment* measures and evaluates Martinsville-Henry County's ability to compete in today's economy. Competitiveness will be determined through analysis of a wide variety of place-based indicators and their potential affect on: 1) developing small businesses and entrepreneurship; 2) retaining existing businesses; and 3) attracting and recruiting new companies. This report addresses these indicators in the four distinct business climate categories previously mentioned.

Market Street also conducted 12 focus groups and 25 personal interviews in Martinsville-Henry County with a diverse array of local residents, business owners, entrepreneurs, civic, community and minority leadership, elected officials, students, parents, educators, and others. These individuals provided a crucial qualitative component to the research to compliment quantitative data analysis.

Although indicators are examined separately, a community's business climate is truly the sum of its parts. The combination of competitiveness factors establishes a locality's perceived reputation and image, which extends beyond local borders to national site selection and relocation experts, and companies looking to expand or initiate operations in new places.

At least one regional publication, *Southern Business and Development (SB&D)*, found that Martinsville-Henry County's market position has been top notch from the years 1992 to 2001, naming the area the Top Southern Small Market for that time period. According to the magazine, "Economic development groups should be judged mostly by how many industries they attract, regardless of their industry sector... Martinsville/Henry County has attracted more companies and new jobs than any small market (under 100,000 in population) in the South over the last 10 years."³ Even so, the publication correctly notes that, "The last 10 years have been bitter sweet (sic) for Martinsville and Henry County. The area's largest and second-largest industries – textiles and furniture manufacturing, have collapsed."

The period from 2001, when the SB&D rankings were published, to today has indeed been a trying one for Martinsville-Henry County. The community has lost thousands of jobs in its principal industries. Ultimately, as Martinsville-Henry County attempts to redefine itself to prosper in today's new economic landscape, the area's competitive strengths and weaknesses as noted by this report will add to the foundation of data determining the community's future strategic direction.

³ <http://www.sbd.com/issues/summer2002/topdeals/top10smallmarkets.asp>, accessed 10/17/03

Methodology

Providing a careful and meaningful examination of a community's competitive position requires the gathering of data from a wide variety of sources. Unlike the *Economic and Demographic Profile* already completed for Martinsville-Henry County, the *Competitive Assessment* relies on quantitative data from national, state, and local sources, and qualitative information gained from personal interviews, focus groups and an online survey of local residents and business owners.

When determined to be the best and most compelling information, information was also collected from trade associations, non-profit and/or private data producers, periodicals and public and private institutions. The data used in this analysis were the most recent data available at the time of writing. Depending on the data source, the most recent data ranged from current 2003 information to 2000 annual data. Some data sources compile information on a monthly basis while others further analyze data collected, delaying publication of the most recent information.

Because of the unique nature of Virginia's governmental structure, cities and counties in the Commonwealth are considered separate entities, and, as such, data is collected independently for cities and the counties that surround them. Because of this, many indicators in this report contain information on both Martinsville and Henry County, when available. Certain government agencies, for example, the federal Bureau of Economic Analysis, report data for Virginia cities and counties as a single entity. While measures were taken to differentiate Martinsville and Henry County according to the data available for each locality, it should be understood that the areas are functionally one unit in many ways. Therefore, conclusions made in this report will often serve to highlight realities and trends for the City and County as a combined entity.

In order to put Martinsville-Henry County data in perspective, benchmark communities were chosen for comparison. These areas – Danville-Pittsylvania County, Virginia; Columbia-Maury County, Tennessee; and Carrollton-Carroll County, Georgia – were selected because:

1. Each has a population roughly equivalent to Martinsville-Henry County, both at the county and municipal levels, or is considered a regional competitor.
2. Each is situated proximate to a major metropolitan area, but is at least 40 miles from the area's principal population center.
3. Each municipality does not have direct Interstate access (though there may be access on the outskirts of the county), but is nevertheless served by major state roads and highways.
4. Each community is experiencing population growth and is leveraging regional assets for local gain.

Assessing Martinsville-Henry County's business climate in the context of these other communities will allow for an objective analysis of the area's competitive strengths and weaknesses.

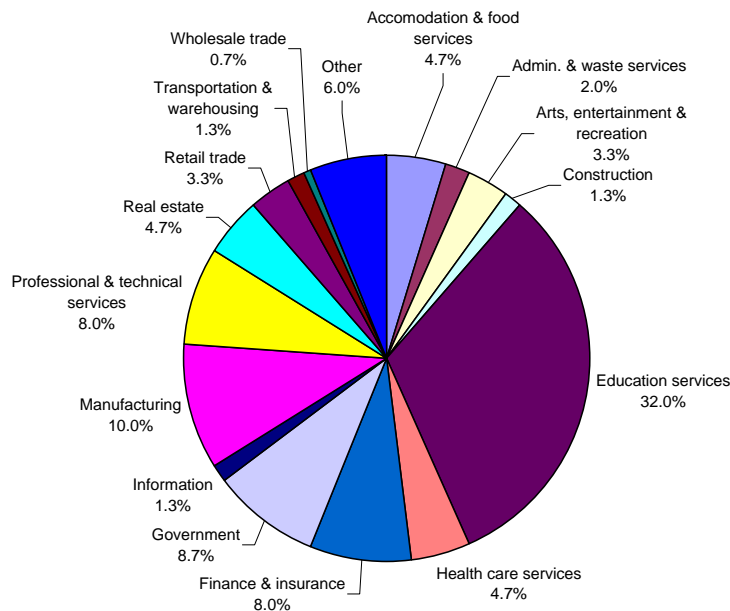
Business Climate Survey

During an almost four-week period from November 4, 2003 to November 28, 2003, 151 people participated in an online Martinsville-Henry County Business Climate Survey. The survey, written by *Market Street* and powered by SurveyMonkey.com, was accessible via the Martinsville-Henry County Chamber of Commerce website. This section of the *Competitive Assessment* reviews the General Information section and the final general concluding questions of the online survey. More detailed analysis of the Education, Workforce and Skills, Infrastructure, Business Costs and Overall Business Environment, and Quality of Life sections will be outlined in the conclusion of the respective sections of this *Competitive Assessment*.

General Information

The first section of the survey, General Information, determined the nature of the respondents' respective employers. The most represented sector was Education Services with 48 respondents, or 32.0 percent of the total. Manufacturing, Government, Professional and Technical Services, and Finance and Insurance were the only other sectors with more than 10 respondents (15, 13, 12, and 12, respectively). The "other" category, with a total of nine respondents, included full-time students and people who worked for utility companies and non-profit organizations.

How would you characterize your company's type of business?



Per the following chart, most of the survey's represented firms were small establishments. Almost half of the 145 respondents who answered this question (47.6 percent) work at or own businesses with fewer than 49 employees.

How many employees work for your company at your location?

Fewer than 10	26.2%
10-49	21.4%
50-199	31.0%
200-499	11.0%
500-1000	4.8%
Over 1000	2.8%
Don't know	2.8%

Most of the participating firms, 78.6 percent, have more than one location. Of the firms with more than one location, most have more than 50 employees. Twenty-six respondents, or 17.9 percent, worked for companies with over 1,000 employees. (Multiple respondents could work for the same company.)

How many employees work for your company including all of its locations?

Only have 1 location	21.4%
Fewer than 10	4.1%
10-49	9.0%
50-199	17.2%
200-499	14.5%
500-1000	7.6%
Over 1000	17.9%
Don't know	8.3%

Most of the represented businesses are long-standing establishments, with 102 or 69.9 percent of respondents working for firms in operation for more than 30 years.

How many years has your company been in business?

Less than 5	7.5%
5-14	13.0%
15-29	9.6%
30-50	35.6%
More than 50	34.2%

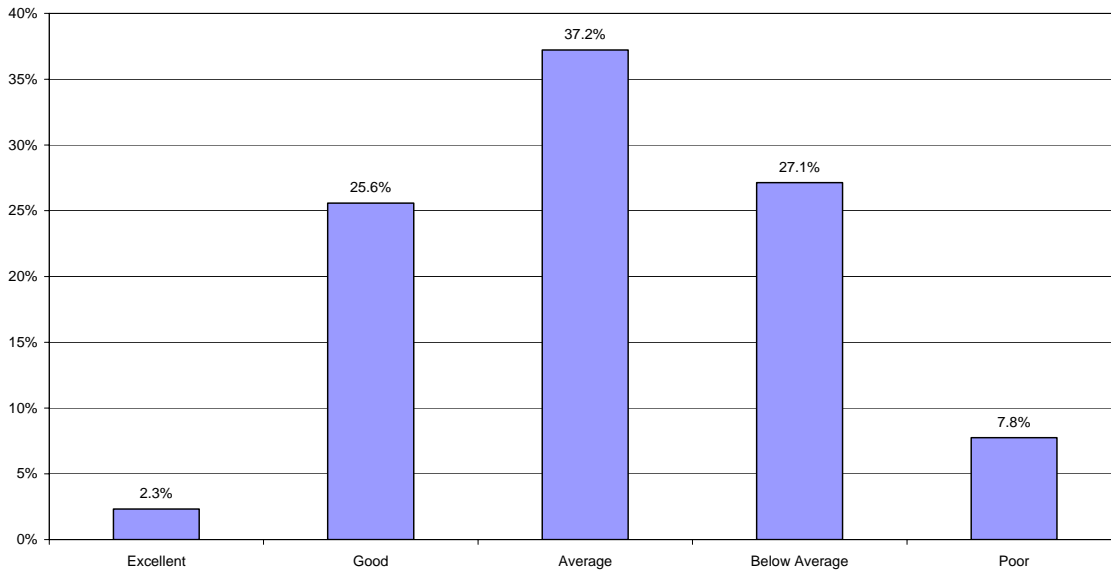
Finally, the survey asked respondents to list the zip code in which their business was located.

Of the 138 respondents who answered this question, 123, or 89.1 percent, were from zip codes beginning with 240, 241, or 245 in the Martinsville-Henry County area. Most of the remaining zip codes were in North Carolina near the Virginia border.

General Concluding Questions

There was a bell-shaped distribution for the responses to the participants' overall ranking of the Martinsville-Henry County business climate. The largest percentage, 37.2 percent, rated the climate as Average. Nearly one quarter of the respondents ranked it as Good, while 27.1 percent ranked it as Below Average. Ten respondents, or 7.8 percent, ranked the climate as Poor.

Overall Ranking of the Business Climate



In order to better understand the local perceptions of the challenges facing Martinsville-Henry County, a final question allowed the respondent to identify what he or she believed was the greatest challenge facing the community. The following are the results:

What do you think is the greatest problem facing the future of the Martinsville-Henry County community?

Lack of diversity in economic structure	26.9%
Education and skill-level of the workforce as well as education and training opportunities	19.2%
Shrinking size of the workforce	14.6%
Weak earnings base of the community	13.8%
Other (please specify)	13.1%
Quality of life concerns (health, child care, safety, housing, entertainment, etc.)	5.4%
Incentives for small business development	3.1%
Road transit rail and air transportation condition and availability	2.3%
Cost of doing business	1.5%
Telecommunications water sewer and energy capacity	0.0%

Over one quarter of the 130 respondents labeled lack of diversity in the economic structure of the community as its greatest challenge. Education and training were also key causes of concern, as was the shrinking size of the workforce, which *Market Street* identified in the *Economic and Demographic Profile* as due to both out-migration and the aging of the population.

Seventeen respondents checked the “other” option. The most common fill-in response regarded the political leadership of the community. Two of those more specifically related the problem to divisions between the leadership of the City of Martinsville and Henry County. Three respondents specifically referenced the loss of jobs as the greatest problem facing the community. Other concerns included the impact of NAFTA, too much bureaucracy, and insufficient efforts to preserve natural resources.

Twenty-six participants responded to the final open-ended comments section of the survey. The most commonly referenced concern was lack of cooperation between the leadership of the City and the County. Nine people (34.6 percent) referenced this issue. One wrote that the communities, “Desperately need one economic development voice.” This sentiment was echoed as respondents advocated consolidation of the school system, police agencies, and other joint ventures. One sixteen-year old respondent aspiring to be an economic developer said, “We need to come together and make some type of friendly agreement stating that the County and City will be partners.”

Education and workforce skills were the next most common respondent issues. Other concerns included a perceived lack of political leadership with forward-thinking policies, the need for more competitive wages, and quality of life concerns. A few responses inferred negative attitudes of the population and weakened morale. One wrote that the community “is eaten up with negativism as exemplified by Channel 18.” Another wrote that a joint effort between the private and public sector should focus on education, quality of life and a “renewed spirit.”

Not all comments were negative. One respondent wrote that the community has many assets, including a hard working population. Another identified four “crowned jewels” that the community should leverage: Patrick Henry Community College, the local airport, Philpott Lake/Smith River, and Martinsville Speedway.

Executive Summary



EXECUTIVE SUMMARY

This section will provide a detailed review of the components of Martinsville-Henry County's business climate. The format will follow the four competitive categories profiled in this report: Education and Workforce Development; Infrastructure; Business Costs; and Quality of Life.

Overview

Per Martinsville-Henry County's *Economic and Demographic Profile*, four major issue areas emerged:

1. The size of the available workforce is shrinking.
2. The present workforce has educational and social issues to be addressed.
3. Based on a variety of statistics, the area's level of wealth can be improved.
4. The local economic structure is at risk and not sustainable.

These trends were also evident in the analysis of Martinsville-Henry County's competitive position, as this report will show. However, the community also has a number of great local strengths that make it an attractive place to live and do business. The area's positives and negatives relative to its benchmarked competitors will be detailed below.

Education and Workforce Development

The Workforce

- ✓ Martinsville's *potential labor force* declined by 8.6% from 1990 to 2000. Henry County's potential workforce losses were negligible. Except for the city of Danville, all the benchmarks' potential labor forces grew by double-digits over the decade.
- ✓ Both Martinsville and Henry County saw double-digit declines in *labor force participation rate* from 1990 to 2000. Every benchmark either maintained their current LFPR or increased it.
- ✓ In every profiled Virginia community, the *number of 18-24 year olds and 25-54 year olds as a percentage of total population* is less than the growing areas of Carroll and Maury Counties. The Virginia localities also have much larger percentages of over-55-year-old residents. Henry County, however, is competitive with Carroll and Maury for percentage of 25-54 year olds in the total population.
- ✓ For the *commuting-to-work* measures, while nearly half of Martinsville employees leave the community to work, their commutes are still the shortest time-wise of all the benchmarked areas. The overwhelming majority of Henry County and Danville

workers also commute less than 30 minutes per day. Carroll and Maury County workers' commutes are much longer on average than the Virginia communities.

- ✓ Maury County's *educational attainment* leads all the comparison communities, with Carroll County close behind. Conversely, at least 30 percent of persons 25 and older in the Virginia localities do not have a high school diploma. Martinsville's percentage of adults with a Bachelor's degree is second only to the United States among the compared communities, however all the areas trail the nation in every educational attainment measure. For residents ages 18-24, Henry County's educational attainment percentages are troubling, as nearly 40 percent of all adults in this category do not have a high school diploma. Martinsville is more competitive in this measure but, once again, all the report's communities trail the nation.
- ✓ *Dropout rates* in Martinsville and Henry County public schools are lower than all the benchmarked communities. Martinsville's 1.4 percent dropout rate for grades 9 to 12 in 2001 is truly exceptional.
- ✓ *Childcare availability* in Martinsville and Henry County trails all the benchmarks in terms of growth in total "slots" and rate per 1,000 children. While Martinsville expanded its childcare capacity slightly from 115 to 2001, Henry County actually saw its total slots decrease by 17.2 percent over the period.

Public Educational Systems

- ✓ *Public school enrollment* in Martinsville and Henry County is declining at the same time that Virginia's enrollment grew by almost 10 percent.
- ✓ The percentage of White students in Martinsville public schools is declining, while African-American and Hispanic percentages are increasing. In Henry County public schools, both White and African-American percentages are declining, while the percentage of Hispanic students more than doubled from 1998 to 2002.
- ✓ From 1992 to 2002, the *number of Limited English Proficient students* increased 7200 percent in Martinsville (from 1 to 73 students) and 768.8 percent in Henry County (from 32 to 278 students), far outpacing Virginia's 199.8 percent rise in this category.
- ✓ Martinsville *spends more per pupil* than all the benchmarks and the Commonwealth of Virginia. Henry County spends almost \$1,000 less per pupil per year than Martinsville.
- ✓ None of Martinsville's six public schools and 15 of 20 Henry County public schools passed the federal government's No Child Left Behind *Adequate Yearly Progress* measurement in 2002-03. However, 27 out of 33 schools in Martinsville, Henry and Patrick Counties earned full accreditation under Virginia's *Standards of Learning* criteria, a notable improvement from previous years.

- ✓ Performance of Martinsville public school students on *Math, History and Science Standards of Learning* tests was sub-optimal.
- ✓ *Pupil/teacher ratios* in Martinsville are lower than all the benchmarks and Virginia, while Henry County's ratios are comparatively high for elementary school classes, but smallest for secondary school classes among all the benchmarks and Virginia.
- ✓ *Average teacher salaries* in Martinsville and Henry County trail all the benchmarks, most notably Carroll County's \$40,955 figure.
- ✓ In Martinsville, from 1997-98 to 2001-02, 44.9 percent fewer high school graduates planned to attend a two-year college, while a remarkable 250 percent more students said they have "other plans" after high school. On a positive note, 61 percent more Martinsville high school graduates planned to attend a four-year college during the period. The numbers were less dramatic in Henry County, which saw a 10.2 percent rise in graduates attending two-year colleges and a 42.6 percent rise in students going to four-year colleges, but experienced smaller changes in the other categories.
- ✓ The Carlisle School, Piedmont Governor's School, and the Martinsville's NASA Aerospace Education Lab and International Baccalaureate programs are all considered great local assets.
- ✓ Patrick Henry Community College has seen a rapid increase in *total student enrollment*, as well as in the number of students receiving *financial aid* and enrolling in *developmental classes*.
- ✓ Many four-year colleges are located within 60 miles of Martinsville-Henry County, but none are within the community's borders.

Workforce Development Resources

- ✓ There are a number of available resources through local *Workforce Investment Act* affiliated institutions and programs.
- ✓ *Patrick Henry Community College* also has a broad array of certificate and professional education programs.
- ✓ A number of professional and trade schools are also located in the community.

Infrastructure

Road Transportation

- ✓ *Road transportation* is sufficient to meet the needs of local businesspeople, companies, residents and commuters. *Average daily traffic congestion* is high in Danville, but not an issue in Martinsville, Henry or Pittsylvania Counties. However,

Henry and Pittsylvania drivers travel many more *miles per day* than the other Virginia communities.

- ✓ *Interstate-73* is a potential boon to Martinsville-Henry County economic development, but its ultimate approval and eventual construction are being delayed by well-organized local opposition. Ultimately, the Commonwealth Transportation Board in Virginia will decide whether to fully fund the roadway.

Public Transportation

- ✓ As could be expected, the only community with a *public transit system* – the city of Danville – also has the highest percentage of residents who commute to work.

Air Transportation

- ✓ Martinsville-Henry County has highway access to *two major airports* less than one hour away. Its local airport, *Blue Ridge*, is considered a fine community asset, and compares favorably with regional airports in the benchmarked areas. However, the city of Martinsville suspended funding for Blue Ridge, and the airport has to finance expansion plans with debt for the first time in years. Even so, Blue Ridge's income currently covers its costs, although the facility's financial cushion has been depleted.

Rail Transportation

- ✓ Focus group participants and interviewees noted that *rail infrastructure* is a non-issue for them when shipping and receiving goods. Even so, Martinsville-Henry County has an active *Norfolk Southern line* transversing the area, and compares favorably to its benchmarks in this category. However, Carroll and Maury County's proximity to larger metro areas provides these communities with more expansive and varied shipping infrastructure.

Utilities

- ✓ Cost and availability of *water* is considered a prime economic development asset in Martinsville-Henry County and is an important component of local marketing efforts. In Henry, however, a portion of the County is still served by groundwater sources. *Sewer* services were said to be competitive, with only 0.5 percent of Martinsville homes and 1.4 percent of Henry County homes lacking complete plumbing facilities.
- ✓ Cost and availability of electricity is also competitive in Martinsville-Henry County, however, a handful of focus group respondents noted that individual users were bearing a larger burden of the community's utility costs with the closure of a number of local manufacturing plants over the past few years.

Telecommunications, Wireless and Internet

- ✓ Local availability was said to be sufficient, although Sprint-Centel, as the sole provider for the area, does not face competitive pressures that might lead to system improvements. The City of Martinsville's MINet fiber-optic network is a tremendous local asset, and makes the community competitive for New Economy jobs like those offered by the successfully recruited defense firm, MZM, Inc.

Housing

- ✓ The housing in Martinsville and Danville is much older compared to Carroll and Maury Counties, and, to a lesser degree, Henry and Pittsylvania Counties. *Vacancy rates* in the Virginia communities are much higher than the faster growing Carroll and Maury Counties.
- ✓ Martinsville has a miniscule 0.3 percent of its housing stock as *mobile homes*. The closest competitor is Danville at 4.0 percent. Carroll and Maury have 17.5 and 12.0 percent of their stock as mobile homes, respectively, while over 1 in 5 homes in the more rural Henry and Pittsylvania Counties are mobile.
- ✓ Martinsville's fine stock of older affordable homes and low percentage of mobile homes makes the area competitive for the recruitment of executives and other affluent groups to the community.
- ✓ Over one quarter of homeowners in Martinsville and Danville have been in their residences longer than 30 years, compared to roughly 1 in 10 homeowners in the fast growing Carroll and Maury Counties. Henry and Pittsylvania Counties also contain many more long-term homeowners than Carroll and Maury.
- ✓ Over 12 percent of Martinsville homeowners spend more than 50 percent of monthly income on mortgage payments, a rate that led all benchmarks. Only sixty percent of Martinsville homeowners pay less than 25 percent of monthly income on their mortgages, also the lowest figure among the comparison communities. Percentages in Henry County are not as severe for these measures.

Business Costs

Real Estate

- ✓ Martinsville-Henry County has five *industrial parks* and one *business park*, making them very competitive with their benchmarks in terms of available industrial sites. Patriot Centre at Beaver Creek is a state-of-the-art industrial park with five pre-graded sites available. The park marks the first ever revenue-sharing effort between Martinsville and Henry County.

- ✓ The nearly 3.5 million available square feet of *commercial and industrial buildings* in Martinsville-Henry County provides businesses with a wealth of available locations. However, some focus group participants noted that a percentage of the building stock is older and nearing obsolescence. The community also sold its only shell building, and is left without a large certified site to show prospects. Martinsville-Henry County's available square footage in industrial buildings was higher than all its benchmarks.
- ✓ Focus group participants praised the low cost of Martinsville-Henry County real estate as a strong local asset.

Labor Costs

- ✓ *Labor costs* are generally lower in the more rural communities of Martinsville-Henry County and Danville-Pittsylvania County. Even though labor rates were higher in Carroll and Maury Counties, all the profiled communities still trailed the nation in terms of average labor costs. A number of industry sectors pay very competitive wages in Martinsville-Henry County, including Arts, entertainment and recreation (in Henry), Information, Finance and insurance, and Professional and technical services (in Martinsville), and Wholesale trade in both areas.

Energy and Utility Costs

- ✓ These costs were almost universally said by focus group participants to be competitive with other areas. Henry County's *electrical rates*, in fact, are lower than Atlanta, Charlotte, Raleigh and a number of other southeastern cities.
- ✓ In addition to the robust availability of water in Martinsville-Henry County, its costs are marketed as some of the lowest in the southeast.

Tax Rates

- ✓ Virginia is one of the most business-friendly states in the South Atlantic region in terms of *average tax rates*. The Commonwealth's individual income tax, corporate income tax and sales tax rates were all lower on average than the benchmarked states of Georgia, Tennessee⁴ and North Carolina (included because of its proximity to Martinsville-Henry County).
- ✓ Henry County's *nominal tax rates* on real estate, manufacturer's machinery/tools and non-manufacturer's tangible personal property were the lowest among the Virginia benchmarks. Martinsville's nominal rates were less competitive; its real estate tax rate was higher than all the Virginia communities, and its manufacturer's machinery/tools tax rate trailed only Pittsylvania County.

⁴ Tennessee has no individual income tax, but a much higher sales tax than the comparison states.

Incentives

- ✓ *Enterprise Zones* in Martinsville-Henry County provide attractive location-specific incentives for relocating businesses. Henry County is one of only four counties in Virginia to offer a *Technology Zone* incentive. Specialized incentives packages are also offered on a case-by-case basis by local officials.
- ✓ At the Commonwealth level, Virginia offers a host of competitive *business incentives* targeted to a number of different investment criteria. In fact, Virginia receives “straight A’s” from the non-profit development research group, Corporation for Enterprise Development, in their *2003 Development Report Card for the States*.

Entrepreneurship

- ✓ A number of local resources are available in Martinsville-Henry County, although certain focus group participants commented that the resources were not marketed as effectively as possible, and had stringent qualification requirements.
- ✓ Virginia offers many competitive entrepreneurial and small-business support services.
- ✓ *Nonfarm proprietorship employment* in Martinsville-Henry County led Danville-Pittsylvania County, but significantly trailed rates in Carroll and Maury Counties, both in terms of percentage of total employment, and average nonfarm proprietor earnings.

Seed Capital

- ✓ For the most part, focus group respondents lauded the local availability of *seed capital*. Total deposits of Martinsville-Henry County financial institutions were also very competitive with its benchmarks.

Quality of Life

Local Wealth

- ✓ Martinsville-Henry County residents actually lost *real per capita income* from 1990 to 2001, dropping from a RPCI of \$22,730 to \$21,447 in 2001. Nevertheless, RPCI in Martinsville-Henry County was roughly equivalent to the figures of its benchmarks. All the profiled communities, however, trailed national RPCI by nearly \$8,000.

Cost of Living

- ✓ Cost of living indices in metro areas proximate to Martinsville-Henry County were lower than in the metros nearest to Danville-Pittsylvania County, Carroll County and Maury County.

Housing

- ✓ *Median housing values* of owner-occupied units in the Virginia communities greatly trailed those in Carroll and Maury Counties. While mobile home values in Henry County led those in Martinsville and Danville, they were worth nearly \$20,000 less than units in Carroll and Maury.

Health Care

- ✓ Overall *health care facilities*, including the number of licensed beds, physicians, nursing home patient beds and dentists, were all competitive for Martinsville-Henry County relative to its benchmarks. The only category where the area was deficient was number of staffed beds at Memorial Hospital. However, at 1.2 staffed beds per 1000 total residents, Martinsville-Henry County was still close to its competitors' rates.
- ✓ *Measures of birth* in Martinsville-Henry County led the benchmarks in lowest percentage of low-birthweight babies, and were competitive for births to teens ages 15-17, although Martinsville's percentage was higher than all the benchmarks except Danville. However, the percentage of Martinsville-Henry County mothers receiving prenatal care was low compared to the majority of the competitor communities.
- ✓ For *measures of child welfare*, both Martinsville and Henry County have shown great improvement in the number of founded cases of child abuse and neglect in the community, which is now at or below the Commonwealth average. The number of children receiving welfare has also dropped noticeably in Martinsville and Henry County. However, the communities both saw dramatic rises in the numbers of children in foster care and students eligible for free or reduced-price school lunches.
- ✓ For a number of *vital health events*, Martinsville has rates of incidence much higher than the Virginia average. In Martinsville, residents are much more likely to suffer from diseases of the heart, malignant tumors, chronic lower respiratory diseases, diabetes, Alzheimer's, and chronic liver disease than most Virginians. In Henry County, incidences of pneumonia and influenza far outpace the Commonwealth.

Public Safety

- ✓ *Crime rates* in Martinsville were higher than the benchmarks for forcible rape and motor vehicle theft, and were comparably high for number of other crimes. In Henry County, the rate of murder and nonnegligent manslaughter led its closest benchmark by over five percent.

Recreation, Entertainment and Culture

- ✓ The quality and accessibility of natural amenities like Smith River, Philpott Lake, Fairy Stone State Park, and others, along with four quality golf courses in the area, make Martinsville-Henry County very competitive from a *recreation* standpoint.
- ✓ Martinsville Speedway with its four major events per year, and the Martinsville Astros in the summer, provide local residents with two prime *entertainment* options. The Speedway, especially, is a strong local asset.
- ✓ Many focus group respondents – especially young, single adults and teenagers – noted that the *nightlife* in Martinsville-Henry Community is not attractive for younger people, and often compels these individuals to leave the community after high school.
- ✓ *Local media* – most significantly, the privately owned cable Channel 18 – contribute to an oftentimes pervasive climate of negativity in the community. Every focus group conducted by *Market Street* mentioned Channel 18 as a negative element of the community’s quality of life and a potential threat to economic development.
- ✓ For a community of its size, Martinsville-Henry County offers a number of quality *cultural outlets*, including Piedmont Arts Center, the Virginia Natural History Museum, the Walker Fine Arts Theater, the Proud Heritage of Black Educators tour, and a fine local library system.
- ✓ According to the Environmental Protection Agency, Martinsville-Henry County has a number of facilities that pose a potential threat to the local environment, but the frequency of these facilities is consistent with the other communities benchmarked for this report.

Snapshots



SNAPSHOTS

Martinsville-Henry County, Virginia

Martinsville-Henry County is located in the southwestern portion of the Commonwealth of Virginia on the border with North Carolina. Henry County has an 81.1-mile perimeter, and contains the towns of Ridgeway, Bassett, Collinsville, Blackberry, Chatmoss, and other localities. Martinsville is an independent city located in the central portion of the Henry County boundary area. The City and County are roughly 40 miles in distance from the metro areas of Roanoke on the north, and Greensboro - High Point - Winston-Salem on the south.



The economies of both areas were founded in agriculture, primarily tobacco farming. When the tobacco market declined, the areas shifted focus to textile and furniture manufacturing, leading to a period of local prosperity. Currently, a shift in the national industrial sector is causing job losses in the community and reductions in local wealth.

Henry County has a County Administrator and a six-member Board of Supervisors. Martinsville has a City Manager and a five-member City Council. Martinsville serves as the county seat of Henry County.

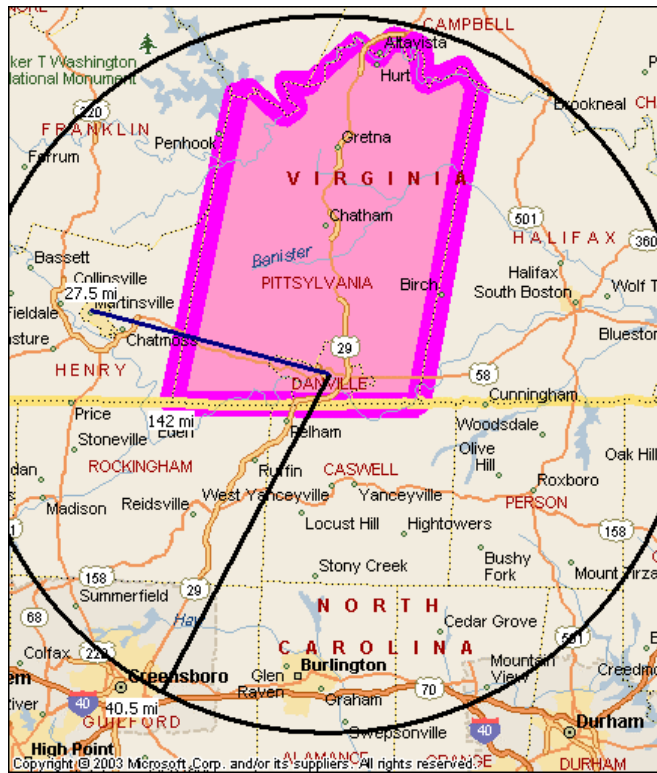
In September 2003, the most recent month on record, the **unemployment rate** in Martinsville was 12.1%, while Henry County's rate was 14.9%

In 2002, the **population** of Martinsville was estimated at 15,263, with Henry County's population estimated at 57,395.⁵

⁵ For complete demographic information on these communities, please refer to Martinsville-Henry County's *Economic and Demographic Profile*.

Danville-Pittsylvania County, Virginia

Considered the prime regional competitor of Martinsville-Henry County, the community of Danville-Pittsylvania County is located roughly 30 miles southeast of Martinsville. Danville is the only Metropolitan Statistical Area (MSA) in the West Piedmont region, and, as such, benefits from a more exhaustive statistical profile collected at the state and national levels. Danville is roughly 40 miles from the city of Greensboro.



Pittsylvania County is far more rural than the independent city of Danville, and features a roughly 142-mile perimeter. Danville-Pittsylvania County also shares a southern border with North Carolina.

Danville is a leading manufacturing center and is the Commonwealth's largest tobacco market. Pittsylvania County has developed a substantial manufacturing and commercial base, in part due to its competitive highway and rail transportation systems. Danville has a City Manager and a nine-member City Council, while Pittsylvania County has a County Administrator and a seven-member Board of Supervisors.

Unemployment Rate: Sept. 2003

Pittsylvania Co.	Danville
7.9%	8.9%

Source: U.S. Bureau of Labor Statistics

Total Population: 2000

Pittsylvania Co.	Danville
61,745	48,411

Source: U.S. Census Bureau

Danville-Pittsylvania County, VA

Industry Sectors as % of Total Employment: 2000

Construction	5.8%
Manufacturing	27.2%
Transportation and public utilities	2.4%
Wholesale trade	2.6%
Retail trade	17.2%
Finance, insurance, and real estate	4.2%
Services	24.9%
Government and government enterprises	11.5%
Federal, civilian	0.5%
Local government	8.2%

Source: U.S. Bureau of Economic Analysis

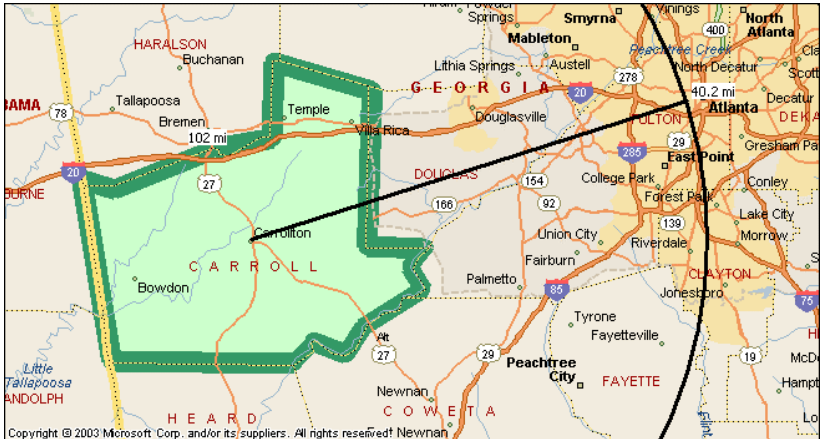
Demographics, Danville-Pittsylvania County: 2002

White alone	65.8%
Black or African American alone	33.3%
Hispanic or Latino origin	1.3%
American Indian and Alaska Native alone	0.2%
Asian alone	0.4%
Two or more races	0.4%

Source: U.S. Census Bureau

Carroll County, Georgia

Part of the Atlanta, Georgia MSA, Carroll County and its major component city of Carrollton are located on the far west-central edge of Georgia where it borders the state of Alabama. The county has a 102-mile perimeter, while Carrollton is roughly 40 miles from the city of Atlanta.



Formerly an agriculturally based economy, Carroll County has diversified and grown as Metropolitan Atlanta continues its expansion towards the Alabama state line. Services now comprise the largest industrial sector in the local economy. From a population of 34,112 in 1950, Carroll County nearly tripled in size to 87,268 persons by the year 2000.

Carroll County is administered by a full-time Commissioner, the chairperson of a seven-member Commission. The city of Carrollton is governed by a Mayor and four Council members, and is staffed by a full-time City Manager, City Engineer and planning department. Below are various data for the area.⁶

Unemployment Rate: Sept. 2003

Carroll County	Carrollton
4.8%	n/a

Source: U.S. Bureau of Labor Statistics

Total Population: 2000

Carroll County	Carrollton
87,268	19,843

Source: U.S. Census Bureau

Carroll County-Carrollton, GA

Industry Sectors as % of Total Employment: 2000

Construction	9.0%
Manufacturing	21.7%
Transportation and public utilities	3.1%
Wholesale trade	3.6%
Retail trade	17.8%
Finance, insurance, and real estate	4.8%
Services	22.3%
Government and government enterprises	14.1%
State government	4.2%
Local government	8.7%

Source: U.S. Bureau of Economic Analysis

Demographics, Carroll County: 2002

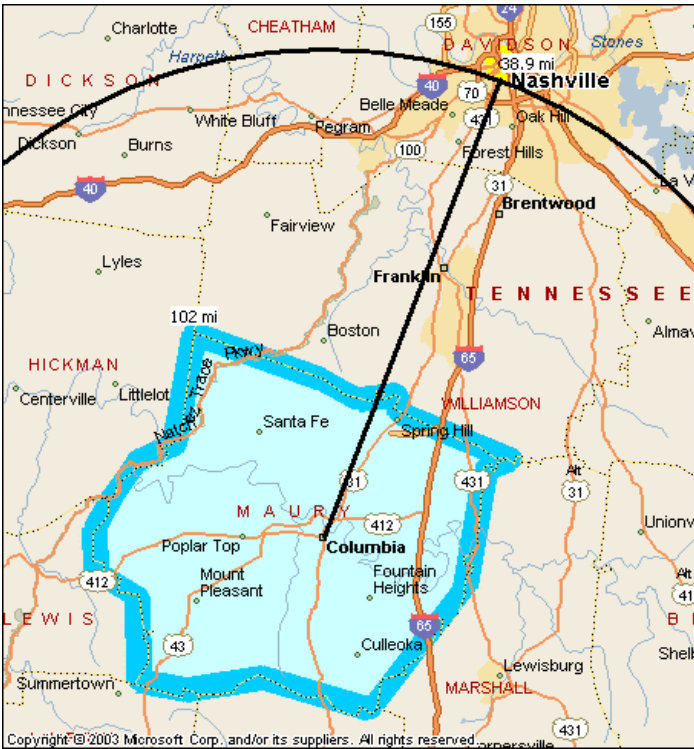
White alone	82.1%
Black or African American alone	16.1%
Hispanic or Latino origin	3.0%
American Indian and Alaska Native alone	0.3%
Asian alone	0.6%
Two or more races	0.9%

Source: U.S. Census Bureau

⁶ Note: For non-Virginia communities, municipal data are components of county data.

Maury County, Tennessee

Located near the geographic center of the state of Tennessee, Maury County and its largest city, Columbia, are part of the Nashville MSA. The county has a 102-mile perimeter, and Columbia is located roughly 40 miles from the city of Nashville.



An early agricultural power, Maury County found most of its farmland depleted at the end of the 19th Century. The discovery of phosphate facilitated a new era of prosperity and growth in Maury County. However, numerous factors caused most of the companies to close their plants by the 1980s. Fortunately for the county, the Maury community of Spring Hill was selected by General Motors as the manufacturing and operational headquarters for their new line of Saturn automobiles. Saturn now employs nearly 7,000 workers in Maury County.

Maury County is governed by a County Executive and Board of Commissioners, while Columbia has a Mayor, City Council and City Manager.

Unemployment Rate: Sept. 2003

Maury County	Columbia
5.1%	5.3%

Source: U.S. Bureau of Labor Statistics

Total Population: 2000

Maury County	Columbia
69,498	33,058

Source: U.S. Census Bureau

Maury County-Columbia, TN

Industry Sectors as % of Total Employment: 2000

Construction	5.4%
Manufacturing	25.9%
Transportation and public utilities	3.5%
Wholesale trade	2.8%
Retail trade	13.9%
Finance, insurance, and real estate	5.5%
Services	23.7%
Government and government enterprises	13.6%
State and local government	12.5%

Source: U.S. Bureau of Economic Analysis

Demographics, Maury County: 2002

White alone	84.3%
Black or African American alone	13.9%
Hispanic or Latino origin	3.7%
American Indian and Alaska Native alone	0.4%
Asian alone	0.4%
Two or more races	1.0%

Source: U.S. Census Bureau

Education & Workforce Development



EDUCATION AND WORKFORCE DEVELOPMENT

Overview

The quality and skill-level of an area's workforce is the number one issue in economic development today. When companies look to expand or relocate to an area, in almost every case their first criterion is whether enough educated, skilled workers exist in the community to staff current positions in the company, and also to enable the firm's expansion.

As was noted in the introduction to this report, with companies increasingly footloose when locating their operations, demographic concerns such as local education and workforce quality come to the fore. Does an area have a strong enough public education system to consistently supply the workforce with qualified graduates? Is there a higher education institution responsive enough to train local workers to meet growing companies' needs? Are there job-placement and workforce development resources in the community robust enough to accommodate the area's large and small businesses? All these questions are at the top of every site-selection specialist's list when he or she researches a community for a client. Localities must ensure that the answers to these questions are "yes," or else risk losing quality new jobs to a better-positioned area.

As the national economy shifts to an information-and-service-based orientation, jobs in New Economy firms will increasingly demand higher technical skill levels, and, at the very least, a high school diploma or some type of professional training. By assessing the dynamics of Martinsville-Henry County's workforce training and education systems, and the comparative skill levels of the area's workforce, this section will determine the community's ability to compete for quality future employment. This analysis is broken down into three parts: 1) The Workforce; 2) Education; and 3) Workforce Development Resources.

The Workforce

An area's workforce – also referred to as its potential labor force – is comprised of people in the community ages 18 to 69. Even allowing for working teenagers younger than 18, and employed elderly over age 69, this range provides a reasonable estimate of an area's total population considered eligible and available for work.

Potential Labor Force, Henry County, Martinsville, Benchmarks, Virginia, U.S.: 1990, 2000

Location	1990		2000		Period change	
	18 to 69 population	Potential labor force	18 to 69 population	Potential labor force	18 to 69 population	Potential labor force
Martinsville city	10,416	64.4%	9,516	61.7%	-900	-8.6%
Henry County	39,118	68.7%	39,099	67.5%	-19	0.0%
Carroll County, GA	47,473	66.5%	58,575	67.1%	11,102	23.4%
Danville city, VA	34,508	65.0%	29,801	61.6%	-4,707	-13.6%
Pittsylvania Co., VA	37,239	66.9%	41,364	67.0%	4,125	11.1%
Maury County, TN	35,445	64.7%	45,451	65.4%	10,006	28.2%
Virginia	4,250,792	68.7%	4,783,588	67.6%	532,796	12.5%
United States	164,068,162	66.0%	183,869,376	65.3%	19,801,214	12.1%

Source: U.S. Census Bureau

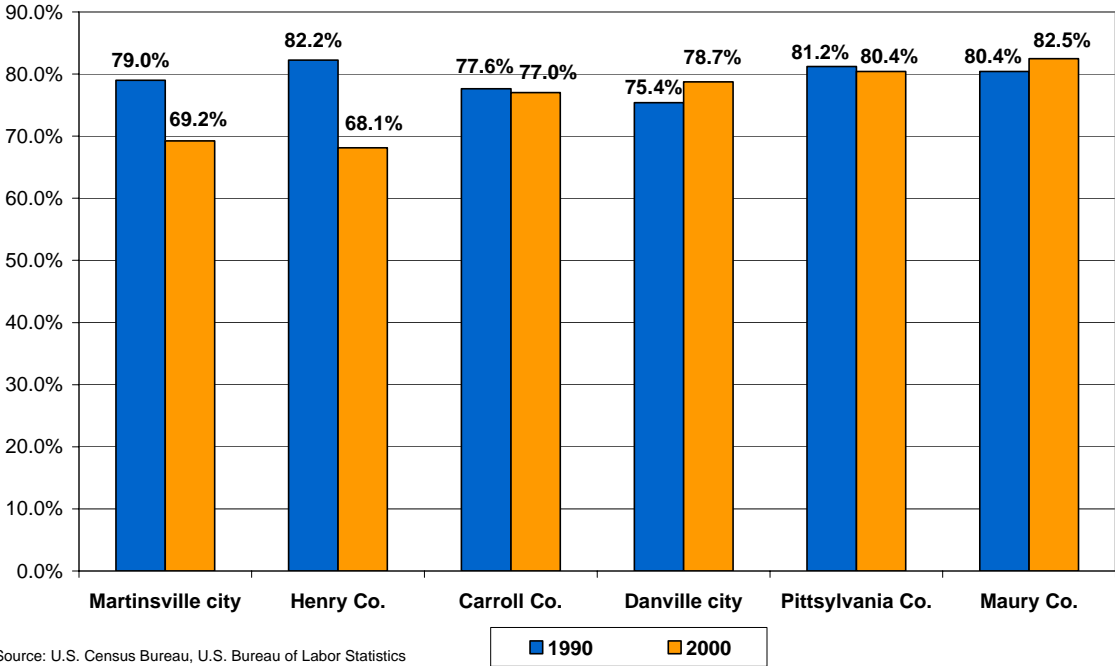
In the year 2000, Martinsville's potential labor force was 9,516, while Henry County's working age population was 39,099. In both cases, these figures represent declines from 1990 levels. In Martinsville, the potential labor force declined by a very significant 8.6 percent. The drop was much less severe in Henry County, which suffered a negligible loss in workforce.

Interestingly, the city of Danville, Virginia, 30 miles southeast of Martinsville, experienced a dramatic 13.6 percent drop in potential labor force. When compared with healthier, growing communities like Carroll and Maury Counties, however, Martinsville-Henry County's labor force trends are more troubling. Both Carroll and Maury experienced over 20-percent gains in their potential labor forces over the decade of the 1990s. Martinsville and Henry also significantly trailed Virginia and the United States in labor force expansion.

Labor Force Participation Rate

The labor force participation rate (LFPR) indexes the percentage of the total civilian, working age population ages 18 to 69 either employed or unemployed and actively seeking a job. LFPR does not include those individuals who are full-time students, have retired early or dropped out of the labor force, or are working in the so-called "underground" economy. As noted by the following chart, the percentage of Martinsville and Henry County residents participating in the labor force dropped noticeably from 1990 to 2000.

**Labor Force Participation Rate, Martinsville, Henry County,
Benchmarks: 1990, 2000**



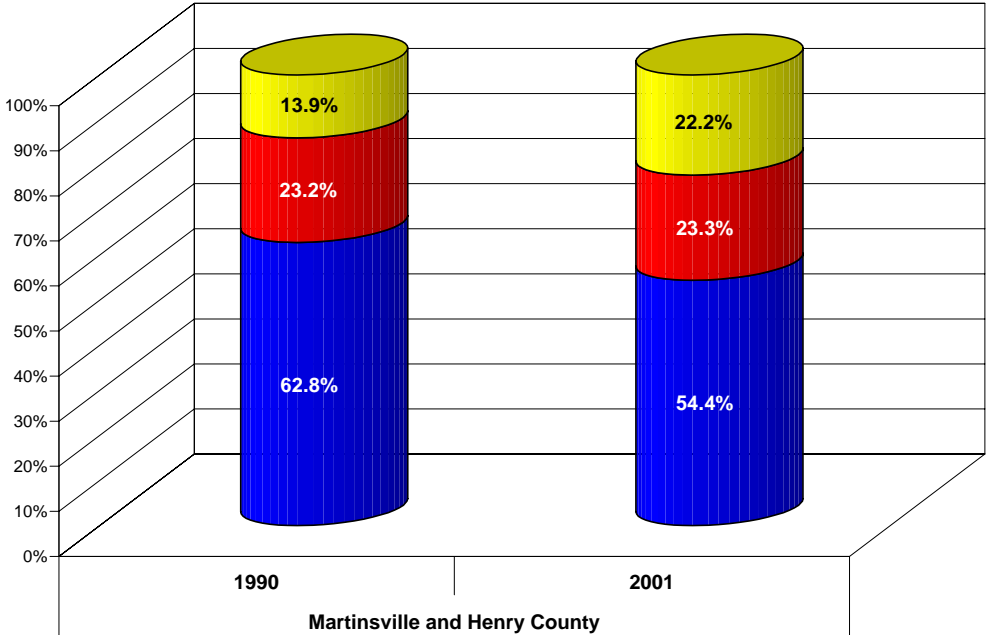
Data show that from 1990 to 2000, participation in the labor force fell:

- 19.9% in Martinsville
- 17.2% in Henry County

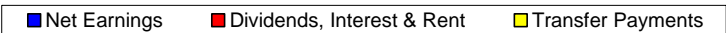
Of all the benchmarked communities, Martinsville and Henry County experienced by far the most dramatic reductions in LFPR, and are the only areas with less than 70 percent of eligible workers participating in the labor force.

As the following chart attests, an increasing percentage of Martinsville-Henry County residents are now collecting transfer payments as income. A nearly equivalent percentage does not count net earnings as their primary source of income.

Distribution of Income, Martinsville and Henry County: 1990, 2001



Source: U.S. Bureau of Economic Analysis



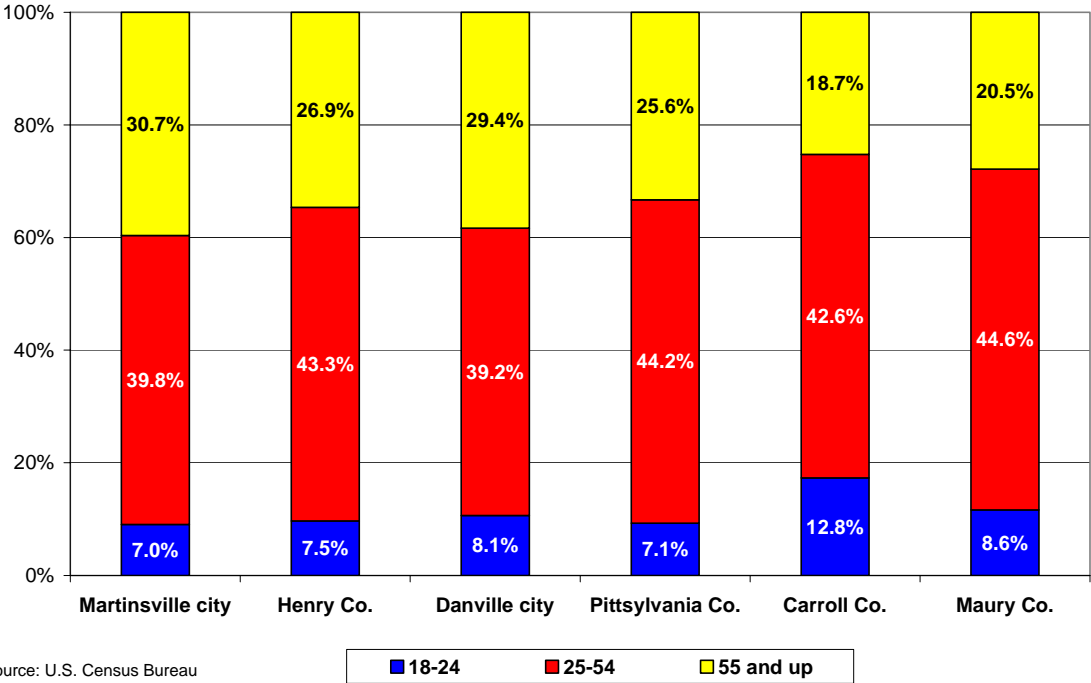
The percentage of transfer payment recipients in Martinsville and Henry County grew by nearly 10 percent from 1990 to 2001. The percentage of individuals ages 18 to 69 receiving income from net earnings fell by an equivalent margin over this period. Certain employers commented in focus groups that displaced workers actually earn more on public assistance than in local entry-level jobs. As a result, some say, it is difficult to staff certain positions in Martinsville-Henry County.

Age Distribution

As was noted in Martinsville and Henry County’s *Economic and Demographic Profile*, these communities are seeing an exodus of their young adults to other areas outside the region with brighter economic prospects and more varied entertainment options. As a result, Martinsville and Henry County are growing older relative to Virginia and the United States. The loss of the community’s young people was also a prevalent and recurring concern among focus group participants in Martinsville and Henry County.

As the following chart shows, these communities also have a greater percentage of over-55 residents than nearly all the areas benchmarked for this report. Only the city of Danville has an equivalent percentage of elderly residents.

Age Cohorts as Percentage of Total Population, Martinsville, Henry County, Benchmarks: 2000



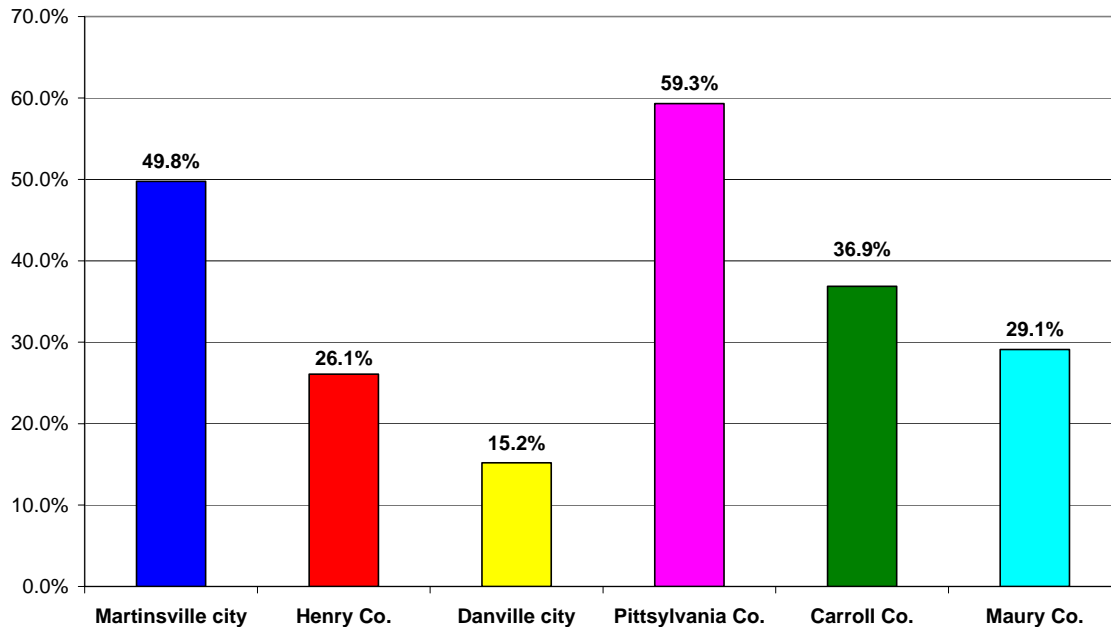
Of the comparison areas, fast growing Carroll and Maury Counties have the smallest percentage of over-55 residents. Interestingly, Martinsville and Henry County compare rather favorably in terms of the percentage of residents in the prime employment years of 25 to 54. Henry County, especially, is well positioned relative to the benchmarks in terms of percentage of working-age adults.

Thus, while trend data show that young people are indeed leaving the Martinsville-Henry County area in historically greater numbers, there are still large percentages of working-age adults in these communities who can potentially serve as a viable future labor force.

Commuting Patterns

The number of employees who are able to work in their county of residence also reveals information about a locality. If an increasing number of workers are leaving their home county to work, not only does this indicate a potential scarcity of local jobs, but also bodes poorly for the community’s tax base. Commuting trends also illustrate the mobility of the labor force and its ability and willingness to travel to secure employment.

Percentage of Employees Working Outside Their County of Residence, Martinsville, Henry County, Benchmarks: 2000



Source: U.S. Census Bureau

As the above chart illustrates, the city of Martinsville and Pittsylvania County have the highest percentage of employees who commute outside the county to work. However, these figures paint a less than accurate picture of the local job market because of Virginia's unique governmental structure. With data collected separately for cities and counties, commuting patterns in Virginia are not easily determined without more involved data analysis. For example, a worker may only be commuting across the street from Martinsville to Henry County to go to his or her job, but data will show a "commute" nonetheless.

Travel Time to Work, Martinsville, Henry County, Benchmarks: 2000

Commute time	Martinsville city	Henry Co.	Danville city	Pittsylvania Co.	Carroll Co.	Maury Co.
0 to 29 min.	82.8%	76.1%	82.3%	65.9%	60.0%	63.7%
30 to 59 min.	4.4%	10.4%	5.1%	13.7%	11.1%	11.9%
60 min. and over	1.3%	1.5%	1.6%	2.8%	2.4%	2.6%

Source: U.S. Census Bureau

The above table provides more insight into commute times in these areas. Even though nearly half of Martinsville workers leave their locality of residence for work, they still have the shortest relative commute times among all the benchmarks. Likewise, even though an overwhelming number Carroll and Maury County workers are employed in their home counties, they still have much longer work trips than the other communities.

Focus group participants who commute into Martinsville-Henry County from outside the area – usually Danville, Roanoke or the Piedmont Triad – almost universally noted that their commutes are not stressful, relatively free of traffic congestion, and actually provide a welcome decompression opportunity from the rigors of the workplace.

Educational Attainment

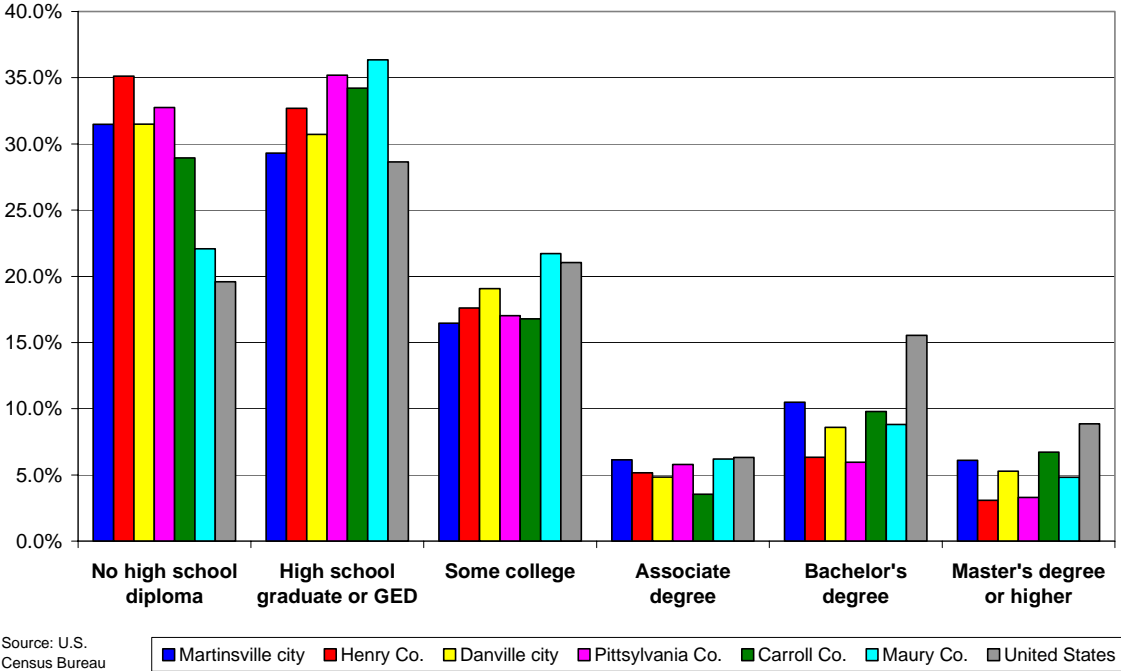
Perhaps the most important, and most common, indicator used to evaluate the quality of a community's workforce is educational attainment. As was mentioned previously, an increasing percentage of the jobs being created in the New Economy require skill sets developed in post-secondary educational environments. In other words, not only will employers require their workers to have high school diplomas, but more often than not, additional education from either a community college, university, technical college or workforce training program. According to the U.S. Bureau of Labor Statistics, 42.0 percent of American jobs in the year 2010 will require at least a technical or vocational school degree, compared to just 29.0 percent in 2000. Consequently, the educational attainment of an area's population will become even more important as businesses search for a labor force with the skills needed to succeed in a 21st Century economy.

In many small communities, as young people leave for better job opportunities or more exciting nightlife in bigger cities, a resulting "brain drain" occurs in their home areas. Focus group participants in Martinsville-Henry County often mentioned the prevalence of "brain drain" in their communities, and expressed the fear that the City and County were losing their "best and brightest."

According to the following table, Martinsville and Henry County fare reasonably well in educational attainment for their over-25 population compared to the communities benchmarked for this report. Even so, Henry County still leads every competitor in percentage of its over-25-year-olds without a high school diploma, and lags well behind every community except Pittsylvania County in percentage of this population with a Bachelor's degree. The city of Martinsville compared very favorably to its benchmarks in terms of percentage of residents over 25 with an associate degree, Bachelor's degree, or Master's degree or higher.

Of all the areas profiled, Maury County in Tennessee has the most educated population over 25 years old, nearly reaching the national average for residents without a high school diploma, and leading every community – including the nation – in percentage of adult residents with a high school diploma and at least some college education.

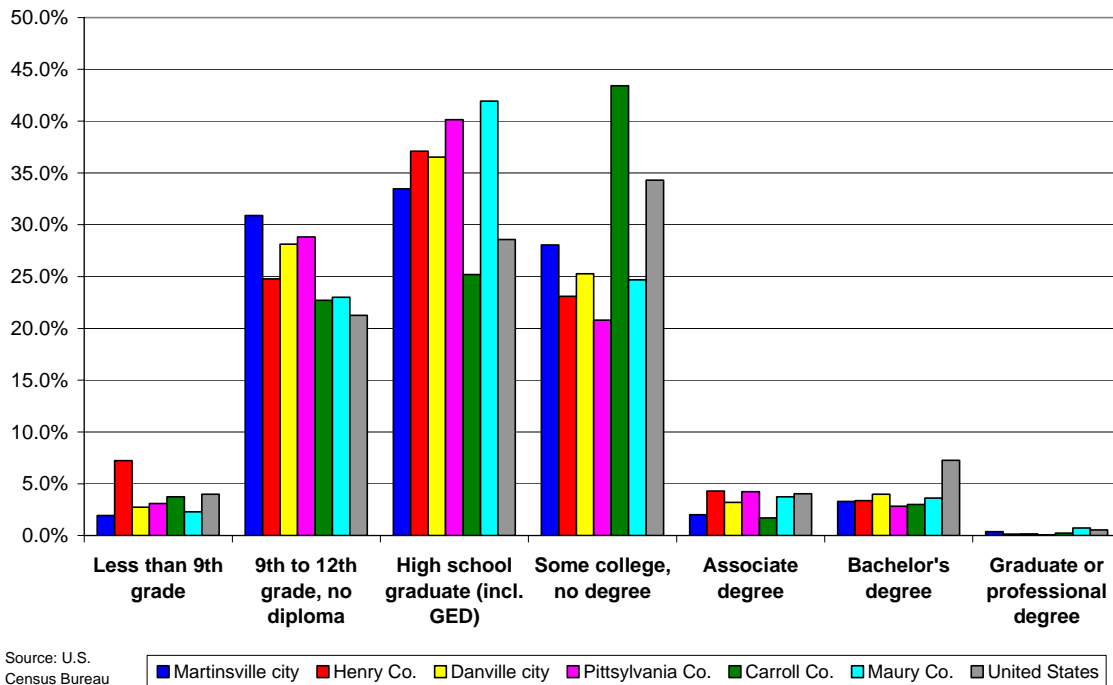
Educational Attainment for Persons 25 and Older, Martinsville, Henry County, Benchmarks, U.S.: 2000



What is most telling about this chart is the poor performance of Martinsville, Henry County and all the benchmarks compared to the national average for a number of these categories. The percentage of over-25 adults without a high school diploma and the percentage of these residents with Bachelor’s degrees were the two measures in which the U.S. far outpaced these communities. The latter category is especially troubling for Martinsville-Henry County and its benchmarks, as a Bachelor’s degree is increasingly a de facto requirement for employment in many New Economy industries.

Comparing these statistics with the educational attainment for the population ages 18 to 24 helps illustrate current trends that may not have manifested themselves yet in the over-25 population. An example would be whether a program targeted to reducing the dropout rate was working. This analysis also provides an indication of the numbers of young people attending college immediately after high school, and young people not finishing high school prior to age 25. The following graph displays the results of this analysis.

**Educational Attainment of Persons 18 to 24, Martinsville,
Henry County, Benchmarks, U.S.: 2000**



These figures are much more alarming for Martinsville and Henry County. In Henry, 7.2 percent of its 18 to 24 year olds have less than a 9th-grade education, while 30.9 percent of Martinsville youth aged 18 to 24 have not received their high school diplomas.

Once again, all the communities compared for this report trail the U.S. in percentage of this age group with a Bachelor's degree.

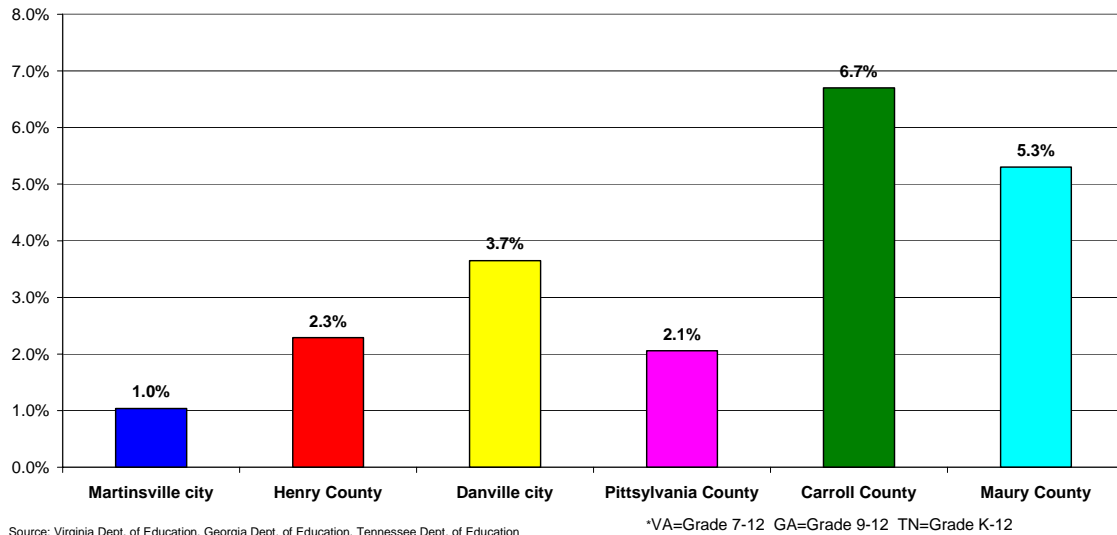
Dropout Rates

The percentage of young people dropping out of school is also an important indicator of the quality of an area's future workforce. A community's public school dropout rate is one of the prime figures site selectors analyze to determine school quality, engagement of local parents and teachers, and young people's desire to learn and improve themselves.

Different states and school systems collect dropout rate information in different ways, so these figures are not always perfectly comparable from one community to the next. As the following chart shows, Virginia schools most often measure dropout rates collectively for grades 7 to 12, while Georgia measures the grade 9 to 12 rate, and Tennessee the K through 12 rate.⁷

⁷ More accurately, the K-12 rate is the figure *published* by the Tennessee Department of Education. Rates for other cohorts are instead assigned a letter grade such as an "A" or "B," depending on performance.

**Public School Student Dropout Rates*, Martinsville, Henry County,
Benchmarks: 2002**



For these dropout indices, Henry County’s figure of 2.3 percent compares favorably to its benchmarked communities, while Martinsville’s 1.0 percent figure in 2002 is remarkably low, and a testament to successful efforts by the Martinsville City Public School System to secure grant monies to hire a very effective officer named Bill Maxwell, who coordinates the system’s efforts to keep kids in school.

**High School Dropout Rate (Grades 9-12), Martinsville, Henry County, Virginia
Benchmarks, Virginia: 1995, 2001**

Area	1995		2001		Period change	
	Number	Rate per 100 students	Number	Rate per 100 students	Number	Rate per 100 students
Martinsville city	27	4.0%	12	1.4%	-55.6%	-65.0%
Henry County	151	6.0%	n/a	n/a	n/a	n/a
Danville	166	8.0%	122	5.3%	-26.5%	-33.8%
Pittsylvania County	162	6.0%	87	3.1%	-46.3%	-48.3%
Virginia	14,590	5.0%	9,633	2.9%	-34.0%	-42.0%

Source: Virginia Department of Education, 2003 Virginia Kids Count Data Book

High school dropout rates for grades 9 to 12 are also much lower for Martinsville than its competitors and the Commonwealth, and decreased much more rapidly than Virginia or Danville-Pittsylvania County. Henry County grade 9 to 12 dropout rates were not calculated for 2001.

Childcare

The provision of accessible, affordable and quality childcare is crucial to any economic development strategy. With working mothers now a vital component of the national

labor pool, and more states instituting welfare-to-work programs, the ability of a mother to go to work with the security of knowing her child or children are well cared for is essential to her mental well-being and employment availability.

The following table contains data from the Virginia Department of Social Services. Facilities counted include only those regulated by the Department: licensed child day centers, licensed family day homes, church-exempt facilities (which are not licensed), and licensed short-term day care providers. Data do not include unlicensed and unregulated childcare by strangers or relatives.

**Childcare Availability, Martinsville, Henry County, Virginia
Benchmarks, Virginia: 1995, 2001**

Area	1995		2001		Period change	
	Total slots	Number of slots per 1,000 children	Total slots	Number of slots per 1,000 children	Total slots	Number of slots per 1,000 children
Martinsville city	701	310	846	377	20.7%	21.6%
Henry County	1,514	182	1,253	151	-17.2%	-17.0%
Danville	1,384	n/a	2,273	308	64.2%	n/a
Pittsylvania County	440	51	872	97	98.2%	90.2%
Virginia	201,098	186	287,534	248	43.0%	33.3%

Source: Virginia Department of Social Services, 2003 Virginia Kids Count Data Book

Compared to their regional competitors and Virginia as a whole, Martinsville and Henry County lag far behind these benchmarks for provision of childcare services. The city of Martinsville increased capacity between the years 1995 and 2001, but added less than half the childcare “slots” as the Commonwealth, less than a third of Danville, and only 20 percent as many as Pittsylvania County. The mere fact that Martinsville augmented its childcare availability at all during this time period puts it ahead of Henry County, which actually saw childcare slots *decrease* over these years.

The city of Martinsville’s public schools also offer on-site *Prime Time Learning Centers*. These centers, staffed by paid professional teachers and trained volunteers, are open until 8 p.m. Monday through Thursday during the school year and for selected summer hours.

Public Educational Systems

Without a quality public school system, a community will not be able to sustain a skilled workforce and risks being eliminated from consideration by companies looking to relocate, or existing businesses contemplating expansion. By examining and discussing a number of traits and characteristics of the Martinsville-Henry County school systems, and those of its benchmarked competitors, the ability of the community to effectively develop its workforce will be further assessed.

In focus groups and individual interviews, residents of Martinsville and Henry County expressed alarm at what they perceived to be the continuing degradation of public school performance in the area. Many local employers lamented the lack of basic reading, writing, math and problem-solving skills they have noticed in recent hires from the area's public school systems. Workers were also said to lack "soft" skills needed to manage customers and fellow employees.

For those with the means to afford a private education for their children at the highly regarded Carlisle School, almost every parent surveyed did not hesitate to take advantage of this cherished local resource. It should be noted that current Martinsville and Henry County public and private high school students praised the overall quality of their schools in a focus group conducted by *Market Street*.

Elementary and Secondary Education

The *Economic and Demographic Profile* done for Martinsville and Henry County showed that both communities have been experiencing losses in population over the past several years. The following table proves that these population losses have been accompanied by corresponding decreases in the two areas' public school enrollments.

**Public School Enrollment*, Martinsville Public Schools, Henry County Public Schools,
Virginia Public Schools: 1995-96 to 2002-03**

Area	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	Period change
Martinsville city	2,836	2,835	2,729	2,723	2,671	2,711	2,675	2,694	-5.0%
Henry County	9,167	9,081	9,154	9,230	8,982	8,807	8,775	8,526	-7.0%
Virginia	1,079,854	1,096,279	1,110,815	1,124,022	1,133,994	1,144,913	1,163,094	1,176,557	9.0%

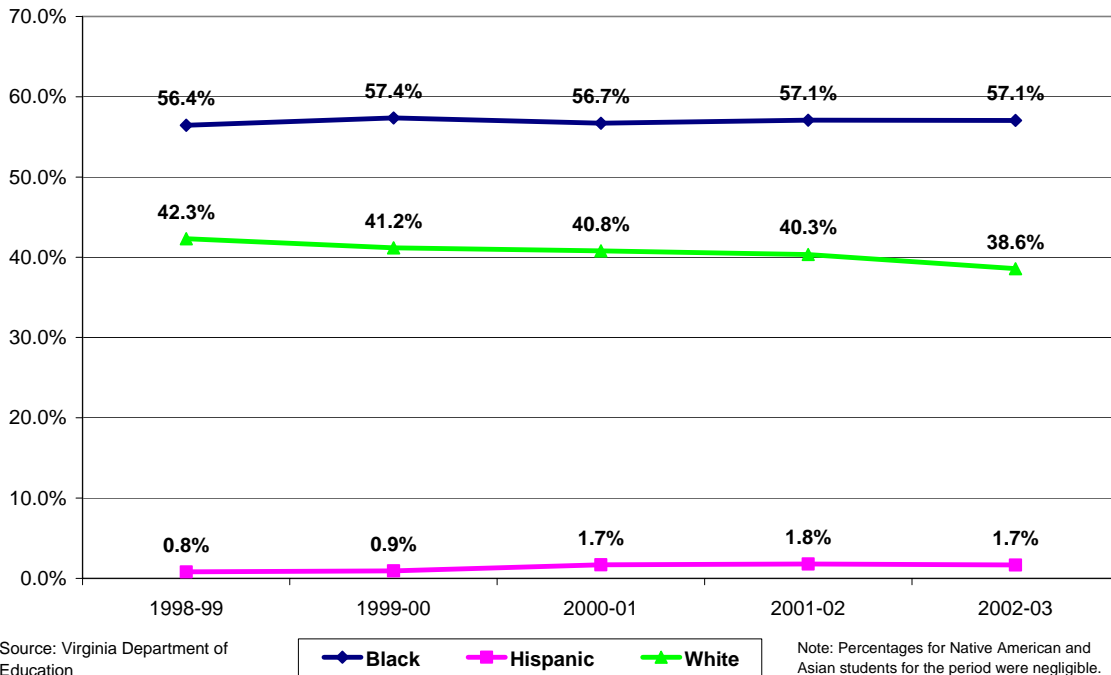
Source: Virginia Department of Education

*Total Fall Headcount

While Virginia schools grew at a healthy 9 percent clip from 1995 to 2002, Martinsville public schools saw a 5 percent drop in enrollment, and Henry County a 7 percent decrease. In Henry County, the School Board responded to diminishing enrollments by passing a consolidation plan for the County's schools.

Under the consolidation plan that will go into effect for the 2004-05 academic year, five schools will close: Fieldale, Figsboro, Ridgeway and Spencer-Penn elementary schools, and Bassett Middle School. Also, the four existing County high schools will be reduced to two – Bassett and Magna Vista. Fieldale-Collinsville and Laurel Park high schools will become middle schools.⁸ Consolidation is a continuing point of controversy in Henry County, with parents angry at their children’s potentially longer morning school commutes, and increased class sizes.

Student Race and Ethnicity Percentages, Martinsville Public Schools, 1998-99 to 2002-03

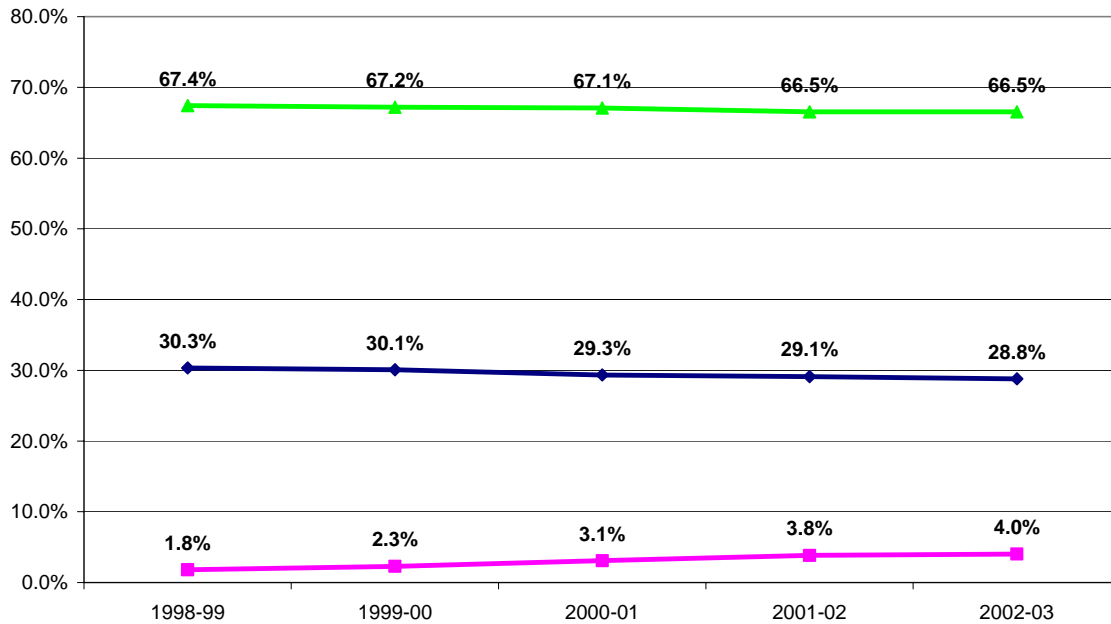


The above table documents the changing demographics in the Martinsville city schools. Over the past five years, the percentage of black students has remained fairly stable, but white students are leaving the system in greater numbers. White enrollment percentages decreased nearly 5 percent over the period, while the number of Hispanics in the system increased nearly a full percentage point.

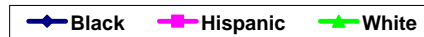
The following graph depicts the enrollment dynamics of the Henry County public schools over the same period. Henry schools remain predominantly white, with these students comprising over two-thirds of County school enrollment. The percentage of black students decreased over the period, from 30.3 to 28.8 percent, while Hispanic student percentages experienced a dramatic rise, from 1.8 to 4.0 percent, mirroring the Hispanic population gains in the County itself.

⁸ Source: *Martinsville Bulletin*, 10/27/03.

Student Race and Ethnicity Percentages, Henry County Public Schools, 1998-99 to 2002-03



Source: Virginia Department of Education



Note: Percentages for Native American and Asian students for the period were negligible.

Educators, parents and other focus group participants commented on the new challenges caused by rising Hispanic public school enrollments, and the need to provide these students basic English-comprehension skills. The following table contains even more compelling data as to the demographic changes occurring in the Martinsville and Henry County public schools. The two communities far outpaced the Commonwealth in the increase of Limited English Proficient students receiving services.

Number of Limited English Proficient (LEP) Students Receiving Services, Martinsville city, Henry County, Virginia: 1992 to 2002

Area	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Period Change
Martinsville city	1	5	4	5	5	8	11	28	44	n/a	73	7200.0%
Henry County	32	28	44	41	59	73	116	148	192	340	278	768.8%
Virginia	16,624	17,594	19,452	22,716	23,128	24,536	26,525	31,787	36,799	43,535	49,840	199.8%

Source: Virginia Department of Education

As the following chart attests, the city of Martinsville spends more per pupil than Henry County, all the benchmarked communities, and even the Commonwealth of Virginia. Known at the state level as a very aggressive pursuer of grant money, the Martinsville City School System often succeeds in receiving financial assistance from state and federal sources to improve local schools.

Henry County trails Virginia, and the Virginia-benchmarked communities in per-pupil expenditures, but spends more per child than both Carroll and Maury Counties.

Per Pupil Expenditures, Martinsville Public Schools, Henry County Public Schools, Benchmarks, Virginia: 2002

Place	Average daily attendance	Total operating expenditures	Expenditure per pupil
Martinsville city	2,663	\$21,070,579	\$7,912
Henry County	8,557	\$59,600,865	\$6,965
Danville city	7,447	\$54,585,008	\$7,330
Pittsylvania County	8,967	\$63,326,572	\$7,062
Carroll County	12,244	\$75,953,305	\$6,203
Maury County	10,488	\$67,573,067	\$6,443
Virginia	1,147,239	\$8,989,484,453	\$7,836

Source: Virginia Department of Education, Georgia Department of Education, Tennessee Department of Education

One relatively new standard for school performance is the federal *No Child Left Behind* legislation, which establishes benchmarks for schools to reach or else risk punitive action. Schools that do not achieve a set level of Adequate Yearly Progress (AYP) are labeled “Needs Improvement” schools and placed on a watch list for special assistance programs. If a school does not reach AYP after four years, it may be taken over by the state.

According to a recent article in the *Martinsville Bulletin*, for the 2002-03 school year, “None of the six Martinsville school made Adequate Yearly Progress, while 15 of Henry County's 20 schools did... Area testing officials said they could not say why schools did or did not make AYP, since the data would need more study before specific reasons could be identified.”⁹ While many top performing schools in other parts of the country did not achieve AYP for such arcane reasons as ill children not being in school on testing day, not achieving AYP is nevertheless a red flag for Martinsville and Henry County schools, especially in Martinsville’s case, as none of the city’s schools achieved this rating.

However, out of 33 schools in Martinsville and Henry and Patrick counties, 27 earned full accreditation under Virginia's Standards of Learning (SOL) for 2003-04, according to information released November 10, 2003. A school earns full accreditation when at least 70 percent of students pass tests in the four core subject areas: English, math, history and science. In Martinsville, where five of six schools achieved full accreditation after none had received the rating last year, school officials credited the impact of new grant-funded programs for the remarkable turnaround.

⁹ Tracey, Les. “Schools split in review.” *Martinsville Bulletin*, accessed from <http://www.martinsvillebulletin.com> on 9/12/03.

Despite local schools' commendable performance on Virginia testing standards, certain focus group respondents complained that local schools were so geared to training their students to pass the Commonwealth's SOL tests that they neglected to teach basic language, math and science skills. It is also worthy of further analysis that 83.3 percent of Martinsville schools passed Virginia's performance standards, but none achieved the Adequate Yearly Progress required by the federal No Child Left Behind legislation.

Virginia's accreditation system is as follows¹⁰:

- **Fully Accredited**

A school is fully accredited if students achieve pass rates of 70 percent or above in all four content subject areas.

- **Provisionally Accredited/Meets State Standards**

A school receives this rating if students achieve a pass rate on SOL tests of less than 70 percent in one or more subject areas, but meet or exceed certain other achievement benchmarks.

- **Provisionally Accredited/Needs Improvement**

A school receives this rating if pass rates in one or more subject areas are below certain predetermined benchmarks (unless the school is Accredited with Warning).

- **Accredited with Warning**

A school receives this rating if pass rates are 20 or more points below benchmarks in one or more subject area. Schools that are Accredited with Warning undergo academic reviews and are required to adopt and implement school improvement plans. Schools that are Accredited with Warning in English and/or mathematics are also required to adopt instructional programs determined to be effective in raising achievement in these subjects.

The following table lists all Henry County and Martinsville public schools, their test performance data and accreditation ratings.

¹⁰ Source: Virginia Department of Education

**Accreditation Data, Martinsville Public Schools, Henry County
Public Schools: 2002-03**

System	School Name	English	Math	History	Science	Accreditation Status 2002-
Henry County Public Schools	BASSETT HIGH	76	62	71	66	Provisionally Accredited/ Needs Improvement
	MAGNA VISTA HIGH	84	65	71	80	Provisionally Accredited/ Meets State Standards
	SANVILLE ELEM.	80	84	n/a	93	Fully Accredited
	FIELDALE ELEM.	89	93	n/a	100	Fully Accredited
	AXTON MIDDLE	86	100	n/a	86	Fully Accredited
	SPENCER PENN ELEM.	83	92	n/a	82	Fully Accredited
	RIDGEWAY ELEM.	74	77	n/a	85	Fully Accredited
	CAMPBELL COURT ELEM.	64	55	n/a	71	Provisionally Accredited/ Needs Improvement
	BASSETT MIDDLE SCHOOL	84	100	n/a	94	Fully Accredited
	IRISBURG ELEM.	78	89	n/a	86	Fully Accredited
	CARVER MIDDLE SCHOOL	77	88	n/a	90	Fully Accredited
	JOHN REDD SMITH ELEM.	87	78	n/a	84	Fully Accredited
	COLLINSVILLE PRIMARY	87	78	n/a	84	Fully Accredited
	DREWRY MASON MIDDLE	77	86	n/a	85	Fully Accredited
	FIELDALE COLLINSVILLE HIGH	89	74	79	86	Fully Accredited
	FIGSBORO ELEM.	88	83	n/a	86	Fully Accredited
	RICH ACRES ELEM.	73	81	n/a	73	Fully Accredited
	MT. OLIVET ELEM.	64	58	n/a	64	Provisionally Accredited/ Needs Improvement
	STANLEYTOWN ELEM.	80	84	n/a	81	Fully Accredited
	LAUREL PARK HIGH	78	78	74	70	Fully Accredited
CENTER FOR COMMUNITY LRNG. (CLOSED 2002)	82	50	25	59	Accredited with Warning in: History	
Martinsville City Public Schools	MARTINSVILLE MIDDLE SCHOOL	64	58	56	73	Provisionally Accredited/ Needs Improvement
	ALBERT HARRIS INTERMEDIATE	64	56	50	54	Provisionally Accredited/ Needs Improvement
	PATRICK HENRY ELEM.	64	56	50	54	Provisionally Accredited/ Needs Improvement
	CLEARVIEW ELEM.	64	56	50	54	Provisionally Accredited/ Needs Improvement
	DRUID HILLS ELEM.	64	56	50	54	Provisionally Accredited/ Needs Improvement
	MARTINSVILLE HIGH	74	73	66	70	Provisionally Accredited/ Meets State Standards

Source: Virginia Department of Education

Based on these data, the performance of Martinsville public schools is very poor for all four subject areas, but most acutely for Math, History and Science. For many of the fastest growing U.S. occupations in the coming years, proficiency in these subjects will be essential for securing quality, high-paying employment.

The situation in Henry County is less dire, but the County's higher dropout rates and lower educational attainment mean that there is still a great amount of work to do to ensure that local students are effectively prepared to enter the workforce.

As the following table attests, pupil-teacher ratios in Martinsville and Henry County are very low compared to their Virginia benchmarks, and the Commonwealth itself. Martinsville city schools feature the smallest class sizes among all the areas, but are partially the result of the city's high number of federal Title I schools, where pupil-teacher ratio caps are in effect.

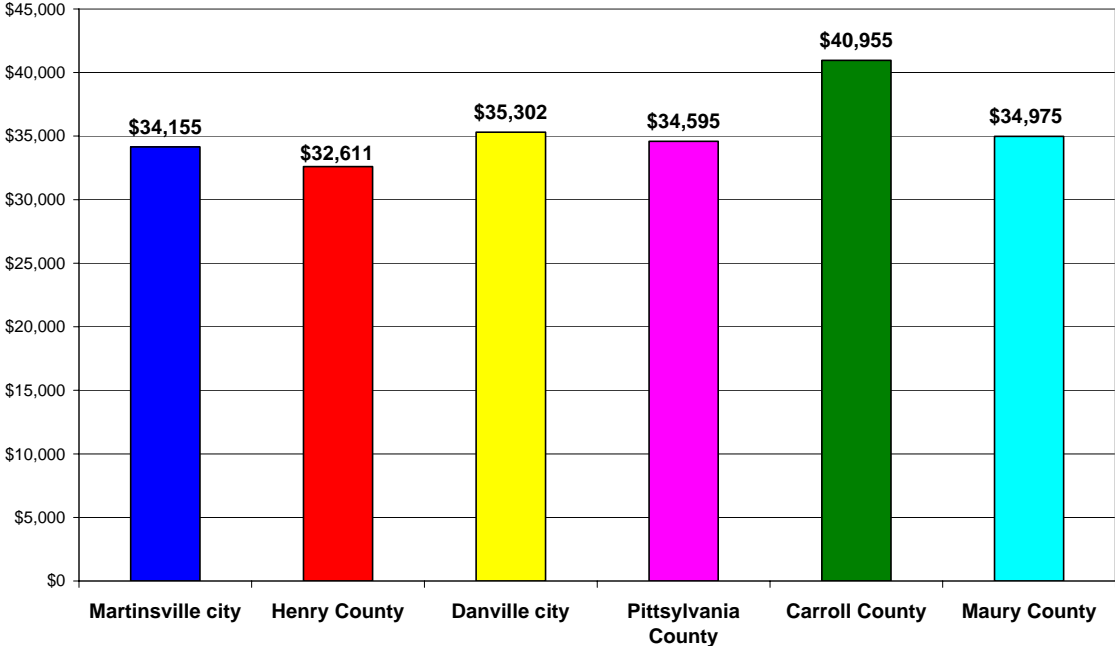
**Pupil / Teacher Ratio, Martinsville, Henry County, Virginia
Benchmarks, Virginia: 2001-02**

<i>Location</i>	Elementary (K-7)			Secondary (8-12)		
	<i>Teaching positions</i>	<i>Total student population</i>	<i>Pupil / teacher ratio</i>	<i>Teaching positions</i>	<i>Total student population</i>	<i>Pupil / teacher ratio</i>
Martinsville	159	1,527	9.6	102	985	9.6
Henry Co.	415	5,319	12.8	331	3,131	9.5
Danville	378	4,650	12.3	252	2,664	10.6
Pittsylvania Co.	463	5,475	11.8	268	3,364	12.6
Virginia	53,749	721,422	13.4	36,505	411,898	11.3

Source: Virginia Department of Education

Average teacher salaries are also an important indicator of a community's ability to adequately compensate its educators, and contribute to teacher retention and tenure as well. The following chart shows the average salaries paid to K-12 public school teachers in Martinsville, Henry County and its benchmarked communities.

**Average Teacher Salaries, Martinsville city, Henry County,
Benchmarks: 2000**



Source: Virginia Dept. of Education, Georgia Dept. of Education, Tennessee Dept of Education

With an annual teacher salary of nearly \$41,000, Carroll County is the only profiled community to pay at or near the national average. Martinsville and Henry County salaries trail all their competitors, an unwelcome sign for teacher-retention efforts in the area. While Martinsville’s salaries are competitive, Henry County teachers earn nearly \$2,000 less than all their benchmarked colleagues.

The following table presents compelling evidence of changing post-secondary educational dynamics in Martinsville and Henry County in the face of diminishing prospects for local employment.

**Percentage of Combined Term High School Graduates by Plan, Martinsville,
Henry County, Virginia, 1997-98 to 2001-02**

Division	Plan type	YEAR					Change 1997-98 to 2001-02
		1997-98	1998-99	1999-00	2000-01	2001-02	
Martinsville city	Two-year college	36.0%	25.4%	28.9%	22.6%	16.9%	-44.9%
	Four-year college	30.1%	44.2%	42.8%	39.5%	41.3%	61.0%
	No plans	30.9%	23.9%	22.3%	28.2%	33.1%	26.2%
	Other Plans	2.9%	6.5%	6.0%	9.7%	8.8%	250.0%
	Total graduates	136	138	166	124	160	17.6%
Henry Co.	Two-year college	42.7%	40.4%	42.9%	39.4%	41.3%	10.2%
	Four-year college	22.4%	27.0%	27.8%	25.6%	28.1%	42.6%
	No plans	27.8%	26.1%	21.0%	29.3%	24.2%	-0.7%
	Other Plans	7.1%	6.5%	8.3%	5.7%	6.4%	2.9%
	Total graduates	482	540	504	566	549	13.9%
Virginia	Two-year college	24.4%	25.3%	24.7%	25.1%	25.2%	11.6%
	Four-year college	47.6%	47.7%	47.7%	48.0%	48.1%	9.1%
	No plans	19.7%	18.6%	19.7%	19.1%	18.5%	1.6%
	Other Plans	8.3%	8.3%	7.9%	7.8%	8.3%	7.5%
	Total graduates	64,085	65,345	67,458	68,593	69,272	8.1%

Source: Virginia Department of Education

While the percentage of high school graduates in Martinsville attending four-year colleges increased 61.0 percent from 1997 to 2002, 44.9 percent fewer students enrolled in two-year colleges during the period. Coupled with a remarkable 250.0 percent increase in students with “other plans” after graduation, it is evident that a sub-group of students in Martinsville is choosing a non-academic path immediately after high school.

This trend is less noticeable in Henry County, which saw a 42.6 percent rise in graduates attending four-year colleges, but did not experience the same falloff in two-year institution enrollment, or increase in the percentage of high school graduates with “other plans.”

Additional Local Primary and Secondary Educational Resources

Many focus group participants noted that a local strength for Martinsville and Henry County is the presence of additional educational options outside of the public school system. Specifically, the private **Carlisle School** in Martinsville was cited numerous times as a tremendous local resource, and, often, the sole reason that the respondent chose to remain in the community.

Carlisle was founded in 1968 by wealthy area business leaders and professionals seeking an institution that offered a rigorous college-preparatory program and a more intellectually stimulating educational environment than was found in the local public schools. From a student population of 81 in 1968, the school has grown to over 400

students currently enrolled in pre-K through grade 12. As the number and influence of Martinsville's elite has dwindled in the past few years, many Carlisle parents fear for the future viability of the school. Many said that if Carlisle were not able to continue at its current level of excellence, the entire community would suffer.

Another secondary school option in the area is the public, state-funded **Piedmont Governor's School for Mathematics, Science, and Technology**. Debuting for the 2002-2003 school year, the Piedmont Governor's School enrolls a minimum of 140 11th and 12th-grade students who are academically gifted, highly motivated, and high achieving. Partnerships with Patrick Henry Community College in Martinsville and Danville Community College in Danville allow the Governor's School to have two sites, and to serve students from high schools in Henry County, Martinsville City, Patrick County, Danville City and Pittsylvania County. The community colleges provide classrooms, science labs, computer labs, and office space. Students spend half the school day at the Governor's School, and half at their home schools.¹¹

There are also innovative programs available through Martinsville's public schools. Among these are:

- *NASA Aerospace Education Lab*: This high-tech lab uses wind tunnels, a space shuttle flight simulator, and live connections to NASA personnel to augment math and science curricula and stimulate students' interest in science and engineering careers.
- *International Baccalaureate*: Global standards make this program quite rigorous academically. The international curriculum and reputation of the program are said to be local economic development assets.

Post-Secondary Education

Without a four-year college or university in Martinsville or Henry County, the two-year **Patrick Henry Community College** (PHCC) serves as the area's sole resource for higher-educational training. Faced with the growing challenge of retraining a workforce of thousands let go from area manufacturing companies, PHCC was said to be up to the challenge by many focus group respondents. In fact, numerous respondents said that PHCC was by far the best community college in the Commonwealth. Needless to say, PHCC is a valuable local resource, and a linchpin in the area's efforts to refocus its workforce towards New Economy occupations.

The following table contains a list of the college's Associate degree programs.

¹¹ Source: <http://fpwww.ph.vccs.edu/governorsschool/generalinfo.htm>, accessed 11/10/03.

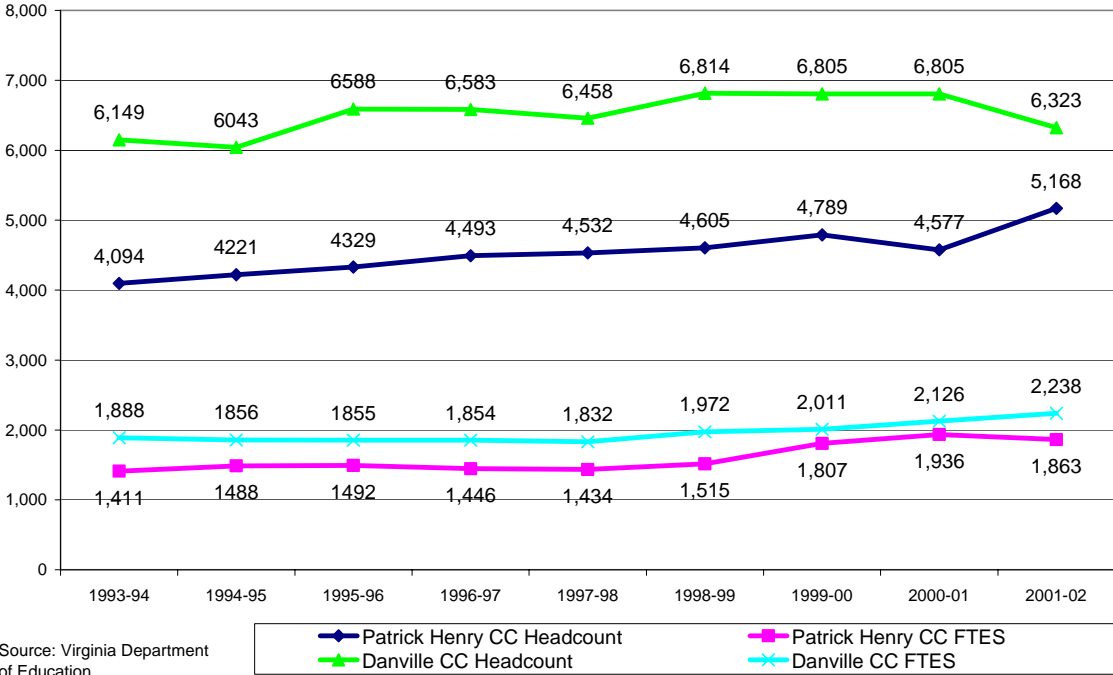
Patrick Henry Community College: 2003 Degree Programs

ASSOCIATE IN APPLIED SCIENCE
Administration of Justice
Business Technology: Accounting Major
Business Technology: Management Major
Business Technology/Administrative Support Technology Major: Medical Office Specialization
Business Technology/Administrative Support Technology Major
Business Technology/Management Major: E-Commerce Management
Business Technology/Management Major: International Business Specialization
Business Technology/Management Major: Motorsports Management
General Engineering Technologies
Health Technology in Nursing
Industrial Electronics Technology
Information Systems Technology: Computer Programming
Information Systems Technology: Database Management
Information Systems Technology: Help Desk
Information Systems Technology: Internet Services
Information Systems Technology: Networking
Information Systems Technology
Technical Studies: Early Childhood Development
Technical Studies: Education Assisting
Technical Studies: Legal Assisting
Technical Studies: Motorsports Technology
Technical Studies: Telecommunications Networking
Technical Studies: Telecommunications Services
ASSOCIATE IN ARTS & SCIENCES
Business Administration
General Studies
General Studies: Performing Arts
General Studies: Teacher Preparation
General Studies: Visual Arts
Science

Source: <http://www.ph.vccs.edu/programs>

As the following chart shows, enrollment in PHCC has increased for both full-time and part-time students. In particular, total headcount has risen notably, especially in the previous three years when unemployment and area layoffs have spiked dramatically in Martinsville and Henry County.

Change in Student Enrollment*, Patrick Henry Community College, Danville Community College: 1993-94 to 2001-02



Source: Virginia Department of Education

*Headcount=Students enrolled part-time, or in professional-training courses.
 FTES=Full Time Equivalent Students, essentially students who attend the college full-time.

At Danville Community College to the east, part-time community college enrollment actually declined after the year 2000. Conversely, Patrick Henry experienced its highest enrollment spike in almost ten years between 2000-01 and 2001-02.

The following table provides further insight into recent trends at PHCC.

**Percentage of Community College Students Receiving Financial
Aid, Patrick Henry CC, Danville CC, Virginia CC System:
1999-00 to 2000-01**

College	1999-2000			
	Total headcount		Full Time Equivalent students	
	Students with aid	Percent with aid	Students with aid	Percent with aid
Patrick Henry CC	1,466	30.60%	939	52.00%
Danville CC	876	12.90%	667	33.20%
VCCS	36,905	16.50%	24059	29.90%
College	2000-2001			
	Total headcount		Full Time Equivalent students	
	Students with aid	Percent with aid	Students with aid	Percent with aid
Patrick Henry CC	1,549	33.80%	1,106	57.10%
Danville CC	895	13.70%	693	32.60%
VCCS	37,757	16.80%	24,577	29.60%
College	Period change			
	Total headcount		Full Time Equivalent students	
	Students with aid	Percent with aid	Students with aid	Percent with aid
Patrick Henry CC	5.7%	10.5%	17.8%	9.8%
Danville CC	2.2%	6.2%	3.9%	-1.8%
VCCS	2.3%	1.8%	2.2%	-1.0%

Source: Virginia Community College System

Both Danville CC and the entire Virginia Community College System feature far fewer students – both full and part-time – taking advantage of aid moneys to finance their educations than PHCC. Meanwhile, over half of full and part-time Patrick Henry students receive some type of financial aid. The percentage of PHCC total headcount and FTE students with aid both increased at around 10 percent from 1999-00 to 2000-01.

**Percentage of Community College Students Enrolled in
Developmental Classes, Patrick Henry CC, Danville CC,
Virginia CC System: 2000 to 2002**

		Fall Semester			Period change
		2000	2001	2002	
Patrick Henry CC	English	2.5%	2.7%	3.2%	30.1%
	Math	8.2%	8.9%	12.2%	48.2%
	Both	4.7%	5.0%	6.9%	47.7%
	None	84.6%	83.4%	77.7%	-8.2%
Danville CC	English	1.9%	1.9%	2.6%	41.4%
	Math	10.7%	13.0%	12.6%	17.5%
	Both	5.0%	6.1%	4.6%	-7.3%
	None	82.5%	78.9%	80.2%	-2.8%
Virginia CC System	English	4.0%	4.2%	4.4%	9.9%
	Math	9.1%	9.4%	9.5%	4.7%
	Both	3.9%	4.1%	3.9%	0.6%
	None	83.0%	82.3%	82.2%	-1.0%

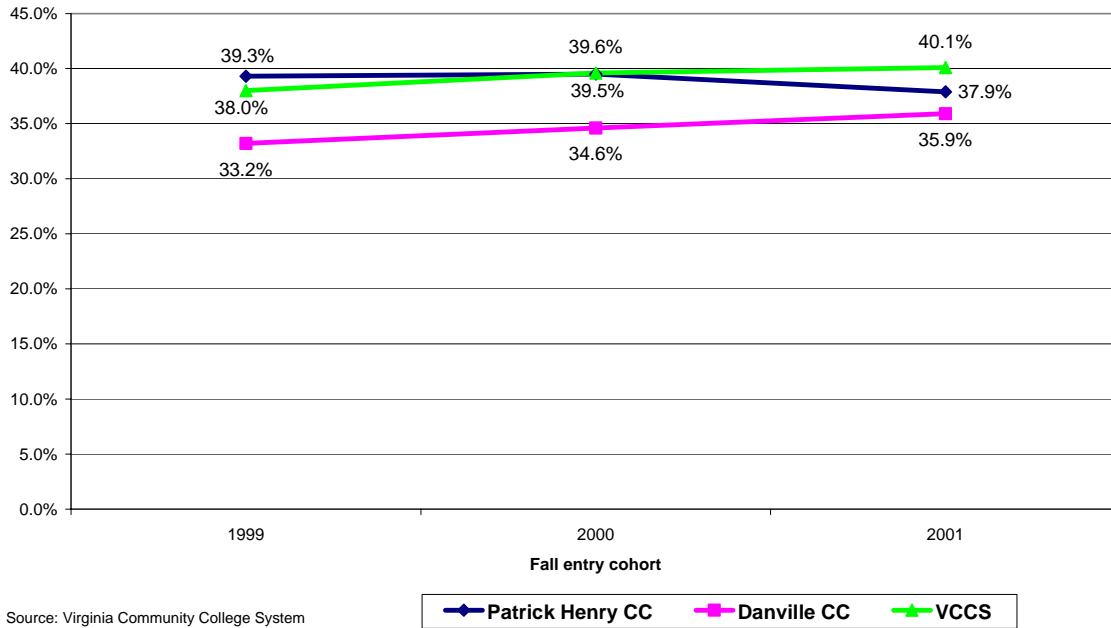
Source: Virginia Community College System

The table above provides additional evidence of a changing student demographic at Patrick Henry. The percentage of Patrick Henry students enrolled in developmental¹² classes from 2000 to 2002 increased across-the-board, far outpacing Danville Community College and the Virginia CC System. It should be noted that, while Danville CC did not experience as dramatic a rise in developmental enrollment, its percentages in these categories are very similar to PHCC.

With more local residents entering two-year colleges, it is instructive to examine their performance once they arrive on campus. Unfortunately, the following chart shows that Patrick Henry Community College students are having an increasingly difficult time remaining in school. Compared to rising rates in both Danville CC and the Virginia community college system, PHCC has seen its student retention percentages fall notably from 1999 to 2001.

¹² The developmental studies program at PHCC helps prepare students for college level courses.

Percentage of Community College Students Returning the Following Year, Patrick Henry CC, Danville CC, Virginia CC System: 1999 to 2001



This dynamic is echoed by the following table.

Graduate Award Data, Patrick Henry Community College: 1991-92 to 2001-02

Year	College transfer awards	Occupational training awards	Diplomas	Certificates	Total awards
1991-92	59	89	17	156	321
1992-93	76	118	14	143	351
1993-94	76	116	13	118	323
1994-95	93	108	11	108	320
1995-96	67	138	13	128	346
1996-97	93	117	15	116	341
1997-98	99	125	12	132	368
1998-99	105	97	11	106	319
1999-00	104	151	21	136	412
2000-01	109	253	9	318	689
2001-02	83	230	8	244	565
Change from 2000-01 to 2001-02	-23.9%	-9.1%	-11.1%	-23.3%	-18.0%

Source: Virginia Community College System

While the number of occupational training awards and certificates has increased steadily from 1991-92 to 2000-01, it is notable that these categories suffered dramatic numerical and percentage declines from 2000-01 to 2001-02. Older workers returning to school later in life have unique needs and face different issues than students matriculating directly after high school. The ability of Martinsville-Henry County to successfully retrain displaced workers will contribute significantly to the competitiveness of its business climate.

Regional Four-Year Institutions

As many focus group respondents noted, Martinsville and Henry County are fortunate to be centrally located to a number of major metropolitan areas, and associated institutions of higher learning. The area's proximity to these small, medium and large-sized colleges and universities is an asset for the community, especially considering that Martinsville-Henry County has no four-year institutions within its borders.

Within 30 Miles

Averett University – Danville, VA

Chartered in 1859, Averett is a private, four-year, comprehensive university with a total enrollment of 2,750 students. The student/faculty ratio is 14/1 and professors teach all courses. The school is affiliated with the Virginia Baptist General Association.

Ferrum College – Ferrum, VA

Founded in 1913, Ferrum College is a four-year liberal arts college affiliated with the United Methodist Church. Ferrum offers 33 areas of study for its 1,000 students, 80 percent of who live on the school's 700-acre campus.

Within 60 Miles

Radford University – Radford, VA

Radford is a coeducational, comprehensive public university founded in 1913. There are 112 undergraduate program options and 45 programs of study at the Master's and specialist levels. Fall semester 2001 enrollment was approximately 9,100 students in on- and off-campus programs.

Hollins University – Roanoke, VA

Founded in 1842, Hollins is a liberal arts college for women with 800 undergraduates. The student/faculty ratio is 9 to 1, while 82 percent of classes have fewer than 20 students.

Roanoke College – Salem, VA

Roanoke, a coeducational, four-year liberal arts affiliated with the Evangelical Lutheran Church in America, was founded in 1842, making it the second oldest Lutheran-related college in America. The student body is comprised of 1,899 students who come from 38 states and 25 countries

Virginia Polytechnic Institute and State University (Virginia Tech) – Blacksburg, VA

Famous for its football program, Virginia Tech is also a very well regarded research institution. With 60 Bachelor's degree programs, 110 Master's and doctoral degree programs and over 25,000 students, Virginia Tech is the largest university in the Commonwealth. Tech was founded in 1872, and its main campus now stretches more than 2,600 acres.

There are two affiliated campuses in the region:

- Virginia Tech Roanoke Center.
- Virginia Tech Southwest Center in Abingdon, Virginia.

University of North Carolina at Greensboro – Greensboro, NC

The university was established in 1891 and became coeducational in 1963. The 200-acre campus offers over 100 undergraduate, 59 masters, and 14 doctoral programs. Fall 2002 total enrollment was 13,918, including 10,751 undergraduates and 3,167 graduate students.

Workforce Development Resources

Often, a local workforce is only as effective as the training and job-placement resources present in the area. Especially in transitioning communities like Martinsville and Henry County, the institutions and programs available to displaced workers are key to their eventual reentry into the labor force. Focus group respondents generally praised the availability and efficacy of local workforce training resources but noted that, without a steady supply of jobs to train for, workforce programs will have a minimal effect on area unemployment, underemployment and local wealth creation.

Workforce Investment Act

In addition to primary, secondary and higher education institutions, there are a number of programs and initiatives that complement and supplement the local workforce development system. At the federal level, the Workforce Investment Act of 1998 (WIA) replaced the Job Training Partnership Act as the primary delivery mechanism for federal job training incentives. Locally and at the state level, a number of additional programs have been implemented to support the goal of developing a well-trained and highly skilled workforce.

With the passage of the WIA, states were given the flexibility to tailor workforce services to fit the needs of local employers and job seekers. In the Commonwealth, the Virginia Employment Commission (VEC) coordinates the WIA program through 17 local Workforce Investment Areas. Martinsville and Henry County are in Region 17, the *West Piedmont Workforce Investment Area*, which also includes Patrick and Pittsylvania Counties, and the city of Danville.

One of the WIA's main objectives was to encourage the development of "one-stop" workforce centers. To implement the WIA, the Commission established the Virginia Workforce Network (VWN), its "brand name" for the Commonwealth's system of one-stop career centers known as Virginia Workforce Centers, and other activities related to the Workforce Investment Act. Components of VWN include:

- *Virginia Workforce Centers*: One-stop access to workforce, employment and training services of various programs and partner organizations.
- *CareerConnect*: An online customer service network designed to assist workers, students, individuals seeking employment, and employers through the provision of educational, employment, and career-related information.
- *Local Workforce Investment Boards*: Responsible for establishment and continued operation of Virginia Workforce Centers. The Boards strive to ensure that workforce training and employment initiatives meet the economic development and business needs of each local area.

In Martinsville-Henry County, the local One-Stop Center is located at Patrick Henry Community College. The center offers different levels of service, including: Core Services, Intensive Services, Training Services and Employer Services. Among the Center's programs and services are: Individual Training Accounts (ITAs) and vouchers; case manager support services; general and specific skills training; on-the-job training; a full suite of job-placement assistance; and many other programs.

Martinsville-Henry County is represented by the *West Piedmont Workforce Investment Board (WPWIB)*. The Board provides leadership and direction on workforce issues, identifying local needs and developing strategies to address them, including providing funding from WIA monies. A majority (51%) of board members come from the private sector, while the Board's 49 percent public sector membership includes representatives from education, economic development, organized labor, community-based organizations (CBOs), and One-Stop required partners.

Patrick Henry Community College

As was noted, PHCC is the keystone of Martinsville-Henry County's workforce development infrastructure. In addition to hosting the local One-Stop workforce center and the Piedmont Governor's School for gifted local secondary school children, the College also has a host of career-related certificate programs. PHCC also houses a Distance Learning program for Old Dominion University called TELETECHNET that offers 16 Bachelor's and six Master's degrees, as well as a professional certificate.

The full array of PHCC's certificate programs is listed in the following table:

Patrick Henry Community College: 2003 Certificate Programs

CAREER STUDIES CERTIFICATES
Allied Health Preparation
Architectural Drafting
Art Studies
Automotive Technology
Building Trades Technology
Customer Service Technician
Early Childhood Instruction
E-Commerce Management
Furniture Industry Drafting
Graphic Communications
Heating, Ventilation, Air Conditioning & Refrigeration
Industrial Controls
Industrial Maintenance Electronics
International Business
Management Assistant
Medical Transcription
Microcomputer Applications Technology
Motorsports Engines Technology
Motorsports Fabrication and Set Up Technology
Motorsports Management
Nurse Aide Training
Office Assisting
Pharmacy Technician
Plumbing
Quality Leadership
Residential/Commercial/Industrial Electrician
School-Age Child Care
Small Business Management
Supervision
Technical Drafting
Theatre Arts
Therapeutic Massage
Welding
Wellness
Workforce Competitiveness
CERTIFICATES
Bookkeeping
Clerical Studies
Computer Aided Drafting & Design
Early Childhood Education
Furniture Production
General Business
Graphic Art & Web Page Technology
Heating, Ventilation, Air Conditioning & Refrigeration
Industrial Welding

Source: <http://www.ph.vccs.edu/programs>

Professional and Trade Schools

In addition to training offered at the Patrick Henry Community College One-Stop workforce center, a number of local institutions teach workforce-related skills, either independently, or as outsourced affiliates of the One-Stop Center. These include:

- *Allens Beauty School - Martinsville*
 - Cosmetology
- *Computer Learning Center - Bassett*
 - Business Applications
 - Computer Programming
 - Computer Tech
 - Desktop Publishing
 - MOUS Certification
- *DDC Applied Technology and Wireless Technical Institute - Martinsville*
 - Computer Technology
- *Henry County Public Schools - Center for Community Learning - Martinsville*
 - Adult Education
- *Miracle University - Martinsville*
 - Cosmetology
- *National College of Business and Technology - Martinsville*
 - Accounting
 - Administrative Office Specialist
 - Business Management
 - Computerized Office Applications
 - Medical Billing and Coding
 - Pharmacy Technician
- *Ultimate Performance School - Martinsville*
 - Cosmetology

Survey Results

Roughly 1 in 3 respondents, or 33.1 percent, believe that the quality of the workforce in Martinsville-Henry County is Below Average or Poor. The availability of the workforce was considered Average to Good. In fact, 77.3 percent classified the availability as Average or higher.

The elementary and secondary schools were well received with the majority classifying them as Good or Average. It is very promising that there is a lot of apparent support for Patrick Henry Community College, with 72.3 percent classifying the quality of community and technical colleges as Excellent or Good. Based on the percentage total of Excellent and Good references, the community college category was the highest ranking in the survey. The four-year university ranking was not nearly as strong with 25.9 classifying it as Excellent or Good. This is likely due to the fact that there is not a four-

year university in the immediate Martinsville-Henry County area. (Averett University in Danville and Ferrum College in Ferrum, as previously referenced, are the closest four-year institutions.)

Finally, the availability of job training and continuing education programs was well regarded with 86.8 percent classifying them as Average or higher; 22.5 percent consider them Excellent.

Education, Workforce, and Skills

	Excellent	Good	Average	Below average	Poor	Don't know
Quality of the workforce	5.4%	26.2%	35.4%	28.5%	4.6%	0.0%
Availability of the workforce	18.8%	33.6%	25.0%	14.8%	7.0%	0.8%
Quality of elementary and secondary schools	5.4%	37.2%	34.9%	16.3%	3.1%	3.1%
Quality of four-year universities	2.8%	23.1%	11.1%	10.2%	16.7%	36.1%
Quality of community colleges, technical colleges	28.5%	43.8%	19.2%	4.6%	0.8%	3.1%
Availability of job training/continuing education	22.5%	33.3%	31.0%	8.5%	3.1%	1.6%

Key Findings

There was an overall feeling among focus group participants and interviewees surveyed by *Market Street* that, while the labor force in Martinsville-Henry County is largely hardworking and has good character, its quality and commitment are deteriorating. Employees do not express the same type of loyalty and work ethic that their predecessors did, and many recently displaced workers were said to be prolonging receipt of government-assistance and retraining monies rather than returning to the local workforce.

Numerous employers and managers expressed frustration at the difficulty of hiring workers for certain entry-level and low-paying positions, and many noted that a large number of potential workers (some said upwards of 10 percent) are not able to pass the mandatory drug tests required of potential hires.

In addition, a considerable number of employers commented on the sub-par basic skill sets of Martinsville-Henry County's workforce, with many new employees lacking the ability to effectively read and write upon commencement of their jobs. Even recent graduates of local high schools were said to be lacking elementary skills in language, science and mathematics. Various company officials also spoke of difficulties finding employees with more technical or specialized skills for certain positions.

For the most part, both data and focus group participants corroborated the competitive quality of Martinsville-Henry County K-12 public schools. Although some parents noted that the effectiveness of local education had declined, on the whole, the community's

public schools continue to be predominantly supportive resources for area workforce development. However, performance by local students on national and Commonwealth standardized tests indicate that, while dropout rates in Martinsville-Henry County schools are remarkably low, the students at these schools are having difficulty acquiring basic reading, writing, mathematics and science skills. Many respondents noted that the lack of emphasis on education in the home, while a cultural and generational issue, is nevertheless a detriment to overall school quality and student performance. On a positive note, the Carlisle School in Martinsville, and the Governor's School at PHCC – as well as PHCC itself – were said to be true local strengths.

PHCC also contributes to Martinsville-Henry County's competitive workforce development infrastructure. Programs at the community college have managed to keep pace with the tremendous influx of new students taking advantage of federal retraining monies, although certain of these students appear to be having a difficult time staying in school to graduation. Many focus group participants also noted that, with no quality local jobs for these students to fill after graduation, retraining efforts are hampered. The community's Workforce Investment Act resources are generally strong, and local public secondary schools have at least partially initiated efforts to involve the private sector in education and workforce development, although there is much work to be done in this area.

Overall, while the availability of Martinsville-Henry County's workforce is still high and low-cost due to double-digit local unemployment, potential workers are increasingly dropping out of the labor force, and also aging relative to Commonwealth and national averages. All of the communities benchmarked against Martinsville-Henry County for this report are doing more commendable jobs developing their workforces for future success, although Danville-Pittsylvania County's numbers indicate that the area is having similar difficulties as Martinsville-Henry County adjusting to the nation's shift from a manufacturing to an information-and-services-based economy.

Infrastructure



INFRASTRUCTURE

Overview

In today's economy, infrastructure includes the physical resources that allow a community and its businesses to grow and prosper, and also the way those resources are organized, operated and maintained. Infrastructure describes everything from transportation (city and county roads, state highways, federal interstates, public transportation, railways and air transportation) to utilities (water, sewer, energy, and telecommunications, including high technology infrastructure) to housing and social services. Importantly, the notion of infrastructure also includes a locality's capacity to start and develop small businesses, and its support of local entrepreneurs.

Infrastructure is acutely important to less populated cities and counties because of the inherent difficulty in providing these systems uniformly across both urbanized and rural areas. The comparative costs of providing infrastructure increase dramatically as the density of an area decreases. Offering sufficient infrastructure and related services throughout a rural community requires considerable financial resources. Consequently, these expenditures can be an overwhelming part of a local government's budget.

This section will assess and analyze the traditional types of infrastructure necessary for economic development, including (1) transportation; (2) utilities and services; and (3) housing infrastructure and characteristics. It will also discuss the availability and importance of enhanced communications infrastructure such as high-speed Internet access and broadband capabilities. Lastly, this section will address Martinsville-Henry County's small business and entrepreneurial development infrastructure.

Transportation

The full spectrum of focus group participants and interviewees – local residents and commuters, salespersons, small businesspeople, corporate employees, manufacturers and hospitality/tourism professionals – all noted that the local road and highway networks in Martinsville-Henry County were sufficient for their needs. While many noted that interstate access would provide a welcome boost to local economic development, most commented that the existing highway facilities in the area were generally free of congestion and provided efficient means to reach destinations in all four directions of the compass.

Rail was assumed to be sufficient, although many respondents noted that most of their commerce was accomplished through long-haul trucking. Air transportation was a thornier issue, but most residents and businesspeople in the area said that drive times to airports in Greensboro and Roanoke were not prohibitive for business or leisure travel. The Blue Ridge Airport in Henry County was noted by many as a regional strength, with excellent facilities and a longer-than-average runway for a rural airport.

Road Transportation

Although Martinsville-Henry County does not have an interstate highway running through the area, residents are nevertheless served by two major state routes, Highway 58 and U.S. Route 220. As seen partially in the image to the left, Highway 58 is a major east-west route that provides connectivity to the city of Danville and, eventually, the Hampton Roads region to the east, and Interstate-77 in Carroll County to the west.



Route 220 runs north-south and links Martinsville-Henry County with the city of Roanoke and Interstates 81 and 64 to the north, and the Piedmont Triad region of North Carolina to the south. Based on feedback from commuters and frequent travelers in focus groups, both these major state highways are well maintained and efficient, and do not take away from Martinsville-Henry County's competitiveness as a place to do business.

The following table provides data to bear out the perceptions of these respondents.¹³

¹³ The top five most congested Virginia localities, as well as the city of Roanoke, were included in the table for comparison.

**Average Daily Traffic Congestion*, Martinsville, Henry County,
Comparison Localities, Virginia Benchmarks: 2002**

<i>Jurisdiction</i>	<i>Road miles</i>	<i>Avg. daily traffic per road mile (vehicles)</i>	<i>Rank (out of 167 Virginia localities)</i>
Princess Anne County	12.80	122,479	1
Fairfax County	208.17	78,667	2
Norfolk County	73.22	74,240	3
Arlington County	50.40	54,034	4
York County	93.86	52,221	5
Danville city	42.53	15,960	42
Roanoke city	45.89	15,698	43
Martinsville city	11.64	11,169	75
Henry County	106.29	10,792	78
Pittsylvania County	181.80	5,936	132

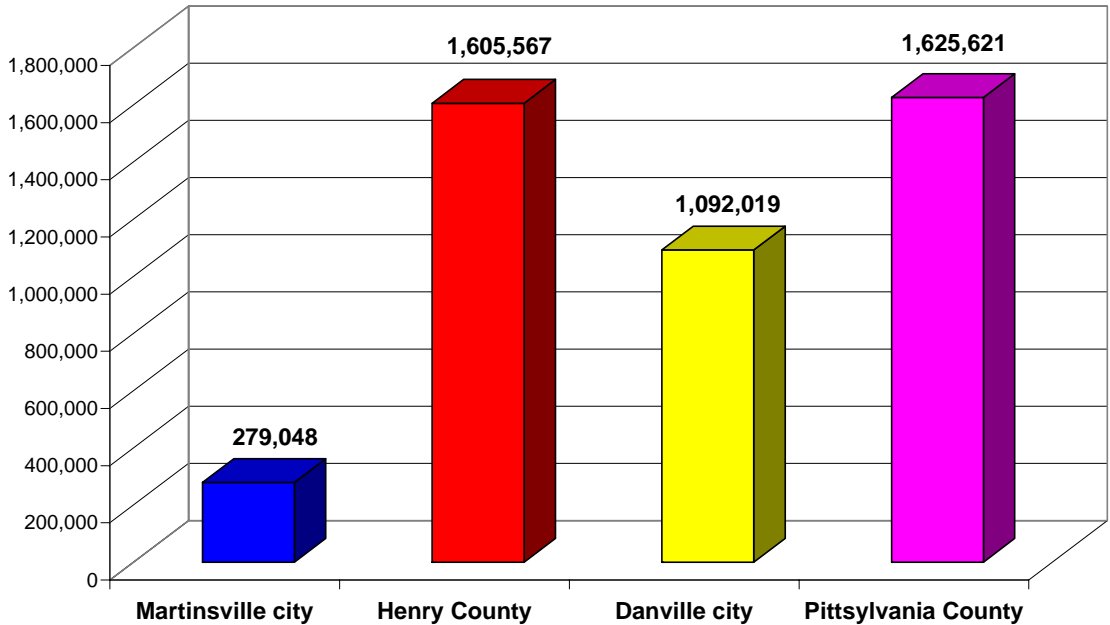
*Road segments maintained by the Commonwealth of Virginia, Virginia local jurisdictions, or the United States.

Source: Virginia Department of Transportation

While the West Piedmont localities do not experience even a tenth of the congestion as the Commonwealth's most traffic-clogged area – Princess Anne County – the city of Danville nevertheless is more congested than even the metropolitan area of Roanoke. Interestingly, Danville's surrounding Pittsylvania County has some of the least trafficked roads in the Commonwealth. From a competitive standpoint, Danville's traffic congestion makes the freer-flowing roads in Martinsville and Henry County very attractive for businesses that need to move goods in and out of their facilities, and also have mobile sales forces. Both Martinsville and Henry County currently have very manageable traffic counts on their roads, and would seem to be competitive in this area.

Even though Henry and Pittsylvania Counties do not have the levels of traffic congestion as their component cities or certain Northern Virginia counties, the following chart shows that drivers in these counties travel much longer distances per day.

Daily Vehicle Miles Traveled (VMT), Martinsville, Henry County, Virginia Benchmarks: 2002



Source: Virginia Department of Transportation

Most likely because their predominantly rural residents have to travel long distances for work, both Henry and Pittsylvania have high daily VMT figures compared to their component cities. However, Danville’s significant daily VMT average is notable, especially because its road mileage is so much lower than its county. These data provide further evidence of Danville’s higher traffic congestion relative to the areas benchmarked for this report. The city of Martinsville’s low daily VMT is consistent with its equally negligible average daily traffic congestion.

Based on existing Virginia Department of Transportation (VDOT) transportation plans, Martinsville and Henry County are not in line to receive any major transportation upgrades from the agency in the next six years. While upgrades are being done to Routes 58 and 220, these projects are not in the jurisdictions of Martinsville or Henry County.

As the following table indicates, however, Henry County is scheduled to receive a consistent 10.9 to 11 percent of Salem District secondary-system construction monies up to fiscal year 2008-09.¹⁴

¹⁴ VDOT’s Salem District includes: Bedford, Botetourt, Carroll, Craig, Floyd, Franklin, Giles, Henry, Montgomery, Patrick, Pulaski and Roanoke Counties. Martinsville is not broken out separately.

**Salem District - Secondary System* Construction Improvement
Program Allocations, Henry County: 2003-04 to 2008-09**

	<i>Fiscal Year</i>	<i>Dollars</i>	<i>% of District</i>
Actual	FY 03/04	\$2,801,427	10.9%
Projected	FY 04/05	\$2,347,043	10.9%
	FY 05/06	\$2,376,550	10.9%
	FY 06/07	\$2,359,152	11.0%
	FY 07/08	\$2,393,904	11.0%
	FY 08/09	\$2,441,140	11.0%
	Total	\$14,719,216	10.9%

*In 1932, the General Assembly passed legislation that created the secondary system of state highways to be managed and maintained by VDOT.

Source: Virginia Department of Transportation

Only Bedford, Franklin and Roanoke Counties in the Salem District are projected to receive more construction improvement dollars than in Henry County in the coming five years. If Henry County experiences a spurt of rapid population growth and/or construction in the coming years, the lack of budgeted secondary road improvement increases may prove to be a problem as the County scrambles to upgrade its road infrastructure in response to increased demand.

Interstate-73¹⁵

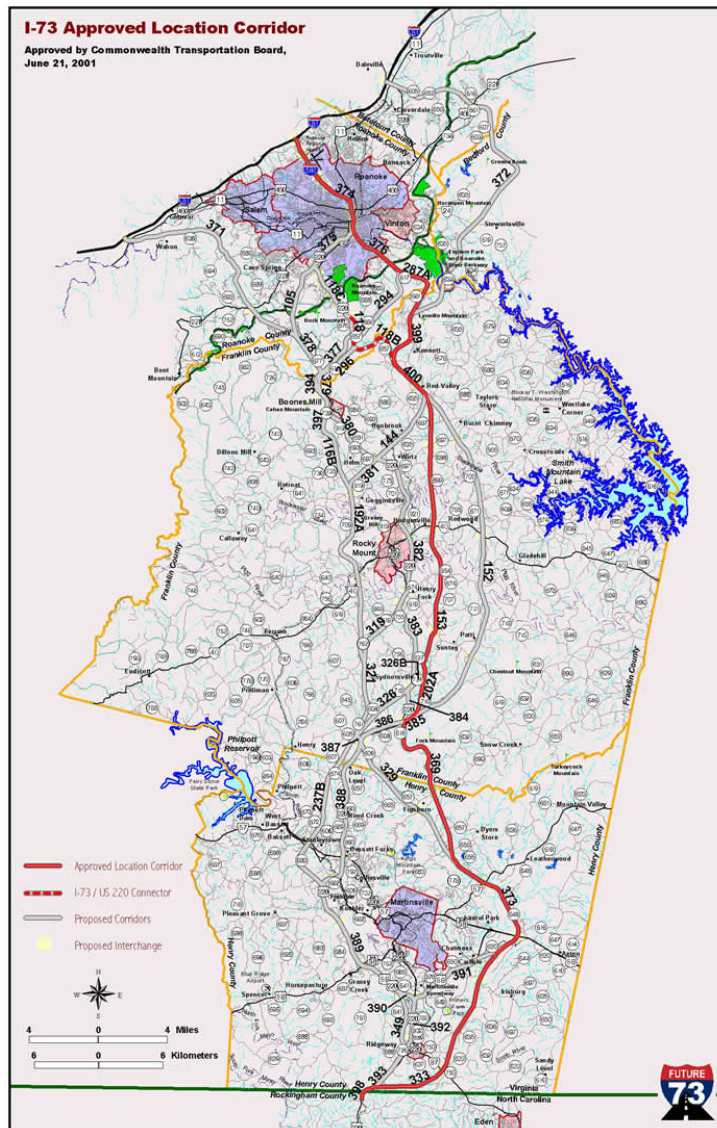
When traveling on state Highway 220 south of Henry County, it is impossible to miss the large green road sign announcing, “Future I-73 Corridor.” However, the legislative momentum and funding allocations necessary to turn this sign into reality are daunting.

According to VDOT, the U.S. Congress designated I-73 a National Priority Corridor as part of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. Priority Corridors are intended to link the nation’s regions and support economic growth. Congress responded to identified needs to improve goods movements between the port of Charleston, South Carolina and Sault Ste. Marie, Michigan. I-73 would begin north of Detroit, then head south into Ohio, West Virginia, Virginia, North and South Carolina. Sections of Interstate 73 have already opened in certain states, including North Carolina.

On May 17, 2001, the 17 citizen members of the Commonwealth Transportation Board (CTB) selected a preferred corridor for I-73 through Virginia (shown on the following page). The selection came after four years of environmental study and public participation, including four public hearings held in December 2000. A study to

¹⁵ Information for this section was obtained from VDOT’s special I-73 website, *Making the I-73 Study Work*, accessed at <http://www.pbid.net/I73/index.html> on 11/12/03.

determine the location of the short segment of I-73 from I-81 to the West Virginia state line will be conducted at a future date.



Source: Virginia Department of Transportation

Though VDOT will determine the ultimate cost of I-73 after further study, the agency's initial cost estimate is roughly one billion dollars. The federal government funds 90 percent of the cost of interstate highways, and the affected states pay 10 percent.

If the CTB eventually decides to build I-73, construction could potentially start six years from the decision date, and would be accomplished in segments. Construction of the full interstate would take many years to complete.

Currently, VDOT is in the process of completing I-73's Final Environmental Impact Statement (EIS). According to an official in VDOT's Location and Design department, barring any unexpected delays, the Final EIS should be ready for delivery to the Federal Highway Administration (FHA) by spring of 2004.

If the FHA approves the Final EIS, then VDOT can proceed to the next stages of I-73 development. Ultimately, the fate of the roadway is in the hands of Virginia's Commonwealth Transportation Board.

The CTB is not only tasked with approving I-73 and its final alignment, but is also charged with determining funding priorities for the Commonwealth's allotment of federal transportation funds. I-73 will be competing for these funds with every other interstate in Virginia. CTB board members serve rotating four-year terms, but can be removed from their positions at any time at the discretion of the governor.

As of the writing of this report, over two years have passed since the completion of the Draft EIS and the pending presentation of the final report. According to the VDOT official, the delays have been caused by various local interest groups raising new issues to be studied, including passage of the roadway through potentially historic neighborhoods and sites.

It is no secret to proponents of I-73 that opposition to the interstate is fierce in many quarters, and the forces arrayed against the road are using increasingly creative methods to stall implementation of the project. For example, I-73 foes realized that affected Metropolitan Planning Organizations (MPOs) along the I-73 alignment must include plans for the roadway in their annually updated Transportation Improvement Programs. If the MPOs do not budget for I-73, then Virginia is precluded from moving forward with the roadway. So I-73 opponents are fighting the interstate at both the local and state levels. If anti-I-73 forces succeed in compelling VDOT to include alternative roadway alignments in the Final EIS, then the process of implementing the project will be delayed even further.

A number of focus group participants commented on the urgent need for construction of I-73 to improve Martinsville-Henry County's economic development prospects.

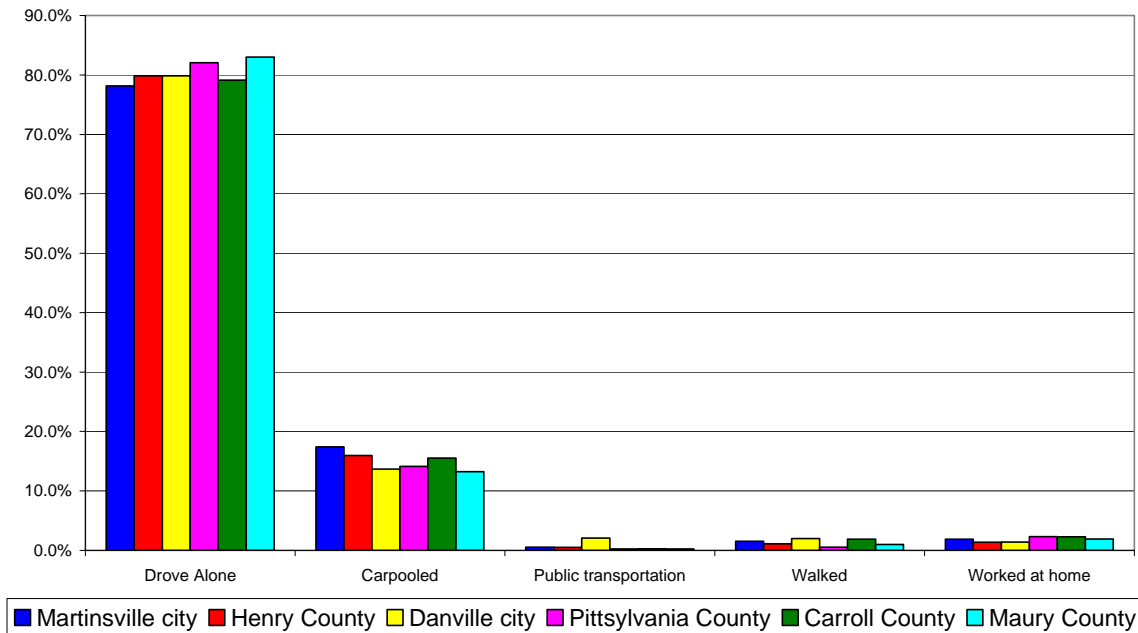
Public Transportation

With no City or County transit service, it is not surprising that public transportation in Martinsville-Henry County is limited. Although many interviewees noted that Martinsville once had a viable bus system, changing demographics in the area have long ago obviated the need for such a service. While availability of public transportation is still important in rural communities for the transit-dependent, Martinsville-Henry County's smaller population, geographical size and widely dispersed residents make comprehensive public transportation in the area cost-prohibitive.

Currently, the only local transit services are shuttles for senior citizens coordinated by the Piedmont Community Services Board and Southern Area Agency on Aging, both in Martinsville. Nearly \$200,000 is budgeted in Virginia's Fiscal Year 2004 Public Transportation Improvement Program for purchase of new vehicles and equipment for these programs.

As the following graph relates, the overwhelming majority of residents in Martinsville-Henry County and its benchmarked competitors commute to work via single-occupant automobile.

**Transportation to Work, Martinsville, Henry County,
Benchmarks: 2000**



Source: U.S. Census Bureau

The only community with even negligible transit ridership to work is the city of Danville, the only locality analyzed in this report with a functional transit system.

Air Transportation

Access to commercial and private airports is increasingly important in today’s 24-hour global economy. When analyzing a site for a client, relocation consultants are keenly aware that business executives want close proximity to a capable small airport to house their corporate aircraft or a larger commercial airport to enable ease of access to other cities and countries for business and personal travel.

Martinsville-Henry County is fortunate to have two commercial airports – Roanoke Regional Airport in Roanoke, and Piedmont Triad International Airport in Greensboro, North Carolina – less than an hour away.

Piedmont Triad International Airport details¹⁶:

- 256,000 square-foot passenger terminal on two levels.
- The main runway is 10,001 feet long.
- The cross-wind runway is 6,380 feet long.
- The airport enplaned over 942,000 scheduled and charter passengers in September 2003, up over 12,500 from the previous year.

¹⁶ Source: Piedmont Triad International Airport, <http://www.ptia.org/>, accessed 11/12/03.

Roanoke Regional Airport details¹⁷:

- Two runways, one 6,800 feet long, and the other 5,810 feet in length.
- 121 aircraft are based on the field.
- The facility averages 276 aircraft operations per day: 37% are commercial; 34% local general aviation; 27% transient general aviation; and 2% military.

In addition to close access to two commercial airports, Martinsville-Henry County also has a fine local airport facility – Blue Ridge Airport – lauded by many focus group participants as one of the best in the West Piedmont region. Indeed, it is likely the ease-of-access, competitive costs, quality facilities and long runway at Blue Ridge that attract the nearly 50 percent of non-local tenants at the airport. As Blue Ridge’s manager, Tommy Grimes, says, “We’re friendlier and cheaper.”

Blue Ridge Airport details¹⁸:

- One 5002x100 foot runway – asphalt/grooved and in good condition.
- 60 aircraft are based on the field – 55 single-engine, 4 multi-engine, and 1 jet.
- The airport averages 62 aircraft operations per day: 66% local general aviation; 31% transient general aviation; 3% air taxi; and less than 1% military.

In the three and a half years since Grimes took over management of Blue Ridge, the facility has gone from 60 percent occupancy to full occupancy, but Grimes says that the airport can always find a way to accommodate more tenants. During Grimes’ tenure, Blue Ridge has experienced a continual renovation, with a recent enhancement bringing the airport up to C2 standards, which means the facility can handle corporate jets like the Gulfstream 5, the largest aircraft in most corporate fleets.

A new \$750,000 to \$1,000,000 corporate hangar facility is also on the drawing board, with construction anticipated to begin in summer 2004. The expansion will be 98-percent funded by federal and state monies. A project to add another 1,000 feet of length to the runway is five to six years down the road, Grimes said. The addition will augment the margin of safety at Blue Ridge.

According to Grimes, Blue Ridge has reached full occupancy largely through word-of-mouth among those in the aviation community. While the area has an effective airport authority, Grimes said Blue Ridge could certainly benefit from more assistance from local economic development organizations.

Currently, Henry County provides “great” annual support, Grimes said, but the city of Martinsville cut off funds to Blue Ridge two years ago for budgetary reasons. Grimes said Martinsville’s contribution to the 2-percent local match needed to leverage the funding secured from the Federal Aviation Administration and Virginia sources is crucial to keeping the federal and Commonwealth authorities on board with Blue Ridge’s 10-

¹⁷ Source: www.airnav.com, a website publishing detailed information from various industry sources about U.S. airports. Information current as of 11/12/03.

¹⁸ Ibid.

year growth plan. All airport facilities need funding from local governments to remain finance capital improvements and remain competitive, Grimes said. While Blue Ridge income currently covers its cost – very rare for a public facility, according to Grimes – the airport’s financial cushion is now “gone” and Blue Ridge is having to borrow money for the first time in Grimes’ tenure to finance expansions. The following list details the air transportation infrastructure for Martinsville-Henry County’s benchmarks:

Danville-Pittsylvania County

- The area has access to *Piedmont Triad International* via four-lane Highway 29. Proximity is roughly equidistant to Martinsville-Henry County’s access.

- *Danville Regional Airport*
 - Two runways, one 6500 feet and the other 4020 feet.
 - Aircraft based on the field: 35.
 - Aircraft operations average 66 per day: 67% transient general aviation; 32% local general aviation; less than 1% military.

Carroll County, Georgia

- The county is roughly 45 minutes to an hour away from Hartsfield-Jackson International in Atlanta, the world’s busiest passenger airport. However, the county does not have direct access to the airport, and residents must take secondary roads to reach the interstates that will take them to Hartsfield. Depending on Metro Atlanta’s notoriously bad traffic, the drive from Carroll County to the airport may take upwards of 1.5 to 2 hours.

- *West Georgia Regional Airport*
 - One 5002-foot runway.
 - Aircraft based on the field: 87.
 - Aircraft operations average 96 per day: 63% transient general aviation; 34% local general aviation; 1% air taxi; 1% military.

Maury County, Tennessee

- Maury is roughly 50 miles southwest of Nashville International Airport, with Interstate-65 providing a direct link to metropolitan Nashville.

- *Maury County Airport*
 - Two runways, one 6003 feet and the other 2000 feet long.
 - Aircraft based on the field: 28.
 - Aircraft operations average 69 per day: 40% transient general aviation; 37% local general aviation; 20% air taxi; 4% military.

Martinsville-Henry County’s accessibility to a major commercial airport is roughly equivalent to its benchmarks, with the one drawback being that Highway 68 is primarily two-lanes as it approaches Piedmont Triad. Blue Ridge Airport also compares very favorably to regional airports serving the other communities profiled in this report.

Rail Transportation

Availability of rail infrastructure for goods shipment and receipt was not cited as a business impediment by local company officials surveyed by *Market Street* in focus groups and interviews. The officials noted that virtually all of the shipping done by their companies is accomplished by truck. Even so, assessing the presence of active rail lines, spurs and switching yards in a community is important to determine the area's viability to attract a major manufacturing plant, distribution center or other corporate facility that requires rail accessibility to do business.

West Piedmont Region Rail Infrastructure

As can be seen in the image to the right, Martinsville and Henry County do have an active Norfolk Southern rail line running north/south through the area from Roanoke to the north down to the Piedmont Triad region. Danville-Pittsylvania also has an active north/south Norfolk Southern line transversing the area. While there is only one rail spur in Martinsville, the Danville area has two offshoots from the main Norfolk Southern line serving the local business community.



Source: Virginia Department of Rail and Public Transportation

Norfolk Southern is the largest private railroad in Virginia, and one of the few remaining dominant rail carriers in the country. Access to the Norfolk Southern system is a definite plus for Martinsville-Henry County's business competitiveness. The following table lists the top freight traffic in Virginia.

Norfolk Southern is the largest private railroad in Virginia, and one of the few remaining dominant rail carriers in the country. Access to the Norfolk Southern system is a definite plus for Martinsville-Henry County's business competitiveness. The following table lists the top freight traffic in Virginia.

Freight Railroad Traffic in Virginia: 2001

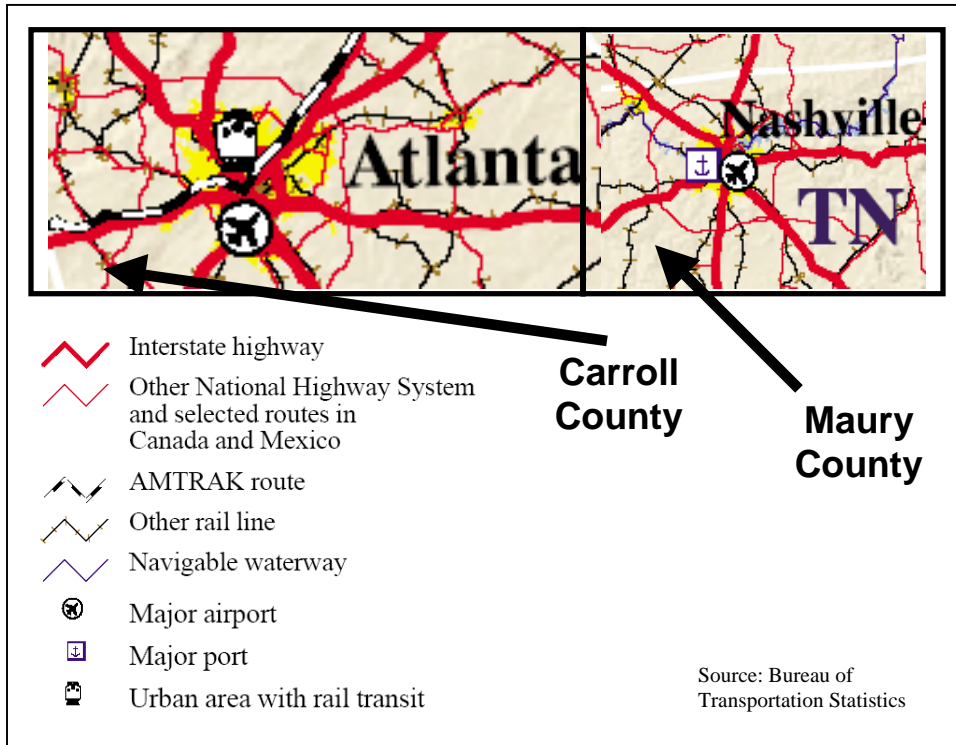
Tons Originated			Tons Terminated		
Product	Tons	%	Product	Tons	%
Coal	36,484,132	67.0%	Coal	45,385,027	66.0%
Nonmetallic Minerals	7,934,340	15.0%	Nonmetallic Minerals	7,110,718	10.0%
Glass & Stone Products	2,089,228	4.0%	Chemicals	2,723,420	4.0%
Mixed Freight	1,573,360	3.0%	Waste & Scrap	2,536,456	4.0%
Pulp & Paper Products	1,285,400	2.0%	Farm Products	2,213,269	3.0%
All Other	4,970,904	9.0%	All Other	8,946,534	13.0%
Total	54,337,364	100.0%	Total	68,915,424	100.0%

Source: Association of American Railroads

As the following graphic indicates, both Martinsville-Henry County and Danville-Pittsylvania Counties do not have the intensity of rail accessibility nor the multimodal

infrastructure of both Carroll and Maury Counties. Maury County even has access to a freshwater port via Nashville's Cumberland River facilities.

Transportation Infrastructure, Non-Virginia Benchmarks: 2003



In terms of passenger rail travel, of the communities analyzed for this report, only Carroll County has relatively close access to an Amtrak station via its proximity to Atlanta. Even Maury County does not have passenger rail access as no current Amtrak line runs through Nashville.

Utilities

The availability of quality utilities in an area can augment the potential for local development, and serves to attract businesses that depend on reliable and cost-effective utilities infrastructure to remain competitive. While development is driven by infrastructure, it by no means assures it; utility infrastructure is a prerequisite for most development, not a predictor. However, the lack of adequate utilities or capacity may certainly be a factor if no significant development occurs.

Water and Sewer

The capacity of a community to offer residents and existing and relocating businesses adequate supplies of water and sewer infrastructure is crucial to an area's long-term viability. Indeed, many local officials interviewed by *Market Street* noted that Martinsville-Henry County's vast reserves of available and affordable water are one of

the community’s prime economic development assets. Marketing campaigns have even been created touting the area’s plentiful supply of water, its low cost and quality, as the perfect fit for industrial firms looking to relocate.

The following table references the usage percentages of Henry County’s water systems and those of its competitors.¹⁹

Water System Usage Percentages, Henry County, Benchmarks: 2003

<i>County</i>	<i>Community Water System¹</i>	<i>Non-Transient Non-Community Water System²</i>	<i>Transient Non-Community Water System³</i>
Henry County	90.8%	6.3%	2.9%
Pittsylvania County	55.4%	22.0%	22.6%
Carroll County	99.8%	0.2%	0.0%
Maury County	100.0%	0.0%	0.0%

¹Serve the same people year-round (e.g. in homes or businesses).

²Serve the same people, but not year-round (e.g. schools that have their own water system).

³Do not consistently serve the same people (e.g. rest stops, campgrounds, gas stations).

Source: U.S. Environmental Protection Agency

It is evident by the percentages of these areas served by dedicated, year-round community water systems that the more urbanized areas of Carroll County and Maury County have more reliable and pervasive water availability. Over ninety percent of Henry County residents receive their water from community systems, but nearly half of Pittsylvania County residents and businesses must obtain water from transient and non-transient non-community water systems. This situation could potentially impede development if prime county sites are not served by community water systems and require costly infrastructure investments to be made viable.

The following table provides more detail into the components of Henry County’s public water supply. It is encouraging that the vast majority of Henry County’s population receives water from surface sources, as opposed to ground water sources like dug wells.

¹⁹ The cities of Martinsville and Danville were not separated out in the EPA’s database.

Community Water Systems, Henry County: 2003

<i>Water System Name</i>	<i>Primary Water Source Type</i>	<i>Population Served</i>
Burchell Mobile Home Park	Ground water	42
Chestnut Place	Ground water	67
Chestnut Village	Ground water	38
Countryside Trailer Park	Ground water	84
Eagle Lane	Ground water	42
Eastwood Subdivision	Ground water	195
Fairfield Court	Ground water	75
Harris Trailer Court	Ground water	28
Holland Farm	Ground water	50
Leatherwood Estates	Ground water	50
Lee Acres	Ground water	38
Mountain Vista Village	Ground water	120
Pine Forest	Ground water	54
Pleasant Grove	Ground water	192
Ridgeway Trailer Park	Ground water	170
Robertson Trailer Park	Ground water	50
Rockhill Subdivision	Ground water	50
Sherwood Manor Apartments	Ground water	150
Wildwood Estates	Ground water	110
Edgewood Village	Purchased	250
Fieldale Sanitary District	Purchased	1425
Marrowbone Creek Water Supply	Purchased	7350
Route 58 East Water System	Purchased	5904
Sandy Level Water System	Purchased	400
Woodland Avenue Ext.	Purchased	336
Upper Smith River Water Treatment Plant	Surface water	15478

Source: U.S. Environmental Protection Agency

In addition to the Henry County Community Water Systems listed above:

- 2267 citizens get water from Non-Transient Non-Community Water Systems.
- 1055 citizens get water from Transient Non-Community Water Systems.

The city of Martinsville has the ability to pump and process up to 10 million gallons per day (MGD), making it one of the highest capacity communities in Southern Virginia. The city's main raw water source is the Beaver Creek Reservoir, supplemented, as needed, by pumping stations on Leatherwood Creek and Little Beaver Creek. All raw water is treated at the Martinsville Water Treatment Plant, a 10.0-MGD filtration facility that operates continuously at Clearview Drive in the city.²⁰

²⁰ Source: <http://www.ci.martinsville.va.us/water-new.htm>, accessed 11/13/03.

Martinsville’s wastewater treatment plant is an 8.0 MGD activated sludge/extended aeration facility located on the Smith River, just south of the city. The plant is staffed by 21 full-time personnel.

The Henry County Public Service Authority (PSA) operates water and wastewater plants in the county. Though created as a separate entity from Henry County government, the PSA is currently managed by the County Administrator. A recently elected Henry County supervisor has announced that he intends to build consensus for turning the PSA into a public works department with greater budget accountability.

Virtually every focus group and interviewee mentioned the lingering damage caused by a 2002 scandal in which former Henry County Administrator Sid Clower was convicted of embezzling \$778,000 from the PSA and wiping out its cash reserves. While a recent audit revealed no additional illegal activity in the PSA, the report found what it called 18 separate failings in the PSA's internal controls for cash management.

Despite past controversy, residents and business people commenting in focus groups and interviews generally expressed satisfaction with the cost, availability, and reliability of Martinsville-Henry County water and sewer services. However, certain respondents noted that, with the bankruptcy of many local plants and companies, individual citizens are bearing an increasing financial burden for the development and upkeep of local utilities.

Electricity

American Electric Power (AEP) provides electrical service to Henry County. AEP owns and operates more than 42,000 megawatts of generating capacity in the United States and select international markets and is the largest electricity generator in the nation. Martinsville has a power generating station and serves as the electrical service provider for the city. Business people and residents surveyed by *Market Street* for this *Competitive Assessment* almost universally noted that electricity in the area was sufficient in supply and very competitively priced.

As the following table shows, Virginia has historically offered the lowest priced commercial and industrial electricity among the comparison states featured in this report.

**Average Electricity Cost per Kilowatthour,
Virginia, Georgia, Tennessee: 2000**
(Cents)

<i>State</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>
Virginia	7.52	5.65	3.90
Georgia	7.60	6.50	4.10
Tennessee	6.33	6.28	4.09

Source: Energy Information Administration

Among Martinsville-Henry County's benchmarks²¹:

The Division of Power and Light (DPL) in *Danville* is the largest of the 14 municipal electrical systems in Virginia. Danville DPL serves over 36,700 residential, 4,300 commercial and 70 industrial customers with 1,800 miles of electric lines in Danville, Pittsylvania, Henry and Halifax Counties. The city also owns and operates the Pinnacles Hydro Electric Project located in Patrick County. The facility consists of a 10 megawatt power plant, two reservoirs, interconnecting water conduits and more than 3,600 acres of land. The Pinnacles provides approximately 5 percent of Danville's electricity needs.

The seven cities and unincorporated areas of *Carroll County* are served by Carroll EMC and Georgia Power through an integrated transmission system. Businesses with a connected load greater than 900 KV have the option to choose between Georgia Power and Carroll EMC for electric service.

Maury County receives its source electricity from the Tennessee Valley Authority through resellers: Electric Power Systems, Columbia Power System, Mt. Pleasant Power System and Duck River Electric Cooperative.

Telecommunications, Wireless Communications and the Internet

What railways, roadways and utility lines were to the traditional economy, wire-line and wireless telecommunications and cable infrastructure are to the New Economy. A community simply cannot compete for today's most desirable, high-wage, high-skill occupations without a viable communications infrastructure.

In more rural areas of the country, well planned, well maintained and efficiently operated high technology infrastructure can also narrow the distance between the community and larger metropolitan areas. New businesses and markets become more accessible if a community has invested in, and maintains, this infrastructure. Employees also have the opportunity to "telecommute" to jobs in different regions, and small businesspeople have more freedom to locate their businesses away from traditional industrial hubs.

Sprint/Centel is the local telecom provider for Martinsville-Henry County, and offers:

- Local and long distance service.
- Telephone equipment.
- Data equipment.
- Asynchronous Transfer Mode (ATM).
- Frame relay.
- Video equipment.
- Web hosting.

²¹ Sources: City of Danville, Carroll County Chamber of Commerce, Maury County Chamber of Commerce.

While many focus group participants found Sprint to be a capable provider, others noted that the lack of local competition for telecommunications services adversely affects local service quality. Adelphia is the local provider for Internet-accessible cable services.

Locally, the city of Martinsville has been extremely proactive in developing an expansive broadband network to serve local public and private institutions. The Martinsville Information Network (MINet) is a redundant fiber-optic network that connects various government, school, and educational facilities in the area. The network's Synchronous Optical Network (SONET) loop provides fail-safe, high-speed voice, data, and audio transmission capabilities. MINet allows real-time interactive sharing of resources among various public facilities and helps monitor Martinsville's electric service.²²

MINet was also said to be an important factor in the recent successful effort to recruit defense-industry firm MZM, Inc. to the area. MINet's offerings include:

- Voice, video, and data capabilities.
- Traffic management.
- Electrical systems monitoring.
- Video conferencing.
- High-speed Internet access.

By getting ahead of the curve on high-speed telecommunications capacity, Martinsville has positioned itself to benefit long-term if existing businesses and relocated companies choose to site locally due to the area's robust fiber-optic networking capabilities.

Housing

The U.S. Department of Agriculture's Economic Research Service reports that rural households spend less than their urban counterparts on housing, yet are more likely to be satisfied with their homes and neighborhoods. However, rural households also have a greater likelihood of lacking plumbing, heating, or other services that may adversely affect a home's physical quality and resale value. Rural households are also three times more likely to live in mobile homes than their urban counterparts.²³ In other words, a home's age, structural type, and utility availability help reveal aspects of a community's standard of living. The following graph provides an overview of the essential characteristics of the housing stock in Martinsville-Henry County and its benchmarked competitors.

²² Source: City of Martinsville.

²³ USDA Economic Research Service. "Unique Housing Challenges Face Rural Workers." *Rural Conditions and Trends*, Volume 11, Issue 2, 2000, pg. 75-79.

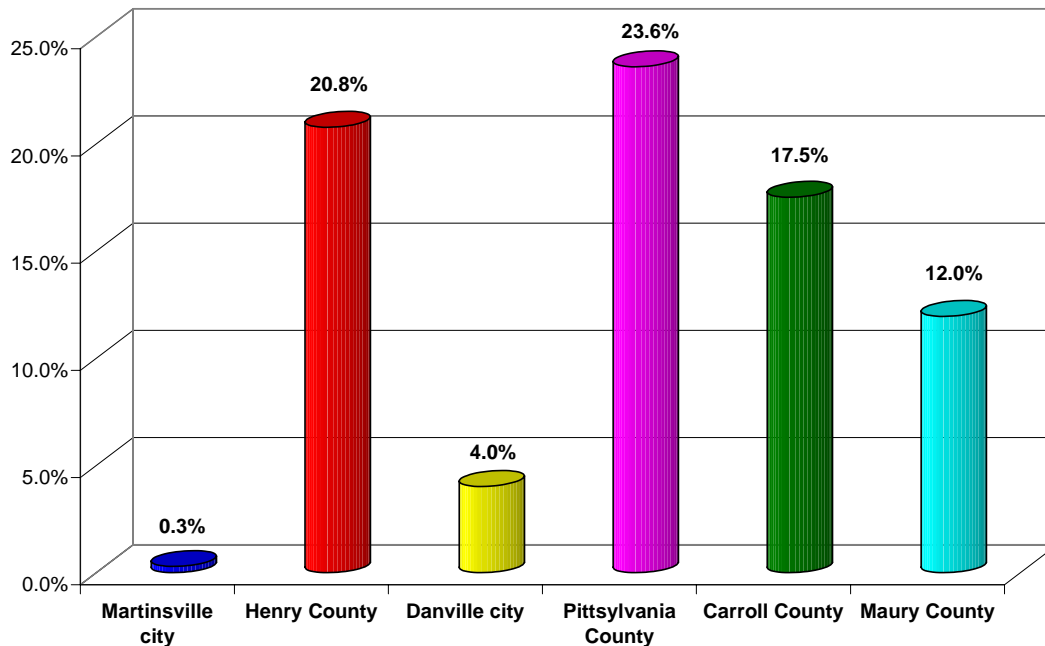
Selected Housing Data, Martinsville, Henry County, Benchmarks: 2000

Category	Martinsville city	Henry County	Danville city	Pittsylvania County	Carroll County	Maury County
Median year structure built	1958	1972	1959	1975	1980	1976
Percentage of housing units that are vacant	17.2%	16.4%	14.1%	18.4%	13.6%	11.3%
Percentage of homes lacking complete plumbing facilities	0.5%	1.4%	1.2%	3.1%	0.7%	0.9%

Source: U.S. Census Bureau

The housing stock in high-growth Carroll and Maury Counties is much newer than the Virginia communities, especially the historic cities of Martinsville and Danville. Data also point to much lower vacancy rates in Carroll and Maury than Martinsville, Henry and Pittsylvania. In terms of plumbing infrastructure, only the predominantly rural Pittsylvania County has over 3 percent of its homes without complete plumbing facilities.

**Mobile Homes as Percentage of Total Housing Units*,
Martinsville, Henry County, Benchmarks: 2000**



Source: U.S. Census Bureau

*Owner-occupied and renter-occupied units

The previous chart reveals much about the housing stock in the city of Martinsville. Traditionally, smaller, non-urban communities feature a statistically significant percentage of their populations residing in mobile homes; even the more urbanized and economically viable counties of Carroll and Maury contain over 10 percent of their housing in the prefabricated category. In contrast, a miniscule .3 percent of Martinsville

residences are mobile homes. Henry and Pittsylvania Counties, on the other hand, have over 1 in 5 homes that are mobile, a percentage in keeping with their more rural qualities.

Tenure of Homeowner, Martinsville, Henry County, Benchmarks: 2000

<i>Tenure</i>	<i>Martinsville city</i>	<i>Henry County</i>	<i>Danville city</i>	<i>Pittsylvania County</i>	<i>Carroll County</i>	<i>Maury County</i>
Moved in 1999 to March 2000	4.2%	6.8%	5.2%	8.1%	14.0%	11.3%
Moved in 1995 to 1998	17.3%	18.5%	16.4%	21.9%	26.2%	25.8%
Moved in 1990 to 1994	15.8%	14.1%	14.4%	16.6%	16.1%	21.0%
Moved in 1980 to 1989	17.5%	20.4%	17.9%	19.6%	21.8%	16.6%
Moved in 1970 to 1979	16.8%	17.5%	17.9%	16.3%	10.8%	12.0%
Moved in 1969 or earlier	28.4%	22.6%	28.2%	17.4%	11.1%	13.2%

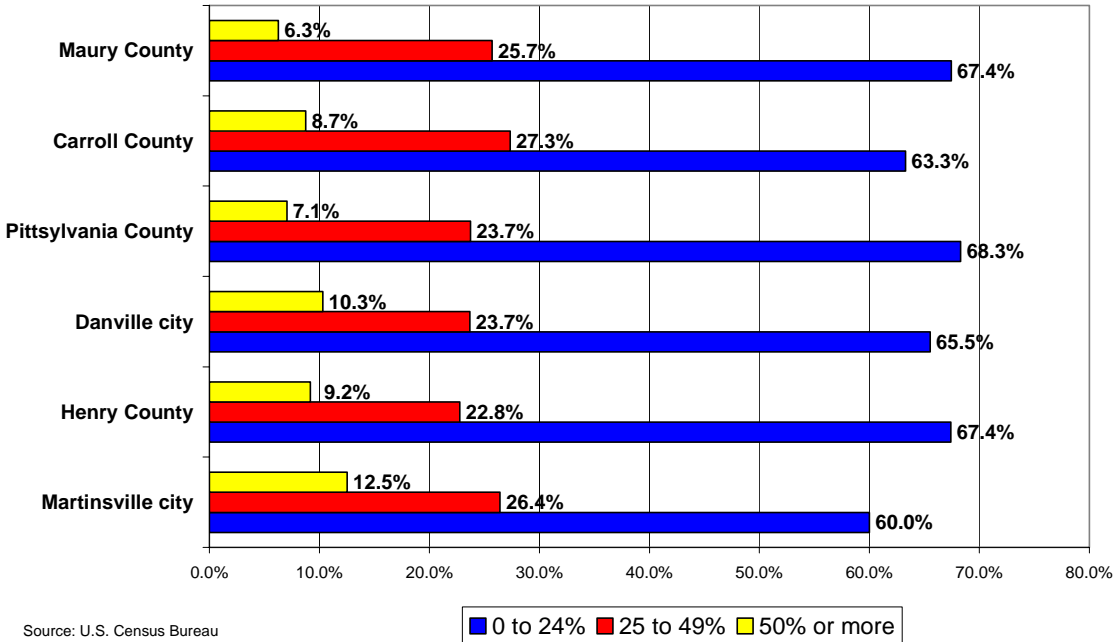
Source: U.S. Census Bureau

The above table dramatically shows the differences in homeowner tenure between the growing economies of Carroll and Maury Counties, and the relatively stagnant fortunes of the Virginia communities, including Danville, which is suffering the same industrial transitions as Martinsville and Henry County.

While the majority of Carroll and Maury residents moved to new homes after 1990, the opposite is true for the Virginia communities (except Pittsylvania), where nearly 50 percent of all residents have been in their homes over 30 years. These data provide further evidence of the aging populations of the Virginia communities relative to Carroll and Maury Counties.

The following chart shows that homeowners in Martinsville are spending a higher percentage of their monthly income on housing payments than in the benchmarked communities.

**Mortgage Payment as Percentage of Monthly Income,
Martinsville, Henry County, Benchmarks: 2000**



While the conventional wisdom is that a resident should spend no more than one-third of his or her monthly income on mortgage payments, 40 percent of Martinsville homeowners spend up to half their monthly income on housing payments. More than 12 percent of homeowners spend *over* half their income every month on their houses. The situation in Henry County is closer to the percentage breakdowns in the other Virginia communities, but there are still a higher number of Henry County residents spending more than 50 percent of their monthly incomes on mortgages than Maury County, especially.

Survey Results

While they received few Excellent rankings, the conditions of highways and roads and the accessibility and adequacy of that network have a very positive image locally, with high percentages of respondents classifying the two categories as Good or Average. With three quarters of respondents classifying public transit as Below Average or Poor, it had the lowest ranking of all the categories in the survey. As to Railways, 28.5 percent classified them as Poor, while 25.2 percent checked the Don't Know category. Air transportation, while stronger than Railways, also was not highly regarded. In this category, 52.8 percent classified it as Below Average or Poor and 11.8 percent indicated that they did not know.

Land-line and cellular phone services received an Average ranking and Internet and cable services also had Average as the most commonly chosen category. However, this latter category received higher percentages in the Excellent and Good categories, indicating it is more effectively meeting the needs of respondents. The capacity of water and sewer and energy supply both had more than 50 percent classify them as Excellent or Good (53.5 and 58.9 percent, respectively). However, these were also categories with high Don't Know response levels.

The library services in Martinsville-Henry County have strong support with 62.5 percent classifying them as Excellent or Good. Fire and police services are also strong with large majorities classifying them as Excellent or Good. Public parks and recreation areas are also highly regarded, with the majority classifying them as Average or higher.

Infrastructure

	Excellent	Good	Average	Below average	Poor	Don't know
Condition of highways and roads	2.3%	42.3%	45.4%	7.7%	2.3%	0.0%
Accessibility and adequacy of highway and road network	3.1%	35.4%	44.6%	16.2%	0.0%	0.8%
Public transit	0.8%	1.6%	11.9%	23.0%	52.4%	10.3%
Railways	2.4%	5.7%	16.3%	22.0%	28.5%	25.2%
Air transportation	3.1%	9.4%	22.8%	31.5%	21.3%	11.8%
Availability of land-line and cellular phone services	9.4%	32.8%	41.4%	11.7%	3.9%	0.8%
Availability of Internet and cable services	14.1%	35.9%	43.0%	3.9%	3.1%	0.0%
Capacity of water/sewer	18.6%	34.9%	27.1%	6.2%	0.8%	12.4%
Energy supply	16.3%	42.6%	27.9%	1.6%	1.6%	10.1%
Library system	21.1%	41.4%	28.1%	6.3%	0.8%	2.3%
Fire services	18.3%	50.8%	23.8%	1.6%	0.0%	5.6%
Police services	15.5%	49.6%	27.1%	3.9%	0.8%	3.1%
Public parks and recreational areas	7.9%	42.5%	33.1%	11.0%	4.7%	0.8%

Key Findings

While there are distinct differences between the infrastructure of Martinsville and Henry County, both areas are competitive in many respects versus the communities benchmarked for this *Competitive Assessment*.

Both communities feature quality, comparatively traffic free roadway systems that get high marks from those surveyed by *Market Street* in focus groups and personal interviews. Residents and commuters said that navigating into, out of, and around Martinsville and Henry County was not an anti-competitive issue for the areas. However, aside from Danville-Pittsylvania County, the counties of Carroll and Maury leverage their

relatively accessible proximity to federal interstates to further their economic fortunes. There is a planned interstate – I-73 – set to bisect Martinsville-Henry County and augment the areas’ connectivity with the Roanoke and Piedmont Triad metropolitan areas, but the I-73 environmental review and approval process has been tied up in logistical and regulatory issues raised by the road’s opponents.

Public transit is currently a non-issue in all the report’s communities save for Danville, the only benchmarked area with a viable transit system. Even so, focus group respondents cited the need for some type of inexpensive and accessible transit option as necessary to the continued vitality of certain of the community’s transit-dependent constituencies.

Proximity to two quality airports – Roanoke and Piedmont Triad – is a local advantage for Martinsville-Henry County, although access to Greensboro is often complicated by traffic congestion on two-lane Highway 68. Blue Ridge Airport in Martinsville is also an area strength, lauded for its well maintained, accessible, cost-competitive and continually improving facilities and services. The large amount of undeveloped land around Blue Ridge – some of it already zoned industrial – is a potential opportunity area for the community. However, the city of Martinsville’s decision to cease funding for the airport could affect its future competitiveness.

All the communities profiled in this report have existing, active rail lines, although the infrastructure in Carroll and Maury Counties is more robust due to their proximity to the major metros of Atlanta and Nashville. The vast majority of Martinsville-Henry County businesspeople and company officials surveyed by *Market Street* said they do not use railcars to ship or receive product.

Utilities in Martinsville and Henry County are, for the most part, readily available and price-competitive. With almost no exceptions, focus group respondents said the cheap, plentiful utility supplies in the community were an area strength. The cost and availability of water is an especially powerful local asset that has the potential to attract a high-capacity industrial user to the area. The MINet fiber-optic network installed in Martinsville is a tremendous community asset that may have already paid dividends with the successful recruitment of technology-focused defense firm MZM, Inc.

The housing stock in Henry County has a relatively high percentage of mobile homes, but features sufficient plumbing infrastructure and home values consistent with other rural Southern counties. Housing in Martinsville is very competitive from a cost, infrastructure and historic standpoint, and could potentially serve as means to attract new residents to the community. However, the 12.5 percent of Martinsville homeowners who spend over 50 percent of monthly income on mortgage payments speaks to the need to better support local residents who may be suffering the lingering effects of unemployment and mass layoffs.

Business Costs



BUSINESS COSTS

Overview

Business costs consist of all the expenses associated with the initial investment and customary operational costs incurred in a community. Traditionally, these business costs have fallen into the three basic categories of land, labor and capital. However, this section will also provide a brief discussion and comparison of the entrepreneurial assets and incentives offered in each of the comparison areas to better assess the overall competitive climate in these communities.

Business costs remain a definitive criterion in the site-selection process because of the bottom-line financial impacts they have on local business climate. In addition, the availability of developable land and viable commercial and manufacturing facilities provides companies looking to relocate or expand the confidence to site their operations in the community.

This section will determine Martinsville-Henry County's cost competitiveness versus the communities benchmarked for this report.

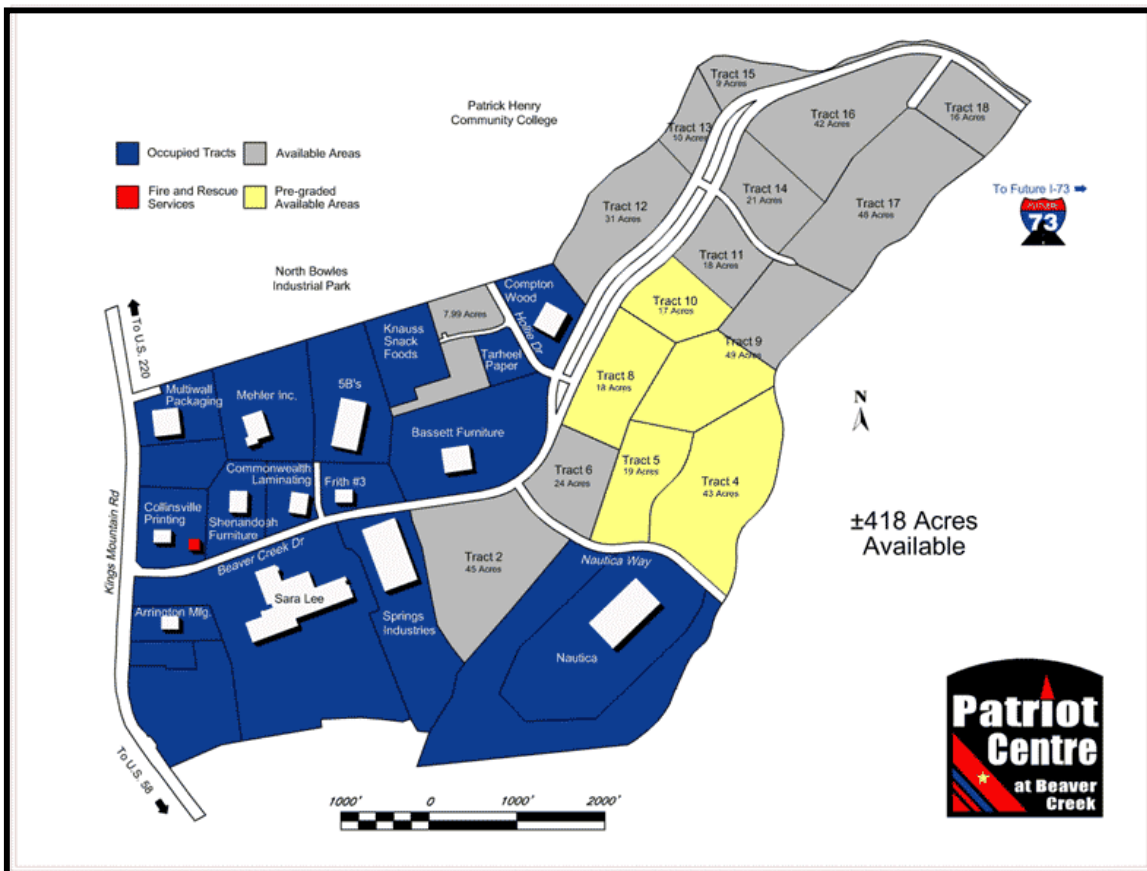
Real Estate

The availability of land properly zoned for industrial and commercial use is a crucial factor for companies determining where to locate their operations. If the supply of this property is limited, then rents will increase, driving business costs higher. High rental rates are also a deterrent for companies looking to move to a new community.

Industrial Parks

Industrial parks can be community assets because they may provide well-maintained sites and vacant buildings awaiting new tenants. They also serve to cluster industrial development, enabling better and more cost-efficient access via road, rail, water, sewer, electrical and telecommunications infrastructure.

The following graphic is a schematic of **Patriot Centre at Beaver Creek**, an industrial park in Henry County. Even though Patriot Centre is in Henry, the County shares revenue from five of the park's lots with Martinsville – the first such revenue-sharing agreement ever between the City and County. Many of the area's largest employers have facilities in the park. A number of tracts are available, with five already pre-graded, while a portion of Patriot Centre is located in a Virginia Enterprise Zone.



Source: www.henrycountycommerce.com, accessed 11/16/03

Other industrial and business parks in the area include:

North Bowles Industrial Park

- Locality: Henry County.
- The site is located in a Virginia Enterprise Zone.
- There is redundant fiber available to the park.

Site Specifications	
Largest Contiguous Parcel:	44.69 Acres
Total Acreage Available:	121.36 Acres
Topography:	Gently rolling; 75% cleared.
Zoning:	Industrial
Subdividable:	Yes
Utilities	
Electric Power:	American Electric Power
Natural Gas:	Southwestern Virginia Gas Company
Water:	Henry County Public Service Authority
Sewer:	Henry County Public Service Authority
Telecommunications:	Sprint/Centel-Virginia
Transportation	
Miles to nearest interstate:	45.00
Interstate Name:	I-85/I-40
Miles to Nearest 4-lane arterial highway:	2.00
Highway Name:	U.S. Route 220
Miles to nearest commercial airport:	50.00
Commercial airport name:	Piedmont Triad International Airport
Miles to general aviation airport:	10.00
General aviation airport name:	Blue Ridge Airport
Rail Access	No

Source: Virginia Economic Development Partnership

Rives Road Industrial Park

- Locality: Martinsville.
- The site is located in a Virginia Enterprise Zone.
- The site is industrial steam accessible, and also features a 12-inch water line and 8-inch and 10-inch sewer lines on site.
- Telecommunications features include: mobile and radio loop service, and T-1 Internet connectivity.

Site Specifications	
Largest Contiguous Parcel:	45.00 Acres
Total Acreage Available:	45.00 Acres
Topography:	Gently rolling; 100% cleared
Zoning:	M-2, Manufacturing
Subdividable:	Yes
Utilities	
Electric Power:	City of Martinsville

Natural Gas:	Southwestern Virginia Gas Company
Water:	City of Martinsville
Sewer:	City of Martinsville
Telecommunications:	Sprint/Centel-Virginia
Transportation	
Miles to nearest interstate:	50.00
Interstate Name:	I-85, I-40, or I-81
Miles to Nearest 4-lane arterial highway:	1.00
Highway Name:	Greensboro Road (Route 220)
Miles to nearest commercial airport:	50.00
Commercial airport name:	Piedmont Triad International Airport
Miles to general aviation airport:	8.00
General aviation airport name:	Blue Ridge Airport
Rail Access	No

Source: Virginia Economic Development Partnership

Another local facility is the **Martinsville Industrial Park** in Henry County. The Park is fully leased and located on U.S. Route 220 just north of the Martinsville Speedway. Just north of this park is **Frith Industrial Park**, which currently has four tenants.

Clearview Business Park

- Locality: Martinsville.
- The site is located in a Virginia Enterprise Zone.
- Fiber optics can be installed.

Site Specifications	
Largest Contiguous Parcel:	14.83 Acres
Total Acreage Available:	37.00 Acres
Topography:	Level to gently rolling; 100% cleared
Zoning:	B-1
Subdividable:	Yes
Utilities	
Electric Power:	City of Martinsville
Natural Gas:	Southwestern Virginia Gas Company
Water:	City of Martinsville
Sewer:	City of Martinsville
Telecommunications:	Sprint/Centel-Virginia
Transportation	
Miles to nearest interstate:	50.00
Interstate Name:	I-40/I-85 and I-81
Miles to Nearest 4-lane arterial highway:	1.00
Highway Name:	Greensboro Road (Route 220)
Miles to nearest commercial airport:	50.00
Commercial airport name:	Piedmont Triad International Airport
Miles to general aviation airport:	8.00
General aviation airport name:	Blue Ridge Airport
Rail Access	No

Source: Virginia Economic Development Partnership

Available Commercial/Industrial Buildings, Martinsville, Henry County: 2003

<i>Property Name</i>	<i>Available Space (sq.ft.)</i>	<i>Property Name</i>	<i>Available Space (sq.ft.)</i>
PH Mall-Unit 23	580	Stone Dynamics	26,000
15 Cleveland Ave	1,100	ACME	31,620
Patrick Henry Mall Unit #22	1,100	Chaney Building	33,000
Patrick Henry Mall Unit #20	2,300	Food Lion	34,777
Bassett Mirror Motor Pool	4,200	Blue Ridge Talc	36,050
Li Property - 18R	4,570	CQC Building	36,200
Industrial Park Bldg. E Craig	4,800	Resurgence-Headquarters	41,380
Ingram & Scott New Comm. Bldg.	5,000	821 Brookdale	43,000
Li Property - 20R	5,000	Graves Supply	45,000
Resurgence	5,850	Stone Terminal	45,210
J&J Building	6,300	American Furniture 10	50,000
Martinsville Office Supply: 2nd Fl.	6,649	V-C Terminal	52,000
220 Plaza	9,000	Coca Cola Building	54,168
C. Cahill 9,000	9,000	Blue Ridge Industrial Supply	60,000
BB&T Third Floor	9,000	Quality Farm & Fleet	61,000
Suntrust Bank - 3rd Floor	9,587	JC Wooldridge Warehouse Cmplx.	61,550
Balabanis Building	10,400	Lowe's	65,000
Prillaman Chemical	10,970	Resurgence-Basement	65,720
Motion Industries	11,150	219 Aaron Street	70,000
Hooker Printing PH Mall	11,415	Resurgence-Rives Road	77,000
Pythian Building	12,000	Resurgence-Jacquard Knit	80,590
Suntrust Bank - 2nd Floor	12,478	J.C. Penney Building	83,024
Advance Auto	12,816	Dearing Building	88,015
Resurgence	13,140	Ridgeway Clocks Warehouse	96,922
Resurgence	13,790	Vision Business-Industrial Center	97,000
Patrick Henry Mall Unit #1	15,000	Martinsville Novelty	99,907
Beaver Creek Distributors, Inc.	16,200	Evans' Warehouse	100,000
Resurgence	16,520	Container Warehouse #5	100,000
Collinsville Printing	17,770	Container Warehouse #3	100,000
Antique Mall	18,000	Blue Ridge Transfer	110,250
Samuel H. Hairston School	20,000	Aaron Street Property	120,000
Resurgence	20,270	5 B's	168,000
Sutton Auto 220	22,000	Commonwealth Centre	174,400
Save-A-Lot Shopping Ctr.	23,300	F&L, LLC.	250,000
Resurgence	24,070	VF DC 2	379,500
Heilig Meyers Building	25,000	Total	3,446,608

Source: www.henrycountycommerce.com, accessed 11/16/03

The table above lists the available buildings in Henry County and Martinsville. While there is no shortage of vacant facilities, various focus group respondents noted that some of the community's vacant commercial/industrial buildings are nearing obsolescence. Thus, while economic developers in Martinsville-Henry County do not face a shortage of available properties, they will need to concern themselves with the quality of these structures.

Available Industrial Sites and Buildings, Benchmarks: 2003

Area	Sites (acres)	Buildings (sq ft)
Danville-Pittsylvania Co.	1,982	755,575
Carroll Co.	500	1,756,400
Maury Co.	3,374	722,836

Source: Virginia Economic Partnership, Carroll County Chamber, Maury Alliance.

The table to the left shows the available industrial sites and buildings for Martinsville-Henry County’s benchmarks. While Maury County has a surplus of developable sites, Carroll County has greater availability of industrial buildings. Danville-Pittsylvania County falls somewhere in the middle. Martinsville-Henry County’s 3.5 million square feet of available property, when combined with its vacant industrial park sites, is certainly competitive with these benchmarked figures.

According to focus group participants, the high supply and low recent demand for Martinsville-Henry County properties have resulted in a commercial/industrial real estate market that is relatively inexpensive. Indeed, many respondents praised the low cost of this component of the area’s business climate. However, while real estate costs are low, the real concern will be whether available facilities in the area meet the infrastructure and technology needs of the companies Martinsville-Henry County would like to attract and develop.

Labor Costs

Because labor costs comprise the largest percentage of many companies’ annual budgets, wage rates in a community are of great concern to most businesses. Some of the factors that affect overall area labor costs are a result of state policy, such as worker’s compensation laws. However, a review of average pay in a locality’s various business sectors provides at least some indication of its relative labor costs compared to benchmarked competitors.

The following table details labor costs in comparative industry sectors for Martinsville, Henry County, its benchmarks and the United States.

**Average Annual Pay* by Industry Sector, Martinsville, Henry County, Benchmarks,
U.S.: 2002**

Industry Sector (NAICS)	Martinsville city	Henry County	Danville city	Pittsylvania County	Carroll County	Maury County	U.S.
Agriculture	ND	\$25,215	ND	\$17,595	ND	ND	\$20,876
Utilities	ND	\$47,247	ND	\$59,711	\$55,195	ND	\$67,372
Construction	ND	\$25,406	\$22,949	\$23,901	\$31,829	\$31,691	\$39,017
Manufacturing	\$27,717	\$27,249	\$26,527	\$39,619	\$36,527	\$66,416	\$44,090
Wholesale trade	\$38,568	\$35,619	\$31,150	\$22,875	\$32,048	\$34,752	\$49,236
Retail trade	\$16,173	\$17,932	\$17,666	\$16,030	\$19,667	\$19,302	\$23,228
Transportation and warehousing	ND	\$31,410	ND	\$26,561	\$26,777	\$46,495	\$36,818
Information	\$38,413	\$25,993	\$33,618	\$26,845	\$46,828	\$45,452	\$56,107
Finance and insurance	\$39,792	\$26,188	\$27,258	\$29,116	\$36,217	\$34,769	\$62,722
Real estate and rental and leasing	\$17,657	\$24,391	\$19,011	\$13,110	\$23,588	\$29,116	\$33,925
Professional and technical services	\$43,668	\$26,802	\$30,185	\$32,484	\$35,247	\$37,308	\$58,647
Administrative and waste services	\$13,102	\$17,277	\$18,801	\$17,251	\$16,003	\$18,676	\$25,269
Educational services	ND	\$16,950	\$22,445	\$24,716	\$21,234	\$18,704	\$33,154
Health care and social assistance	ND	\$18,643	\$30,246	\$20,497	\$34,659	\$27,640	\$34,037
Arts, entertainment, and recreation	\$8,015	\$23,377	\$10,805	\$13,141	\$11,939	\$26,684	\$26,123
Accommodation and food services	\$10,218	\$9,648	\$10,887	\$9,065	\$9,955	\$10,807	\$13,940
Public administration**	\$27,936	\$32,304	\$32,942	\$28,175	\$28,807	\$27,385	\$37,251

*Salaries in italics are for 2001 as 2002 data were not available

ND=Non-Disclosable for confidentiality reasons, or due to lack of local sector employment.

**Local Government only

Source: U.S. Bureau of Labor Statistics

On the whole, labor costs in every community profiled in this report trail the nation for all major industry sectors. Even the high-growth areas of Carroll and Maury Counties have lower across-the-board annual wages than the U.S. The only real anomaly is Maury County's tremendously high manufacturing wage due to the presence of Saturn's automobile plant in Spring Hill, Tennessee. While unionization rates in all these communities are relatively low, the presence of the United Auto Workers at the Saturn plant serves to inflate these workers' overall wages.

As could be expected, smaller, less urban communities like Martinsville-Henry County and Danville-Pittsylvania County have lower average wage structures than their Atlanta- and Nashville-adjacent competitors. Even so, a number of industry sector wage rates stand out for Martinsville and Henry County:

- As was noted in the *Economic and Demographic Profile*, average wages in the "Arts, entertainment, and recreation" sector in Henry County are high due to Martinsville Speedway's effect on average sector pay scales. Only Maury County's wages top Henry (and the U.S.) in this category.
- Both Martinsville and Henry County feature comparatively high wages in the "Wholesale trade" sector, though both trail the U.S. average by more than \$10,000.

- Martinsville salaries are very competitive in the “Information,” “Finance and insurance,” and “Professional and technical services” sectors, though they again demonstrably trail the nation’s averages. It is encouraging that these desirable occupations pay so well in the area relative to its benchmarks.
- “Real estate and rental and leasing” average wages in Martinsville trail only rural Pittsylvania County, but Henry County’s sector pay is quite robust, falling behind only Maury County and the U.S.
- In the “Health care and social assistance” sector, Henry County’s wages are very low, but the lack of a hospital in the area makes this issue less troublesome. In Martinsville, wages in this industry were non-discloseable.

Worker’s compensation rates in Virginia are also among the lowest in the nation.

Energy and Utility Costs

Energy cost, availability and reliability – particularly in peak times – are major considerations for traditional manufacturing companies. However, these issues are also crucial for health care and technology firms that rely on consistent, affordable power. Because energy costs are such a major corporate operating expense, they are regularly considered when site-selection professionals compare business locations.

Focus group respondents and interviewees reported that energy and utility services in Martinsville-Henry County were readily available, reliable and cost-competitive. However, a handful of participants noted that an increasing financial burden for supporting the area’s expansive energy and utility infrastructure is being borne by community residents and small businesses as larger firms and manufacturers cease or streamline operations.

The following data details the cost of water in Henry County and Martinsville²⁴:

- *Henry County Public Service Authority*
 - Industrial
 - \$20.00/month (\$3.40/1000 gallons above 6,000 gallons).
 - \$1.70/1000 gallons (for users over 1 million gpd.).
- *City of Martinsville Water Service*
 - 1" Meter: 15.33 per first 4,000 Gallons/Month.
 - 2" Meter: 55.72 per first 4,000 Gallons/Month.
 - 4" Meter: 217.42 per first 4,000 Gallons/Month.
 - Next 2,000 Gallons/Month: \$1.51 per 1000 gallons.
 - Next 100,000 Gallons/Month: \$1.39 per 1000 gallons.
 - Next 100,000 Gallons/Month: \$1.15 per 1000 gallons.
 - Next 206,000 Gallons/Month: \$0.99 per 1000 gallons.

²⁴ Source: <http://www.henrycountycommerce.com/operation.html>, accessed 11/13/03.

The community is also competitive in the provision of electricity. As the following table shows, Henry County's average electrical rates are well below those of the nation and virtually every Southern community measured.²⁵

Average Electrical Rates, Henry County, Selected Southern Cities: 2003

<i>Kw Demand</i>	75	1,000	50,000	75	1,000	50,000
<i>Kwh Per Month</i>	30,000	400,000	25,000,000	30,000	400,000	25,000,000
	<i>Cost/month</i>	<i>Cost/month</i>	<i>Cost/month</i>	<i>¢/Kwh</i>	<i>¢/Kwh</i>	<i>¢/Kwh</i>
Henry County, VA	\$1,323	\$15,856	\$775,020	4.4	4.0	3.1
Atlanta, GA ¹	\$1,817	\$24,635	\$1,174,579	6.1	6.2	4.7
Charlotte, NC	\$1,730	\$21,351	\$1,162,963	5.8	5.3	4.7
Florence, SC	\$1,663	\$24,989	\$1,400,675	5.5	6.2	5.6
Louisville, KY	\$1,203	\$15,377	\$829,916	4.0	3.8	3.3
Raleigh, NC	\$1,591	\$26,266	\$1,470,250	5.3	6.6	5.9
Richmond, VA	\$1,759	\$20,722	\$1,117,512	5.9	5.2	4.5
Winchester, VA	\$1,520	\$18,639	\$949,033	5.1	4.7	3.8
<i>US Average</i>	<i>\$2,032</i>	<i>\$24,736</i>	<i>\$1,328,681</i>	<i>6.8</i>	<i>6.2</i>	<i>5.3</i>

¹Includes Carroll County

Source: Edison Electric Institute, Washington D.C.

Comparable data was not available for the benchmarked communities of Danville-Pittsylvania County or Maury County.

The natural gas provider for both Martinsville and Henry County is Southwestern Virginia Gas. For bills rendered on or after July 31, 2003, natural gas costs in the area are as follows²⁶:

- *Residential Firm Service*
 - All Ccf - \$0.8814.
 - Monthly Customer Charge: \$6.50.
- *Commercial & Industrial Firm Service*
 - First 100 Ccf - \$0.8686.
 - Over 100 Ccf - \$0.8494.
 - Monthly Customer Charge: \$8.00.
- *Industrial Interruptible Service*
 - First 1000 Mcf - \$7.608.
 - Next 4000Mcf - \$7.473.
 - Over 5000 Mcf - \$7.294.
 - Monthly Customer Charge: \$25.00.

²⁵ Ibid.

²⁶ Ibid.

For many businesses, especially those involved in the transport of goods, the cost of gasoline can have a considerable impact on their expenditures. The below table indicates the price of gasoline on November 16, 2003, according to a daily survey taken by the American Automobile Association.

**Average Fuel Prices, Area Metros,
Benchmarks: November 16, 2003**

Metro Area	Regular	Mid-Grade	Premium	Diesel
North Carolina	\$1.421	\$1.508	\$1.575	\$1.471
Piedmont Triad	\$1.419	\$1.506	\$1.572	\$1.464
Virginia	\$1.413	\$1.483	\$1.540	\$1.483
Nashville	\$1.402	\$1.485	\$1.556	\$1.454
Roanoke	\$1.342	\$1.408	\$1.462	\$1.433
Atlanta	\$1.325	\$1.424	\$1.487	\$1.414

Source: American Automobile Association

While information specific to Martinsville-Henry County was not available, prices at proximate locations in Roanoke and the Piedmont Triad area provide clues as to potential gasoline costs in the areas between them. Fuel price-per-gallon in Roanoke was among the lowest surveyed, with the Commonwealth's cost below that of both the Triad and North Carolina. Martinsville-Henry County is likely competitive with this report's benchmarks save for Carroll County, as Georgia's negligible fuel taxes contribute to some of the lowest fuel prices in the nation.

Tax Rates

As the old bromide says, the only inevitable things in life are death and taxes. Because tax payments are a fact of life for businesses, state and local tax rates and which goods and services are taxable play a large part in many firms' location decisions.

Localities in Virginia collect a 1-percent sales tax, but do not tax other items that are taxed at the Commonwealth level. Because counties and cities are separate entities in Virginia, companies pay taxes to either one or the other. Manufacturers pay real estate, machinery and tools, truck and automobile, utility, and sales taxes, while non-

TAX COMPARISON: 2003			
Taxes	Rates		
	<i>Virginia</i>	U.S. (Median)	South Atlantic (Median)
Income Taxes:			
Corporate Income Tax	6.00%	6.97%	6.90%
Sales and Use Taxes:			
State Tax	3.50%	5.00%	5.00%
State and Typical Local Tax (combined)	4.50%	6.00%	5.38%

Source: Research Institute of America, State and Local Taxes: All States Tax Guide, 05/20/2003.

manufacturers pay real estate, tangible personal property, truck and automobile, utility, and sales taxes. They may also pay a merchants' capital or a license tax. As the previous table notes, the overall tax climate in Virginia is more favorable to business than those at the national or regional levels. It is also instructive to determine how Virginia compares to the states benchmarked for this report. North Carolina is included in the following comparison because it shares a border with Henry County, and is thus a potential competitor for new business location.

State Tax Rates, Virginia, Benchmarks: 2003

State	Individual Income Tax		Corporate Income Tax	Sales Tax
	Low	High		
Virginia	2.00%	5.75%	6.00%	4.50% ¹
Georgia	1.00%	6.00%	6.00%	4.00%
North Carolina	6.00%	8.25%	6.90%	4.50% ²
Tennessee	n/a ³	n/a	6.50%	7.00%

¹Includes statewide local tax of 1%; food tax=3.5%.

²Food subject to local taxes.

³Limited to dividends and interest income only.

Source: Federation of Tax Administrators

Based on these, Virginia is competitive relative to its benchmarks in this report. While Tennessee does not have any type of individual income tax, both its corporate income tax and sales tax are higher than Virginia's. All of North Carolina's measures rate higher than those in Virginia.

As the following table shows, based on nominal tax rates per \$100 of assessed value, Henry County is by far the least tax-restrictive community among those surveyed. Henry's nominal taxes are the lowest across the board based on rate per assessed valuation.

Nominal Tax Rates Per \$100 of Assessed Value, Martinsville, Henry County, Virginia Benchmarks: 2002

Locality	Real Estate Tax	Manufacturers' Taxes on Machinery/Tools	Non-Manufacturers Tax on Tangible Personal Property
<i>Martinsville</i>	\$0.94	\$1.85	\$1.92
<i>Henry County</i>	\$0.54	\$1.19	\$1.19
<i>Danville</i>	\$0.80	\$1.50	\$3.00
<i>Pittsylvania County</i>	\$0.55	\$4.50	\$7.25

Source: Virginia Economic Development Partnership

Martinsville's taxes are higher than all the Virginia benchmarks for real estate, and higher than Danville's in respect to manufacturer's taxes on machinery and tools, but are lower than Danville-Pittsylvania on non-manufacturer's tangible personal property taxes. All of the Virginia communities also tax industrial utility users at varying rates, while every area except Pittsylvania County assesses business license taxes.

Of the Virginia communities profiled for this *Competitive Assessment*, the city of Danville is clearly the most progressive in terms of its tax structure. Not only is Danville the only one profiled that provides tax exemptions for rehabilitated commercial or industrial real estate, but the city also exempts certified pollution control property and certified recycling equipment.

As for the other two profiled communities:

*Carroll County*²⁷

- 2001 effective tax rate for each \$1000 of assessed fair-market value (tax rate multiplied by assessment ratio)²⁸ = \$9.52
- Inventory - Carroll County exempts 100 percent of all classes of certain business inventory from property taxation.
- Sales tax = 3% in addition to 4% state sales tax.

*Maury County*²⁹

- Nominal property tax (per \$100 of assessed value³⁰) = \$2.48.
 - City of Columbia = \$3.72.
 - City of Spring Hill = \$2.96.
- Local sales tax = 2.25% in addition to 7.0% state sales tax.

While it is not feasible to directly compare the tax rates for the Virginia and non-Virginia communities due to differences between nominal and effective tax rates, because both Carroll and Maury Counties exempt businesses from local taxes on manufacturer's machinery and tools, these areas are potentially more attractive to companies that rely on this machinery to do business. However, both Martinsville and Henry County provide tax incentives on these levies for businesses that invest a minimum amount in a designated Enterprise Zone.

Among the Virginia communities, Pittsylvania County's high nominal tax rates on manufacturer's machinery/tools and non-manufacturer's tangible personal property would seem to be prohibitive relative to the other Virginia areas, even factoring in potential Enterprise Zone incentives. Danville also has comparatively high rates in these categories, but offers a broad range of exemptions that has the potential to allay these

²⁷ Source: Georgia Department of Industry, Trade and Tourism.

²⁸ This rate applies to all property: land, buildings, machinery, equipment, and inventory.

²⁹ Source: Tennessee Comptroller of the Treasury.

³⁰ Assessment ratios vary for Residential (25%), Industrial (40%) and Personal Equipment (30%) property taxes.

exactions. Overall, Martinsville-Henry County is not blatantly pro-business in their tax orientations, but are not restrictive either. In addition, undue tax burden was not cited by focus group or interview participants as a detriment to doing business in Martinsville or Henry County.

Incentives

Because economic development is so competitive among cities, counties, regions, states and nations, numerous financial incentives are usually available for companies that choose to expand or relocate into one of these geographic areas.

As is the case with numerous communities, Martinsville-Henry County offers certain incentives like provision of land and handover of buildings on a case-by-case basis. Depending on the prospect, the structure of incentives packages can be fluid and geared towards satisfying current employment needs or demands of the prospective company.

Enterprise Zones

At the local level in Virginia, communities suffering economic hardship can be designated as Enterprise Zones. To qualify for this credit, 25 percent of a business's new, full-time employees must meet low-income standards for the designated area or reside within the zone. Existing businesses, businesses already located in a zone when designated, or businesses relocating to a zone must increase full-time employment by at least 10 percent to qualify for tax credits, with 25 percent of this increase meeting the low-income standards for the area.

Both Martinsville and Henry County offer designated Enterprise Zones. Their incentives packages are detailed in the following two tables.

City of Martinsville Enterprise Zone Incentive Program

Incentive	Real Estate	Machinery & Tools	Building Permit Fee Waivers	Water & Sewer Regulations Waivers	Landfall Tipping Fee Refund
	IDA Tax Grant	IDA Tax Grant			
Description	Tax grant based on real property improvements assessed value	Based on machinery & tools assessed value	Building permit fees waived for new and expanding operations	Regulations waived for multiple service on one meter	Refund or tipping fees for certified asbestos-free debris
Qualifications	Requires new investment for physical plant modernization, building expansion, or new operations within the zone for the purpose of creating or retaining jobs.	Requires new investment for equipment modernization, building expansion, or new operations within the zone for the purpose of creating or retaining jobs.	Property must be located within the designated zone, create or retain jobs, and have a qualifying SIC code.	Property must be located within the designated zone, create or retain jobs, and have a qualifying SIC code.	Property must be located within the designated zone, create or retain jobs, and have a qualifying SIC code.
	No minimum investment required.	No minimum investment required.			
Time Period for Applicants to Receive Benefits	Five years	Five years	Each qualified filing	Each qualified filing	Each qualified filing
Amount of Benefit	100% of tax increase for year 1, 50% of increase for years 2, 3, 4, and 5.	100% of tax increase for year 1, 50% of increase for years 2, 3, 4, and 5.	100% of fee		
Maximum Benefit	None	None	None	None	None
Required Records	Submission of paid tax receipt and copy of previous year's tax bill	Submission of paid tax receipt and copy of previous year's tax bill	Qualification of address within the zone	Submission of plans and qualification of address	Submission of paid tipping fee receipts
Submission Dates	May 1st	May 1st	Prior to Securing Permit	Prior to utility service	60 days past fee collection
Carry Over/ Refunds	None	None	None	None	None

Source: www.henrycountycommerce.com/operation.html

Henry County Enterprise Zone Incentive Program

Incentive	Real Property Improvement IDA Tax Grant	Machinery & Tools Investment IDA Tax Grant	Furniture, Fixtures, and Equipment IDA Tax Grant	Building Permit Fee Waivers	Public Service Authority Fee Waivers
Description	Based on real property improvements assessed value	Based on machinery & tools assessed value	Based on furniture, fixtures, and equipment assessed value	Based on type of permit and value of project	Based on type of service and consumption rate
Qualifications	New Construction: Requires an investment with a minimum assessed value of \$50,000, job creation or retention, and a qualifying SIC code	New/Additional M&T: Requires an investment with a minimum assessed value of \$50,000, job creation or retention, and a qualifying SIC code	New/Additional FF&E: Requires an investment with a minimum assessed value of \$50,000, job creation or retention, and a qualifying SIC code		
	Addition or Renovation: Requires an investment with a minimum assessed value of \$50,000, job creation or retention at an existing/operating facility, and a qualifying SIC code	Replacement of M&T: Requires an investment with a minimum assessed value of \$50,000 after reducing by the assessed amount taken out of service and accounting for job creation/ retention and qualifying SIC code	Replacement of FF&E: Requires an investment with a minimum assessed value of \$50,000 after reducing by the assessed amount taken out of service and accounting for job creation/ retention and qualifying SIC code	Property must be located in one of the designated Enterprise Zones, create or retain jobs, and have a qualifying SIC Code	
	Rehabilitation: Requires an assessed value of \$50,000 and job creation or retention. In addition, the existing structure must be fifteen years or older, and any replacement structure may not exceed 110% of the total square footage of the replaced structure.				
Time Period for Applicants to Receive Benefits	Five years per qualification during life of zone	Five years per qualification during life of zone	Five years per qualification during life of zone	Each qualified filing during life of zone	Each qualified filing during life of zone
Amount of Benefit Applicant can Receive	100% of first year tax increase, 50% of tax increase each of second through fifth years	100% of first year tax increase, 50% of tax increase each of second through fifth years	100% of first year tax increase, 50% of tax increase each of second through fifth years	100% of Fees	100% of Fees
Maximum Amount	None	None	None	None	None
Required Records and Forms	Submission of EZ Real Property Investment Plan/ Refund Form and a copy of the previous year's tax bill	Submission of EZ Machinery and Tools Investment Plan/ Refund Form and a copy of the previous year's tax bill	Submission of EZ Furniture, Fixtures & Equipment Investment Plan/ Refund Form and a copy of the previous year's tax bill	Submission of EZ Building Permit Fee Waiver Form and a copy of the building permit	Submission of EZ PSA Fee Waiver Form and a copy of the service application
Incentive Based on Firm's:	100% completed, assessed, and taxed project	Total difference of prior year tax and current year's investment tax paid	Total difference of prior year tax and current year's investment tax paid	County building inspection's prevailing fee schedule	Public Service Authority's prevailing fee schedule
Submission Date of Form	Sixty days prior to start of construction	March 15th of the following year in which investments are made	March 15th of the following year in which investments are made	Submit when filing for building permit(s)	Submit when filing for application of service(s)
Carry Over/ Refund	None	None	None	None	None

Source: www.henrycountycommerce.com/operation.html

There are also tax credits for job creation in Enterprise Zones of \$1,000 per zone resident and \$500 per non-resident up to a maximum of \$100,000 per year.

Technology Zones

Virginia cities, counties and towns also have the right to establish, by ordinance, one or more technology zones to attract growth in targeted industries. Qualified businesses locating or expanding operations in a zone are eligible to receive local permit and user fee waivers, local tax incentives, special zoning treatment or exemption from ordinances. Henry County is one of only four counties in Virginia to have established a Technology Zone.

State Corporate Income Tax Incentives

The following are credits available to businesses from the Commonwealth³¹:

- *Major Business Facility Job Tax Credit:* A \$1,000 corporate income tax credit is offered to new or expanding companies for each new full-time job created over a particular threshold.
- *Recycling Equipment Tax Credit:* An income tax credit is available to manufacturers for the purchase of certified machinery and equipment used for processing recyclable materials.
- *Day Care Facility Investment Tax Credit:* A credit equal to 25 percent of all expenditures incurred in the development of corporate child care/daycare facilities.
- *Worker Retraining Tax Credit:* An income tax credit equal to 30 percent of all worker-retraining expenditures, capped at \$2.5 million annually.

Other Virginia Programs

Industrial Access Road Program: The Virginia Department of Transportation will assist qualified new and expanding manufacturing and processing companies in building adequate industrial access roads.

Rail Industrial Access Program: The program provides funds to construct railroad tracks to new or substantially expanded industrial and commercial projects that impact positively on economic development in Virginia.

Virginia's Workforce Services Division offers a *Workforce Services Program* designed to reduce startup human resource development costs of new and expanding companies. The program offers³²:

- Training Analysis.
- Recruitment.
- Train-the-Trainer.

³¹ Source: Virginia Economic Development Partnership.

³² Source: Virginia Department of Business Assistance.

- Hands-on Training.
- Continuous Improvement.
- Electronic Media Services.
- Funding.

Program eligibility:

- Budgeted more than \$1 million for capital investment.
- Will create at least 25 new jobs.
- All new jobs pay at least \$8/hour.
- More than 50% of revenues are generated outside of Virginia.
- Project/expansion is in competition with at least one other state or country.

Virginia has traditionally been known as a progressive state relative to economic development. The non-profit Corporation for Enterprise Development (CfED) publishes a so-called *Development Report Card for the States* that measures performance, business vitality, and development capacity in each of the U.S.’ fifty states. The index focuses on states’ performance in five major areas – Entrepreneurship, Technological Innovation, Education Reform, Workforce Preparation, and the “Homegrown Economy” – and is considered a good bellwether for the overall competitiveness of each state.

Virginia’s “report card” is detailed in the following table.

2003 Virginia Development Report Card for the States

Performance	A	Employment	B
		Earnings and Job Quality	A
		Equity	B
		Quality of Life	A
		Resource Efficiency	B
Business Vitality	A	Competitiveness of Existing Bus.	C
		Entrepreneurial Energy	A
Development Capacity	A	Human Resources	A
		Financial Resources	B
		Infrastructure Resources	C
		Amenity Resources	B
		Innovation Assets	B

Source: CfED

The following grades provide definitive evidence that, at least according to CfED, there is a marked difference in quality between the economic development capacity of Virginia and the states benchmarked for this report.

2003 Development Report Card for the States, Virginia, Benchmarks

State	Performance	Business Vitality	Development Capacity
<i>Virginia</i>	A	A	A
<i>Georgia</i>	C	C	C
<i>Tennessee</i>	D	C	D

Source: CFED

Virginia’s robust development environment is most definitely a local strength for Martinsville-Henry County relative to Carroll and Maury Counties, but puts them, of course, on the same playing field as fellow Virginia localities Danville and Pittsylvania County.

At the federal level, Martinsville-Henry County are both able to offer potential corporate recruits the benefits of location in a U.S. Small Business Administration-designated HUBZone, which adds to local economic developers’ incentives toolkits.

Entrepreneurship

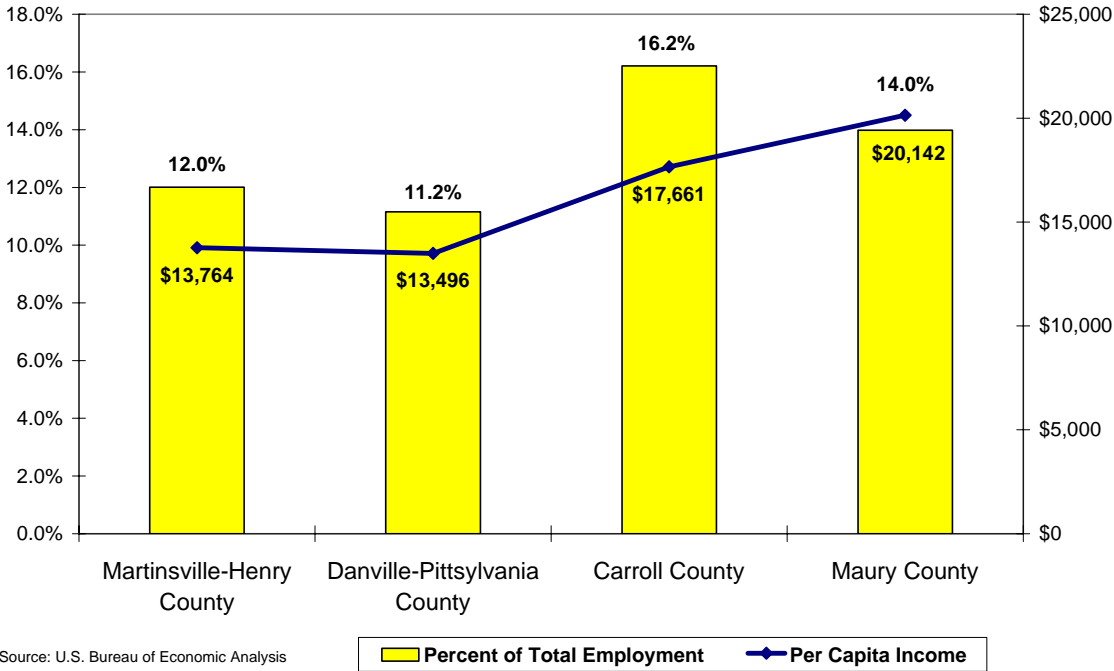
In today’s economy, innovative ideas help build a community’s foundation for future success. Areas that do not financially leverage the creativity and initiative of their residents and institutions – or foster an environment conducive to innovation – will not effectively diversify their economy, and risk stagnant job growth and over reliance on a single industry. Marketable new ideas that lead to small-business creation are vital future economic drivers for a community.

Measuring an area’s level of entrepreneurship is difficult because the process requires evaluating citizens’ motivation and self-initiative. However, one statistic maintained by the U.S. Bureau of Economic Analysis reveals at least some degree of entrepreneurship within a community. *Nonfarm proprietorship employment* essentially indicates the number of self-employed individuals in a designated area. Although many entrepreneurs operate small businesses with one or more employees, this indicator is the best available measure to gauge the entrepreneurial spirit of Martinsville-Henry County and its benchmarks.

Based on the data in the following graph, both Martinsville-Henry County and Danville-Pittsylvania County lag well behind Carroll and Maury Counties in level of local entrepreneurship, and the average wages these entrepreneurs garner in a year.³³

³³ As was noted previously, the U.S. Bureau of Economic Analysis does not collect data separately for cities and counties in Virginia.

Nonfarm Proprietorship Employment, Martinsville-Henry County, Benchmarks: 2001



Nearly 1 in 5 employed persons in Carroll County run an individual business, while 14 percent of Maury County workers are self-employed. Sole proprietors in Maury earn an impressive \$20,142 per year, well above the roughly \$13,000 brought home by single-employee businesspeople in the Virginia communities. There is definite room for improvement in the nurturing of small businesspeople and entrepreneurs in Martinsville-Henry County.

Local Resources

Located in Uptown Martinsville, the *West Piedmont Business Development Center* (WPDBC) is a 501(c)3-incorporated regional small business incubator that assists entrepreneurs in the counties of Henry, Patrick and Franklin, and City of Martinsville. The incubator provides small and start-up companies with free or low-cost information, affordable rent, mentoring, training opportunities, and shared support services. The WPDBC also assists companies that are expanding into its service area. According to Lisa Fultz, the Manager of the WPBDC, the Center currently has five tenants, with room for up to 10 to 12 more. The incubator’s two graduate companies are still in business locally. WPDBC has DSL Internet connectivity, and is working with Patrick Henry Community College to offer video conferencing capability, according to Fultz. Although a local venture capital group meets in the incubator, Fultz said a local “angels” investor network would be a definite asset for local entrepreneurs.

Martinsville is fortunate to have a local office of the *Longwood Small Business Development Center*, a partnership program with the U.S. Small Business Administration that serves twenty counties and six cities in South-Central Virginia. The Center provides assistance and training for small business owners and potential owners, offering confidential, one-on-one counseling for local entrepreneurs. The office also sponsors workshops, conferences and courses at various locations in South-Central Virginia and locally.

Martinsville also has a local SCORE office, one of 389 nationwide. The *SCORE Association*, headquartered in Washington, D.C., is a nonprofit group dedicated to entrepreneurial education and the formation, growth and success of small businesses. Nationwide, over 10,000 retired and working SCORE volunteers provide free business counseling and advice to local entrepreneurs as a public service. WPBDC's Fultz said that all the SCORE volunteers that have assisted entrepreneurs in Martinsville's incubator have been excellent.

Taken together, the three entrepreneurial support entities in Martinsville-Henry County provide a base infrastructure for local residents with good ideas, but little knowledge of small-business creation and company management. Even with the local availability of small business support services, however, a number of focus group respondents said that they either were not aware of existing offerings, or found the services difficult to access. These issues were especially acute among minority businesspeople in the community.

Virginia Resources

There are also a number of support avenues available for local entrepreneurs at the Commonwealth level.

The *Virginia Small Business Financing Authority* (VSBFA) housed within the Virginia Department of Business Assistance offers programs to provide businesses and communities with access to capital needed for economic growth and expansion. Programs include:

- Virginia Economic Development Loan Fund: The fund provides "gap" financing and loan guaranties for eligible borrowers, including local Industrial Development Authorities (IDAs), businesses engaged in technology, biotechnology, tourism, basic industries, manufacturing, and businesses that contribute to a community's economic and "quality of life" development.
- Loan Guaranty Program: The program is designed to increase the availability of short-term capital for small businesses by reducing banks' loan risks. The VSBFA will guarantee up to \$300,000 (or 75 percent) of a loan or line of credit.
- Virginia Capital Access Program: The program provides a type of loan portfolio insurance for participating banks through special loan-loss reserve accounts.

Additional VSBFA programs include:

- Child Day Care Programs.
- Industrial Development Bond Program.
- Umbrella Bond Program.
- Defense Conversion Loan Fund.
- Small Business Environmental Compliance Assistance Fund.

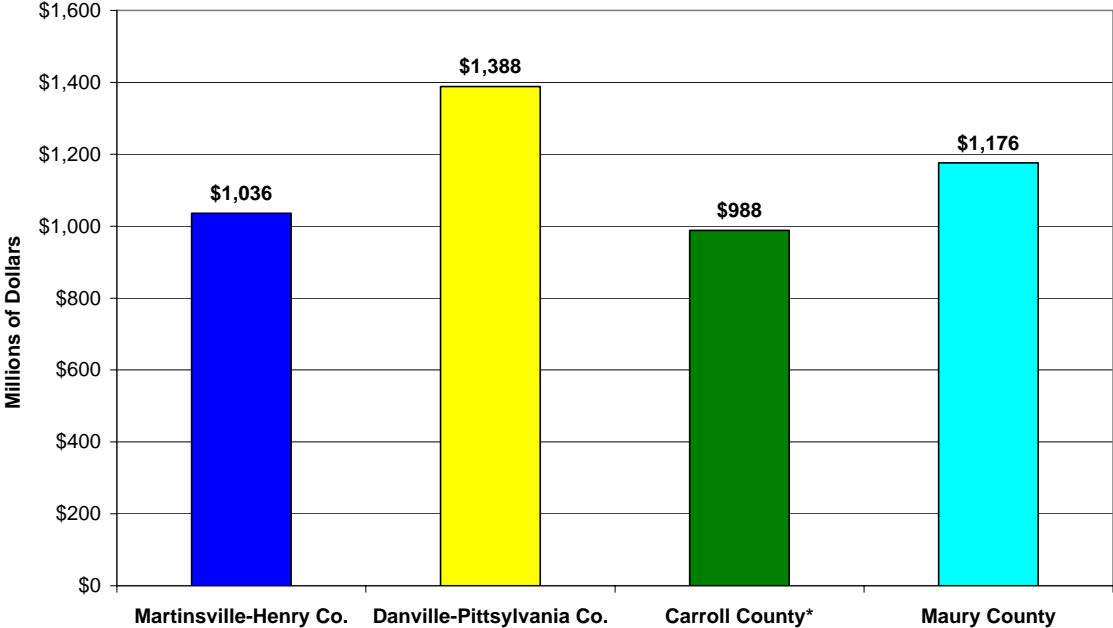
Another Commonwealth-wide asset, the *Virginia Small Business Development Center Network* (VSBDC), provides professional business counseling, training, and information resources to Virginia businesses. VSBDC representatives assist entrepreneurs with business planning, marketing, financial analysis, access to capital and business start-up issues.

Potential Seed Capital

While data does not exist to track venture capital contributions to businesses located in the communities profiled in this report, it is nevertheless instructive to analyze the holdings of local financial institutions to determine the relative lending capacity of each area.

The following chart profiles the total deposits of financial institutions in Martinsville and Henry County and their benchmarks.

Total Deposits of Financial Institutions, Martinsville-Henry County, Benchmarks: 2002



Source: Federal Reserve Bank of Richmond, Georgia Statistics System, Maury County Alliance

*Data is for 2001

Based on these data, Martinsville-Henry County is very competitive with its benchmarks in terms of available capital for small-business development. Indeed, numerous focus group participants commented on the ready availability of seed money for their business enterprises provided by local banks.

Survey Results

The business community seems satisfied with the affordability of labor, with 17.7 percent classifying it as Excellent and 40.0 percent as Good. The affordability of land-line, cellular phone service, Internet and cable services is also relatively well regarded with the majority ranking these as Good or Average. Over 10 percent classified the affordability of water and sewer as Below Average or Poor. However, less than four percent classified the affordability of energy as such.

The four categories pertaining to the availability and affordability of commercial and industrial office space each received the most responses in the Good column. The affordability of land also received the most Good responses, but had a higher percentage classify it as Average (31.3%) than the commercial and industrial space categories. Availability of industrial office space had the most Excellent responses of the five (17.7%), while availability of commercial office space had the most Below Average or Poor responses (6.9%).

The financing-related categories received the most responses in the Average category except for availability of venture capital, which had 32.8 percent in the Don't Know column. Support for international trade also had the most in the Don't Know column (34.1%). The availability of bank loans received strong support, with 41.2 percent classifying the category as Excellent or Good. Weaker categories were availability of R&D resources and support for entrepreneurship, innovation, and small business. In R&D, 25.4 percent classified it as Below Average or Poor. Regarding entrepreneurship and small business support, 23.4 percent classified it as Below Average or Poor. Many did not have a response for the ease of permitting process, but 36.9 percent classified it as Average and 20.0 percent as Excellent or Good.

Business Costs and Overall Business Environment

	Excellent	Good	Average	Below average	Poor	Don't know
Affordability of labor	17.7%	40.0%	30.0%	7.7%	0.8%	3.8%
Affordability of land-line and cellular phone services	5.4%	37.7%	42.3%	10.0%	0.8%	3.8%
Affordability of Internet and cable services	7.0%	33.3%	41.1%	11.6%	3.1%	3.9%
Affordability of water/sewer	11.7%	32.0%	36.7%	7.8%	3.9%	7.8%
Affordability of energy	11.6%	38.0%	38.0%	3.1%	0.8%	8.5%
Availability of commercial office space	15.4%	44.6%	20.8%	5.4%	1.5%	12.3%
Affordability of commercial office space	10.1%	41.1%	27.1%	3.1%	2.3%	16.3%
Availability of industrial office space	17.7%	40.0%	21.5%	2.3%	0.8%	17.7%
Affordability of industrial office space	13.1%	36.2%	24.6%	1.5%	2.3%	22.3%
Affordability of land	14.5%	42.0%	31.3%	2.3%	3.8%	6.1%
Business and corporate tax structure	6.9%	30.8%	31.5%	6.9%	1.5%	22.3%
State/local incentives	9.4%	25.0%	30.5%	10.9%	5.5%	18.8%
Availability of bank loans	13.0%	28.2%	33.6%	3.8%	4.6%	16.8%
Availability of venture capital	7.0%	18.0%	29.7%	5.5%	7.0%	32.8%
Availability of research and development resources	3.1%	18.5%	28.5%	14.6%	10.8%	24.6%
Support for entrepreneurship, innovation, small business	7.8%	19.5%	34.4%	15.6%	7.8%	14.8%
Support for international trade	2.3%	10.9%	20.9%	20.2%	11.6%	34.1%
Ease of permitting process	3.8%	16.2%	36.9%	10.0%	3.1%	30.0%

Key Findings

From a business cost standpoint, Martinsville-Henry County is quite competitive versus the communities benchmarked for this report. As many focus group participants and interviewees noted, the area's size, location and industry structure lend themselves to generally low-cost land, labor and utilities.

The community features plentiful developable land and over 3.5 million square feet of available industrial and commercial sites and structures. Though numerous buildings are available for immediate occupation, many businesspersons in focus groups commented that the structures are Class B or below, and are often obsolete. In addition, the city of Martinsville's shell building was just purchased by MZM, Inc., leaving the community without a quality shell building to show recruitment prospects. On the whole, however, the current availability of industrial/commercial properties in Martinsville and Henry County – either located in industrial or business parks, or on independent parcels – is sufficient to handle the community's economic development efforts for the near-term.

Labor costs in Martinsville-Henry County are generally low for most industry sectors, although there are a handful of anomalies in which local employees earn higher wages than their benchmarked competitors. Unionization rates of the local workforce are also negligible. A potential cost danger for local employers is a noted lack of availability of certain high-skill workers in the area. If high-skill individuals need to be incentivized to locate in Martinsville-Henry County, this may drive up labor costs for employers desperate to fill technologically advanced positions.

Utility costs in Martinsville and Henry County, though often billed by separate entities, are nonetheless competitively priced, and sufficiently available to meet the needs of local businesses. A growing community concern is the increasing financial burden placed on residents and small businesses in Martinsville-Henry County to shoulder a greater share of utility costs formerly payed by Pillowtex and other recently shuttered or downsized companies.

Compared to many Southeastern states, Virginia is quite business-friendly in terms of tax assessments. Local taxes in Martinsville and Henry County are not demonstrably low compared to communities in other states, but are not prohibitive either. Local taxes on manufacturing equipment/tools and non-manufacturing tangible property are potentially anti-competitive for Martinsville and Henry County, but available incentives and abatements tend to allay the impact of these levies.

While the city of Danville has the most progressive array of tax incentives among the Virginia comparison communities, Martinsville-Henry County can offer prospects many cost incentives through their Enterprise Zone and Technology Zone districts. Virginia also has a diverse and competitive collection of corporate incentives and tax abatements available to qualified companies.

In terms of entrepreneurship and small business development resources, Martinsville-Henry County has a base level services in place to ensure that citizens with ideas for new businesses get at least the initial support they need to begin development of their companies. Even so, focus group respondents commented that many of these services were not sufficiently marketed or were difficult to access due to stringent participation requirements. Existing businesspeople also felt overlooked from local economic development leaders. The infrastructure to nurture nascent firms and provide “angels” networks to expand growing businesses could certainly be augmented, as well as services to support micro-enterprises, minority-owned businesses and youth entrepreneurship.

Data also show that Martinsville-Henry County benchmarks in Carroll and Maury Counties have much higher percentages of local sole proprietors, who also earn thousands of dollars more per year. At the Commonwealth level, Virginia has a host of entrepreneurial support services and funds to assist small businesspeople with the start-up and growth of their firms. In fact, Virginia is considered one of the best states in the nation for business development by a non-profit enterprise assessment group.

Quality of Life



QUALITY OF LIFE

Overview

Of all the components of business climate, quality of life is perhaps the hardest to define and measure. Just as the characteristics important to companies have changed over the years, so too have the community features that local residents most value. While quality of life still encompasses traditional elements such as cost of living and personal safety, it now includes such features as the quality of Pre-K-to-12 and higher education, the quality and availability of health care, and the cultural and recreational opportunities in a community. Of course, while what constitutes an enjoyable night on the town for an 18-year-old and a 70-year-old are likely to be completely different, localities are increasingly faced with pleasing both demographics in order to remain economically viable.

In practice, while a community cannot be all things to all people, it still needs to recognize and assess its quality of life advantages and disadvantages from the perspective of all age groups, and determine how it can provide a community climate that will serve to attract new workers, and retain current residents.

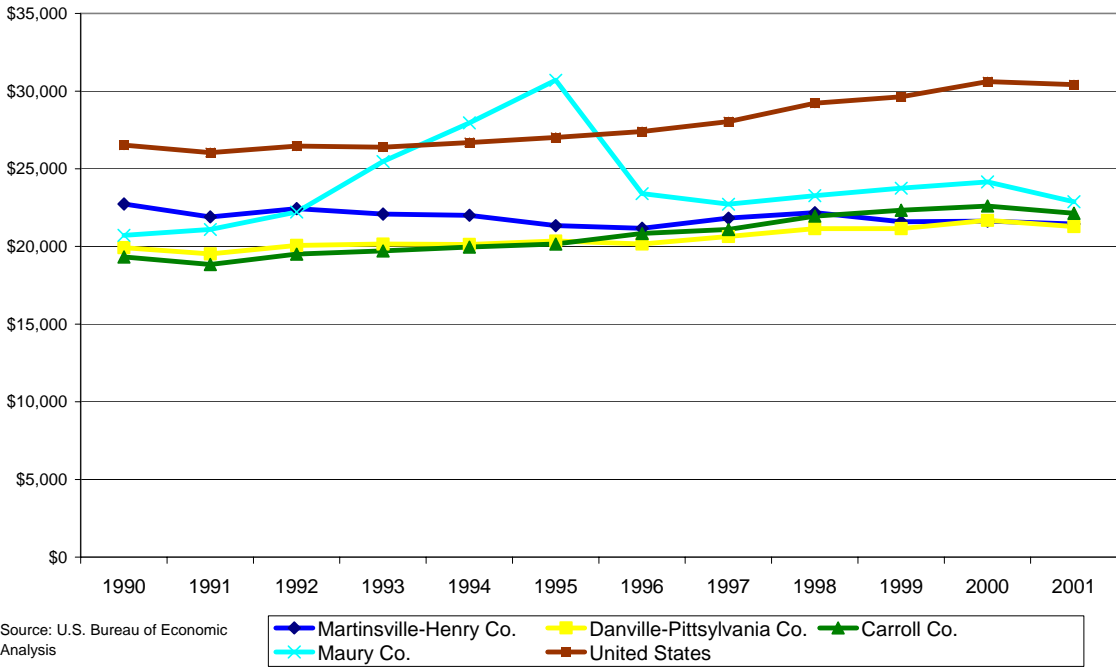
This section evaluates the quality of life in Martinsville and Henry County by examining the area's strengths and weaknesses for a wide variety of indicators, both for the City and County alone, and also in relation to its benchmarked competitors.

Local Wealth

Understanding how *current* residents in a community are doing economically provides prospective businesses with a sense of the potential quality of life *new* residents can experience.

The following graph charts the real per capita income (RPCI) trends of Martinsville-Henry County, its benchmarks and the United States from 1990 to 2001.

Real Per Capita Income, Martinsville-Henry County, Benchmarks, U.S.: 1990-2001



From diverse beginnings at the start of the 1990s, these communities have clustered in a narrow income range in the low-\$20,000s at the end of the decade. All these areas trail the average national per capita income by nearly \$8,000. Real per capita income indexes wages for cost of living and inflation, and provides perspective as to the dollar’s relative worth at any point in time compared to present valuations.

From a RPCI of \$22,730 in 1990, second only to the U.S. figure of \$26,520, Martinsville-Henry County workers now earn an average of \$21,447 in real wages in 2001. Meanwhile, the U.S. figure has climbed to an RPCI of \$30,413. So, while annual earnings for Martinsville-Henry County workers are equivalent to its benchmarked competitors, these employees actually *lost* wages over the 1990s. This is an unfortunate trend, and likely reflects the effects of declining employment prospects over the period.

Cost of Living

Cost of living describes the cumulative amount of money needed to purchase a variety of goods and services in a local area. Cost of living and real earnings are important indices when describing quality of life, because a particular salary goes much farther in a low-cost area such as Paris, Texas, than it would in an expensive locale such as Paris, France.

While national data sources do not evaluate the cost of living for Martinsville or Henry County, ACCRA, a national community and economic development research organization, publishes quarterly cost of living indices for metropolitan areas around the country and smaller communities that choose to participate in the survey.

For reference, the following table depicts the cost of living for the metro areas closest to this report's profiled communities. While this analysis does not allow for a direct comparison between Martinsville-Henry County and its benchmarks, it does provide some indication of the cost of living differences between the communities' high-profile neighbors.

Cost of Living Index Comparison*, Regional Metros: November 2003

<i>Cost of Living Indices (% of total)</i>	<i>Roanoke, VA</i>	<i>Winston- Salem, NC</i>	<i>Raleigh, NC</i>	<i>Atlanta, GA</i>	<i>Nashville, TN**</i>
Composite (100%)	92.8	92.1	96.7	96.9	91.2
Grocery Items (14%)	93.3	93.5	105.1	98.9	94
Housing (29%)	87.8	87.5	92.8	92.3	84.5
Utilities (10%)	92.9	90.6	98.1	91.1	78.8
Transportation (10%)	92.4	92.6	92.8	101.7	96.1
Health Care (4%)	87.5	83.7	96.1	103.7	83.5
Miscellaneous (33%)	97.9	97	97.5	99.7	99.2

*National Average = 100

**Based on the Murfreesboro-Smyrna MSA

Source: ACCRA

Based on these data, Atlanta and Raleigh – the proximate metros of Carroll County and Danville-Pittsylvania County – are the most expensive regional urban areas among the profiled communities. It should be noted that the cost of living for the city of Nashville and its surrounding counties is no doubt higher than the nearby Murfreesboro MSA, also used by ACCRA in its report.

Martinsville and Henry County, wedged between the low-cost metros of Roanoke and Winston-Salem, certainly benefit from the minimal pricing pressures from these adjacent urban areas.³⁴ Indeed, most every focus group listed low cost of living as one of Martinsville-Henry County's most compelling local advantages.

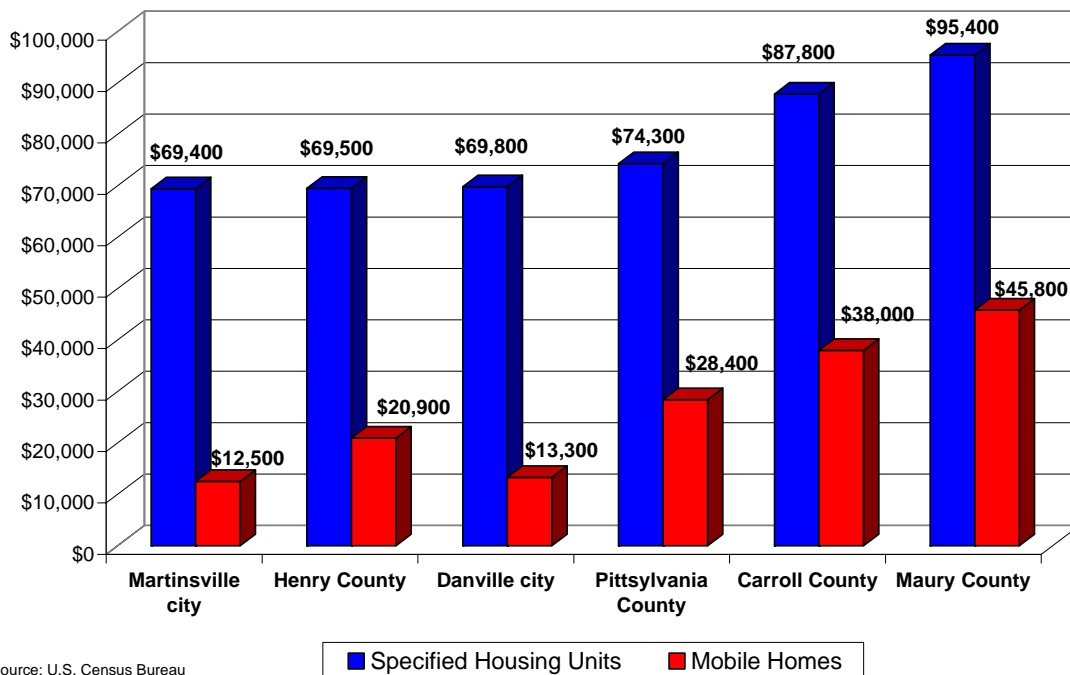
³⁴ Greensboro does not participate in the ACCRA survey.

Housing

The affordability of a community’s housing stock can impact quality of life if costs are not aligned with the average wages of the majority of area workers. Conversely, a stagnant housing market is a potential disincentive for outsiders to move to the area, and current residents to upgrade their properties.

As the following chart reveals, housing values in the communities profiled in this report vary markedly. While the Virginia communities are relatively consistent in terms of specified housing unit value, the wealthier, more economically dynamic counties of Carroll and Maury offer home values much closer to the U.S. average of \$119,600.

Median Value of Owner-Occupied Housing Units, Martinsville, Henry County, Benchmarks: 2000



Martinsville and Danville’s incredibly devalued mobile home stock is not of a great concern due to the areas’ low percentages of mobile homes relative to traditional residences. However, Henry County’s low average mobile home value of \$20,900 is evidence of continuing poverty in the area compared to the other benchmarked counties.

Many focus group participants and interviewees praised the low housing costs in Martinsville and Henry County as a local strength. Martinsville’s fine stock of affordable “executive” homes is an asset as well. However, respondents also noted that home values in the area have been stagnant recently. A flat local real estate market has affected homeowners’ ability to sell their properties and has decreased overall local equity.

Health Care

The quality, availability and affordability of health care have become increasingly important as Americans are living longer and “Baby Boomers” seek out unique communities to build or purchase retirement homes. In fact, the dynamics of the local health care system are becoming some of the most important quality of life criteria many families and businesses analyze when considering relocating to an area.

As the following table relates, Martinsville-Henry County and its regional health care facility – Memorial Hospital – compare favorably to their benchmarks for a number of criteria.

Health Care Facility and Practitioner Data, Martinsville-Henry County, Benchmarks: 2002*

Locality		Martinsville-Henry Co.	Danville-Pittsylvania Co.	Carroll Co.	Maury Co.
Facility		<i>Memorial Hospital</i>	<i>Danville Regional Medical Center</i>	<i>Tanner Medical Center</i>	<i>Maury Regional Hospital</i>
Licensed beds	Total	237	290	255	255
	Per 1000 population	3.3	2.7	2.9	3.7
Staffed beds	Total	88	157	n/a	232
	Per 1000 population	1.2	1.4	n/a	3.3
Physicians	Total	100	136	135	159
	Per 1000 population	1.4	1.2	1.5	2.3
Nursing home patient beds	Total	432	612	423	662
Dentists	Total	35	42	n/a	34
	Per 1000 population	0.5	0.4	n/a	0.5

*Carroll and Maury data is from 2000

Source: Virginia Economic Development Partnership, Virginia Health Information, Georgia Statistics System - 2001 County Guide, Tennessee Department of Health

The only hospital category in which Martinsville-Henry County notably trails its competitors is the number of staffed beds at Memorial Hospital. However, with 1.2 staffed beds per 1000 residents, the community is still comparable to the benchmarked

areas. Likewise, in regards to number of nursing home patient beds and number of dentists in the community, Martinsville-Henry County is also competitive with its comparison areas.

Another critical quality of life indicator is the health of neo-natal infants, and the capacity of mothers to care for their unborn, and newborn children. The following table provides evidence of the relative capacity of Martinsville and Henry County in these categories.

Measures of Birth, Martinsville, Henry County, Benchmarks: 2001

<i>Measure</i>	<i>Martinsville</i>	<i>Henry County</i>	<i>Danville</i>	<i>Pittsylvania County</i>	<i>Carroll County</i>	<i>Maury County*</i>
Low birthweight babies (per 100 live births)	6.4	7.8	11.0	7.4	8.3	9.0
Births to teens (per 1000, ages 15-17)	38.3	32.1	47.9	24.0	37.5	36.2
Early prenatal care (% receiving care per 100 live births)	68.3	74.8	69.4	85.3	82.2	64.9

*Data is for the year 2000

Source: 2003 Kids Count Data Book: Georgia, Tennessee, Virginia.

The City and County both compare very favorably for percentage of low birthweight babies and also the number of births to teenage mothers ages 15 to 17. In fact, Henry County has the second-lowest teenage birth frequency among all the localities. While Martinsville is making strides in its efforts to control teenage pregnancy and eliminate underweight newborns, the percentage of Martinsville mothers receiving early prenatal care is still lower than every area except Maury County. Notable among the profiled communities is the city of Danville, which has a very high 11.0 rate of low birthrate babies, and also the highest teenage birthrates among the communities compared.

As children age, the quality of their upbringings is a good indicator of the quality of life they can hope to enjoy as adults. Children raised in poverty or abusive homes are statistically much more likely to become dysfunctional adults. The following table presents information on recent child-development trends in Martinsville-Henry County and its benchmarks.

Measures of Child Welfare, Martinsville, Henry County, Virginia: 1995, 2001
(Rates are per 1000 Children)

<i>Locality</i>	<i>Year</i>	<i>Founded cases of child abuse and neglect</i>	<i>Children in foster care</i>	<i>Children receiving TANF*</i>	<i>Students eligible for free or reduced price school lunch**</i>
Martinsville	1995	15.7	3.2	156.7	40.0
	2001	5.5	5.8	65.2	48.0
	Period Change	-65.0%	81.3%	-58.4%	20.0%
Henry County	1995	6.6	1.7	61.4	29.0
	2001	2.2	2.8	23.1	37.0
	Period Change	-66.7%	64.7%	-62.4%	27.6%
Virginia	1995	7.5	3.8	81.4	31.0
	2001	5.2	3.9	27.5	31.0
	Period Change	-30.7%	2.6%	-66.2%	0.0%

*Temporary Assistance for Needy Families

** Rate is per 100 children

Source: 2003 Virginia Kids Count Data Book

Clearly, from 1995 to 2001, Martinsville and Henry County health and social service officials have done a tremendous job of lowering the occurrence of child abuse and neglect in the city. Incidences of these crimes dropped 65.0% in the City, and 66.7% in the County. Likewise, the community has been able to more than cut in half the percentage of children receiving welfare assistance. One troublesome trend for Martinsville and Henry County is the rate of children being placed in foster homes. This index increased 81.3% in the City and 64.7% in the County from 1995 to 2001.

The following table details certain health indicators of the adult populations in Martinsville and Henry County.

Health Profile, Martinsville, Henry County, Virginia: 2002
(Rates per 100,000 population)

<i>Vital Event</i>	<i>Martinsville</i>	<i>Henry County</i>	<i>Virginia</i>
Death Rate/1,000 population (all ages)	15.9	10.6	7.8
Diseases of Heart	537.3	357.2	204.0
Malignant Tumors	334.2	203.8	185.5
Chronic Lower Respiratory Diseases	52.4	38.3	37.6
Pneumonia and Influenza	13.1	34.8	20.2
Diabetes	59.0	29.6	21.2
Alzheimer's	45.9	15.7	18.7
Chronic Liver Disease	19.7	13.9	8.2

Source: Virginia Department of Health

In many of the categories listed above, Martinsville adults suffer ailments at more than twice the frequency of similar cohorts in Virginia. Of particular concern are rates of heart disease, malignancy, respiratory diseases, Alzheimer's and chronic liver disease. In Henry County, health indices of adult residents are much closer in frequency to those at the Commonwealth level, except for the contraction of pneumonia and influenza.

Public Safety

A community's crime level and – equally as important – the *perception* and *reputation* that crime creates of an area, can seriously impact a locality's ability to attract new business and residents. These measures also have an important effect on how individuals view their own quality of life within their communities. Certain indicators in the following table should therefore be cause for concern in Martinsville.

Crime Data, Martinsville, Henry County, Benchmarks: 2001
(Crime rates per 100,000 population)

<i>Locality</i>	<i>Index offense rate</i>	<i>Violent Crime</i>					<i>Property Crime</i>			
		<i>Violent Crime</i>	<i>Murder and nonnegligent manslaughter</i>	<i>Forcible rape</i>	<i>Robbery</i>	<i>Aggravated assault</i>	<i>Property crime</i>	<i>Burglary</i>	<i>Larceny / Theft</i>	<i>Motor vehicle theft</i>
Martinsville	5014.7	555.8	6.4	115.0	140.5	293.9	4458.9	555.8	3500.7	402.5
Henry Co.	2857.7	362.1	11.9	27.2	52.7	270.3	2495.6	634.1	1671.1	190.4
Danville	4882.2	638.8	4.1	32.5	174.9	427.2	4243.5	665.2	3313.8	264.5
Pittsylvania Co.	757.2	122.5	6.8	13.6	10.2	91.9	634.7	289.3	296.1	49.3
Carrollton, GA	7597.7	1097.3	4.9	44.3	191.9	856.2	6500.3	979.2	5142.2	378.9
Carroll Co.	2599.8	168.7	0.0	11.9	37.5	119.3	2431.2	696.8	1502.7	231.7
Columbia, TN*	7169.4	1103.4	3.0	27.0	152.9	920.5	6066.0	1346.3	4389.8	329.8

*Data not available for Maury County
Source: FBI, Uniform Crime Reports

For a number of the above measures, Martinsville has a crime rate typical of much larger communities. For example, the City's rate of forcible rape is more than double its closest benchmark (Carrollton, Georgia), while its motor vehicle theft rate also leads every community profiled for this report. Conversely, Henry County's crime rates are among the lowest for every indicator measured by local law enforcement except for murder and non-negligent manslaughter.

Even though Martinsville's overall violent and property crime rates are roughly equivalent to its benchmarked cities of Danville, Carrollton and Columbia, the high incidence of these crimes in Martinsville is a legitimate cause for local concern.

Recreation, Entertainment and Culture

Many businesses and individuals look for recreational opportunities and entertainment and cultural options before considering whether to move to a community. While it is not conceivable that smaller localities can offer the same level of cultural and entertainment amenities as larger urban areas, these communities can nevertheless work to capitalize on their natural assets and establish niche identities that attract people who value the numerous advantages small towns and rural areas can provide.

Recreation

Outdoor recreation activities in Martinsville and Henry County are numerous. Indeed, nearly every focus group conducted by *Market Street* mentioned the area's outstanding recreational amenities as one of the community's most unique and compelling strengths. In Henry County, *Smith River* often finds numerous outdoorspersons fly-fishing for trout, canoeing or kayaking.

Philpott Lake and 4,868-acre *Fairy Stone State Park*, both immediately west of Martinsville, offer opportunities for fishing, camping, and swimming, along with trails for horseback riding. North of the Henry County line, *Smith Mountain Lake* features numerous sites for both summer and year-round homes along its 500-mile shoreline. The lake is stocked with bass and trout and also features numerous locations to swim, sail, or ski.

There are also numerous hunting grounds throughout the Henry County area. Further west from Martinsville-Henry County, the winding Blue Ridge Parkway is considered one of the nation's most picturesque drives.

Martinsville-Henry County is also home to five *golf courses*, three of them very well regarded private country clubs. All are 18-hole championship courses except for the 9-hole Bassett Golf Course. The area's rich, year-round availability of golf courses and private clubs makes Martinsville-Henry County very competitive as a location for executive housing, golf tourism and as a retirement destination. The following table contains details about the area's four 18-hole golf courses.

Golf Courses, Martinsville and Henry County: 2003

<i>Course detail</i>	<i>Chatmoss Country Club</i>	<i>Forest Park Country Club</i>	<i>Lynwood Golf & Country Club</i>	<i>Beaver Hill Golf Course</i>
Holes	18	18	18	18
Year Built	1958	1932	1947	1952
Public/Private	Private	Private	Private	Public
Guest Policy	Reciprocal	Closed	Reciprocal	Open
Credit Cards	None	None	None	VISA, MC
Golf Season	year round	year round	year round	year round
Range	Yes	No	Yes	No
Rental Clubs	Yes	Yes	No	Yes
Pro In House	Yes	Yes	Yes	Yes
Metal Spikes Okay	Yes	No	No	Yes

Source: GolfGuideWeb.com, accessed 12/6/03.

Martinsville also has a local *YMCA* mentioned by many focus group respondents as a wonderful facility and a community asset.

Entertainment

As small communities, Martinsville and Henry County cannot offer the same variety and intensity of entertainment options found in many larger urban areas. As a result, many of the community's teenagers and young adults expressed frustration in focus groups and interviews about the availability of after-school, evening and weekend entertainment. Married and older adults in Martinsville-Henry County, however, did not have the same level of disenchantment regarding these issues. Many commented that the area was a wonderful place to raise children, and offered the type of family-friendly environment and welcoming sense of community conducive to a quality lifestyle. As the community sees its young people increasingly leaving for college and not returning, and companies experience difficulty recruiting younger workers to the area, the perceived lack of entertainment options is a viable competitive concern.

Local entertainment options include:

Martinsville Speedway's 2003 season marked the track's 56th year of operation and its 55rd year as a NASCAR-sanctioned facility. At slightly more than half a mile, Martinsville Speedway is the shortest track on the NASCAR circuit, but many drivers say that the track's demanding layout consistently produces some of the most exciting racing on the tour.

With 86,000 seats and 25 corporate suites, the facility draws hundreds of thousands of visitors to Martinsville-Henry County every year. The following is a list of Martinsville Speedway's 2003-04 major events:

- April 17: Kroger 250 NASCAR Craftsman Truck Series race
- April 18: Advance Auto Parts 500 NASCAR NEXTEL Series race
- Oct. 5: Taco Bell 300 Late Model Stock race
- Oct. 19: SUBWAY 500 NASCAR Winston Cup race

The community also features a local minor-league baseball franchise, the *Martinsville Astros*. According to the *Martinsville Bulletin*, the city of Martinsville has spent a total of \$534,387.92 on the team's home, Hooker Field, since the Houston Astros' rookie league affiliate arrived in 1999. Of that, \$275,936.05 was spent on the facility's playing surface, which the Astros cite as their primary reason for their recently announced intention to explore a move away from Martinsville. Astros officials confirmed in October 2003 that the organization was shopping for a possible new home for the coming season and beyond, although the club has not ruled out a return to Martinsville.³⁵

Market Street would be remiss if we omitted from this report another entertainment component in Martinsville-Henry County: *Channel 18* (formerly Channel 6), a news station available to local cable television subscribers. Focus group participants and interviewees were nearly unanimous in their condemnation of Channel 18, which they say demeans the community, debases the political and civic climates in the area, stokes the fires of public discontent and discord, contributes to an overall community sense of demoralization, distrust, and defeatism, and presents Martinsville-Henry County in an extremely negative light to tourists and traveling businesspeople who happen to see the channel in their local hotel rooms. Many respondents called Channel 18 the *number one* threat to quality economic development in Martinsville-Henry County. Others noted that the channel consistently presents defamatory stories without sufficient supporting evidence, and even extorts recalcitrant advertisers with incendiary stories about their facilities or employees.

As currently operated and from a competitiveness standpoint, Channel 18 has the potential to convince business owners or residents contemplating relocating to Martinsville-Henry County that the area is an undesirable place to live or do business.

Culture

For a small community, Martinsville-Henry County has a comparatively impressive array of local cultural opportunities available to residents and visitors.

A not-for-profit organization, *Piedmont Arts Association* was organized in 1961 as one of the original chapters in the Virginia Museum of Fine Arts statewide network of art groups. In 1998, Piedmont Arts opened a renovated and expanded facility, which includes galleries, a performance hall, a classroom/darkroom, a Discovery Room and other additions. The Association offers art exhibitions as well as lectures, classes, a Performing Arts Series, and musical performances. Piedmont Arts also sponsors many

³⁵ Marks, Andy. "Hooker Field has cost city more than \$500,000 since '99." *Martinsville Bulletin*, 11/11/03.

workshops, displays, and special events each year including showings by local, regional, and national artists and craftsmen.

At Patrick Henry Community College, the *Walker Fine Arts Theater* hosts a performing arts series featuring various drama productions like “Greater Tuna” and an annual community theater production for local residents.

With collections numbering over 21 million specimens, the *Virginia Natural History Museum* and its staff of eight onsite professionals present numerous exhibits, programs, and field trips for the general public, and are also actively engaged in research on subjects ranging from dinosaurs to millipedes. On December 2, 2003, ground was broken for the construction of a new \$15 million, 89,000 square foot building for the Museum in Martinsville. The new facility is scheduled to open January 2006.

Recently, a Virginia Tourism Corporation grant funded a collaborative effort between the Martinsville-Henry County Chamber of Commerce, the city of Martinsville, Martinsville City Schools and the Martinsville-Henry County Historical Society to develop a heritage tour of local sites important to the development of African-American educators and education in Martinsville-Henry County. The result, *Proud Heritage of Black Educators*, currently features 13 tour sites and an accompanying educational booklet. The effort is the first in what is anticipated to be a series of heritage efforts championing the historical impact of African-Americans on the Martinsville-Henry County area.

For bibliophiles, the Henry County-Martinsville area is served by the Blue Ridge Regional Library System. The system operates three facilities in the community and maintains a collection of over 250,000 volumes. Bookmobile service extends to rural areas of the county. The Bassett Public Library in northwestern Henry County contains over 12,000 volumes and is particularly noted for its historical and genealogical collection. A new library containing over 10,000 volumes serves the Henry County town of Ridgeway. In addition, the 38,500-volume Patrick Henry Community College library is available to the public.

One aspect of culture local residents found lacking was the availability of quality local restaurants. Many respondents lamented the lack of this asset, more common in larger urban areas.

Natural Resources and the Environment

Martinsville and Henry County have many enviable natural resources whose protection must be considered as the community works to attract businesses and retain current employers. From an economic development standpoint, the area’s natural environment adds value to the community’s quality of life and potential to the tourism sector. The following table contains so-called *Envirofacts* collected and published by the U.S. Environmental Protection Agency to keep local residents and public officials informed about potential environmental hazards in their community.

EPA Envirofacts, Martinsville, Henry County, Benchmarks: 2003

<i>Locality</i>	<i>Facilities that produce and release air pollutants</i>	<i>Facilities that reported toxic releases</i>	<i>Facilities that reported hazardous waste activities</i>	<i>Superfund sites</i>	<i>Facilities generating hazardous waste from large qty generators</i>	<i>Companies issued permits to discharge to waters of the United States</i>
Martinsville	74	21	56	2	6	5
Henry County	100	26	59	2	9	20
Danville	47	16	109	5	8	9
Pittsylvania Co.	71	7	50	2	6	15
Carroll County	55	26	95	4	13	12
Maury County	60	14	126	5	12	30

Source: U.S. Environmental Protection Agency

As can be expected of historically industrial and manufacturing-based economic areas, Martinsville and Henry County both have a number of businesses and facilities that release potentially toxic materials in the air, land and water. However, from a competitiveness standpoint, Martinsville-Henry County is not greatly above any benchmarked community in the degree of pollutants released in any of the above categories.

Survey Results

Some of the greatest support in the Quality of Life section was for the housing market. Regarding availability, 69.0 percent classified it as Excellent or Good. Regarding affordability, 57.8 percent classified it as such. No one classified the availability as Poor. Cost of living was also regarded favorably with 56.3 percent classifying it as Excellent or Good. Environmental concerns also had a positive perception with 62.0 percent classifying the quality of the air, water, and other natural resources as Excellent or Good.

Health care received an overall ranking of Average. While only 1.6 classified the affordability as Excellent, there were many responses in the Excellent and Good columns regarding availability and quality. More than 10 percent classified the quality and affordability as Poor.

The child care categories did not get a lot of “Excellent” rankings, but 58.1 percent classified the availability as Good or Average, 61.2 percent classified the quality as Good or Average, and 59.8 percent classified the affordability as Good or Average. More than 10 percent classified each of the three as Below Average.

While only 4.7 of respondents classified the police services as Below Average or Poor, 10.9 classified personal safety and 20.3 percent classified property safety in one of these two categories.

Entertainment and recreational activities did not receive highly favorable rankings. More than half, 58.6 percent, classified shopping and dining as Below Average or Poor. Cultural and entertainment amenities had 47.7 percent in one of these two categories and recreational opportunities had 34.9 percent. Recreational opportunities were the most highly perceived of the three; 26.4 percent classified them as Excellent or Good.

Finally, civic engagement only had 9.5 percent classify it as Excellent or Good, one of the lower rankings in the survey based on this grouping. Most classified it as Average, but 42.1 percent marked the Below Average or Poor categories.

Quality of Life

	Excellent	Good	Average	Below average	Poor	Don't know
Availability of health care	10.2%	35.9%	36.7%	11.7%	5.5%	0.0%
Quality of health care	7.8%	31.0%	36.4%	13.2%	10.9%	0.8%
Affordability of health care	1.6%	24.2%	39.1%	21.1%	13.3%	0.8%
Availability of child care	3.9%	23.3%	34.9%	14.0%	9.3%	14.7%
Quality of child care	3.9%	22.5%	38.8%	10.1%	5.4%	19.4%
Affordability of child care	2.4%	20.5%	39.4%	13.4%	7.9%	16.5%
Personal safety	5.5%	37.5%	45.3%	9.4%	1.6%	0.8%
Property safety	5.5%	35.9%	37.5%	16.4%	3.9%	0.8%
Cost of living	15.6%	40.6%	32.0%	8.6%	2.3%	0.8%
Availability of housing	21.7%	47.3%	21.7%	6.2%	0.0%	3.1%
Affordability of housing	21.1%	36.7%	25.0%	7.8%	2.3%	7.0%
Quality of air, water, and other natural resources	19.4%	42.6%	31.8%	3.9%	1.6%	0.8%
Cultural and entertainment amenities	3.9%	19.5%	28.1%	28.1%	19.5%	0.8%
Recreational opportunities	6.2%	20.2%	38.0%	20.2%	14.7%	0.8%
Shopping and dining opportunities	1.6%	7.0%	32.0%	36.7%	21.9%	0.8%
Civic engagement	1.6%	7.9%	41.3%	31.0%	11.1%	7.1%

Key Findings

While quality of life is a relative term and varies based on the individual preferences of those in different generations and lifestyles, Martinsville-Henry County has a number of positive quality of life attributes for those interested in small-town living. For example, the community is praised as a wonderful place to raise a family, and for its numerous recreational and cultural amenities – especially for a community of its size. Likewise, the availability of medical care is comparable to successful localities in competitor regions. Low cost of living is also considered a marketable asset for Martinsville and Henry County, while the City’s fine stock of affordable “executive” homes can potentially attract affluent residents to the community.

However, other quality of life measures are more troubling for the community. Real per capita earnings of Martinsville-Henry County workers have actually declined over the past ten plus years, and trail the nation by almost \$10,000 per year. Housing prices in Martinsville-Henry County, while low, have been flat in recent years, and affect residents' ability to "trade-up" to better housing, or move to other locations within the community.

Various health and safety measures also point to disturbing trends in Martinsville, and, to a lesser degree, Henry County. For a number of medical conditions, Martinsville residents are far more likely to fall ill than individuals in Henry County or the other communities benchmarked for this report. Martinsville also experiences much higher rates of forcible rape and motor vehicle theft than its benchmarked competitors. In Henry County, a high murder and non-negligent homicide rate compared to similarly sized areas is also a troubling statistic.

In terms of recreation, entertainment and culture, focus group participants and interviewees called many elements of these categories great local strengths. Numerous recreational amenities and cultural opportunities are available in the community, and contribute to a very attractive quality of life for those interested in outdoor activities and the arts. However, young adults and teenagers lamented the overall lack of entertainment options in Martinsville-Henry County, including places to "hang out" and meet people like coffeehouses, bars, dance clubs and higher-end restaurants.

Conclusion



CONCLUSION

Focus group participants and interviewees frequently mentioned Martinsville-Henry County's spirit of renewal and local "can do" attitude. At different points in its history, the community has recovered from a severe decline in its principal economic sector to once again create a profitable local economy. Many local residents believe Martinsville-Henry County will recover from job losses and company shutdowns in the textile and furniture industries, and again find a successful path to local job and wealth creation.

This *Competitive Assessment* examined four components of business climate – education and workforce development; infrastructure; business costs; and quality of life – to determine Martinsville-Henry County's competitiveness versus the business climates of benchmarked areas. For many indicators, Martinsville-Henry County was very competitive with its regional benchmark, Danville-Pittsylvania County, as well as the high-growth areas of Carroll County in Georgia and Maury County in Tennessee. Infrastructure is in place at all levels to allow Martinsville-Henry County to attract the type of companies that will bring quality local jobs, and also stimulate the development of businesses already "on the ground" in the community. There are exceptions in various competitiveness areas, but, on the whole, Martinsville-Henry County is not at a great economic development disadvantage relative to its benchmarks.

The many positive strengths of the community to emerge through quantitative and qualitative research include:

- Low cost of living.
- Relatively low cost of doing business.
- Ample supplies of water and other utilities.
- A recently installed redundant fiber-optic network in Martinsville.
- A sufficient amount of available industrial sites and buildings.
- A host of local and state incentives packages for relocating businesses.
- A very competitive local airport.
- Geographic centrality to major urban areas, two major airports, the mountains and the ocean.
- On the whole, a quality school system with very low dropout rates and a recent history of improvement on Virginia-monitored performance measures.
- A competitive local health care system.
- An excellent local community college.
- A quality small-town atmosphere with no traffic congestion and a leisurely pace of life.
- Quality housing stock.
- Good people in the community, and a willingness to help one's neighbor.
- A great place to raise a family.
- Wonderful natural amenities and opportunities for recreation.
- A robust cultural environment for a community of its size.
- Four 18-hole golf courses, three of them private clubs.

However, the following issue areas did emerge from this *Competitive Assessment*:

1. Workforce Quality and Preparedness

- Martinsville-Henry County’s potential labor force is shrinking, as is its labor force participation rate.
- Many local employees lack basic math, science and language skills, and are also deficient in the “soft” skills needed to manage customers and interact with fellow employees.
- Educational attainment of many local age cohorts trails the nation and competitor regions.
- Many local employers complained of a difficulty in finding quality entry-level employees, who lack the work ethic of earlier generations and are having increasing difficulty passing drug-screening tests.
- While local schools are good, student performance is mixed, with no Martinsville public school passing the Adequate Yearly Progress criterion of the federal No Child Left Behind law. The performance of City school students on math and science standardized tests is also sub-optimal, and trails the better performing Henry County schools.
- Both City and County schools are faced with integrating an increasingly non-English-speaking cohort into their classrooms and programs.
- Though an excellent local resource, Patrick Henry Community College is charged with retraining hundreds of displaced workers who often lack basic reading, writing, math and science skills. Many respondents commented that, without availability of local jobs, retraining efforts are further hampered.
- A number of participants commented on a community culture that did not adequately emphasize the importance of receiving a high school, community college or university degree.

2. Existing Businesses and Small Business Development

- Numerous existing and small businesspeople in the area commented that they do not receive sufficient attention from local leaders and economic development organizations to remain competitive. The situation is more pronounced among minority business owners.
- Focus group participants and interviewees noted that, historically, certain of the area’s employers conspired to keep businesses out of the community and wages low. Many said the effects of this legacy continue today. Others noted that the local business community is “cliquish.”
- While entrepreneurship and small business development support services exist in Martinsville-Henry County, many participants said they were not aware of these resources. Services were also said by many to be difficult to access.

3. Quality of Life

- The increasing “brain drain” resulting from the continuing loss of Martinsville-Henry County’s young people is disturbing to many in the community, who lament the lack of entertainment options to keep teenagers and young adults interested in staying in the area.
- Certain categories of crime are quite high locally, including forcible rape and motor vehicle theft in Martinsville, and murder/non-negligent manslaughter in Henry County.
- Various health indices show negative trends in the community, including a high incidence of heart disease, tumor malignancy, respiratory diseases, diabetes, Alzheimer’s and liver disease.

4. Local Attitudes, “Vision” and Leadership

- Nearly every focus group and interviewee said a lack of vision for the future and fractured local leadership in Martinsville-Henry County were area weaknesses.
- Many participants noted that outlets such as local cable Channel 18 contribute to an overall climate of negativity in the community that leads to a perception that Martinsville-Henry County is not a desirable place to live or run a business.
- A number of respondents mentioned that the attitudes of local workers and certain residents were overly critical, and led to a sense of defeatism and discouragement about the community’s prospects for renewal.

Moving forward, *Market Street* will utilize information gathered from Martinsville-Henry County’s *Economic and Demographic Profile* and *Competitive Assessment* to determine the most logical target business sectors for the community to focus on. Next will come a comprehensive *Community and Economic Development Strategy* for Martinsville-Henry County and, lastly, an *Implementation Plan* to ensure that the needed actions are taken, and progress measured, to facilitate quality job growth and wealth creation in the community.

Glossary of Terms



MARKET STREET SERVICES GLOSSARY OF TERMS

*The following terms are defined within the context of Market Street's work. Glossaries from such federal websites as the **Census Bureau** and the **Bureau of Labor Statistics** were used to define certain terms. Other government and **economic development** resources were also used. **Boldface type** within a definition indicates that term is also in the Glossary.*

ACCRA: Formally known as the American Chamber of Commerce Researchers Association, ACCRA is considered the authoritative source for **Cost of Living** estimates for most **Metropolitan Statistical Areas** and other urban places.

Age distribution: Published by the **Census Bureau**, a study of the population's age characteristics by looking at what percentage of the total the different age groupings represent. While they can vary, typically the following groupings are used: 17 and under, 18-24, 25-34, 35-44, 45-54, 55-64, 65-74, and 75 and over.

Average annual pay: A statistic provided by the **Bureau of Labor Statistics (BLS)**. According to BLS, the figure includes, "in addition to **salaries**...bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and, in some states, employer contributions to certain deferred compensation plans, such as 401(k) plans and stock options."

Bureau of Economic Analysis (BEA): United States government agency that provides economic statistical information such as personal **income**, **per capita income**, total **earnings** and **employment** by industry, and population.

Bureau of Labor Statistics (BLS): United States government agency that provides economic statistical information such as **unemployment**, **unemployment rates**, **average annual pay**, and total **employment** by industry.

Business costs: The expenses and regulations associated with conducting business including real estate, labor, production, and utility costs, permitting fees, taxes, and government financial incentives.

Business climate: The environment in which companies operate and employees must live. To characterize that environment, *Market Street* collects an appropriate combination of primary and secondary qualitative and quantitative data. Factors that *Market Street* considers include educational opportunities, **workforce** quality and availability, transportation, communication, and energy **infrastructure**, **business costs**, and such **quality of life** concerns as health care, crime, housing, and cultural opportunities.

Business clusters: Geographic concentrations of related businesses and institutions that benefit from close proximity, including workers, producers, buyers, sellers, competitors, partners, researchers, service companies, and public agencies in a given

field. Target business clusters are those that have been recommended as part of a strategic development plan.

Capital improvement programs: A government budget and schedule of construction for developing transportation networks, sewer and water systems, and public facilities such as schools and parks. Most programs have short-term and long-term projects identified.

Census Bureau: United States government agency that conducts the decennial census and provides that data, as well as some interim estimates and forecasted data, to the public. Information available on their website includes population, age, **race**, **ethnicity**, education, housing, and commuting data. The Bureau also publishes County Business Patterns, which include **employment sector** data pertaining to total **employment**, annual **payroll**, and total **establishments**.

Community development: A comprehensive approach to improving the **quality of life**, wealth, and competitive capacity of an area through the combined efforts of citizens, businesses, and the government. In *The Practice of Local Government Planning*, Edward John Kaiser and David R. Godschalk define community development as the “process by which citizens and local government officials identify and seek to achieve a desirable future for their community,” which involves the “evolution and promotion of community goals and potential.”³⁶

Commuting patterns: Published by the **Census Bureau**, the study of such statistics as the percentage of individuals that work within their County of residence, their average travel time to work, the time of day that individuals leave home for work, and their mode of transportation.

Comparative advantage: When comparing two locations, this term is used to state that one location is preferable to another regarding a particular indicator.

Comprehensive plan: Created to coordinate long-term policies based on population and economic trends regarding such components of development as the economy, **land use**, natural and historic resources, community facilities, and **infrastructure**.

Consumer price index: Published by the **Bureau of Labor Statistics**, a measure of the change in price for the consumer that occurs for a particular good or service in a particular place over a period of time.

Cost of living index: Published by **ACCRA**, a measure of the price of goods and services in an area based on the national average, enabling an analyst to compare the price of such necessities as groceries, housing, utilities, transportation, and health care

³⁶ Kaiser, Edward John and David R. Godschalk. “Development Planning.” *The Practice of Local Government Planning*, 3rd ed. (Washington, DC: International City/County Management Association, 2000) 141.

from one location to another.

Crime rate: Published by the Federal Bureau of Investigation, the rate is usually calculated as the number of criminal offenses per 1,000 people. Unless otherwise specified, the **crime rate** includes both personal and property crimes. Personal crimes are such acts as murder, rape, robbery, and aggravated assault. Property crimes are such acts as burglary, larceny-theft, and motor vehicle theft.

Demographic information: Demography is the study of human populations. *Market Street* collects demographic data pertaining to certain key characteristics of a community including population size, **age distribution**, **race** and **ethnic** composition, etc.

Displaced workers: Individuals who have lost their position because a business closed, moved elsewhere, or laid off workers due to a shift in the amount or nature of its employment needs.

Disposable income: After-tax income available for saving or spending.

Domestic migration: Published by the **Census Bureau**, the net change in the number of individuals moving into and out of a community from another location within the United States (sometimes also referred to as internal migration). **See also Net Migration and International Migration.**

Earnings: The **Bureau of Labor Statistics** defines **Earnings** as “remuneration (pay, wages) of a worker or group of workers for services performed during a specific period of time. The term invariably carries a defining word or a combination; e.g., straight-time average hourly earnings...”

Hourly, daily, weekly, annual--period of time to which earnings figures, as stated or computed, relate. The context in which annual earnings (sometimes weekly earnings) are used may indicate whether the reference includes earnings from one employer only or from all employment plus other sources of income;

Average--usually the arithmetic **mean**; that is, total earnings (as defined) of a group of workers (as identified) divided by the number of workers in the group;

Gross--usually total earnings, before any deductions (such as tax withholding) including, where applicable, overtime payments, shift differentials, production bonuses, cost-of-living allowances, commissions, etc.;

Straight-time--usually gross earnings excluding overtime payments and (with variations at this point) shift differentials and other monetary payments.” **See also Wages.**

Earnings to employment ratio: A comparison of total **earnings** to total **employment** in a given **employment sector** in order to determine which sectors provide the higher paying jobs in the local economy.

Economic development: Creating and sustaining economic activity through such methods as job retention, new business recruitment, and encouragement of entrepreneurial activity in a community. The goal of such efforts is to improve the wealth of the area and develop a strong economic base to ensure long-term prosperity.

Educational attainment: Published by the **Census Bureau**, the statistics used to measure the education levels of a community. Usually the categorized data is illustrated as a percentage of the total population over 25 years old. In each category (i.e., no high school diploma, high school diploma, some college, associate degree, Bachelor's degree, graduate or professional degree), the statistic is referring to the percentage of the population that achieved at most that particular level.

Employment: The total number of individuals that currently have a job. The **Bureau of Economic Analysis**, **Bureau of Labor Statistics**, and the **Census Bureau** publish employment data.

Employment sectors: The classification of the types of businesses in an economy by general categories. The U.S. Office of Management and Budget defines that classification with the **North American Industry Classification System** (previously with the **Standard Industry Classification**). The **Bureau of Economic Analysis**, **Bureau of Labor Statistics**, and the **Census Bureau** publish employment sector data.

Enterprise: The conglomeration of all the **establishments** owned by a single firm, government, or non-profit.

Entrepreneur: According to the National Commission on Entrepreneurship, "Entrepreneurs are people who take advantage of innovative ideas, and turn those ideas into jobs and wealth creation." The development of entrepreneurial activity is the "practice of encouraging the creation and growth of start-up companies."

Establishment: The location at which business activity takes place. In this context, business activity is the provision of a good or service.

Ethnicity: In order to account for the fact that Hispanic is an ethnicity and not a **race**, the **Census Bureau** collects data on the number of people in the United States who classify themselves as part of the Hispanic ethnic group. Hispanic individuals can classify themselves as any **race**, and each **race** may include both Hispanics and non-Hispanics.

High school completion rate: A measure of the percentage of young adults who have received a high school diploma. The U.S. Department of Education's National Center for Education Statistics further defines the rate as "based on the population of young adults ages 18 through 24 who are no longer enrolled in high school or below." The state-level departments of education sometimes determine the rate using a different standard.

High school dropout rate: A measure of the percentage of young adults who left high school before receiving a diploma.

Income: The **Bureau of Labor Statistics** glossary states: “Income before taxes is the total money **earnings** and selected money receipts of all consumer unit members 14 years of age or over during the 12 months [period]. It includes the following components: **Wages** and salaries; self-employment income; Social Security, private and government retirement; interest, dividends, rental income, and other property income; unemployment, workers’ compensation and veteran’s benefits; **public assistance**, supplemental security income, and food stamps; regular contributions for support (including alimony and child support); other income (including cash scholarships, fellowships or stipends not based on working, and meals and rent as pay).”

Inflation: The rise in prices as the value of money decreases over time.

Infrastructure: See **Physical infrastructure and Social infrastructure**.

Input-output analysis: A method of determining economic impacts. The “input,” usually the amount of financial **investment** in a project, is multiplied by a predetermined multiplier to calculate the “output,” or expected total revenue generated by that investment.

Internal migration: See **Domestic migration**.

International migration: Published by the **Census Bureau**, the net change in the number of individuals moving into and out of a community from outside of the United States. See also **Net migration and Domestic migration**.

Investments: Money spent on a good or service in order to improve existing **infrastructure** or service as well as to potentially generate future economic reward for the community or business based on that **investment**.

Labor force: The number of individuals employed or unemployed and actively seeking employment. This does not include those who are of working age, but have taken themselves out of the labor force because they, for example, are independently wealthy, retired early, raise children, or stopped looking for a job because they could not find a suitable opportunity. The **Bureau of Labor Statistics**, which publishes this data, defines the labor force based on individuals meeting these criteria who are 16 years old or over. See also **Workforce**.

Labor force participation rate: The percentage of the **workforce** (all individuals 18 – 69 years old) that is currently in the **labor force** (all individuals currently employment or unemployed and actively seeking employment). This percentage does not include those who are of working age, but have taken themselves out of the **labor force** because they, for example, are independently wealthy, retired early, raise

children, or stopped looking for a job because they could not find a suitable opportunity.

Land use: The purpose of a parcel of land based on the kind of activity that takes place on that land, usually defined by the buildings on that parcel, or lack thereof. For example, residential, commercial, office, industrial and parkland are also considered **land uses**. Typically the development of land is governed by zoning and other government regulations.

Location quotient: A measure of the portion an **employment sector** represents of the total economy for the area under consideration compared to the portion that **employment sector** represents of the United States' total economy. A location quotient of 1.0 indicates that sector represents the same proportion of the local economy as it does of the national economy. A location quotient above or below 1.0 indicates the sector represents a larger or smaller proportion, respectively, of the local economy than it does of the national economy.

Mean: More commonly referred to as the average, the **Mean** is the sum of all the data divided by the total number of pieces of data.

Median: In an ordered data series, it is the figure that falls in the middle of the series. This is different than the **Mean**, or average, of the terms.

Metropolitan Statistical Area (MSA): The total suburban and urban area of a City or urbanized area, as defined by the U.S. Office of Management and Budget for statistical purposes. To qualify, a City must have at least 50,000 people or the urbanized area must have at least 50,000 with a broader metropolitan area population of at least 100,000. For example, in 2000 the population of the City of Atlanta was 416,474 while the 28-County Atlanta MSA population was 4,112,198.

Migration: To change residence from one location to another. **See Domestic Migration, International Migration, and Net Migration.**

Mixed-use development: Properties integrating residential, commercial, office, or industrial **land uses** in a single development or district.

Natural change: Published by the **Census Bureau**, the net change in the population due to births and deaths in the community.

Net migration: The sum of the net **domestic** and net **international migration**.

New Economy: The information and knowledge-based economy that has rapidly and recently evolved due to the technology-driven shift in our capabilities. The national downward trend in the manufacturing sector and the upward trend in the professional services sector is a defining characteristic of the **New Economy**.

Non-farm proprietor: A proprietor is the owner of a business or other **establishment**. The **Bureau of Economic Analysis** publishes the total non-farm proprietor figure, which excludes all farm owners from the total proprietor figure in order to measure non-agriculture based business activity. *Market Street* uses the non-farm proprietorship data as a measure of the amount of **entrepreneurial** activity in a community.

North American Industry Classification System (NAICS): A system standardized by the Office of Management and Budget (OMB) in order to categorize business establishments in broad sectors as well as more defined sub sectors. Established in 1997, the NAICS code is an updated and reorganized version of the **Standard Industry Classification**.

Not seasonally adjusted: Published by the **Bureau of Labor Statistics**, raw employment data that has not been altered to reflect fluctuations that tend to follow the same pattern each year. **See also Seasonally adjusted.**

Owner-occupied housing units: A housing unit that has a current occupant owning that particular dwelling. The **Census Bureau** measures homeownership by calculating the percentage of total housing units that are owner-occupied.

Payroll: See **Average Annual Pay.**

Per capita income: Published by the **Bureau of Economic Analysis** (BEA), an economic statistic considered to be one of the best overall indicators of local wealth. To calculate, BEA divides the total income earned in a given year by the total number of residents, including children, seniors, and other individuals not working. In its analysis, *Market Street* adjusts historical data based on **inflation** to determine the real per capita income.

Physical infrastructure: The shared physical resources of a community needed for its own survival and success, often provided by a local, state, or federal government entity. Examples include highway and road systems, pipelines and electrical wires, libraries, classrooms, and hospitals. **See also Social infrastructure.**

Poverty rate: The percentage of the population with a total family income below the poverty level, or threshold, as defined by the **Census Bureau**. The Bureau updates that level annually based on the **Consumer Price Index**, and that level varies by the total number of people within the family. For example, in 2003 the poverty threshold for a family of one was \$8,980 but it was \$30,960 for a family of eight.

Producer price index: A measure of the change in price for the producer that occurs for a particular good or service in a particular place over a period of time.

Public assistance: Government financial payments to individuals in need of assistance due to factors such as income levels, age, and health. It also includes government financial payments to businesses and other establishments that have demonstrated a

need for help.

Quality of life: An overall, subjective measure of an individual's satisfaction with life. This can include such factors as an individual's perception of the affordability of necessary goods and services, transportation options, air and water quality, educational opportunities, health care quality, feelings of safety, entertainment and recreational offerings, etc.

Race: A self-classification of a distinct geographic, cultural, or physical population. In 2000 the **Census Bureau** listed the following options to choose from in the decennial census questionnaire: White, Black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, Some other race, and Two or more races. **See also Ethnicity.**

Redevelopment: The renewal of an existing community, usually requiring a large financial investment in order to restore/improve the physical and economic health of the area.

Retirement income: Money paid to retirees from such sources as benefit pension plans and contribution retirement plans. Typically, such as in the case of the **Census Bureau's income** distribution statistics, **retirement income** does not include Social Security benefits, which are considered a **transfer payment**.

Salaries: **See Wages and salaries.**

Seasonally adjusted: Changes to employment data based on fluctuations that tend to follow the same pattern each year. These adjustments are made in order to more effectively illustrate atypical trends that occur. **See also Not seasonally adjusted.**

Skilled workers: Adults with the education and skill sets to meet current and future job requirements. The term applies to all industries and occupations.

Small business: A business that has fewer employees or generates less revenue than a certain level. That level varies by industry. The U.S. Small Business Administration's Office of Size Standards determines those levels for the purpose of administering their assistance programs.

Social infrastructure: The community organizations, networks, and other social resources that are needed for a geographic area's survival and success.

Standard Industry Classification (SIC): A system standardized by the Office of Management and Budget (OMB) in order to categorize businesses and other establishments in broad sectors as well as more defined sub sectors. In 1997, OMB updated and reorganized the data in a new system called the **North American Industry Classification System**.

Sustainability: In the context of *Market Street's* work, it is the economic prosperity that is achieved when measures are taken to ensure long-term, not just short-term, economic success. Sustainable economic vitality also must recognize the interdependence of the environment and the economy.

Tax abatement: A common economic development tool of governments, it permits business-owners to not pay taxes for a certain period of time.

Teenage pregnancy live birth rate: The number of live births per 1,000 female teenagers, published by the National Center for Health Statistics, a division of the Center for Disease Control. The age range is usually 15 – 19. The figure does not include miscarriages and early terminations.

Time series analysis: The study of historical data over a certain period of time, often to compare that specific geographic area to others, the state, or the nation.

Transfer payments: Government financial assistance such as Social Security, Medicare, Medicaid, workers' compensation, and aid to dependent children.

Unemployment: Published by the **Bureau of Labor Statistics**, the total number of people that are without a job, but still within the **labor force** because they are actively seeking a position.

Unemployment rate: Published by the **Bureau of Labor Statistics**, the percentage of the **labor force** that is currently without a job.

Venture capital: Private equity investments in new start-ups or expansions of **small businesses**. Investors receive shares in the company, a degree of management control, or a specified share of profits.

Wages and salaries: The **Bureau of Labor Statistics** defines **Wages** as, "Hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time **earnings** divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, and nonproduction bonuses such as lump-sum payments provided in lieu of wage increases." **See also Earnings.**

Workforce: Often referred to as the "potential workforce," *Market Street* defines it as all individuals ages 18 – 69. **See also Labor force.**