GO Virginia Working Project Guidance and Metrics

This document provides guidance and sample metrics for the development of funding applications for GO Virginia per capita and competitive grants. This guidance was developed from the GO Virginia Code language and Scoring Guidelines, as well as the precedents set by previous Board decisions. This is a working document that will be updated on a regular basis to capture Board policies that may impact application development. The following is DHCD's guidance as of December 4, 2018.

Workforce:

Program Duplication: GO Virginia can be used to develop and implement new and innovative trainings that are not currently available within that region, or within a reasonable distance of the project location. For projects replicating training that exists elsewhere in the region or Commonwealth, projects that can effectively scale an existing program will be more appropriate than those duplicating an existing program. This can be achieved by larger scale and more expansive collaborations across regions and between regions.

Industry Partnerships: GO Virginia strongly encourages private-industry partnerships for all GO Virginia projects. Securing financial and resource commitments from private-industry partners is a best practice, along with commitments to hire trainees or to upskill existing employees. Projects that address an explicit industry need, and demonstrate a clear demand for the skills and credentials will be the most successful. Projects that can demonstrate a long-term demand for the project will be more successful than those aiming to address a short-term need. Single business demand for workforce is not sufficient as more than one business must benefit.

Sustainability: GO Virginia funds should be utilized to build the region's capacity to create jobs in the targeted clusters, and projects that demonstrate the ability to sustain that capacity will be most successful. Projects that reflect a short-term solution that is financially or functionally unsustainable will be less successful. Furthermore, projects that lead to a new or expanded obligation for the State will be less successful than those that can be sustained through non-State resources.

Online Platforms: GO Virginia can be utilized to establish platforms that will match talent with available opportunities (jobs or training), as is being pursued throughout the Commonwealth. Regions should pursue opportunities that can be scaled across boundaries, or systems that work in coordination with existing platforms, to avoid duplication of efforts. GO Virginia funds should be focused on the buildout of such platforms, while marketing and outreach (for the platform or for a training program) would be more appropriately sourced from matching funds.

K-12 Projects: GO Virginia can be used to develop stronger connections between secondary education and the creation of higher paying jobs in the traded sectors. Projects that demonstrate a direct line of sight to such job creation through student credentialing or work-based learning (internships and apprenticeship) will have the best alignment with GO Virginia. Projects that implement new curriculum or learning opportunities that directly align with the region's targeted industries and include direct

commitments from businesses will be prioritized. General academic or capital requests are not appropriate. As the period of time between the project and outcomes such as job creation extends, projects will become less competitive for GO Virginia funds. Projects with longer timelines to job creation, including those focused on early childhood and primary education, are not appropriate for GO Virginia.

Precedents: Based on program guidelines and prior decisions by the Board, applications for the following are discouraged:

- **Healthcare and nursing training programs:** Healthcare is not generally considered a traded sector and therefore does not meet the mission of the GO Virginia program. The Board will consider future applications that will create higher paying jobs and generate out-of-state revenue despite being a non-traded sector, such as a medical center of excellence or specialized/innovative model.
- **K-12 Capital Requests:** Funding requests for the construction of a school or high-school vocational center will inherently offer an assortment of courses, including a significant portion that are not in line with the region's growth and diversification plan. This is considered to be a general responsibility of the local school system and the Department of Education, and is not an appropriate use of GO Virginia funds.
- **State Salaries:** Projects that lead to a new or expanded obligation to the State will be less successful than those that can be sustained through federal, private or local funds. Funding for positions at state-funded entities such as the community colleges should only be considered where a non-state source of funding to sustain those positions can be identified.
- **Scholarships:** Since scholarships can only be sustained through ongoing funding injections, this is not a sustainable use of GO Virginia funds. While scholarships can reduce the cost of existing trainings for recipients, it does not build the region's capacity to train.

Workforce Metrics: Anticipated metrics for workforce projects can include:

- Number of students trained
- Number of employees upskilled
- Number of jobs created
- Number of jobs retained
- Number of internships/apprenticeships completed
- Number of businesses served
- Number of new programs/credentials implemented
- % of completers receiving credentials
- Number of credentials awarded
- Average wages for trainees/graduates
- Average increase in wages for trainees/graduates
- Leveraged private investment
- Leveraged public investment
- Note: Metrics should reflect the incremental change due to the project. For example, if a program is being expanded- the metrics would reflect the increase in number of students trained and the increase in the number of credential awarded, over the existing baseline outputs.

Sites:

Site Development: GO Virginia funds can be used to advance a site up the Virginia Business Ready Sites Program (VBRSP) tier system through the Virginia Economic Development Partnership (VEDP). Localities and property owners are encouraged to work with VEDP to ensure that all sites are properly characterized within VirginiaScan. GO Virginia funds can be used for preliminary site due diligence, site grading and preparation, and limited infrastructure development. Prospective sites should be evaluated and prioritized based on a demand analysis to assure that the region is developing the right sites to align with the industry clusters identified in the growth and diversification plans.

Infrastructure: GO Virginia funds can be used for site specific improvements or infrastructure necessary for the development of that site, and not for general public infrastructure improvements such as roads and bridges, or upgrading water and sewer infrastructure for a locality. GO Virginia funds should leverage other state and non-state sources of funding where possible.

Revenue Sharing: It is unlikely that every locality will have a site that is appropriate for joint development through GO Virginia, and localities are highly encouraged to collaborate to act in the collective interest of the region. A Regional Industrial Facility Authority (RIFA) is considered a best practice for revenue sharing between the participating localities. A RIFA allows any two or more localities to jointly invest (a RIFA can secure debt) and share tax revenue generated from a project. Revenue sharing through a RIFA aligns with the GO Virginia requirements of local participation and local match. While RIFA's are encouraged, regions can also consider other cooperative agreements and structures to develop sites by two or more localities in which development costs and/or revenues are shared.

Speculative Development: While GO Virginia funding can be used to advance a site to business-readiness, projects should be able to document clear demand for the site to reduce the risk of speculative development. Projects that demonstrate the highest likelihood for immediate high wage job creation outcomes through active prospects or a clear history of prospect activity within the targeted clusters will be most successful. Information regarding any prospects forfeited due to the lack of business-ready sites should be included with the application.   Committed prospects ["bird in hand"] are not required to pursue site preparation or enhancements (see Incentive Packages below).

Workforce Connection: Projects will be most successful when they demonstrate a clear understanding of the labor shed for the site, particularly with mega-site developments that have the potential for thousands of jobs. Projects should ensure adequate population and skills to support a future business in one of the target industries, and should outline plans to address relevant skills gaps where necessary.

Marketing: Projects will be most successful when there is coordination with VEDP and there is a clear marketing plan in place for the site. The marketing plan should target the region's priority clusters, and should include metrics for gaging the success of the marketing efforts so they can be corrected or expanded to hit targets.

Precedents: Based on program guidelines and prior decisions by the Board, applications for the following are discouraged:

- **Infrastructure:** GO Virginia funding cannot be used for the development of transportation infrastructure such as roads, bridges, tunnels, exits, public transportation, etc. GO Virginia should

not be used for general public infrastructure for a locality, without a clear line of sight to an economic development project that will create higher wage jobs in a traded sectors.

- **Incentive Packages:** GO Virginia funding is not a business incentive and shall not be used as part of a prospect incentive package. Incentives do not build the region's long-term capacity for job creation, and therefore do not meet the mission of GO Virginia. Furthermore, GO Virginia funding should not be requested for the benefit of a single business, so GO Virginia will not fund site improvements for a single bird-in-hand prospect.

Sites Metrics: Anticipated metrics for joint site development projects can include:

- Number of jobs created
- Number of jobs retained
- Number of businesses served
- Number of households served (if applicable)
- Acres advanced to higher tier per VBRSP
- Total square footage of new space developed
- Linear feet of water/sewer infrastructure constructed
- Water/sewer capacity: MGD (million gallons per day)
- Marketing dollars deployed for the site
- Number of projects (active company recruitment files)
- Number of prospects (active company visits)
- Number of businesses attracted
- Leveraged private investment
- Leveraged public investment
- Revenues increased from export-sales
- **Note:** Joint site development projects should track short and long-term metrics, to track the outputs from the project as well as the outcomes from businesses on the site.

Startup Ecosystems:

Opportunities: GO Virginia funds can be used to build the fundamental building blocks of regional startup ecosystems, such as incubators, accelerators, and forms of business funding (notably, seed funds). Such components should be prioritized based on the work of TEConomy Partners, LLC, and based on the direction provided in the growth and diversification plans. GO Virginia can assist with service development or expansion, programming, fund development, etc. However, funding to construct a new facility would be more appropriately sourced from matching funds, and could be funded through local or private matching funds.

Salaries: GO Virginia can fund staffing for startup ecosystem initiatives, where a non-state revenue model has been identified to sustain those positions.

Sustainability: Projects that demonstrate the ability to sustain the startup ecosystem enhancements will be most successful, while projects that reflect a short-term solution should demonstrate a clear demand to justify an effort that may not be sustainable. Seed funds that have an evergreen component are encouraged.

Retention: Given the mobility of many entrepreneurial activity, projects will be most successful with a demonstrated plan or proven track-record for retaining those startups within the region or the Commonwealth.

Metrics: The success of entrepreneurial ecosystem projects should be quantifiable, to every extent possible. Projects that have an established system for tracking outcomes, immediate and long-term, will be best able to demonstrate success and the return on GO Virginia's investment.

Precedents: Based on program guidelines and prior decisions by the Board, applications for the following are discouraged:

- **Startup Funding:** GO Virginia funding should be directed toward startup and programmatic expenditures, and should not be utilized to fund startups or entrepreneurs directly. Business capital, seed funds, or award funds should be funded by match.

Startup Ecosystem Metrics: Anticipated metrics for startup ecosystem projects can include:

- Number of jobs created
- Number of jobs retained
- Average wages for jobs created
- Average increase in wages for employees at businesses served
- Number of new programs/credentials implemented
- Number of credentials awarded
- Number of businesses attracted
- Number of businesses retained
- Number of businesses expanded
- Number of businesses founded
- Leveraged private investment
- Leveraged public investment
- Total capital raised/deployed
- Research and development (R&D) funding deployed
- New products completed/released to production
- Total patents filed/pending/awarded
- Number of fund investments placed and average deal size
- Number of businesses applying for fund investments
- Number of businesses interviewed and evaluated for fund investments
- Average increase in wages for employees
- Return on Investment (ROI) and Internal Rate of Return (IRR) for deployed funds
- Number of program exits by type and timing
- Revenues increased from export-sales
- Cancelled projects and/or wasted spending
- **Note:** Startup ecosystem metrics should include the outputs from the project, as well as the outcomes from the businesses served.