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# **Northern Neck, Virginia: A Competitiveness Assessment**

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## Executive Summary

Using a conceptual model anchored in recent research on community competitiveness and information culled from a fifteen-year survey of several electronic databases, the ability of the Northern Neck of Virginia to compete in the new economy is evaluated by assessing the strengths, weaknesses, opportunities, and threats inherent in its existing stock of *polity, financial, physical, human, cultural, and social capital*.

The findings suggest strongly that, given its locational advantages and physical capital assets, the Northern Neck has a unique opportunity to improve its attractiveness as a place to live and do business. With organizations like Northern Neck-Chesapeake Bay Region Partnership promoting the region, tax incentives to lure new businesses, and a strong historical and environmental identity, the primary need is for a 21<sup>st</sup> century infrastructure that will make it possible for significant economic development. The small population and low population densities make the Northern Neck an attractive recreational and heritage tourism destination, but hinder the development of this essential infrastructure.

**Recommendation #1:** It is essential that a broadband network exist throughout the Northern Neck. The ongoing extension of wireless service is a good step, but the capability of large data transfers via broadband is essential if 21<sup>st</sup> century businesses are going to be attracted to the area.

**Recommendation #2:** Resources for complete health services at local hospitals must be found if the Northern Neck is to attract new businesses and jobs. The loss of obstetrics services at Rappahannock General Hospital is a warning sign for businesses that must be removed.

**Recommendation #3:** One airport in the region should be upgraded sufficiently to allow business jet service.

**Recommendation #4:** Opportunities to increase visitors for recreation and heritage tourism like the proposed ferries should be pursued.

**Recommendation #5:** The Northern Neck should target businesses where proximity is important. Businesses in Richmond, Fredericksburg, and the Washington, D.C. area could open offices for data processing and other services that take advantage of both lower real estate and other costs while maintaining the opportunity for face-to-face interactions.

In addressing these recommendations, it is important that funding outside of the Northern Neck—be it state, federal or other—should be sought to the degree possible. One advantage of the Northern Neck is the low property tax rate, and care must be taken to keep taxes as low as possible.

## **Introduction, Critical Background, and Purpose**

Research indicates that communities that have proven to be attractive places to live and do business in the 21<sup>st</sup> century knowledge-based economy possess a distinct set of characteristics. Highly attractive and competitive communities:

- Actively and aggressively pursue strategic alliances with other communities, domestically and especially internationally, with an eye toward developing not only cultural ties but also profit-centered activities that generate revenue and create jobs for the local citizenry.
- Create a regulatory environment that promotes and supports the generation of new community wealth via civic entrepreneurial ventures and innovations that are designed specifically to sustain and enhance the health, viability, and vitality of the community.
- Recognize the need for, and are committed to continuous investment in, a world-class physical infrastructure that connects them to the regional, national, and international economy.
- Invest heavily in their educational system (K–12, community colleges, and four-year institutions) to ensure the availability of education and training programs for their citizens so that they can compete for new economy jobs, thereby enhancing the community's attractiveness to businesses.
- Instill in their citizens, especially their youth, the attitudes, values, and beliefs about education and work that are key to upward mobility in the knowledge-based economy of the 21<sup>st</sup> century.
- Strive to reduce, to the maximum extent possible, geographical, racial and/or ethnic, and class disparities by investing substantial resources in an array of community-building institutions (e.g., the YMCA, the YWCA, and the Boys and Girls Club) that seek to mend the social fabric and provide bridges to education and economic mainstream for their members, especially those who are socially and economically disadvantaged.

Under-girding these characteristics, as Table 1 shows, are six types of community capital assets — polity, physical, financial, human, cultural, and social—which interact, as specified in Figure 1, to create a healthy, highly competitive community.<sup>1</sup> It is important to note that the absence of any one of these six types of capital can seriously limit the ability of a community to compete in the 21<sup>st</sup> century marketplace. But, as Figure 1 shows, it is the polity capital (i.e., the local government), which creates the conditions or climate enabling the other five types of capital to drive competitiveness. In highly competitive communities, government decision-making is agile and flexible, not static or bureaucratic. Assuming the business-equivalent role of managing partner, the local government is prepared — almost on an ad hoc basis — to foster or facilitate networks and linkages among key community stakeholders to build or develop the requisite physical, financial, human, cultural, and social capital to facilitate community economic health and competitiveness.<sup>2</sup>

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<sup>1</sup> For a detailed discussion of the theoretical underpinnings of our model of community competitiveness, see James H. Johnson, Jr., 2002a, “Enhancing the Competitiveness of North Carolina Communities,” *Popular Government*, Winter, pp. 6-18; James H. Johnson, Jr., 2002b, U.S. Immigration Reform, Homeland Security, and Global Economic Competitiveness in the Aftermath of the September 11, 2001 Terrorist Attacks,” *North Carolina Journal of International Law and Commercial Regulation*, Vol. 27, pp. 419-464.

<sup>2</sup> To play this role effectively, the local government in a highly competitive community typically establishes a knowledge management system and data warehouse, which enables it to monitor trends and developments internal and external to the community in real time. For a detailed discussion of the importance of having such a system in place, for a detailed discussion of the importance of having such a system in place, see Don A. Holbrook, 1995, “Economic Development Facing up to the 21<sup>st</sup> Century,” IEDN’s Economic Development Intelligence Reports, available at [http://iedn.com/information/intelligence/articles/edirfacing21st\\_cent10595.html](http://iedn.com/information/intelligence/articles/edirfacing21st_cent10595.html), accessed March 28, 2003; and IEDN, 1996, “Site Selection Trends in the Electronic Era & Global Economy.” IEDN’s Economic Intelligence Reports, January, available at <http://iedn.com/information/intelligence/articles/janedire.html>, accessed March 27, 2003; IEDN, 2000, “Rural Economic Development Issues for the 21<sup>st</sup> Century,” IEDN’s Economic Development Reports, January, available at <http://www.iedn.com/information/intelligence/articles/FEBEDIRE>, accessed March 28, 2003.

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**Table 1: Types of Community Capital Assets**

- **Polity Capital:** commitments from local government organizations to continuously strive to enhance the health and socioeconomic well being of local residents and advance the competitiveness of the local community in the global marketplace.
- **Physical Capital:** the network of highways, railways, airports, telecommunications (telephone, Internet, etc.) and water and sewer systems that form the infrastructure of the community.
- **Financial Capital:** traditional and non-traditional sources of revenue that support the provision of services and promote future economic growth and community development.
- **Human Capital:** individuals with the requisite education, training, and “soft” skills to compete for jobs in the highly integrated world economy.
- **Cultural Capital:** residents with the appropriate values, attitudes, and beliefs about their current life chances and their future opportunities in the local community.
- **Social Capital:** resources – personal and institutional – through which individuals maintain their social identity and receive emotional support, material aid and services, information, and new social contacts.

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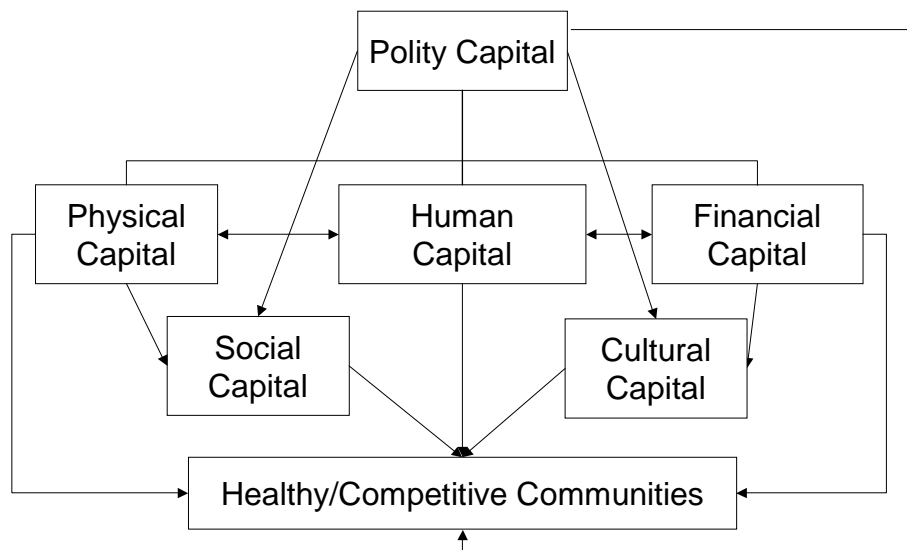
Source: Johnson (2002a).

Depending on the nature of the issue, these networks may be industry- or sector-specific, ethnic-based, or regional in composition.<sup>3</sup> . In some instances, they may involve business leaders who are staunch competitors in the local marketplace. In highly competitive communities, leaders of competing businesses often work together to solve local problems because they recognize that their “coopetition” or “competitive collaboration” will ultimately benefit their respective companies.<sup>4</sup> In other words, it is a form of enlightened self-interest.

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<sup>3</sup> Joel Kotkin, 1998, “Cities Need Leaders ... and Businessmen are Indispensable,” *The American Enterprise*, September/October, Vol. 9, pp. 24-26+.

<sup>4</sup> John K. Conlon and Mellisa Givagnoli, 1998, **The Power of Two**. San Francisco: Jossey-Bass, Inc.

**Figure 1****A BUSINESS-ORIENTED CONCEPTUAL MODEL FOR ENHANCING COMMUNITY COMPETITIVENESS**

Source:

Sources: Compiled by authors based on Johnson (2002a).

In the remainder of this report, we apply this model in a case study assessment of the current competitive position of the Northern Neck of Virginia.<sup>5</sup> We begin by describing the methodology employed to operationalize the model. Next, we provide a demographic and socioeconomic profile of the Northern Neck, and then present the results of the competitive assessment.

<sup>5</sup> For this study, the Northern Neck is defined as Essex, King and Queen, King George, Lancaster, Northumberland, Richmond and Westmoreland Counties. The Northern Neck proper is bounded by the Potomac and Rappahannock Rivers and the Chesapeake Bay. In this analysis we add Essex and King and Queen Counties, which are located on the Middle Peninsula.

## METHODOLOGY

To operationalize the model, we conducted a community-level SWOT analysis, which identifies the internal (Strengths and Weaknesses) and external (Opportunities and Threats) forces that shape an area's overall health, economic well-being, and attractiveness as a place to live and do business.<sup>6</sup> (IEDN, 2000; Holbrook, 1995). As Table 2 shows, such an analysis strives to answer specific questions about the community's strengths, weaknesses, opportunities, and threats.

**Table 2: Questions Posed in a Community-Level SWOT Analysis**

<b>Strengths</b>
• What does the community do well?
• Does the community have a clear strategic vision?
• Does the community have an entrepreneurial orientation?
• Does the community culture produce a healthy environment in which to live and do business?
<b>Weaknesses</b>
• What could be improved in the community?
• What does the community do poorly?
• Is the community able to finance needed infrastructure?
• Does the community have poor debt or cash flow?
<b>Opportunities</b>
• What favorable circumstances is the community facing?
• What are the interesting trends?
• Is the community positioned to take on those trends?
• Is the community advanced in technology?
<b>Threats</b>
• What obstacles does the community face?
• What are the community's competitors doing?
• Are the demographic and economic conditions changing?
• Is technology threatening the community's competitiveness?
• What policies are state and federal lawmakers backing?
• Do the policies affect the community and, if so, how?

Source: Compiled by authors.

<sup>6</sup> Don A. Holbrook, 1995, "'Economic Development Facing up to the 21<sup>st</sup> Century,'" IEDN's Economic Development Intelligence Reports, available at [http://iedn.come/information/intelligence/articles/edirfacing21st\\_cent10595.html](http://iedn.come/information/intelligence/articles/edirfacing21st_cent10595.html), accessed March 28, 2003; IEDN, 2000, "Rural Economic Development Issues for the 21<sup>st</sup> Century," IEDN's Economic Development Reports, January, available at <http://www.iedn.com/information/intelligence/articles/FEBEDIRE>, accessed March 28, 2003.

To answer these questions for Northern Neck, our case study community, we engaged in the same type of *community competitiveness intelligence gathering* that a corporate relocation consultant pursues to develop a short list of ideal sites for a client’s business relocation or expansion.<sup>7</sup> That is, we conducted an exhaustive search of publicly-available information using the electronic search engines and research indexes identified in Table 3.

Because we are searching for information on a series of counties rather than a single jurisdiction, we used Northern Neck and the names of the seven counties that make of the region (Essex, King and Queen, King George, Lancaster, Northumberland, Richmond, and Westmoreland) as place identifiers and combined this information with an array of search terms culled from prior research on community competitiveness. The search, which included mainly newspaper and popular articles, technical reports, government documents, and statistical information, spanned a fifteen-year period, 1991 to 2006. The community-level SWOT results discussed below are based on our content analysis of these search results.

**Table 3: Gateways and Databases Used in the Research**

<b>GATEWAYS</b>	<b>DATABASES</b>
AltaVista.com	All Business Websites
Google.com	General Search Engine
ABI Inform/ProQuest	Periodicals and Newspapers

<sup>7</sup> IEDN, 1996, “Site Selection Trends in the Electronic Era & Global Economy.” IEDN’s Economic Intelligence Reports, January, available at <http://iedn.com/information/intelligence/articles/janedire.html>, accessed March 27, 2003

ProQuest	All Articles
Lexis/Nexis	Academic Universe
	Statistical Universe
	Government Periodical Universe

Source: Compiled by authors.

### **The Study Area**

The Northern Neck of Virginia is located on the Potomac and Rappahannock Rivers and the Chesapeake Bay. This historic region was among the first areas of Virginia settled by British colonists. Plantations lined the water, and the water gave access to markets in England and other colonies. The rich waters around the Northern Neck remain important to the region, but not as transportation. This change in transportation and access is one of many structural changes since the first settlements in the 17<sup>th</sup> century that must be considered in our assessment of the economic competitiveness of the Northern Neck in the 21<sup>st</sup> century.

### **Demographic Profile**

The Northern Neck—defined for the purposes of this analysis as Essex, King and Queen, King George, Lancaster, Northumberland, Richmond and Westmoreland Counties—had a population of 88,733 in 2005, an increase of 7.2% over the Census 2000 population of 82,775 (see Table 4). This is comparable to the 6.9% growth rate that the entire state of Virginia experienced during this five-year period. However, population growth was not

evenly distributed, with most occurring in King George County (the county closest to Fredericksburg), which grew from 16,803 to 20,637, an increase of 22.8%. In contrast, Lancaster County (the furthest down the neck) grew only from 11,567 to 11,593, an increase of 0.2%. The region's small, dispersed population is a strength for maintaining an attractive recreational destination, but it a major factor in the slow spread of essential infrastructure in the region.

African Americans comprise a higher proportion of the population in the Northern Neck (29.1%) relative to the entire state (19.6%). The proportions white in the Northern Neck (68.2%) and for the state (72.3%) are comparable. Latinos accounted for only 1.7% of the Northern Neck's population in 2000.

**Table 4: Key Demographic Characteristics of the Northern Neck and State of Virginia, 2000 and 2005**

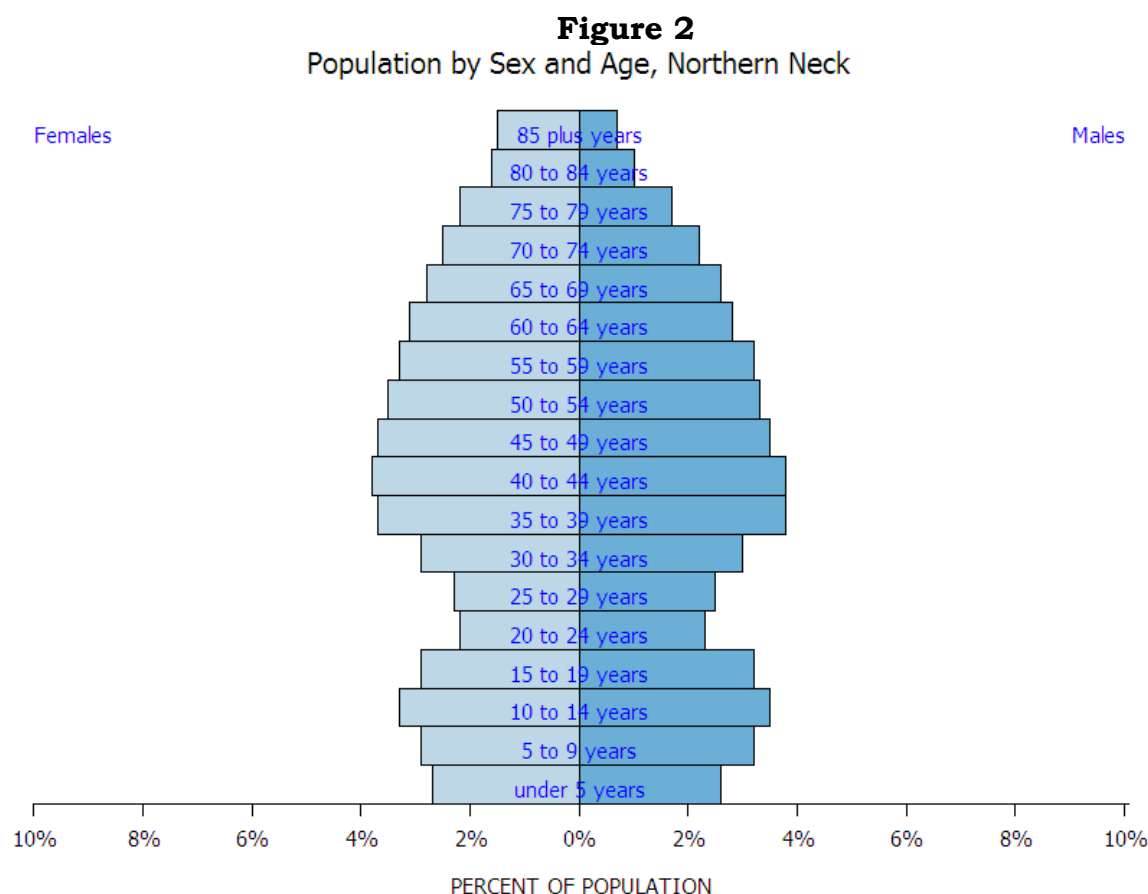
	<b>Northern Neck</b>	<b>Virginia</b>
<b>Total Population, 2005</b>	88,733	7,567,465
<b>Population Change, 2000-05</b>	7.2%	6.9%
<b>% &lt;15</b>	18.2%	24.6%
<b>% &gt;65</b>	18.9%	11.2%
<b>% African American</b>	68.2%	14.6%
<b>%White</b>	29.1%	78.0%
<b>% Latino</b>	1.7%	4.7%

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Source: Summary File 1, Census 2000 and <http://quickfacts.census.gov/qfd/states/51000.html>

Figure 2 shows the age-sex structure of the Northern Neck. Roughly one-fifth of residents are under age 18 (22.2%), and 18.9% are 65 or older.

Unlikely to be full-time workers, these two age groups are often referred to as “dependent” populations since they typically rely on either family or institutions (e.g. Social Security) for support. The younger group is comparable in proportion to the percentage for the entire state (24.6% under age 18), but the proportion of the population in



the Northern Neck age 65 and older (18.9%) is much higher than the proportion in the state (11.9%). A high percentage of elderly is not uncommon in rural areas where aging in place occurs and many young adults leave seeking jobs elsewhere. Indeed, young adults (ages 20-39) account for a much lower percentage of the Northern Neck population (22.7%) relative to the state

(30.1%). More significantly, the figure shows the loss of young adults, and this “brain drain” of young adult talent is a serious challenge for the region.

Median household income in the Northern Neck (\$38,353) was 18% below the state median (\$46,677) in 2000 (see Table 5). Similarly, the median family income in the Northern Neck (\$45,825) was 15% below the state median (\$54,169). In comparison to the state (9.6%), a higher percentage of Northern Neck residents (11.5%) lived in poverty in 2000.

**Table 5: Income, Poverty and Adult Education,  
Northern Neck and State of Virginia, 2000**

	<b>Northern Neck</b>	<b>Virginia</b>
<b>Median Income</b>		
<b>Household</b>	\$38,353	\$46,677
<b>Family</b>	\$45,825	\$54,169
<b>% Poverty</b>	11.5%	9.6%
<b>Education (25+)</b>		
<b>&lt;12 Years</b>	27.5%	18.5%
<b>High School</b>	32.2%	26.0%
<b>Some College</b>	22.2%	26.0%
<b>College Graduate</b>	11.6%	17.9%
<b>Post Graduate</b>	6.4%	11.6%

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Source: Summary File 3, Census 2000  
[www.census.gov](http://www.census.gov)

Table 5 also shows the distribution of educational attainment for adults age 25 and older in the Northern Neck. Over a quarter of adults (27.5%) have

less than a high school education, compared with 18.5% across Virginia. Further, 32.2% of adults in the Northern Neck completed their education with high school graduation, so 60% of the adults have a high school education or less, compared with 44.5% for the state. Only 11.6% have a bachelor's degree, with another 6.4% continuing to post graduate education. These low levels of education constrain economic growth in the Northern Neck.

Table 6 shows the distribution of employment by industry in the Northern Neck relative to the state of Virginia. Six industry categories are highlighted:

1. Primary activities (agricultural and mining);
2. Transformative activities (manufacturing and construction);
3. Distributive services (transportation, communication, wholesale and retail trade);
4. Producer services (finance, insurance, real estate, and business services);
5. Personal services (entertainment, repairs, food and beverage), and
6. Social services (medical, education, and government).

As shown in Table 6, over a quarter of jobs in the Northern Neck are in social services (27.4%), followed by transformative activities (20.9%) and distributive services (19.9%). The major difference in the distribution of jobs in the Northern Neck relative to Virginia is in producer services. This sector accounts for 16.7% of jobs in the Northern Neck compared to 22.1% of jobs in Virginia. Primary activities account for more than twice as many jobs in the

Northern Neck (3.3%) compared to the state (1.3%), but this sector accounts for few jobs.

**Table 6: Distribution of Jobs by Industrial Categories: the Northern Neck and Virginia, 2000**

	<b>Northern Neck</b>	<b>Virginia</b>
<b>Transformative Activities (e.g. manufacturing and construction)</b>	20.9%	18.7%
<b>Distributive Service (e.g. transportation, communications, wholesale and retail trade)</b>	19.8%	18.8%
<b>Producer Services (e.g. finance, insurance, information services and other business services)</b>	16.7%	22.1%
<b>Personal Services (e.g. entertainment, food services)</b>	11.9%	12.6%
<b>Social Services (e.g. health care, education, government)</b>	27.4%	26.6%
<b>Primary Activities (e.g. agriculture)</b>	3.3%	1.3%

Source: Table P49, Summary File 3, Census 2000

### **SWOT Analysis**

If the Northern Neck is to compete more effectively in the global marketplace in the years ahead, local community stakeholders must understand and leverage the community's comparative advantages based on an analysis of its strengths, weaknesses, opportunities and threats. The results of

our SWOT analysis for the Northern Neck are presented in Appendix Table 1A. Below, we highlight the most salient findings.

### ***Strengths***

The Northern Neck has a strong pro-business environment based on county-specific information, Chamber of Commerce information (including their emphasis on low local tax rates), and efforts to build regional organizations for economic development. In 1999, the Northern Neck Planning District Commissions (NNPDC) was designated an Economic Development District by the Economic Development Administration of the U. S. Commerce Department. This federal/local partnership created a process for establishing regional priorities for projects and investments. This led to the creation of a regional development organization to promote economic development, the Northern Neck-Chesapeake Bay Region Partnership.

There is considerable information available on economic development opportunities in the region, especially in the Northern Neck proper.<sup>8</sup> The Northern Neck-Chesapeake Bay Region Partnership has an excellent web site ([www.northernneck.us](http://www.northernneck.us)) Using as a motto, “George Washington Did Business Here,” the website provides easily accessible and detailed economic development information on the four-county region.

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<sup>8</sup> Lancaster, Northumberland, Richmond and Westmoreland Counties constitute what is generally considered the Northern Neck—the counties on the peninsula bounded by the Potomac and Rappahannock Rivers and the Chesapeake Bay.

First, there is a summary of business incentive programs, including Enterprise Zones with job creation and real property investment grants; Historically Underutilized Business (HUB) Zone information with Small Business Administration information, and the Governor's Opportunity Fund. Second, there is detailed information on available industrial sites, buildings, offices and other business sites. Third, detailed information on local taxes is provided. There is also information on schools, utilities and ongoing issues (e.g., the proposed Reedsville-Crisfield Ferry with economic impact assessments and other information.) This is an extremely valuable asset for these four counties.

Both Essex and King and Queen Counties are members of the Middle Peninsula Planning District Commission (MPPDC) (<http://www.mppdc.com/>) which has the goal of "promoting the orderly and efficient development of the physical, social, and economic elements of the Middle Peninsula of Virginia." The MPPDC addresses regional issues of transportation, infrastructure, social services and planning. The Middle Peninsula Business Development Partnership (<http://www.mpbdp.org/>), a not-for-profit organization, focuses on micro-enterprise development, including loans. According to its web site, MPBDP has made 700 micro-loans since 2000.

The individual counties that make up the Northern Neck have information on either their own county web sites or the local chamber of commerce sites. Essex County lists available business properties, county taxes

and other information.<sup>9</sup> King and Queen County is covered by the West Point/Tri-Rivers Chamber of Commerce, which has little development opportunity information on its web site.<sup>10</sup> King George County, branded as the “Gateway to the Historic Northern Neck,” has an economic development page that notes that all properties in the King George Industrial Park have been sold and that they are in the process of acquiring additional land.<sup>11</sup> No information on other sites is provided.

The Northern Neck has a strong identity based on its history and the environment. Heritage tourism and outdoor recreation are major attractions and economic activities in the Northern Neck, and information is readily available at the web site of the Northern Neck Tourism Council.<sup>12</sup> The Northern Neck was the home of Powhatan and Pocahontas, and the site of the settlement where Captain John Smith was held captive. Presidents George Washington, James Madison, and James Monroe were all born on the Northern Neck, as were Robert "King" Carter and Robert E. Lee. George Washington's birthplace is a national monument; Stratford Hall, Lee's birthplace, is open to the public; and plans are being made to create a park at the birth place of James Monroe.<sup>13</sup>

African Americans have a long history on the Northern Neck. The Mary Ball Washington Museum and Library has an ongoing project to compile oral

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<sup>9</sup> [http://essex-virginia.org/ec\\_econ.htm](http://essex-virginia.org/ec_econ.htm)

<sup>10</sup> <http://www.westpointvachamber.com/>

<sup>11</sup> <http://www.king-george.va.us/>

<sup>12</sup> [www.northernneck.org](http://www.northernneck.org)

<sup>13</sup> ([www.nps.gov/gewa/](http://www.nps.gov/gewa/), [www.stratfordhall.org/](http://www.stratfordhall.org/), and [www.monroefoundation.org/birthplace.html](http://www.monroefoundation.org/birthplace.html)).

histories from the African American residents, as well as building a stronger historical record of the lives and contributions of African Americans on the Northern Neck.<sup>14</sup> The museum also has an ongoing genealogy project focused on African Americans. A group of retired African American menhaden fishermen formed the Northern Neck Chantey Singers in the early 1990s to perform their work songs.<sup>15</sup> Fishing, seafood, and outdoor activities remain a major part of the identity of the region. Belle Isle State Park, a 733-acre site in Lancaster County, provides recreational and environmental education opportunities.

There are many inns across the Northern Neck, ranging from the nationally-recognized Tides Inn, Marina and Golf Course in Irvington<sup>16</sup> to small Bed and Breakfast Inns. There are numerous marinas.<sup>17</sup> Many of the marinas that traditionally served local commercial fishing or railroads are increasingly focusing on recreational boating.

Commercial fishing remains part of the local economy, notably Omega Protein in Reedsville, one of the two largest menhaden processing plants left on the east coast.

There are several ferry services in the region, and new ferry services crossing the Chesapeake Bay have been proposed. First, the Mid-Chesapeake Bay Ferry running between Crisfield, Maryland and Reedsville, Virginia has

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<sup>14</sup> [www.dupontfund.org/news/report.asp?id=1046](http://www.dupontfund.org/news/report.asp?id=1046)

<sup>15</sup> [www.dhr.virginia.gov/educ/coastal\\_towns.htm](http://www.dhr.virginia.gov/educ/coastal_towns.htm)

<sup>16</sup> [www.tidesinn.com/index2.html](http://www.tidesinn.com/index2.html)

<sup>17</sup> [www.northernneck.org/boatingfishing.htm#marinas](http://www.northernneck.org/boatingfishing.htm#marinas)

been under study for several years.<sup>18</sup> Second, Von Bergen Ltd, a private ferry company based in Florida, has proposed a ferry between St. Mary's County, Maryland and Westmoreland County.

The Northern Neck has many social support organizations, including several YMCAs, Senior Activity Centers, child and youth mentoring and activities programs (e.g. Northern Neck Together, Inc., Northern Neck Rage, and Jacob's Ladder). Civic clubs (e.g. Rotary) are active, and there are several community foundations. These organizations support many community groups and organizations, including the Northern Neck Free Clinic.

### ***Weaknesses***

The Northern Neck developed during a period when water provided the best possible transportation. Since that time, water now isolates the region, and transportation remains an obstacle to economic development. The Northern Neck is now a destination. With the exception of U.S. 301, which goes through King George County, no major highway crosses the region.

No major airport exists in the region. There are local airports (e.g., Tappahannock Municipal Airport with a 2,875 ft. paved runway). Plans are for a new airport in Essex County-- Tappahannock-Essex Airport --to open in 2007 with a 4,300 foot runway. There is discussion of a Regional General Aviation Airport as part of the Northern Neck Planning District Commission's 2006-2007 plan. The preliminary feasibility plan was completed in 1999 and the FAA included the airport in the *2004 National Plan of Integrated Airport*

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<sup>18</sup> Complete documentation, including environmental impact and economic feasibility studies, is available at the NNPDC website, [www.nnpdc17.state.va.us/NNPDC-news/nnpdc-ferry-news.htm](http://www.nnpdc17.state.va.us/NNPDC-news/nnpdc-ferry-news.htm).

*Systems (NPIAS)*, making the development effort eligible for Airport Improvement Program (AIP) grant funds. CSX Transportation and Norfolk Southern Railway Company serve parts of the Northern Neck.

While there are several internet providers on the Northern Neck, broadband service is limited. Virginia Broadband LLC began deployment of its high-speed, wireless Internet service January, 2006. The entire Northern Neck region will be first in line for the service, scheduled to take 12 to 15 months to complete.<sup>19</sup>

There are no colleges or universities in the Northern Neck study area. The Rappahannock Community College has a campus in Warsaw.<sup>20</sup> There is also a regional public vocational high school, the Northern Neck Vocational School, also located in Warsaw. It is difficult to assess the relative strengths and weaknesses of the public schools in the Northern Neck. None of the systems publish data that can be used to compare with schools in other areas, and the Virginia Department of Education focuses on the state's Standards of Learning (SOL) scores, making comparisons with systems in other states difficult.

The little information that exists on the relative strengths of the schools indicate that Northern Neck scores fall below the average for the state. For example, the 2004 average SAT score in Northumberland County was 961, compared with 1024 for the state and 1026 for the country.<sup>21</sup> Lancaster

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<sup>19</sup> [www.nmpdc17.state.va.us/](http://www.nmpdc17.state.va.us/)

<sup>20</sup> [www.rcc.vccs.edu/](http://www.rcc.vccs.edu/)

<sup>21</sup> [http://www.nucps.net/NHS/template\\_home\\_page\\_Northumberland\\_High\\_School\\_Profile.html](http://www.nucps.net/NHS/template_home_page_Northumberland_High_School_Profile.html)

County Schools received only provisional accreditation in 2003, though full accreditation was restored in 2004.<sup>22</sup> Recall that over a quarter of the adult population age 25 and older had less than a high school education, and 17% had college or post-graduate degrees. These educational levels limit possible investments in high-paying 21<sup>st</sup> century jobs.

Northern Neck's demography—especially the small, dispersed population—presents an ongoing challenge to the development of infrastructure like broadband and make it difficult to maintain adequate health services. In addition, the large elderly population presents challenges. Providing need health and social services may require increasingly larger investments of public revenues.

While there are several local banks on the Northern Neck,<sup>23</sup> there are no major bank branch offices. The Virginia Capital Access Program had been an alternative for small businesses, but the state discontinued the program in early 2006.<sup>24</sup>

Much of the Northern Neck relies on septic systems and wells rather than public water and sewer systems, including schools and government offices. Lack of water and sewerage will limit growth in much of the region. There are local sewer systems (e.g., Tappahannock and Kilmarnock) but coverage is limited. Repairs and maintenance can stress local budgets, as

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<sup>22</sup> “Based on retesting, Lancaster Schools gain full accreditation.” *Rappahannock Record*, Jan. 15, 2004

<sup>23</sup> [www.northernneck.us/](http://www.northernneck.us/)

<sup>24</sup> [www.dba.state.va.us/financing/programs/virginia.asp](http://www.dba.state.va.us/financing/programs/virginia.asp)

when \$388,000 was requested for septic repairs at Lancaster High School.<sup>25</sup> Some expansion is underway. The town of Colonial Beach owns and operates a sewage treatment facility with a service of 600,000 - 800,000 gallons per day (gpd) and an available capacity of 4 million gpd. Westmoreland County and the Town of Montross jointly own and operate a sewer system serving the a corridor south along Route 3. A new plant is currently under construction.

Health services are an increasing weakness of the region. Rappahannock General Hospital—the Northern Neck’s only hospital—closed its obstetric unit early in 2004, leaving the area with no local obstetric services.<sup>26</sup> This closure is part of a broader pattern of declining health care in all rural areas, but is affecting the Northern Neck severely.<sup>27</sup> With inadequate health services, it is difficult to attract high-paying industries to the region.

Much of the work on the Northern Neck is seasonal, including Omega Protein, so unemployment and underemployment are major issues. Lack of steady work has resulted in a drain of young adults who move elsewhere to find steady employment. Between 1990 and 2000, the 18-35 years old population declined by 18 percent. This is a serious drain on potential economic growth and community life.

### ***Opportunities***

The Northern Neck has several opportunities for economic growth, including the ongoing expansion of broadband services, its proximity to the

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<sup>25</sup> “Schools seek \$388,000 for septic repairs.” *Rappahannock Record* July 27,2006.

<sup>26</sup> “Hospital board votes to close obstetrics unit.” *Rappahannock Register* Feb. 5, 2004;

<sup>27</sup> *Washington Post*, Aug 28, 2005

growth in the Fredericksburg and Richmond areas, under-employment that results in an available labor force, and continued expansion of outdoor recreation businesses and heritage tourism to serve the growing retiree population.

As noted above, Virginia Broadband LLC is deploying its high-speed, wireless Internet across the entire Northern Neck region. The availability of broadband creates a necessary condition for economic growth in the 21<sup>st</sup> century. With broadband, existing businesses can become more efficient, and small information businesses can form.

Growth is occurring in the Fredericksburg area that borders the Northern Neck. Spotsylvania County grew by 28% between 2000 and 2005 and Stafford County grew by almost 28%.<sup>28</sup> As noted earlier, King George County, which borders the Fredericksburg area, has the highest growth rate of all Northern Neck Counties. As growth continues in the Fredericksburg area, there are opportunities for expansion to the Northern Neck, especially with increased broadband and transportation.

Underemployment and unemployment are weaknesses, but they are also an opportunity that some businesses are taking advantage of. A 1999 article in *Virginia Business* notes, "There is a large pool of underemployed and unemployed people in the 10-county region of the Northern Neck and Middle Peninsula. Many are women, mothers for whom a commute to Fredericksburg, Richmond, or Hampton Roads is not feasible. Others are young retirees,

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<sup>28</sup> [www.census.gov](http://www.census.gov)

especially military retirees, with significant skills. And many others are workers who commute about 50 miles, but would prefer to work closer to home.”<sup>29</sup> The article cites the location of Gannon Industries in Warsaw as well as other businesses taking advantage of the labor force in the Northern Neck.

The Northern Neck has promoted itself very well as a heritage tourism and outdoor recreation destination. With the relative proximity to Washington, D.C. and Richmond, these areas of the economy should continue to provide a strong opportunity. With the recent support for research on African American history and genealogy in the region, this sector of heritage tourism could expand. If the proposed Reedsville-Crisfield Ferry is established, additional growth in tourism is likely.

### ***Threats***

The most apparent threat to the region is the growing conflict over how the natural resources—including fish and waterfront properties—are developed and used in the future. Omega Protein, a major employer in the region, is being confronted by environmentalists who argue that the menhaden fishing is occurring at an unsustainable rate. Greenpeace has demonstrated at the Omega Protein facility, arguing for a moratorium on menhaden fishing.<sup>30</sup> Menhaden are also a major source of food for striped bass, a major recreational fish that draws sports fishermen to the area. Recreational fishermen have organized to try to limit the menhaden harvest by Omega

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<sup>29</sup> “River Country: The Tide is Rising.” *Virginia Business* April 1999  
<http://www.virginiabusiness.com/magazine/vr1999/april99/river.html>

<sup>30</sup> “Manchester United boss in US clash with Greenpeace” *The Guardian* July 25, 2005

Protein.<sup>31</sup> This conflict has spread to the Virginia legislature where sports fishermen are attempting to have menhaden fishing under control of the Virginia Marine Resources Commission, a move thwarted by the industry so far.<sup>32</sup> Resolution of this conflict is key to employment in two major areas of the local economy.

The growth of second homes on waterfronts is another community issue that might threaten the economic base of the region. Local governments appear to be aware of the balance between economic growth and preservation of the environment and the history of the communities, as well as the demands growth places on the limited local infrastructure.<sup>33</sup> The community is faced with a delicate balancing act to accommodate recreational growth and preserve the conditions that attract the growth.

### **Summary and Recommendations**

We have conducted a community level SWOT analysis in an effort to identify ways the Northern Neck can improve its attractiveness as a place to live and do business in the ever-changing knowledge-based economy of the 21<sup>st</sup> century. Toward this end, we utilized a conceptual framework and methodology for monitoring and evaluating community competitiveness developed in the Frank Hawkins Kenan Institute of Private Enterprise, the

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<sup>31</sup> "Menhaden vs. stripper: Sportsmen target an industry." *Rappahannock Register* Oct 30, 2003

<sup>32</sup> "Menhaden bill flounders." *Rappahannock Register* Feb. 5, 2004

<sup>33</sup> See for example *Rappahannock Register*, April 1, 2004, "Story-limit issue set for hearing by supervisors," and "Swooping action opens Golden Eagle Property to condominiums"

applied business research arm of the Kenan-Flagler Business School, at the University of North Carolina at Chapel Hill.

From a content analysis of publicly available information accessed through the World Wide Web, we have identified current strengths and weaknesses as well as the opportunities and threats that the Northern Neck currently faces. Five specific recommendations flow logically from this community-level SWOT analysis.

The Northern Neck—especially the Northern Neck proper—has done a very good job branding the region. However, key efforts are needed to strengthen the economic development potential of the region.

**Recommendation #1:** It is essential that a broadband network extend throughout the Northern Neck. The ongoing extension of wireless service is a good step, but the capability of large data transfers via broadband is essential if 21<sup>st</sup> century businesses are going to be attracted to the area.

**Recommendation #2:** Resources for complete health services at local hospitals must be found if the Northern Neck is to attract new businesses and jobs. The loss of obstetrics services at Rappahannock General Hospital is a warning sign for prospective businesses that must be removed.

**Recommendation #3:** One airport in the region should be upgraded sufficiently to allow business jet service. An airport with sufficient runway capacity to allow corporate jets to land is a prerequisite for business recruitment.

**Recommendation #4:** Opportunities to increase visitors for recreation and heritage tourism like the proposed ferries should be pursued.

**Recommendation #5:** The Northern Neck should target businesses where proximity is important. Businesses in Richmond, Fredericksburg, and the Washington, D.C. area could open offices for data processing and other services that take advantage of both lower real estate and other costs, while maintaining the opportunity for face-to-face interactions.

In addressing these recommendations, it is important that funding outside of the Northern Neck—be it state, federal or other—should be sought to the degree possible. One advantage of the Northern Neck is the low property tax rate, and care must be taken to keep taxes as low as possible.

A major constraint on the development of infrastructure and the maintenance of health services is the relatively small and dispersed population. The region needs a larger population to make the infrastructure and health system affordable, but until there is further development of infrastructure and improvements in the health services, it will be difficult to attract businesses that will result in significant population growth, especially the retention of young adults.

## **Appendix A**

### **Table A1: SWOT Results for the Northern Neck of Virginia**

#### **1. Polity Capital**

##### ***Strengths***

- ❖ Northern Neck-Chesapeake Bay Region Partnership
- ❖ Northern Neck Planning District Commission
- ❖ Middle Peninsula Planning District Commission
- ❖ Middle Peninsular Business Development Partnership
- ❖ County and Chamber of Commerce Web sites

##### ***Weaknesses***

- ❖ Variable quality of county web sites
- ❖ Limited information on some sites

##### ***Opportunities***

- ❖ Further regional integration of economic development efforts

##### ***Threats***

- ❖ Conflict over resources between competing groups

#### **2. Physical Capital**

##### ***Strengths***

- ❖ Relative proximity to Washington, DC, Richmond and Fredericksburg.

##### ***Weaknesses***

- ❖ Lack of broadband across the region
- ❖ Loss of maternity care at hospital
- ❖ Limited transportation network
- ❖ Limited air services
- ❖ Fragmented water and sewer systems

##### ***Opportunities***

- ❖ Wireless coverage underway
- ❖ Development of a regional airport
- ❖ Development of vacation homes

##### ***Threats***

- ❖ Fiscal demands of infrastructure
- ❖ Continued loss of health services
- ❖ Development of vacation homes

#### **3. Financial Capital**

##### ***Strengths***

- ❖ Low tax rate

##### ***Weaknesses***

- ❖ Lower community asset value due to home values
- ❖ Lack of significant investment capital
- ❖ Limited branches of major banks
- ❖ Concentration of seasonal businesses
- ❖ Season underemployment

##### ***Opportunities***

- ❖ Growth of regional economic development organizations like the Northern Neck-Chesapeake Bay Region Partnership

##### ***Threats***

- ❖ Fiscal demands of infrastructure may increase taxes

#### **4. Human Capital**

##### ***Strengths***

- ❖ Rappahannock Community College

##### ***Weaknesses***

- ❖ Significantly lower levels of education than state
- ❖ Lower incomes
- ❖ Small, dispersed population

##### ***Opportunities***

- ❖ Improvements in public schools.
- ❖ Seasonal under employment provides potential labor force

##### ***Threats***

- ❖ Brain Drain—the loss of the region's most educated youth.

#### **5. Cultural Capital**

##### ***Strengths***

- ❖ Extensive and well-organized heritage tourism
- ❖ Museums
- ❖ State Parks

##### ***Weaknesses***

- ❖ Programs for teens.

##### ***Opportunities***

- ❖ Gentrification

##### ***Threats***

- ❖ Aging of the population with local experience and knowledge

#### **6. Social Capital**

##### ***Strengths***

- Extensive community organizations Like Northern Neck Together, Inc., Northern Neck Rage, and Jacob's Ladder
- ❖ Community foundations
- ❖ Senior Activities Centers

##### ***Weaknesses***

- ❖ Under-developed regional social institution

##### ***Opportunities***

- ❖ Develop more social venues to recruit or retain the young, talented group.

##### ***Threats***

- ❖ Loss of educated young adults