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VIRGINIA ADVANTAGES

Food Processing



**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

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Food Processing in Virginia

The Commonwealth of Virginia has long recognized the Food Processing Industry as an important part of its economy. Food Processing industries in Virginia manufacture, harvest, process, and market meats, fruits and vegetables, dairy products, beverages, and other goods. Virginia's central location on the East Coast provides an ideal advantage. Businesses benefit from their proximity to major business, financial, and governmental hubs, and availability to domestic and global markets.

Since 2006, Food Processing companies have invested \$1.9 billion and created more than 7,300 new jobs. Major announcements include: Andros Foods North America, Mavalario Ltd., Hardywood Craft Beer, San-J International, Shenandoah Growers, and Mountain View Brewery. Other major companies located in Virginia are Keurig Green Mountain Inc., Stone Brewing Co., Monogram Food Solutions, Shamrock Farms, Sabra Dipping Co., Mondelez Global, and Lipton (Unilever)

Virginia's Food Processing Industry

- One of Virginia's largest manufacturing sectors
- Employs more than 35,000
- More than 30 food grade buildings
- Over 44,000 farms with diversified crops and products
- Direct economic output of \$25.9 billion
- Offers a wealth of excellent power, water, and other business infrastructure resources
- Sales and use tax exemptions on production-related machinery and equipment, all utilities, and materials used in production
- Central location on the Atlantic Coast provides interstate and rail access to the Northeast, Southeast, and Midwest
- Access to international markets provided by the Port of Virginia and Washington Dulles International Airport

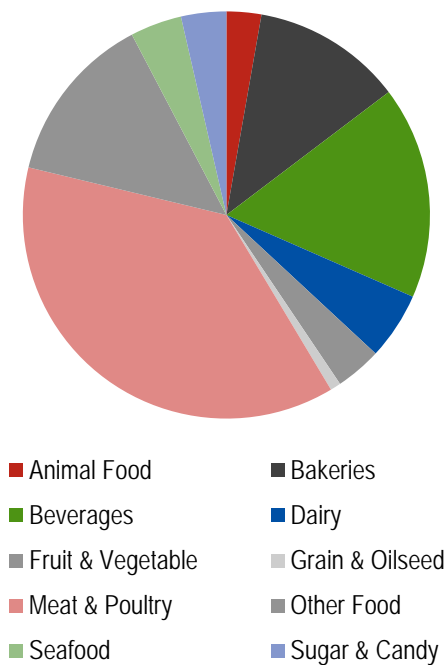
Food Safety

The Virginia Department of Agriculture and Consumer Services (VDACS) administers a variety of State laws and regulations, in addition to federal mandates, that protect consumers and businesses through its three divisions – Division of Consumer Protection, Division of Marketing & Development, and Division of Animal & Food Industry Services. These divisions and their offices administer laws and regulations designed to ensure the safety, wholesomeness and proper labeling of foods and products; and provide grading and inspection programs for fruits and vegetables, peanuts and grain to identify product quality and condition. <http://www.vdacs.virginia.gov>.

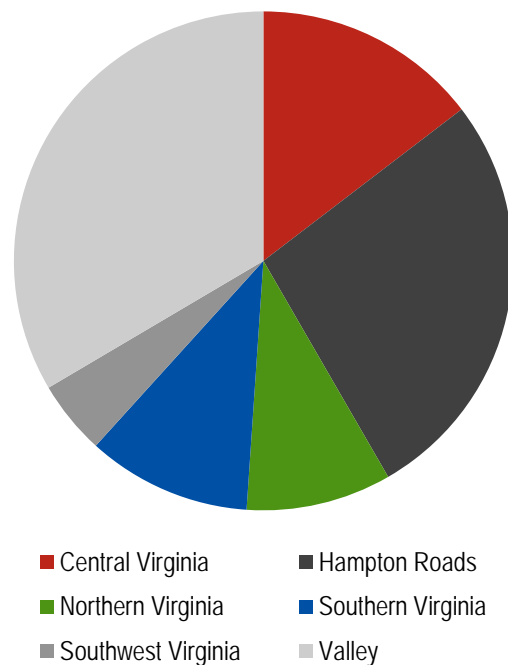
Food Processing Industry Employment in Virginia

Virginia's Food Processing industry employs 35,390 people. The Food Processing Industry accounts for over 14% of Virginia's total manufacturing employment and is the second largest sector behind Transportation Equipment. The top three Food Processing sectors by employment are Meat & Poultry Processing (13,216), Beverage Manufacturing (5,978), and Other Food Manufacturing (4,798). Of the total, these three sectors account for 68% of the employment. Virginia's Food Industry has a direct economic output of \$25.9 billion and supports an additional \$11.5 billion in economic activity.

Employment by Sector



Employment by Region



Food Processing Industry Firms in Virginia

There are 679 Food Processing firms in Virginia. The largest sectors are Beverage Manufacturing with 219 firms, followed by Bakeries and Tortilla Manufacturing with 174 firms and Other Food Manufacturing with 85 firms. These three sectors account for 70% of the food processing firms located in Virginia.

Boar's Head Provision
Cargill
George's Chicken
Hershey
Kraft

McKee Foods
PepsiCo
Perdue
Smithfield
Tyson

Virginia's Skilled Workforce

Selected Food Processing Occupations	Virginia Employment	Virginia Median Salary
General and Operations Managers	50,950	\$117,520
Industrial Production Managers	1,980	\$107,453
Industrial Machinery Mechanics	8,310	\$47,861
First-Line Supervisors of Production and Operating Workers	12,760	\$60,486
Bakers	2,550	\$25,480
Butchers and Meat Cutters	2,580	\$30,534
Meat, Poultry, and Fish Cutters and Trimmers	5,280	\$23,005
Food and Tobacco Roasting, Baking, and Drying Machine Operators and Tenders	630	\$24,066
Food Batchmakers	3,630	\$24,336
Food Cooking Machine Operators and Tenders	660	\$20,259
Food Processing Workers, All Other	1,250	\$23,670
Inspectors, Testers, Sorters, Samplers, and Weighers	8,430	\$36,150
Packaging and Filling Machine Operators and Tenders	6,780	\$26,250
Light Truck or Delivery Services Drivers	19,930	\$29,536
Laborers and Freight, Stock, and Material Movers, Hand	48,270	\$24,378
Packers and Packagers, Hand	12,840	\$22,194

Source: Bureau of Labor Statistics, Occupational Employment and Wages Estimates, May 2015.

Education and Training

Virginia's nationally acclaimed education system serves as a pipeline, supplying businesses with a steady stream of skilled new entrants. Our attention to education is reflected in Virginia's superior, well-prepared labor force.

- Elementary and secondary schools rank among the best in the nation
- Over 1.2 million students enrolled in elementary and secondary schools with over 86,000 graduating
- More than 87% of graduating seniors continue their education in a two- or four-year degree program or have other continuing education plans

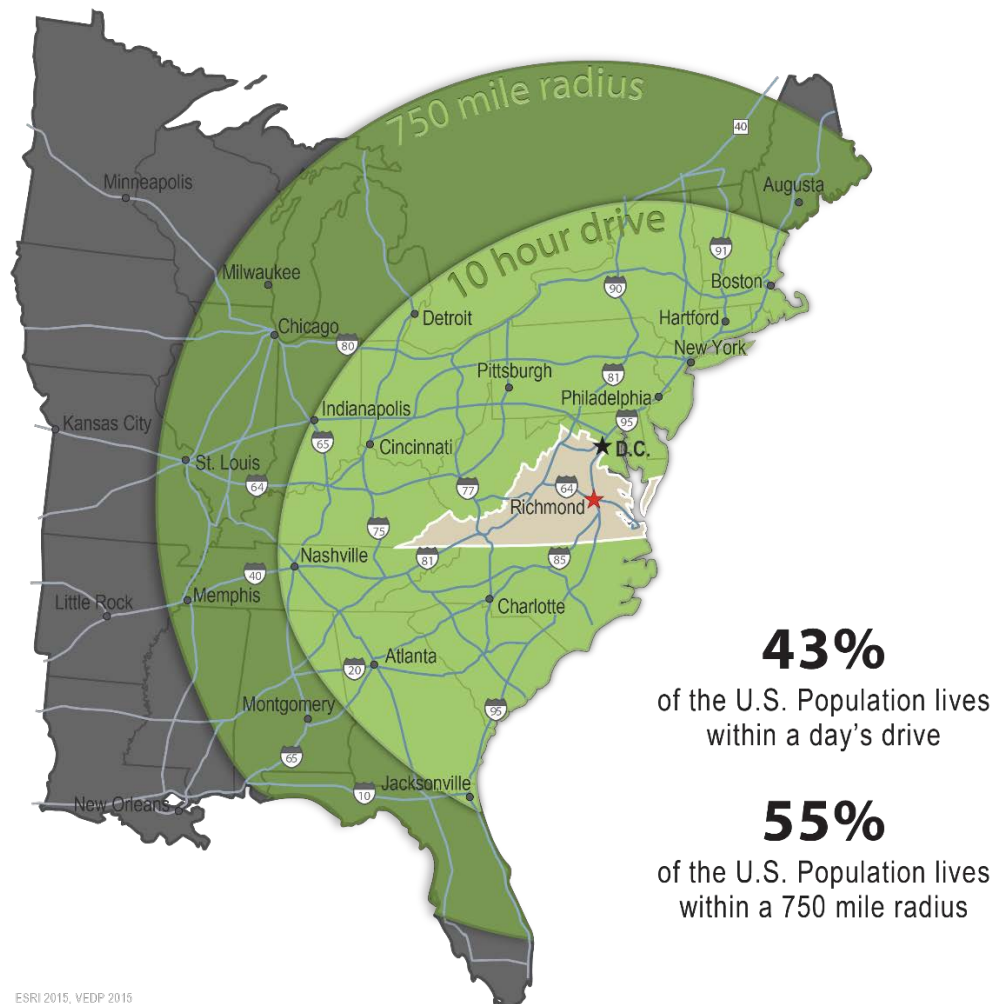
Strong occupational and technical training programs designed to meet the needs of the Food Processing Industry are provided by Virginia's colleges and universities, Community College System, and communities.

- Virginia Tech's Department of Food Science and Technology offers undergraduate and graduate degrees, research, and an extension program
- Virginia Tech's Human and Agricultural Biosciences Building (HABB1) houses a state-of-the-art sensory research laboratory and a biosecurity level 2 food processing pilot plant, as well as analytical and microscopy laboratories, a nanoscale research laboratory, and pilot scale research facilities
- The Department of Human Nutrition, Foods and Exercise at Virginia Tech collaborates with the Department of Food Science and Technology to jointly address issues on nutritional value and product development and packaging
- Virginia Tech's Department of Sustainable Biomaterials offers an undergraduate in Packaging Systems and Design
- The Center for High Performance Manufacturing (CHPM) at Virginia Tech works to help manufacturing firms stay competitive via research, development and education
- Virginia State University's (VSU) College of Agriculture conducts many specialized programs through its Agriculture Research Station and Cooperative Extension
- Virginia State's Randolph Farm provides agricultural related research, demonstrations and instructional activities at its 416-acre agricultural learning center
- Dabney S. Lancaster Community College, home to the Virginia Packaging Application Center (VAPAC), offers an Advanced Manufacturing Technology curriculum

Virginia has the Recipe for Success

Virginia is a Leading Gateway to the World

- Two of the nation's largest Class 1 railroads, CSX Corporation and Norfolk Southern Corporation, have extensive infrastructure throughout the State
- Eight shortline railroads provide freight service in the Commonwealth
- Nearly 3,400 miles of railway (excluding trackage rights) traverse Virginia
- Six major interstate highways, I-95, I-85, I-81, I-64, I-77 and I-66, provide quick access to Northeast, Southeast and Midwest markets
- Fourteen commercial airports serve the Commonwealth, including two of the nation's largest - Washington Dulles International and Ronald Reagan Washington National
- Nearly 30 international shipping lines offer direct, dedicated service to and from Virginia through the Port of Virginia, with connections to 200+ countries around the world



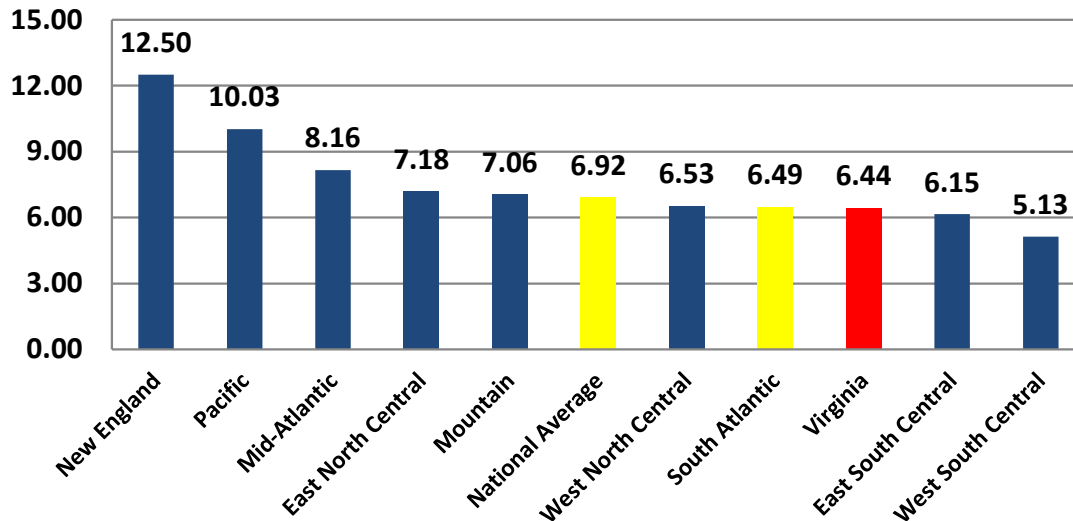
Virginia's Resources

- Highly skilled and productive workforce
- Stable energy resource pool to serve present and future residential, commercial, industrial and transportation needs
- Eight regulated natural gas companies serve the State with an extensive network of underground pipes and other gas facilities

Average Industrial Rates

- Extremely reliable electric service with very competitive rates
- Average cost per unit of electricity for the industrial sector – 6.44 cents

Industrial Average Rates by Region: 2016



Rates (In cents/kilowatt-hour)

Source: Edison Electric Institute, *Typical Bills and Average Rates Report, Summer 2016*