

A special meeting of the Board of Supervisors of Albemarle County, Virginia, was held on June 18, 2019, at 4:00 p.m., in Room 241, of the County Office Building, 401 McIntire Road, Charlottesville, Virginia. This meeting was called by the Chair, Mr. Gallaway, for the purpose of allowing a quorum of Board members to convene an open meeting, to attend a joint meeting with Economic Development Authority.

PRESENT: Mr. Norman G. Dill, Mr. Ned Gallaway, Ms. Ann Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer and Mr. Rick Randolph.

ABSENT: None.

OFFICERS PRESENT: County Executive, Jeff Richardson, Deputy County Executive, Doug Walker, County Attorney, Greg Kamptner, and Clerk, Claudette Borgersen.

ECONOMIC DEVELOPMENT AUTHORITY PRESENT: Mr. James Atkinson, Mr. W. Rod Gentry, Mr. David Mellen, Mr. Elton Oliver, Mr. George W. Ray, Jr., and Mr. David Shreve.

ABSENT: Mr. Donald Long.

STAFF PRESENT: Director, Roger Johnson, Attorney, James M Bowling, IV, Economic Development Coordinator, J. T. Newberry, and Economic Development Project Manager, Jennifer Schmack.

Agenda Item No. 1. Call to Order. The meeting was called to order at 4:00 p.m., by the Chair, of the Board of Supervisors, Mr. Gallaway and the Chair of the EDA, Mr. Gentry.

Agenda Item No. 2. New Business.

Item No. 2a. Introductions

Mr. Gallaway asked meeting participants to introduce themselves. Mr. Gallaway also recognized the presiding security officer, Officer Peter Schellinger.

Item No. 2b. Historical Review.

Mr. Doug Walker, Deputy County Executive, said he has been privileged to work with Mr. Johnson, Mr. Newberry, and their team as well as with the Economic Development Authority (EDA). He reminded the Board that in May 2017 the two bodies met to discuss the Strategic Plan for Economic Development, at which time they were without a Director of Economic Development and a County Executive. He said the meeting was productive and, a week later, the Board of Supervisors approved a Memorandum of Understanding that governs the relationship between the two bodies. He said in October 2017 the Board, EDA, and Planning Commission met and ultimately adopted the guiding principles that are foundational for work going forward and resulted in a Strategic Plan for Economic Development. He continued that Mr. Richardson began as County Executive in November 2017, followed by the hiring of Roger Johnson as Director of Economic Development in April 2018. He said the kick off of Project ENABLE occurred in June 2018, whose principles were established during the public engagement process that involved internal and external stakeholders, the EDA, and the Board, followed by Board approval in December 2018.

Mr. Walker remarked that today they would present the product of the work of Project ENABLE, including tools for the toolbox. He listed the following projects the EDA has been involved with: Woolen Mills/Willow Tree (Projects Turtle and Daffodill), Perrone Robotics (Project Nightrider), Potter's Craft Cider, (Project McIntosh), and Barnes Lumber Redevelopment (Project Patriot), and strategic partnerships with University of Virginia, City of Charlottesville, and GO Virginia (catalyst and venture hub project). He listed the following additional projects for which the Board has used the EDA to assist: Central Virginia Electric Co-Op Agreement (broadband), Southwood Mobile Home Park project (affordable housing), and the Community Investment Collaborative (workforce development project). He noted that all of these projects have been brought forward within a short time period and involved extensive work on the part of staff and the involvement of many stakeholders to bring us to where we are today.

Item No. 2c. Director's Report – Expected Outcomes.

Mr. Roger Johnson, Director of Economic Development, said he would inform the Board of some ongoing work and asked for their approval of a couple of policies. He explained that Project ENABLE calls for opportunities for state and federal funding, Virginia Jobs Investment Program (VJIP) match funding, and to connect primary businesses to AFID and USDA grants, which became the basis for the work plan for which they have brought back four policies for the Board's consideration. He said the outcomes of today's meeting are to ask the Board to vote on proposed economic development tools which will include: an ENABLE grant, Virginia Jobs Investment Program (VJIP), Agriculture/Forestry Investment Program, and the Commonwealth Opportunity Fund. He said after contemplating each tool, staff will ask the Board

to provide direction to the Economic Development Office on next year's work. He paused and invited Board questions about the expectations and outcomes for today's meeting.

There were no questions from Board members.

Agenda Item No. 3. Consideration of Economic Development Policies.

The Executive Summary forwarded to the Board states that following the adoption of Project ENABLE <<http://www.albemarle.org/navpages.asp?info=business>> in December 2018, staff began working on several short-term initiatives, including the creation of County policies for at least three economic development tools by the middle of 2019 (Goal 3 - Lead the County's Readiness to Accommodate Business).

Staff received feedback from the Economic Development Authority (EDA) on the draft policy for individual economic development tools at each of its regular meetings from February to May 2019. The Board of Supervisors provided feedback on all four drafted policies in a work session on May 15, 2019. The four economic development tools reviewed by each body are a local capital investment grant ("ENABLE Grant") as well as three state grants: Virginia Jobs Investment Program (VJIP), Commonwealth Development Opportunity Fund (COF), and Agriculture Forestry Industries Development Fund (AFID). Staff prioritized policy development for these state grants because they are already being utilized by the County and additional County businesses could soon become eligible to apply for one (or more) of these grants.

Staff received diverse feedback during the review of the four proposed economic development policies. Staff observed the feedback broadly fell into two categories: areas of consensus and topics for further discussion. Attachment A provides a summary of the feedback received and identifies topics where additional discussion is needed. Staff revised each of the drafted policies according to the feedback characterized as areas of consensus. The revised policies can be found in Attachments B-E.

The topic of minimum wages and "career ladder opportunities" received significant discussion throughout the review of each policy and is a topic where staff is seeking additional direction. Staff invited Ridge Schuyler, Dean of Community Self-Sufficiency Programs at Piedmont Virginia Community College, to present wage information relevant to our community. This information about wages is aimed to inform the joint discussion on this topic. The final meeting agenda is found in Attachment F.

Following the policy discussion, staff is seeking feedback about priorities for Economic Development in the second half of 2019. Staff is expecting to advance the County's prior work on tourism zones, continue promoting federally-designated Opportunity Zones, consider the adoption of technology zones, and bring forward strategies to maximize the effectiveness of the EDA and sustainably fund its activities. Finally, in conjunction with updating the EDA's Bylaws and Rules of Procedure, staff envisions updating the memorandum of understanding between the Board and the EDA as directed in Section 3B (see Attachment G).

No budget impact is anticipated with the adoption of these policies.

Staff recommends that the Board and EDA adopt the drafted policies for each of the four economic development tools. Staff is also seeking input on the prioritization of additional economic development policies and future revisions to the existing memorandum of understanding.

Item No. 3a. ENABLE Grant Policy.

Mr. Johnson resumed his presentation with a review of the ENABLE grant, which he explained is a capital investment grant that consists of two categories: Classic and Pinnacle. He explained that a classic type of grant involves the creation of jobs or the expansion or relocation of a primary business, which is expected to have a positive impact on the community, increase jobs or increase the size and diversity of the tax base, locate in the Development Area, and be consistent with the Comprehensive Plan. He said this is focused on primary businesses, those that produces goods or services locally and sells outside the area. He explained that a pinnacle grant consists of two standards, of which the first involves a catalytic, mixed-use development, or promotes a stated County goal or demonstrably decreases expenditures on behalf of the County. He said the second standard would involve place making, mixed-use, or redevelopment, though it does not have a job creation component. He explained that an applicant would apply through the Office of Economic Development, staff would conduct an analysis to make sure the project meets thresholds necessary to qualify as a classic or pinnacle project, and it would further have to meet a "but for" provision. He explained that "but for" means a project would not go forward "but for" the County's participation. He stated that this does not mean the project is not feasible but that the scale, scope, and elements included may be much different "but for" the County's contribution.

Mr. Johnson recounted an example of a Classic project he was involved in during his previous role in Wilmington, NC, when Live Oak Bank was seeking to locate its headquarters in the area. He said the City of Wilmington provided an incentive that resulted in hundreds of \$80,000/year jobs in the city proper, which would not have occurred but for the city's contribution. As an example of a Pinnacle-type project, he presented a hypothetical scenario under which a developer is seeking to construct a building in the Rio29 area and the project meets one of the six public elements of the Rio29 Small Area Plan.

Mr. Johnson reminded the Board that they agreed the County would only participate in projects with job creation of quality jobs or career opportunities, with language regarding this component in the new draft. He said there was not a consensus regarding a minimum wage level and, if so, the appropriate minimum wage level. He noted that staff has elected to add a passage to the new ENABLE grant that wages would be considered when determining a project's value, at the Board's discretion and consideration. He paused and invited questions or comments.

Ms. Palmer asked for confirmation that when considering wages, they would also consider benefits. Mr. Johnson confirmed that benefits would be considered as well as career ladder jobs. He explained that in this situation they are trying to help existing businesses to expand locally and they felt a wage provision would fit more appropriately with matching grants.

Ms. Palmer asked for confirmation they would not be giving money per job. Mr. Johnson confirmed this and added that this would be financed through tax-increment or synthetic tax-increment financing, with a portion of a firm's taxes rebated by the County to help offset the costs of public elements. He said the next level of jobs would be wage and benefits based more than in this scenario.

Ms. Palmer praised the "but for" provision, said she did not see mention of it in any of the other grant programs, and wonders if it would come in to play in any of the other grants. Mr. Johnson responded that each one has different thresholds and purposes and they would have to talk about them individually.

Mr. Dill **moved** that the Board adopt the proposed resolution to approve the ENABLE grant policy. The motion was **seconded** by Ms. Mallek.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Randolph, Mr. Dill, Mr. Gallaway, Ms. Mallek, Ms. McKeel and Ms. Palmer.
NAYS: None.

RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT POLICY FOR THE ENABLE GRANT

WHEREAS, the Board of Supervisors previously adopted an economic development strategic plan titled "Project ENABLE" with a mission to attract additional financial resources to the community through responsible economic development activities that result in quality Job creation and career employment opportunities, increased tax base, enhanced natural resources and community character, and an improved quality of life for all citizens; and

WHEREAS, Goal 4 of Project ENABLE seeks to attract private capital investment for projects that result in a public good or enhance natural resources, and projects that capitalize on our community's unique assets, inspiration, and potential; and

WHEREAS, the Board and the Economic Development Authority ("EDA") find the capital investment grant described in the ENABLE Grant Policy provides an essential tool to implement Goal 4 as well as the other goals, objectives, and strategies of Project ENABLE.

NOW, THEREFORE, BE IT RESOLVED that the Albemarle County Board of Supervisors hereby adopts the ENABLE Grant Policy once it has been approved as to substance and form by the County Attorney.

Mr. Gentry **moved** that the EDA adopt the proposed resolution to approve the ENABLE grant policy. The motion was **seconded** by Mr. Atkinson.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Gentry, Mr. Atkinson, Mr. Oliver, Mr. Mellen, Mr. Ray and Mr. Shreve.
NAYS: None.
ABSENT: Mr. Long.

Item No. 3b. Guest Presentation: Wages and Career Ladder Opportunities.

Mr. Johnson introduced Ridge Schuyler, Dean of Community Self-Sufficiency Programs, Piedmont Virginia Community College (PVCC), at the Jefferson School, and who would talk about the impact of having wage requirements in a policy and how they could be integrated so the Board can make a well-informed decision.

Mr. Ridge Schuyler said he would focus on the type of wage it would take to move a family to self-sufficiency. He stated that his work at the college is focused on finding those who have been left behind in the economy and connecting them to opportunities. He said he would review the costs of basic needs in the County, such as food, shelter, clothing, and utilities. He presented the following statistics: \$115 = weekly cost of food for single adult with two children, (as calculated by the USDA for a Thrifty Meal Plan); \$1,000/year for clothing (Department of Commerce economic survey calculation); and \$1,325/month for shelter (2018 market rate for two-bedroom apartment in Albemarle County, per HUD

survey). He pointed out that a person working full-time at minimum wage would earn less than the sum of these amounts. He noted that when he first looked at these numbers in 2011, the cost for a two-bedroom apartment was \$931/month so the cost of rent has increased by 42%. He continued with additional statistics: \$217/month for utilities, and \$5,000/year for necessary items (insurance, diapers, and other necessary costs). He remarked that a single adult with two children needs to earn \$30,000/year, or \$15/hour, to meet all of the costs reviewed.

Mr. Randolph pointed out that Mr. Schuyler has not included the costs of transportation. Mr. Schuyler confirmed this. He said a consumer survey of car owners estimates a cost of \$175/month for insurance, gas, and maintenance and an estimate of childcare costs for one child is \$1,000/month. He pointed out that one must earn \$45,000/year to meet basic living expenses plus the costs of a car and childcare. He pointed out that the earned income tax credit is very helpful and there is a community-wide effort to make sure people do not leave this credit on the table. Mr. Shreve pointed out that this is generally just an offset of payroll taxes for most people and would not reduce it by a demonstrable amount.

Mr. Gentry asked for confirmation that the childcare calculation assumes one child in school and one is in childcare. Mr. Schuyler confirmed this. He added that he based his calculations on the most typical situation, which is that of a single adult with 2,3 children. He noted that there are 3,655 families in the County that make between \$30,000 - \$45,000/year, representing 14% of all families. He pointed out that the map of the County shows these families are distributed throughout all magisterial districts and not just concentrated in the urban ring. He said his targets are to have jobs that offer \$30,000/year for entry-level positions and \$45,000/year after a certain number of years of experience. He concluded and invited questions.

Ms. Palmer remarked that Charlottesville would soon implement a \$15/hour minimum wage with benefits, UVA would increase its minimum to \$15/hour in January, and the unemployment rate is very low. She asked Mr. Schuyler how he thinks these increases would change the landscape in which he works. Mr. Schuyler responded that it makes it easier to move a minimum wage worker to a \$30,000/year job, which was really hard to do a couple of years ago, and it may create market pressure for other employers to raise wages. Regarding the low unemployment rate, he pointed out that some people are not counted in the unemployment number and about 38% of them have given up on the economy. Ms. Palmer expressed surprise at this figure. Mr. Schuyler responded that the census survey from which he derived his figure counts those age 16+ and he is not able to further break this down. He stated that a clear pathway to a decent paying job would entice those who are out of the workforce.

Mr. Shreve pointed out that the figure for those out of the workforce includes the elderly and disabled. Ms. Palmer asked if there is a way to do a better job looking at the census data. Mr. Shreve responded that they do a good job and need to just drill down and look at it.

Mr. Gentry remarked on the importance of getting people into jobs with a career ladder, which requires training and education, sometimes outside of work, that have to be paid for. Mr. Schuyler pointed out that some low wage workers do not have the time to take training classes. He said a lot of career pathways look great on paper, but to make them true, one has to work out the logistics of how to pay the rent, put food on the table and accommodate training.

Mr. Gentry commented that the creation of affordable housing by developers is not always profitable unless it is subsidized.

Mr. Dill asked Mr. Schuyler for examples of things he has done that work. Mr. Schuyler responded that they are looking to front load a housing choice voucher kind of approach so that a worker can reduce their status to part-time in order to attend classes while still being able to make ends meet. He pointed out that this can save the government money once the worker is able to secure a higher paying job after training and no longer need a voucher.

Ms. Mallek asked for confirmation that the opposite figure to the non-labor force participation rate of 38% is the labor force participation rate. Mr. Schuyler confirmed this.

Ms. Mallek recounted how she has heard that if a locality's unemployment rate is under 5% it should not be publicized and that a better story to tell is that there are workers available. She commented that workforce dollars funneled through Richmond are under a requirement that 40% must be spent on tuition for training, but would not allow for transportation or childcare, which reduces the number of participants. Mr. Schuyler stated that they need to talk about how to make people more valuable in the marketplace.

Mr. Gentry asked for the percentage of those out of the workforce that do not hold at least a high school diploma. Mr. Schuyler responded that he does not have this figure but has observed that graduation rates are higher now and so he expects that those without a diploma would tend to be older workers.

Mr. Ray commented that all of these elements are linked together and he has personally observed that carpenters, for example, are paid a higher wage to perform work more quickly and better quality. He also observed that all of the data gathered is around single parent families and asked how it changes when there are two wage earners. Mr. Schuyler responded that while both expenses and income increase the income gains are more than the increased cost of expenses.

Mr. Atkinson asked if there was any evidence for or against raising the minimum wage and its impact on inflation. Mr. Shreve responded that when flagship private and public employers increase wages it causes the market to adjust as other employers compete for workers and tends to have a negligible effect on prices. He stated that a mandated minimum wage tends to have more of an effect on prices than a situation in which the market has caused wages to increase.

Mr. Randolph added that an argument for setting a higher minimum wage is that it would stimulate economic growth and be an example of a rising tide lifting all boats. He said it would be beneficial for our community and he does not think that a higher wage locally would result in inflation, as inflation rates are a result of national and international marketplaces.

Mr. Gentry remarked that people tend to spend to their level of income and advocated for financial education to encourage people to save.

Mr. Shreve recalled seeing a recent study by the Federal Reserve, which found that 27% of Americans could not meet a \$400 emergency, so it is not a question of wanting to save, but the inability to save.

Ms. Palmer observed that there is a shortage of service workers for house cleaning, yard work, and similar, and the cost to hire someone to do this work has increased over the past few years. She asked Mr. Schuyler if he has seen those he works with go into these types of jobs. Mr. Schuyler responded that he has not seen many in their program, remarking that running one's own business takes another level of planning and work, and it is easier to take a job that already exists than to try to create a job.

Mr. Shreve underscored the conservative nature of the statistics provided, noting that the USDA food budget is based on 1955 food assumptions for food preparation, which assumes that people bake their own bread from scratch.

Mr. Schuyler next presented on the Network2Work Program. He explained that the Program goes out into the marketplace to find open jobs through a network of 230 peers that recognize and reach out to candidate workers with potential and inform his office so that they can make sure they wrap services such as transportation, childcare, and healthcare around them.

Ms. McKeel asked for the number of program participants. Mr. Schuyler responded that he began with 19 job seekers in 2014/2015 and they now have over 600, with a success rate that indicates 83% of participants obtain jobs, of which 67% are jobs that pay \$25,000 or more, with his new target set to be jobs that pay \$30,000 or more.

Ms. Palmer asked if the majority of participants are from Charlottesville and Albemarle or if surrounding localities are also represented. Mr. Schuyler responded that 45% are from Charlottesville, 38% are from Albemarle, mostly from the urban ring, and the remainder are from surrounding localities. He thanked the Board for providing a second surplus vehicle to put a job seeker to work.

Item No. 3c. Virginia Jobs Investment Program (VJIP) Policy.

Mr. J.T. Newberry said he would discuss the two remaining policies; VJIP and COF, followed by discussion and an opportunity to vote. He explained that eligibility for VJIP is companies that: are expanding locally or are retooling and retraining existing employees; fall within certain sectors the state has targeted for incentives, which includes manufacturing, research and development, corporate headquarters, and distribution centers; a minimum five new full time employees for 90 days and \$100,000 investment; retain and retrain minimum five full time employees with a \$50,000 capital investment; and a minimum wage of at least 1.35 times the federal minimum wage, equivalent to \$9.79/hour and qualify for benefits. He explained that the state conducts a return on investment analysis (ROI) to come up with a proposed amount per job they want to incentivize to create the jobs. He noted that the County has received 14 of these grants over the past five years, with \$710 - \$1,000 in State incentives per job, and does not require a match. He stated that Economic Development Office is trying to thread the needle between providing certainty for business while maintaining flexibility in the support of business retention and expansion. He said that they look at the two-prong test, with the first being whether something is consistent with County policy and the second prong involves six factors, with a County minimum match of \$400/job once a project has made it through the state's funnel. He reminded the Board of factors considered: Is it a primary business? Does it increase the tax base? Does it create career ladder jobs? Does it contribute to the public good? Does it achieve a specific goal outlined in the Strategic Plan?

Mr. Newberry stated that there was not consensus as to whether or not the County should offer an automatic \$400/job match, without a commitment to some wage level, such as \$15/hour. He said that staff recommends they recognize the wages and benefits already included in the policy as a significant factor, but that it not be something for which they would disqualify opportunities, though the two boards can say no thank you. He stated that if they were to put in a minimum wage this could reduce the number of opportunities brought forward.

Ms. Palmer asked if a "but for" provision would be considered in the VJIP grant. Mr. Newberry responded that the VJIP grant does not have a "but for" provision, though they conduct a return on investment test.

Mr. Atkinson remarked that he was employed by Microsystems and recalled that they were involved with VJIP grants on three occasions, without which they would not have hired as many people, as they could not afford to take the risk.

Ms. Palmer asked if this is just for training. Mr. Atkinson confirmed this.

Ms. McKeel characterized it as a hidden "but for", without which fewer people would have been given an opportunity.

Mr. Atkinson remarked that they added about ten jobs, but with an additional \$400/job grant, they probably would have added four or five more.

Mr. Gentry remarked that the carrot for a potential employee is a career ladder position with significant upside.

Mr. Newberry clarified that this is a cash grant without a performance expectation other than a requirement that the employee be on payroll for 90 days. He stated that the incentive is not paid until this requirement has been met.

Ms. Palmer recounted that she did some research to see if they required a minimum wage for some projects in the past and discovered that a Virginia Opportunities Grant was to be made to GE Fanuc in 1994 with an \$11/hour minimum wage. She said the County had a requirement that at least 60% of the employees must be Albemarle County residents and this was not met.

Ms. Palmer expressed support for a minimum wage requirement as those who earn low wages are likely to require County services at a cost to the County. Mr. Gentry remarked that, while a higher wage is important, it is unnecessary interference by government to require this and can result in pushback.

Mr. Randolph observed that this is a State program and it would be up to the State to establish a minimum requirement.

Mr. Dill asked if they can have an appropriate wage for the job. Mr. Johnson responded that they are proposing a minimum of \$400/job and, as wages increase, staff would recommend an increase in VJIP match based on variables the Board thinks are important, which would be wages and career ladder opportunities primarily. He said that is what they are proposing to the Board and seeking concurrence for not necessarily setting a threshold of \$15. He said understanding the value of \$15 an hour that he will say having worked in other communities it is important that people be gainfully employed without regard to for what the wages are since there are certain opportunities for a set number of people that we would like to be employed. He said sometimes those skill sets vary on what those people bring to the table whether it is because they are 18 years of age or some other reasons. He noted that they want to provide the Board with flexibility as there may be a project they wish to support that offers a lower wage. Mr. Gentry commented that there needs to be a balance.

Mr. Shreve added that with a wage that is too low there would be short circuiting if people cannot follow through because of their circumstances, regardless of whether it is a career ladder job.

Ms. Palmer remarked that Mr. Shreve made a very good point.

Mr. Newberry remarked that this feedback helps them understand the priorities of each Board. He noted that the City of Charlottesville offers an automatic match for its VJIP recipients without much deliberation or discussion. He stated that the baseline \$400/job match provides some certainty for a business that is looking between the City and the County, with an opportunity to talk further about whether they could match the State's grant.

Ms. Palmer asked for confirmation that neither the EDA nor the Board of Supervisors would have a choice regarding the minimum match. Mr. Newberry responded that the exception would be if the project were to fail the test of being consistent with County policy.

Ms. Palmer asked if there is any scenario under which a project would not be consistent with County policy. Mr. Johnson presented a hypothetical example of a company that would create jobs and meet State requirements but not meet the County's environmental policies.

Ms. Palmer asked if a company that makes slot machines that are illegal in Virginia would be okay with County policy. Mr. Johnson responded that he cannot think of a stated policy that would be against that.

Mr. Kamptner added that the Boards should remember that it is a policy, not a rule, so there may be other individual factors to consider.

Mr. Shreve expressed his understanding that the State judges return on investment in a different way than the County would, as the State is primarily looking at income. He said that if they are not hiring people from within the County then the return on investment would be dramatically different as there would be costs incurred to educate new residents coming into the County. He asked if this type of analysis is too difficult to take on so that they would just have to rely on the State's analysis. Mr. Newberry responded that they engage with the Weldon Cooper Center to help with the complex analysis

of programs and he would expect that they would engage with community partners to conduct an independent analysis. He noted that a \$100,000 investment is required for new employees and \$50,000 for retraining, which might not cover the whole cost.

Item No. 3d. Commonwealth Development Opportunity Fund (COF) Policy.

Mr. Newberry next reviewed the Commonwealth Development Opportunity Fund, of which the most recent recipient was Willow Tree, which has a requirement of 50 new jobs, \$5 million in capital investment or 25 new jobs and \$100 million of capital investment. He said the jobs must pay the local prevailing wage, as calculated by the Virginia Employment Commission at \$54,000/year, about \$26/hour. He said the State would conduct a return on investment analysis (ROI) of a company and then make an offer. He said this is meant to be a deal closing opportunity where there is a real risk of the company not coming to Virginia unless the grant is offered; this used to be known as the Governor's Opportunity Fund. He said if accepted the County would create a performance agreement, the grant recipient would be required to submit annual reports, and a local match is required, although it does not have to be up to the state's match level. He noted under the revised policy we just added that same language about career ladder opportunities since we heard that was such a critical part of the consideration. He said this does require a local match, you don't have to match it up all the way up to the level that the State wants to provide, but this would provide some basis for how we get to what we are willing to match as a County.

Mr. Gentry remarked that this has a claw back provision. Mr. Newberry confirmed this. He pointed out that the Virginia Economic Development Partnership (VEDP's) website has a robust explanation of how this policy works in part because there is a lot of desire by the public and companies to understand the claw back provisions. He explained that the performance agreement would include information on how a claw back would be calculated. He reminded the Board that there has not been a consensus as to whether there should be a minimum wage requirement and, if so, what it should be.

Mr. Johnson stated that while the prevailing wage is \$54,000 there are some that earn less and the question was should the County set a minimum wage as well as an average wage.

Mr. Atkinson asked for confirmation that, should the State approve the grant, but the County decide not to offer a grant, the company would not receive the State grant. Mr. Newberry confirmed this.

Mr. Gentry remarked that this grant focuses more on capital improvement investments than jobs.

Mr. Atkinson stated that this is not just for the enticement of outside companies to come to Albemarle and it is equally important to enable existing companies to grow, like Willow Tree.

Ms. Palmer reiterated her position that a \$15 minimum wage would be reasonable for VJIP, though she is not as geared to it on the Commonwealth Development Opportunity Fund.

Mr. Shreve asked if a company that applies to the State reports anything beyond the average annual wage or more detail. Mr. Newberry responded that he believes they are looking at all the jobs.

Ms. Helen Cauthen, Central Virginia Partnership, explained that a company that has been awarded a grant is required to submit the most recent quarterly tax filing at the time they submit a request for payment. She said she believes the State would share this data with the County.

Mr. Shreve proposed they mandate that this be included.

Mr. Newberry remarked that this would help them at the back end but not at the front end of decision making. He added that company expansion plans typically list the jobs they are looking to create and the wages.

Ms. Palmer said she would vote against the VJIP if it does not include a minimum wage requirement and would vote for the Commonwealth Development Opportunity Fund.

Item No. 3e. Motion-vote on VJIP and COF Policies.

Mr. Randolph **moved** that the Board adopt the proposed resolution to approve the VJIP Grant Matching policy, without a minimum wage. The motion was **seconded** by Ms. McKeel.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Randolph, Mr. Dill, Mr. Gallaway, Ms. Mallek and Ms. McKeel.

NAYS: Ms. Palmer.

RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT POLICY FOR THE VIRGINIA JOBS INVESTMENT PROGRAM (VJIP) GRANT

WHEREAS, the Board of Supervisors previously adopted an economic development strategic plan titled "Project ENABLE" with a mission to attract additional financial resources to the community through responsible economic development activities that result in quality job creation and career employment

opportunities, increased tax base, enhanced natural resources and community character, and an improved quality of life for all citizens; and

WHEREAS, Goal 3 of Project ENABLE seeks to enhance the County's readiness to accommodate business activity, and Goal 3, Objective 3 calls for the County to help business utilize state and federal grant programs; and

WHEREAS, the Virginia Jobs Investment Program ("VJIP") is a performance-based grant program offered by the state to off-set human resource costs associated with creating or retaining jobs of primary businesses; and

WHEREAS, the Board and the Economic Development Authority ("EDA") find the VJIP Grant Matching Policy provides an important tool to support Goal 3 as well as the other goals, objectives, and strategies of Project ENABLE.

NOW, THEREFORE, BE IT RESOLVED that the Albemarle County Board of Supervisors hereby adopts the VJIP Grant Matching Policy once it has been approved as to substance and form by the County Attorney.

Mr. Atkinson **moved** that the EDA adopt the proposed resolution to approve the VJIP Grant Matching policy, without a minimum wage. The motion was **seconded** by Mr. Ray.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Gentry, Mr. Atkinson, Mr. Oliver, Mr. Mellen and Mr. Ray.
NAYS: Mr. Shreve.
ABSENT: Mr. Long.

Mr. Randolph **moved** that the Board adopt the proposed resolution to approve the COF Grant Matching policy. The motion was **seconded** by Ms. McKeel.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Randolph, Mr. Dill, Mr. Gallaway, Ms. Mallek, Ms. McKeel and Ms. Palmer.
NAYS: None.

**RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT POLICY FOR THE
COMMONWEALTH DEVELOPMENT OPPORTUNITY FUND (COF) GRANT**

WHEREAS, the Board of Supervisors previously adopted an economic development strategic plan titled "Project ENABLE" with a mission to attract additional financial resources to the community through responsible economic development activities that result in quality job creation and career employment opportunities, increased tax base, enhanced natural resources and community character, and an improved quality of life for all citizens; and

WHEREAS, businesses face difficult decisions when considering where to make significant capital investments and the Governor may choose to incentivize businesses to invest within the confines of Commonwealth; and

WHEREAS, the Commonwealth Development Opportunity Fund ("COF") is a performance-based grant program offered by the Governor that requires a 1:1 match from the locality where the investment will be located; and

WHEREAS, the Board and the Economic Development Authority ("EDA") find the COF Grant Matching Policy provides an essential tool to considering the extent to which a local match will implement the goals, objectives, and strategies of Project ENABLE.

NOW, THEREFORE, BE IT RESOLVED that the Albemarle County Board of Supervisors hereby adopts the COF Grant Matching Policy once it has been approved as to substance and form by the County Attorney.

Mr. Mellen **moved** that the EDA adopt the proposed resolution to approve the COF Grant Matching policy. Mr. Oliver **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Gentry, Mr. Atkinson, Mr. Oliver, Mr. Mellen, Mr. Ray and Mr. Shreve.
NAYS: None.
ABSENT: Mr. Long.

Item No. 3f. Agriculture Forestry Industries Development Fund Grant (AFID) Policy.

Mr. J.T. Newberry presented. He characterized agriculture as a target industry for Albemarle County. He said the grant is through the Department of Agriculture and Consumer Services and the

Governor's office, with a requirement that a company must add value to Virginia grown agricultural and forestry products with a minimum of 30% Virginia grown. He explained that prospective companies submit their numbers to the Governor's office and a grant of up to \$500,000 may be awarded. He said his experience has been that companies tend to make a larger capital investment than planned but have difficulty creating the jobs. He said the grant requires a local match, has an agreement that is subject to claw back provisions, and must be consistent with County policy and the six factors for consideration. He recalled that during the May work session they heard similar concerns about a minimum wage, the definition of agricultural operations in the County Code, and concern about incentivizing companies that would compete against other local companies. He noted that VDACS considers competition when making its grant offer; staff is seeking the Boards to give direction as to whether or not competition should be added as a factor. He invited discussion.

Mr. Randolph asked Mr. Newberry if he is talking about competition within the County or regionally. Mr. Newberry responded that the State looks at competition regionally and in the Board's May discussion, it talked about competition locally within the County.

Ms. Mallek pointed out that anyone is open to apply, which is where the initiative comes from, rather than having the County decide.

Mr. Shreve asked Mr. Newberry for the history of the AFID grants and asked for confirmation that a claw back provision has come into play quite often. Mr. Newberry responded that VDACS created the AFID program as recognition that agriculture is important to the State. He said that agricultural companies have not had difficulty meeting the thresholds for capital investment, though they have had difficulty with job creation. He said that outside of the County, the most common examples of grant recipients have been breweries and wineries, while in Albemarle they have had goat cheese producers, turkey raising, and Potters Craft Cidery, as the most recent.

Mr. Shreve remarked on how competition or cannibalization may cause a business to not be able to meet the targets and then a claw back would come into play.

Mr. Dill remarked on how a new business might obtain a grant while an existing business would not.

Mr. Gentry responded that the existing business could also apply for a grant.

Ms. Palmer remarked that the existing business might have already invested capital.

Ms. McKeel noted that the grant is based on expansion.

Mr. Dill expressed concern that a business could use a grant to gain an advantage over another business.

Mr. Randolph pointed out how Nelson County targeted alcohol producers and the market continues to grow. He expressed confidence that the Board and EDA have enough acumen to look closely at this.

Mr. Gentry remarked that Potters Cidery, in addition to creating a great product, has created a great destination as a venue for weddings and birthdays and has benefited the County by restoring a historical landmark.

Ms. Mallek commented that similar types of businesses, such as the cideries, work together.

Mr. Dill remarked that government subsidies are not usually associated with fair competition, but with whoever can play the game and get the government money has an advantage.

Ms. Palmer remarked that she sees the agricultural component as being more important than job creation.

Ms. Mallek **moved** that the Board adopt the proposed resolution to approve the AFID Grant Matching policy. The motion was **seconded** by Ms. McKeel.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Randolph, Mr. Dill, Mr. Gallaway, Ms. Mallek, Ms. McKeel and Ms. Palmer.

NAYS: None.

**RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT POLICY FOR THE
GOVERNORS AGRICULTURE AND FORESTRY
INDUSTRIES DEVELOPMENT FUND (AFID) GRANT**

WHEREAS, the Board of Supervisors previously adopted an economic development strategic plan titled "Project ENABLE" with a mission to attract additional financial resources to the community through responsible economic development activities that result in quality job creation and career employment opportunities, increased tax base, enhanced natural resources and community character, and an improved quality of life for all citizens; and

WHEREAS, agriculture is a targeted industry for the County and Goal 3, Objective 6 of Project ENABLE calls for connecting primary agribusinesses to state and federal resources; and

WHEREAS, the Governor's Agriculture and Forestry Industries Development Fund ("AFID") is a performance-based grant program offered by the Governor and the Virginia Department of Agriculture and Consumer Services that requires a 1:1 match from the locality where the investment will be located; and

WHEREAS, the Board and the Economic Development Authority ("EDA") find the AFID Grant Matching Policy provides an essential tool to considering the extent to which a local match will implement the goals, objectives, and strategies of Project ENABLE.

NOW, THEREFORE, BE IT RESOLVED that the Albemarle County Board of Supervisors hereby adopts the AFID Grant Matching Policy once it has been approved as to substance and form by the County Attorney.

Mr. Atkinson **moved** that the EDA adopt the proposed resolution to approve the AFID Grant Matching policy. The motion was **seconded** by Mr. Oliver.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Gentry, Mr. Atkinson, Mr. Oliver, Mr. Mellen, Mr. Ray and Mr. Shreve.

NAYS: None.

ABSENT: Mr. Long.

Agenda Item No. 4. Priorities for Economic Development Office in 2019/2020: Technology Zone, Tourism Zone, Memorandum of Understanding (MOU).

Mr. Johnson thanked the Boards for their support of these economic development tools, which they would try to put to use. He said this was the first six months work plan and he would now make the Boards aware of the priorities for the next 6–12 months and ask for feedback. He listed the following as priorities: technology zones, tourism zones, and review of the existing Board of Supervisors/EDA Memorandum of Understanding (MOU). He said there have been rules and regulations that have been put into place by this MOU. He noted the minutes from back a year or two ago say that once the Strategic Plan was adopted, we would bring back the MOU for further consideration, so we believe it is time to do so. He said this was what our next set of work criteria will be focused on and asked for concurrence if this seems like the appropriate direction from this Board.

Mr. Dill asked what the size range of the zones would be. Mr. Johnson responded that they do not have any preconceived notions; they would study land use and what makes the most sense and then come back with recommendations for the Boards to vet.

Mr. Dill asked if a zone would consist of an integrated system and not just of one or two companies. Mr. Johnson pointed out that Charlottesville has made the entire city a zone and gives a 50% rebate of the BPOL tax, though this philosophy would not make sense for the County for a lot of reasons. He indicated that any response would be speculative until they have had a chance to look at the data.

Ms. McKeel recalled that years ago the County obtained permission from the General Assembly to establish an economic revitalization zone. Mr. Kamptner added that they all operate generally the same, with some slight variability. Ms. McKeel asked if they can be overlaid. Mr. Kamptner responded that the enabling authority for some of them expressly allows having zones overlay one another and noted that there are 8–10 types of zones allowed.

Ms. Palmer observed that Section L of the MOU allocates an emphasis on the following tasks as prioritized by the Board of Supervisors and directed in the Economic Development Strategic Plan: existing business retention or expansion, new business establishment, workforce development, real estate development and re-development, and business attraction. She wondered if they should ask the EDA to move up re-development of the Rio29 area on the list since it is such a big part of their strategic plan.

Mr. Johnson remarked that this is why they are here today; to hear the Board's priorities.

Mr. Gallaway noted that the steering committee and others are providing input on development of a form-based code and it seems critical that they obtain input from future investors as to what the code would look like, including from the EDA and the Department of Economic Development. He stated that the purpose of a form-based code is to offer flexibility.

Ms. Palmer remarked that she has attended meetings on the form-based code and it is clear that the process would extend further than they thought, which gives the EDA an opportunity to become involved.

Mr. Gallaway asked if the steering committee has EDA members. Mr. Walker said he is not aware of any.

Mr. Gallaway suggested the committee have EDA representation.

Ms. Mallek remarked on the importance of involving economic development staff early in the development process as projects from 5–10 years ago are coming in for constant amendments to their adopted plans.

Mr. Gentry remarked that the MOU was created to build trust and direction among the two Boards, which had not worked together before. He said the EDA has agreed to not do anything inconsistent with the wishes of the Board of Supervisors, and he thinks it is not needed and is superfluous.

Ms. Palmer expressed a preference for keeping it as there is turnover of Board members and EDA over time and it is good to have something in place. Mr. Gentry disagreed.

Mr. Atkinson asked if having these new priorities such as a technology zone and tourism zone, it is still understood that the ongoing emphasis is on redevelopment, growth and expansion. Mr. Johnson confirmed this. He said their core services would remain the same and these are additional things they would do.

Ms. McKeel agreed and said she was interested in hearing more.

Mr. Johnson recapped questions and comments he had heard. He offered to get back on the question of 38% workforce non-participation. He indicated he would look into the potential of getting EDA and EDO involved in the Rio29 project as well as in the process to develop form-based code and input into the larger-scale planning process.

Agenda Item No. 5. Priorities for EDA in 2019/2020: Future Retreat Topics: Best EDA practices, Proactive Rezoning, Public-Private Partnerships.

Mr. Johnson brought up a staff suggestion to hold a joint retreat with the two Boards to discuss proactive rezoning and public/private partnerships.

Ms. McKeel remarked that this is a great idea.

Mr. Johnson acknowledged the nodding of a couple of heads and said they would work on this at some point.

Agenda Item No. 6. Final Comments.

Ms. Palmer asked if the EDA has considered taking public comment at its meetings. Mr. Gentry acknowledged that they have talked about it but chose not to do it as this point.

Mr. Johnson noted that they have established email addresses for EDA Board members and listed them on the website so that they can be contacted.

Ms. Palmer asked what the reason is for not taking public comment. Mr. Gentry responded that they are engaged in a specific process to further economic development in Albemarle County and it would serve little purpose to take a lot of time to hear complaints about what they are supposed to be doing and would not further their work, though residents can speak individually with members. He said they chose to not have time spent in a meeting being unproductive. Ms. Palmer responded that they might get compliments and not all complaints.

Ms. McKeel commented that she feels uncomfortable talking about the possibility of having a minimum wage requirement when they do not have a minimum for all County local government and School Division employees. She expressed that she would like the public to understand that the Board is considering a minimum wage, which would be brought forward towards the end of the year.

Mr. Richardson added that it would be brought up during the budget process for FY 21, with an initial cost analysis to be brought forward this fall.

Mr. Atkinson complimented the Board's selection of staff for the Office of Economic Development as they work very hard, bring up timely issues, and are generally very accurate.

Mr. Gentry expressed his appreciation to the Board for its willingness to meet jointly to discuss issues in common and to give the EDA direction.

Mr. Newberry asked that the EDA not to adjourn, as they have some additional business to discuss.

Agenda Item No. 7. Adjourn to June 19, 2019, 1:00 p.m., Lane Auditorium.

At 6:01 p.m., Mr. Gallaway adjourned the Board to June 19, 2019 at 1:00 p.m. in Lane Auditorium.

Chairman

Approved by Board
Date 11/20/2019
Initials CKB