

**ALBEMARLE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY
September 20, 2022
4:00 P.M.**

Directors present: Don Long, Chair; George Ray, Vice-Chair; David Shreve, Treasurer; Matthew Lawless, Jeff Morrill; John Mottola.

Directors absent: Stephen McNaughton.

Staff present: Doug Walker, Deputy County Executive; Roger Johnson, Director of Economic Development; J.T. Newberry, Principal Business Development Manager; Ashley Perry Hernandorena, Economic Development Management Analyst; Richard DeLoria, Senior Assistant County Attorney; Diantha McKeel, Board of Supervisors Liaison to the EDA, Jack Jouett District.

Guest presenters: Ravi Respeto, President and CEO of the United Way of Greater Charlottesville; Jessica Rossi, Kimley-Horn; Tim Edmond, Co-Founder, Potter's Craft Cider; Courtney Cacatian, Executive Director, Charlottesville-Albemarle Convention and Visitors Bureau.

1. Call to Order and Establish Quorum

Mr. Deloria noted that Chairman Don Long would be participating remotely. He noted that there was a quorum.

2. Adoption of Remote Participation and All-Virtual Meeting Policy

Mr. Deloria noted that the resolution to allow remote participation was in their packets and had been pending for several months and was delayed by the need for the Board of Supervisors to adopt a formal policy. He explained the policy was required by the General Assembly for the EDA to allow members to participate in the meeting remotely for personal and medical reasons. He explained there was a second, separate policy that would allow the EDA to meet entirely remotely under limited circumstances. He said it was his recommendation to adopt both policies as the resolution is drafted.

Mr. Deloria mentioned Mr. Long had communicated to the Vice-Chair that he would need to participate in the meeting remotely for a medical reason; once the policy was adopted, Mr. Long's remote participation would be up for a vote.

Mr. Morrill mentioned the need for flexibility.

Mr. Ray moved for the EDA to adopt the resolution as a written policy authorizing remote electronic participation and all-virtual meetings. Mr. Mottola seconded the motion.

MOTION: The motion passed unanimously (5-0). Mc. McNaughton was absent. Mr. Ray did not participate in the vote.

Mr. Deloria informed Mr. Ray that the next matter the Authority should address is to allow Mr. Long to participate in the meeting remotely due to a medical reason. He explained that it would require a vote but no explanation beyond stating there was a medical reason to be absent from the meeting, and the minutes did not need to reflect the reason for the absence.

Mr. Lawless moved to allow Mr. Long to participate in the meeting remotely for a medical reason. The motion was seconded by Mr. Mottola.

MOTION: The motion passed unanimously. Mr. McNaughton and Mr. Long were absent.

Mr. Long stated he could not hear the audio very well.

3. Matters from the Public

Ms. Hernandorena confirmed no speakers had signed up or raised their hands to speak.

4. Approval of Minutes

The minutes from the August 16, 2022 meeting were reviewed. Mr. Lawless moved to approve the minutes. The motion was seconded by Mr. Mottola.

MOTION: The motion passed unanimously.

5. Financial Report

Mr. Shreve reviewed the financial report for the period ending June 30, 2022.

6. New Business

a. Staff Report

Roger Johnson, Economic Development Director

[Presented after Item 6.d]

Staff Report

Mr. Newberry stated that there were two items from the staff report the EDA should be made aware of. He said they were submitting a Virginia Business Ready Sites Grant Program application to the state with the UVA Foundation, for a Tier 4 site within their North Fork Discovery Park, which was mentioned in the land use capacity analysis. He said the site available was 253 acres of the park specifically set aside for economic development. He said the application was focused on the largest pad within that area, Lot B5, about 31.5 acres. He said the state received a total of 38 applications totaling \$312 million in requests for the \$85 million allotted for the VBRSP this year, so it was

very competitive, but they had refined their application from the year prior. He said the scope of their ask was another \$6.4 million to get it to a Tier 5.

Mr. Shreve asked what that would buy.

Mr. Newberry responded that it would buy clearing and grading of a pad as well as associated infrastructure such as access roads, conduit for utilities, and water line stub. He said they were currently located on Lewis and Clark Drive, so they were adjacent, but not to a pad on the site. He said from the state's perspective, the marketability of a Tier 5 site was that they had a prospect, they could bring them to the site to see it was exactly where they would go and how their particular operations could be laid out.

Mr. Lawless asked who owned the parcel.

Mr. Newberry said it was the University of Virginia Foundation.

Mr. Lawless asked if they were selling the land.

Mr. Newberry said one of the differences between last year's application and this one was that there was an agreement to sell in a way that the Foundation had been reluctant to do in the past because there historically had needed to be a strong association with the University to locate at the park. He said the Foundation was beginning to examine that in their strategic plan, so this would be a price-per-acre in a traditional sale.

Mr. Lawless asked what the top picture shown on the slide was related to.

Mr. Newberry replied that it was a master plan, and he was unsure if it reflected their exact proposal in the current application. He said the Neighborhood Model district was 175 acres at the southern portion of the site, which was referred to as the gateway district.

Mr. Johnson said that Chair Long, Deputy County Administrator Walker, and he had met with the Foundation—and they required changes to allow for consideration of development of land, particularly as it related to community ties. He said the request in the grant application itself was \$300,000 an acre.

Mr. Newberry said the grant required a match, and the way the County and Foundation were matching the \$6.4 million request was through the Foundation's investment in the extension of Lewis and Clark Drive, which previously did not connect to Airport Road, and the extension of that road, multi-use path, and sewer extension covered the balance of that match.

Mr. Ray asked what the timeframe for the connection was.

Mr. Newberry said the extension of Lewis and Clark Drive was completed. He asked if Mr. Ray was talking about the connection across from Airport Road.

Mr. Ray said yes.

Mr. Newberry said he understood it was in VDOT's 2025 plans to make a roundabout at Airport Road and Lewis and Clark Drive to make the final connection.

Mr. Johnson said strategically, the grant application was designed for keeping options to provide funding continuously for specific areas of the project rather than the total cost.

Ms. Perry Hernandorena said the program was in its second month and was trying to advertise on social media and the website. She said she encouraged anyone to share the information and have people reach out through the website or her personally to collaborate. She said she would answer any questions the Authority members had.

b. Minority Business Grant

Ravi Respeto, President & CEO, United Way of Greater Charlottesville

Mr. Newberry stated that Ms. Ravi Respeto, President & CEO of United Way of Greater Charlottesville, would be promoted as a panelist and would present virtually.

Mr. Johnson explained there was data that showed minority businesses had less access to capital, and they had been working with the City of Charlottesville and United Way on methodologies to close the funding gap for minority businesses. He said they had come to a general consensus as to how the EDA could help overcome the need, and Ms. Respeto would present on the Minority Business Grant process. He said if the Authority agreed with what was presented, then a finalized resolution would be returned to the EDA to create an actual grant program.

Ms. Ravi Respeto, President and CEO of United Way of Greater Charlottesville, explained that United Way became involved in the grant process for minority-owned small businesses by way of its "Envision" initiative. She stated that they identified challenges for minority-owned businesses to help establish new ways to resource communities.

Ms. Respeto said that three years ago, United Way began drafting a strategic plan to have specific priorities where they could make a significant difference in the community. She said they came up with three distinct goals. She said the first goal was to help lift 1,800 families out of poverty in the City and the County. She noted there were 630 Black families within that group. She noted Black families experienced disparities around income and access to capital and housing compared to their white peers.

Ms. Respeto said education was a component of shifting generational poverty. She said a goal was to increase by 10% kindergartners who came from economically disadvantaged families who pass developmental benchmarks. She said the third goal was to create a connected community through education and outreach around the systems and histories that created systemic poverty in the community.

Ms. Respeto said one of the challenges faced in the community was that low-income families struggled to get ahead. She noted there were about 12,000 individuals making approximately \$35K a year. She said 35% percent of those individuals were represented by Black families. She said the cost of housing, childcare, and basics such as transportation left families with little money for other living expenses. She said a lot of the efforts were focused on creating interventions to support families and overcome economic challenges.

Ms. Respeto said United Way was unable able to address the problem of systemic poverty alone, so they had partnered with nine different non-profit organizations that were performing similar work. She said they wanted to develop a coordinated service delivery model so they were able to approach the issues and interventions collectively. She said it was called the Financial Resiliency Task Force (FRTF).

Ms. Respeto said the FRTF began meeting three years ago. She noted the following organizations which were involved in the task force: CIC, Habitat for Humanity, Piedmont Housing Alliance, New Hill Development, Network2Work, and MACAA. She said their goal was to launch a data referral network system with the partner organizations. She explained the system would help a family get ahead based on their needs. She said minority-owned small businesses were a focus of support.

Ms. Respeto explained there was a partnership with the Minority Business Alliance through the Chamber of Commerce, and they had been a partner for three years. She explained they had disbursed over \$85,000 in small grants, and the program was successful.

Ms. Respeto said they thought to expand the effort through the Chamber of Commerce to include the City and the County economic development departments. She suggested the grant be structured for mid-sized minority-owned businesses that were looking to scale by hiring more employees with the goal of providing more resources to the tax base of the community.

Ms. Respeto explained there was a proposal to consider a \$50K commitment from the County, the City, and United Way. She said United Way would offer up to \$10K grants for Black-owned small- to mid-sized businesses. She said ideally, the program would be launched in 2022, and they would want to relaunch in 2023 as a pilot with an expanded scope.

Ms. Respeto said the businesses that had been supported through the Minority Business Alliance had received grants of up to \$5K. She said there was a recent round of grants with 50 applicants. She said there was an opportunity for growth of the program.

Ms. Respeto said the types of industries that were aided by the Minority Business Alliance included home care for seniors, fashion and apparel, mental health counseling, food service and catering, and sports medicine. She noted the feedback from participants stated the grants, even as small as \$5K, had a significant impact on the communities.

Ms. Respeto mentioned the deconstruction of Vinegar Hill and the impacts on Black-owned businesses. She said many of the owners of companies they partnered with had relatives who used to own businesses on Vinegar Hill in the 1960s. She said those owners discussed the challenges of rebuilding the businesses and the wealth that was lost.

Ms. Respeto said a focus of United Way was to understand the history and find ways to rebuild economic strength through various granting sources.

Ms. Respeto said they monitored key poverty indicators in the community. She noted that in housing, only 24% of Black families were homeowners while 50% of white families were homeowners. She said access to capital was one of the biggest challenges, and she noted that the denial rate for Black loan applicants was 12.4% compared to 4.5% for white loan applicants.

Ms. Respeto explained similar trends were identified in early education and health disparities. She said the data was gathered from the local community and represented a case for the need for more funding for entrepreneurial businesses.

Ms. Respeto presented research from Harvard's Opportunity Insights non-profit. She said it found that cross-class connections were important to produce economic mobility, and they found it was one of the most important factors. She noted the County had higher than average economic connectedness, but upward income mobility was lagging.

Ms. Respeto explained if someone was low-income, making under \$35K a year, their ability to get ahead was more challenging. She said connecting to individuals of higher income levels made a difference in growing an organization. She said Envision sought to create those networks and opportunities for people to connect. She said they envisioned that once the grantees had access to funding, they would have opportunities for networking.

Ms. Respeto explained they held a community table where they brought individuals from different economic and racial backgrounds to provide an opportunity for dialogue and conversation. She said they held a weekly Envision radio program where Black

community leaders discussed everything from education and business to health. She said they wanted to build a different type of narrative about the individuals leading the community.

Ms. Respeto said they would be doing a mural on the Downtown Mall in collaboration with the Friends of Downtown Charlottesville. She said it would be launched on Saturday, and the Minority Business Alliance's past grant recipients would be in attendance along with Envision radio guests. She said Harmony Wines would be catering the event.

Ms. Respeto summarized that they wanted to create more economic revenue for minority businesses and opportunities to create access to capital here.

Mr. Johnson asked how Ms. Respeto how the EDA and the City had reacted to the presentation.

Ms. Respeto said they did a similar presentation to the City and received strong support for the concept. She said it was a program the City was looking to develop and grow, and they were looking for partners. She noted the City did a lot of work during September for promoting the Black Business Expo which was in its fourth year. She said there had not previously been a program with the same amount of proposed commitment of resources and partnerships with other organizations.

Ms. McKeel asked what the breakdown was between the County and the City for the applications and awards.

Ms. Respeto said she did not have a breakdown of how many people with the Minority Business Alliance came from the City versus the County, but she could provide the information as a follow-up.

Ms. McKeel said she would like the information. She asked if ALICE data was used in the decision-making processes.

Ms. Respeto explained they were a member of the Virginia ALICE project along with the other United Way chapters. She noted the data had gotten better over the past three or four years, but it was not necessarily being gathered at the community level. She said it was used as a reference point, but they were doing their own data collection through the FRTF.

Ms. McKeel noted Hampton Roads used the ALICE database for some of its community outreach. She said for the County, the ALICE data provided data specific to the magisterial districts that was not accessible through the census data.

Ms. Respeto explained ALICE stood for access-limited, income-constrained, employed. She said the program was for the working poor and for families that were basically making ends meet.

Ms. McKeel said she was interested because of the impacts to the Jack Jouett district.

Mr. Shreve asked if they had considered using the funding to subsidize loans rather than provide grants so that there would be zero interest costs.

Ms. Respeto said the director of the CIC provided low-interest loans, so they were trying to develop a complementary product. She said that the director had expressed that people who went through his program were not in a position for typical banking—they may not have the credit or the income to suitably repay a loan product.

Ms. Respeto said they noted there was the opportunity to offer a scaffolding effect of providing a grant to a family to get them ahead in terms of building credit and increasing their income. She said their aim was to help families get to a position where they could apply for loans to further expand their business.

Mr. Shreve asked for specific examples.

Ms. Respeto said one of the first they did was for the Tax Ladies—a local, woman-owned, Black-owned tax accounting firm. She said the Tax Ladies purchased a new server with the funding, and they reported the impact was significant—it helped the firm provide more stable accounting services. She noted that previously, the firm's old server was failing.

Ms. Respeto noted a grant provided to Vu Noodles allowed it to move from its old location in the Jefferson School to a new location on Water Street. She said the grant also allowed the business to purchase necessary equipment and expand.

Mr. Shreve noted the grant was generally earmarked for capital.

Ms. Respeto responded it had been, and they would continue to consider that aspect as they formulated the final program. She said capital improvements had been one of the big items where businesses needed support.

Mr. Johnson explained the concept was the program would be a two-year pilot and they would measure its efficacy. He said they would then determine whether it was achieving the goals before continuing.

Mr. Ray asked if there should be a motion to support the program.

Mr. Johnson said they wanted to know if there was general support to refine the details with the City and announce the program.

Mr. Ray said they could take it to a vote.

Mr. Shreve said his only concern was that they made the funding count. He said it would be worth it to do more analysis to see where the community needed guidance.

Ms. Respeto said they had developed specific authorized uses of grant funds based on best practices. She said the staff worked with the grant recipients to ensure they had the tools to use the funds appropriately. She said staff had the opportunity to ensure grantees were using funds for the purposes they outlined in the grant.

Mr. Shreve said it would be useful to share success stories with potential recipients so they knew what the potential was.

Ms. Respeto responded that they planned to do that. She noted they made grant allocations through the Minority Business Alliance three weeks ago, so they would have more information later. She said the last round of grants totaling \$70K was used to aid businesses impacted by COVID-19. She said all those businesses were able to use the resources and remain in business.

Mr. Long stated he was on the United Way board, so he should not vote on the matter. He said his position should be able to be ascertained.

c. Land Use Capacity Analysis

Jessica Rossi, Kimley-Horn

Mr. Johnson explained the County was undergoing a Comprehensive Plan review process. He said they did a technical analysis with the community and drafted a report on job producibility. He said the Authority was not requested to take any action beyond providing feedback as to what the appropriate response was. He said they would eventually have the opportunity to provide direct input to the Comprehensive Plan process.

Ms. Jessica Rossi, Kimley-Horn, explained they had worked on the project for some time. She said the land capacity analysis was part of a stated objective in the 2015 Comprehensive Plan. She said the objective was to think about land development in the development areas from an efficiency standpoint to prevent the premature expansion of the development areas. She said part of the strategies of the objective was to maintain an updated capacity analysis performed every two years to ensure residential land existed to meet new housing needs.

Ms. Rossi said in support of the AC44 growth management policy update, they looked at the analysis from a different perspective. She said they maintained the residential piece and added an economic development analysis. She said they focused on non-residential development capacity and short-term development opportunities.

Ms. Rossi explained the land capacity analysis focused on the development areas of the County. She explained that the methodology used a multi-step process to estimate the land use buildout for the development areas, and they started with a development opportunity analysis.

Ms. Rossi explained as part of the development opportunity analysis, they compared the current land value to any existing improvements—built structures, parking lots, or any money used to improve the land. She said parcels deemed to have development opportunities were those properties that could receive and support future development in a relatively short term.

Ms. Rossi explained the next step refined the identified parcels based on the property's primary land use. She said they considered lot sizes, ownership, and environmental constraints, among others.

Ms. Rossi said in the third step, they identified a known development pipeline. She said it was done differently from years past. She said they had previously focused on the residential component of buildout, and they had detailed pipelines for housing developments—anything under construction, anything approved, and anything under review.

Ms. Rossi explained they incorporated non-residential development pipelines. She said they were less able to distinguish between the types of non-residential developments, whether it was retail, office, or industrial. She explained the entitlement process did not enable them to differentiate the types. She explained that as a result, the pipelines were used differently in the analysis.

Ms. Rossi said step four was to develop a theoretical maximum buildout. She explained they took the opportunity parcels and built them out based on a standard set of development assumptions. She said the assumptions included a mixture of uses, considerations for environmental constraints, a reduction in developable acreage based on infrastructure improvements, and a reduction based on open space standards.

Ms. Rossi said the projects in the non-residential pipeline were under various stages of review—such as zoning, site planning, or building permit. She noted the focus was on non-residential development that had not yet been built. She said they were able to estimate across each of the separate development areas. She said the estimate resulted in a figure for the remaining approved but unbuilt square footage.

Ms. Rossi noted there was a variation between the development areas and the development pipeline for non-residential space. She noted it ranged from under 30 thousand square feet in Neighborhood 7 to just over 5 million square feet in Hollymead. She said there was an estimated 8.1 million square feet of non-residential space approved and unbuilt in the pipeline, and there was an additional 668 thousand square feet of space under review.

Ms. Rossi explained that 62% of the remaining approved and unbuilt non-residential space was in Hollymead, including North Fork, the UVA Discovery Park. She said North Fork was the largest non-residential site in the approved pipeline with 3 million square feet remaining to be built.

Ms. Rossi explained they performed high-level market demand forecasting. She said they wanted to understand the number of residential units, the amount of retail, office, and industrial space, and the number of hotel rooms that might be expected to be built from a demand perspective in the County over the next 20 years. She said they were estimates that considered future population growth and how those new residents would drive demand for residential and non-residential product types.

Ms. Rossi said the demand forecasts were not initially constrained. She said they did not consider in the demand forecast the availability of land, the cost of development, access to infrastructure, or environmental regulations.

Ms. Rossi said in terms of a theoretical maximum for non-residential buildout, there was capacity in the development areas for about 1.9 million square feet of retail, 2.7 million square feet of office space, 5.5 million square feet of industrial use, and over 2.5 thousand hotel rooms. She said it represented the true buildout of the development area.

Ms. Rossi said they found that for all non-residential categories, the theoretical maximum buildout generally exceeded the 20-year market demand forecast. She said they provided the non-residential buildout by development area. She noted there was a lot of variation.

Ms. Rossi noted there were development areas with very little non-residential development. She said the Village of Rivanna had almost no future buildout for non-residential space based on future land use classifications. She said neighborhoods 6 and 7 had low levels while other neighborhoods had considerably more.

Ms. Rossi said they were able to build out the development areas parcel by parcel. She said the market demand forecast and the buildout needed to consider additional constraining factors for buildout. She said the forecast expressed a maximum theoretical effort, so they wanted to provide a “reality check” to the process.

Ms. Rossi said they considered factors such as reductions for infrastructure or environmental constraints. She noted some factors were more challenging to build into the model. She said they brought in additional analysis.

Ms. Rossi said they were able to look at non-residential buildout under different lenses. She said a secondary analysis was prepared in partnership to strategically think about the amount of land that was truly available for short-term development for non-residential uses. She noted the buildout analysis resulted in just over 1.6 thousand buildable acres identified as remaining in the development areas.

Ms. Rossi said they took the remaining acreages for buildable opportunities through a process to identify tiers to provide additional context from a feasibility standpoint. She said the tiers represented a different level of readiness for site development, and they were helpful in communicating risk and uncertainty.

Ms. Rossi explained Tier 5 sites were development ready why Tier 1 sites may be designated for a future land use development but they were not appropriately zoned, or there may be other development obstacles. She noted Tier 1 sites would be likely ready to come to market over a period of three to seven years.

Ms. Rossi said when they looked at the secondary analysis, they took the development area parcels and identified which were at least three acres in size, currently vacant, had no additional buildings or value, and were appropriately zoned to receive the growth.

Ms. Rossi said of the 22,900 total parcels in the development areas, they found a total of 39 properties, totaling about 890 acres, in the development areas deemed buildable through the analysis which were tier qualified.

Ms. Rossi said they reviewed the properties with County staff parcel by parcel, and they were able to find only one property meeting the Tier 4 description, and there were no Tier 5 properties. She said it would take a Tier 4 property 12 to 18 months to come to market.

Ms. Rossi said the community's goal should be to create a successful portfolio of sites of varying attributes to meet different priorities for the future for economic development opportunity in non-residential development. She said there should be a portfolio of sites that ranged in size, price points, sites with existing infrastructure such as power, water, sewer, roads, or broadband, and sites with a variety of locational attributes, whether that was proximity to UVA, airport, highways, or rail.

Ms. Rossi said conclusions of the analysis included that although the land use buildout for non-residential uses suggested there was sufficient capacity to meet future demand, constraining factors remained that resulted in less-than-maximum buildout and negatively impacted the amount of developable land for non-residential uses, especially

in the short term. She said the tier analysis found 39 parcels that could support significant short-term, non-residential development.

Ms. Rossi said they suggested further coordination with the Economic Development Office and EDA to identify critical properties that would support future job creation and through this process, aligning the capacity analysis with Project ENABLE and AC44.

Mr. Shreve asked if the areas that were analyzed as meeting the Tier 1 threshold had an obvious constraint.

Ms. Rossi said that size, zoning, and location were the three most predominant issues they faced while identifying properties.

Mr. Shreve said Ms. Rossi indicated that one constraint that was referred to as site constraints may have been most difficult to define. He asked if it was because of lack of contiguity or environmental issues.

Ms. Rossi said there were environmental and site constraints present in the community such as steep slopes, wetlands, or protected open space. She said the easy-to-develop sites were already or in the process of being developed, so it was more difficult to find sites that were not constrained by physical attributes or sites that had easy access to infrastructure.

Mr. Lawless said he had previously discussed with Ms. Rossi at the beginning of the process to include the Town of Scottsville's land use categories, the town's current zoning, and the theoretical buildout. He said the information was relevant for the perspective of including the town because if included, it could meet community economic development needs, and all real estate value on that improvement would return to the County budget and benefit everyone. He said the type of land use was generally similar to the Neighborhood Mixed Use or the Downtown Crozet type of category.

Mr. Lawless said the development area policy had been effective in pushing commercial investment into the development areas where utilities and structure existed, and the Town of Scottsville had that but it is not its own development area categorization. He said the pipeline buildout if theoretically added was 6% of their total, which was proportionate to the ratio in the development area if included. He said he knew the town had more available spaces than some listed in the report and that he was invested in the methodology to see how the town could be analyzed.

Mr. Ray said he looked forward to the final analysis and having this data available. He said this verified that developable land was scarce in the County and knowing what they did not have was a necessity.

Ms. Rossi thanked the Authority.

d. AFID Grant: Potter's Craft Cider Expansion

Tim Edmond, Co-Founder, Potter's Craft Cider

Mr. Johnson said that the Potter's Craft Co-Founder Tim Edmond had the opportunity to locate production of Potter's Craft Cider in multiple locations around the area due to their success stemming from their initial business in agricultural, forestal, and industrial development in Albemarle County. He said they had worked in concert to locate a site on the Broadway corridor to assist in finding space to accommodate Mr. Edmond's production need, and this included providing financial incentives to stay within County. He said it was a \$9,000 investment with eight new jobs, nearly tripling production with an additional 1.5 million pounds of additional apples being purchased from Virginia and would include County goals of activating the Broadway corridor, which would all be part of a performance agreement and would make them eligible for \$50,000 from a VDACS grant if they meet the criteria.

Mr. Tim Edmond said he appreciated the EDA's work in assisting with major growth in development step for Potter's. He said he founded Potter's Cider in Free Union with his partner Dan Potter when they moved there 11 years ago. He said they recently outgrew their current facilities, and thanks to successful EDA, County, and the state providing Covid-19 assistance throughout the pandemic. He showed a slide that had on the left their renovated stone church building that they were able to obtain with their last AFID grant, and on the right showed the pandemic adaptation of the outside space. He said the tasting room became a place that focused more attention on how to do wholesale and regional opportunities.

Mr. Edmond said industrial space was very limited in Albemarle County, so in concert with staff, they were able to locate the facility in the Broadway corridor that met their production expansion as well as retail outpost needs for the downtown area. He said they had a team of capable people with careers; the job retention at their company was 6.5 years out of their 10 years of business. He said the most important thing for them was production and they were launching two new product lines that would join their products already being sold in regional grocery stores and hopefully expand into Georgia in Florida for distribution.

Mr. Shreve said cider was a historic product of this part of the world and was not elsewhere. He asked if that had any impact on the product or if it was mostly affected by marketing.

Mr. Edmond said they were in an age of differentiation, so it had become a more local endeavor than a regional one so that one could specialize a product and come up with something new rather than create a regional brand. He said Potter's cider had zero

sugars, which was their differentiated strategy to compete with ciders that contained lots of added sugar.

Mr. Morrill asked if they had any issues with the noise level, as there were homes close to that facility.

Mr. Edmond asked which facility Mr. Morrill was talking about.

Mr. Morrill said he was referring to the church facility.

Mr. Edmond said working with the neighbors was key to keeping things together, and within the first two months of being there, he gave everyone his cell phone number to contact him if any issues arose. He said they had received a few noise complaints, and one neighbor in particular who could hear it was helping him adjust the sound so that it was less intrusive.

Mr. Ray asked Mr. Johnson how the Authority should proceed with the resolution.

Mr. Johnson said they were working with the state to determine the legal instrument best suited for this, but in terms of the agreement, from the state's perspective, if Potter's Craft Cider invested \$900,000, provided eight new jobs, purchased an additional 1.5 million pounds of Virginia-grown apples, they would satisfy the performance agreement. He said the County would not provide monies in advance due to past issues, so the performance agreement structure was changed so that the amounts were given when they reached certain targets.

Mr. Ray said he would entertain a motion for approval.

Mr. Lawless moved to adopt the resolution.

Mr. Shreve seconded the motion.

The motion passed 6-0. Mr. McNaughton was absent from the vote.

e. Virginia Tourism Zones

Courtney Cacatian, Executive Director, Charlottesville-Albemarle Convention & Visitors Bureau

Mr. Johnson said they were fortunate to have someone with the expertise of Ms. Courtney Cacatian.

Mr. Newberry said they had unforeseen circumstances that required the end of the Zoom call, so the meeting would continue in person with the quorum of EDA directors

present, but Chair Long and other remote participants would have to end the meeting due to another County event.

Ms. Cacation said that later they would be discussing the feasibility study, and at that point, they would be eligible for the tourism development financing program. She said the model for tourism projects that were under \$100M, the developer paid 70% and split the remaining 30% three ways among the developer, the locality, and the state. She said that model changed somewhat depending on the price point of the project. She showed an example of the results of the model. She said there were tourism zones throughout Virginia, and most had not seen a project, including Crozet, but there were no incentives attached to the tourism zone, so it was not yet activated.

Mr. Lawless stated that they looked sparse in their area except for Staunton, Augusta, and Waynesboro, and places they might have expected to have these, like Nelson County or Gordonsville or Harrisonburg had not taken this up. He asked if there was any information known about why it was only popular in certain areas of the state.

Ms. Cacation said usually there was a project identified that spurred the tourism zone into happening, or the desire of the locality to build lodging. She said she did not know that they had that focus previously, but she had not talked to her counterparts about this aspect.

Mr. Shreve said the discussions had been dominated by lodging questions.

Ms. Cacation said that going through the process and in adopting the tourism ordinance, they identified what things needed to be done ahead of time and took it through the development when the incentives would come to fruition. She said the process was straightforward and they had much of the information needed to fill this out, and the feasibility study would be the information they would be able to provide to her. She said there could be different sections of tourism for the zone or have entire localities as a tourism zone. She said the commitment to these projects must be consistent from the locality and the state to ensure they came to fruition. She said the connection to state tourism was essential, and the state tourism representative was present when the Crozet tourism zone was created.

Mr. Lawless asked if the incentives the community was providing actually changed the likelihood it was going to happen.

Mr. Johnson said that financing a hotel often required a downpayment to be associated, and developers may need other financial investors to give individual capital for projects, and the internal rates of return for high-net-worth investors were 12% to 16% return over time, so tax-increment financing as opposed to borrowing from investors was a huge net of savings over the life of the project.

Mr. Lawless commented that this was helpful in understanding how they made the financing work for Farmville as described and also to signal the community's commitment to fixing the building and that was their highest intended use for it. He said that at the town discussion yesterday, they did not adopt the town-level ordinance because they were still struggling with what level of incentive would be meaningful but to not give away the show on future tax revenue. He said they would continue to study that.

Mr. Walker said it would be interesting to know of those that had been created, how many had tax incentives, and how many did not.

Ms. Cacation said that the state had that information and could be shared with the Authority.

Mr. Walker said it could be a marketing tool to initiate the conversation with a prospective public-private partnership.

Ms. Cacation said she knew of at least one developer in Virginia that had used this model successfully and had done several boutique properties in the state.

Mr. Walker said the tourism zone for Crozet had been adopted by the County before it completed the public-private partnership with the development there that included a hotel. He said there were a number of ways to get there without necessarily using the tourism zone as the vehicle.

f. Hotel Feasibility Study

Roger Johnson, Economic Development Director

Mr. Johnson said this study was for the Town of Scottsville for the particular reasons of attracting additional financial resources in the community, would increase the County's property tax, which was consistent with Project ENABLE, and it supported the tourism industry. He said in larger markets, it was not necessary that the community do the predevelopment work because the hoteliers were already willing to go in and study those areas for their product, but for smaller markets, to attract significant capital, the predevelopment work must be completed by a different entity. He said the feasibility study would provide a lot of financial analysis on whether it would be successful at all, and if successful, what type of hotel would it be.

Mr. Johnson said a feasibility study included more than a commercial real estate analysis, with information about the area, neighborhood demographics, competition, employers, and events. He said it would include a site review, determine whether there was local support and whether there was infrastructure for water and other amenities, and research about taxes and zoning. He said that specific to the hotel, they would

research how many rooms, whether there would be food and beverage, if there would be a franchise affiliation, and what would make it successful.

Mr. Johnson said it also included a market analysis, estimates of the average daily rates, revenue per room, and market segments. He said this was compiled into a financial analysis and presented with the estimated ROI, type of hotel, and if it worked. He said once the market determination was given as to what the successful scenario would be, they could then actively recruit a developer to build that type of product.

Mr. Ray asked for the total cost of the feasibility study.

Mr. Johnson said he estimated \$5,000 to \$7,000 based on the last one he was involved with.

Mr. Ray asked what companies provided the service of the study.

Mr. Johnson said some companies could be hired through an open procurement process, and he could provide a list to Mr. Ray if needed.

Mr. Ray said that would not be necessary.

Ms. Cacation said in her experience, the CBB worked closely with the person doing the study, so they ended up providing a lot of the data they used. She said the hotel numbers were by themselves, but the data were given to them through a destination marketing organization.

Ms. McKeel asked if the procurement process would be done by the Town of Scottsville.

Mr. Johnson said yes. He said the proposal was that the Town of Scottsville would give at least \$1,000 and the EDA would give an amount not to exceed \$10,000 to hire someone to conduct the hotel feasibility study. He said it was important to note this would not be County funds from the economic opportunity funds, but funds generated from bonds and their own coffers.

Mr. Shreve commented about having something limited on the Hardware River.

Mr. Morrill moved to approve the resolution.

Mr. Mottola seconded the motion.

Mr. DeLoria said Director Long had been disconnected. He said that Mr. Lawless was abstaining from the vote as he had abstained from participation in conversation on this item.

The motion carried (4-0-1) with Mr. Lawless abstaining. Mr. Long and Mr. McNaughton were absent from the vote.

7. Unfinished Business

There was no unfinished business.

8. Other Matters

There were none.

9. Adjourn

Next Meeting: October 18, 2022 in Room 246.

Teste: _____
Donald Long, Chairman

Approved: _____
Roger D. Johnson, Assistant Secretary

DRAFT