

AT A JOINT MEETING OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE COUNTY VIRGINIA, AND THE ECONOMIC DEVELOPMENT AUTHORITY OF ROCKBRIDGE COUNTY, VIRGINIA, HELD IN THE COUNTY ADMINISTRATION BUILDING, 150 SOUTH MAIN STREET LEXINGTON, VIRGINIA, ON THURSDAY, FEBRUARY 19, 2015, AT 4:00 P.M.

BOARD OF SUPERVISORS

PRESENT: CHAIRMAN J.M.HIGGINS
MEMBERS: R.S.FORD, A.W.LEWIS, JR., D.W.HINTY, JR.,
R.R. CAMPBELL
ABSENT: NONE
CLERK TO BOARD: SPENCER H. SUTER
COUNTY ATTORNEY: VICKIE L. HUFFMAN
ECONOMIC DEVELOPMENT
AUTHORITY PRESENT: CHAIRMAN J. LINGON JONES, JR.,
MEMBERS: JANIE HARRIS, JOHN M. WHITESELL,
B.G. LOCHER, JR.,
GENE TILLES, ROY POWELL, JR.,
ROBBIE FAULKNER
ABSENT: NONE
STAFF: SAM CRICKENBERGER, BRANDY FLINT
FACILITATOR: JERRY BURGESS

CALL TO ORDER

Chairman Higgins called the meeting to order for the Board of Supervisors.

Chairman Jones called the meeting to order for the Economic Development Authority (EDA) and introduced the newest member of the EDA, Mr. Roy Powell, Jr.

A FOCUS ON ECONOMIC DEVELOPMENT

Mr. Suter introduced Mr. Jerry Burgess as the facilitator for the meeting and noted that he had facilitated the Board's past two retreats.

He then gave an update on the strategic priorities developed by the Board, and explained how they are continuously being implemented and followed. Mr. Suter advised that the Board's number one strategic priority this year is economic development. Specifically to - "proactively position the County to create and, subsequently, take full advantage of economic development opportunities in a nimble responsive fashion." He then gave a brief description of Mr. Burgess' qualifications and handed the meeting over to him.

Mr. Burgess then gave a brief update on his interactions with the Board during the previous two retreats, and explained the outcomes of the most recent one. He noted that he is here only to make suggestions on what can be done in Rockbridge County to enhance economic development. Mr. Burgess proceeded to review the materials provided to both the Board and the EDA in their agenda packages.

BEST PRACTICES

Mr. Burgess noted that the Rockbridge 2020 plan is a good plan and a step in the right direction. He stated that the County needs to be ready for any prospect by having information readily available for them. Quick responses are favored positively, so policies need to be ready to allow for quick decision making, as well as, a team of individuals who represent the Board, the EDA, and County staff.

EXISTING BUSINESS SUPPORT

Mr. Burgess stated that the existing business base is the heart and soul of every locality. Establishing parameters to determine which businesses receive the County's focus is the first step of a business retention program. Mr. Suter suggested including total revenue generated in the parameters. He also noted that we need to make sure we do not alienate any businesses. Other suggestions on parameters included number of employees, and the business' contribution to the community.

Mr. Burgess noted that Board and EDA need to keep Mr. Crickenberger informed of any visits they make to local businesses. He stated communication is key.

Supervisor Lewis asked if there was a formula that could be created to establish the top 50 businesses, using weights for the parameters discussed.

Supervisor Hinty stated that each year the list needs to be revisited so that more businesses are visited, instead of the same ones every year.

Supervisor Higgins suggested we formulate a plan on who visits who, such as going by district.

Mr. Burgess indicated that one person may have an established relationship with a business not in their district; therefore, the suggestion to go by district needs to be carefully considered. He stated that a combined team of the Board, EDA and County staff on each visit could work, as long as it is well organized. He stressed making sure one

company is not visited twice in a year by different people with different messages.

Mr. Crickenberger suggested a script could be formulated and used at all visits to ensure the same message is being presented each time.

Mr. Burgess suggested formulating a basic philosophy, parameters and a business list that will be used for business retention.

Supervisor Higgins asked if sending a letter to the smaller businesses would be okay.

Mr. Burgess replied that he has found letters to be too impersonal and that visits are best.

Mr. Suter advised the Board and EDA that County staff is busy and that needs to be kept in mind when formulating a plan.

Mr. Burgess suggested using the top 50 employer list but keeping the smaller businesses in mind.

Mrs. Harris asked if there was any one person in Botetourt County that handles any federal and state regulations questions. Her reason for asking was that she knows businesses are struggling to understand new regulations, like the health care reform act. Having one person in the County to handle those questions or point the companies in the right direction would be helpful.

Mr. Burgess stated that there needs to be a culture in the County that departments and employees do not just enforce but inform. He noted that the Chamber of Commerce [CoC] has several programs that educate

businesses on new mandates.

Mr. Crickenberger also noted that the Small Business Development Center (SBDC) has similar programs, but that there needs to be better communication by the CoC and the SBDC when those programs are planned and what those programs are about.

After some discussion on more involvement by the Chamber on education for businesses, it was concluded that Mr. Crickenberger would formulate a top 50 list of businesses and standard questions to be asked by individuals who visit those business through the business assistance program.

Mr. Faulkner asked if the Mr. Burgess could grade the County based on its performance in economic development.

Mr. Burgess replied that he has not done that for the County, but just having this meeting is a step in the right direction.

Supervisor Lewis stated that we know development in the County is needed because we do not have the tax base to provide the citizens with the services they need.

Mr. Crickenberger stated that the County has been rated based on fiscal stress, and we are not considered to be "high stress". He stated that jobs are available; however, prospective employers often project that they will not be able to find the right people to fill those positions. He further noted that the unemployment rate is low in the County.

Mr. Faulkner mentioned Mohawk and the loss of jobs there over the course of time.

Mr. Crickenberger advised Mr. Faulkner that Mohawk has made changes in its manufacturing processes, and that mechanization has caused their employment to decrease because of increased efficiency.

Mr. Tilles asked that the Fairfield service area be considered, and stressed the need for development there.

NEW BUSINESS RECRUITMENT

Mr. Burgess addressed new business recruitment and highlighted the following items.

- Localities cannot be as selective as they once were.
- The roles of the Board, EDA, County staff and County Attorney are key to new business recruitment.
 - o Fast turnaround of performance agreements is key.
 - o Communication among all parties is key.
 - o Mr. Burgess stated Mr. Suter should be the team leader with Mr. Crickenberger, Director of Community Development, Mrs. Huffman, County Attorney, and other key County personnel such as the Building Official as supporting staff.

Mr. Burgess went on to explain the roles of external groups and individuals such as the Shenandoah Valley Partnership, State agencies (VDOT, DEQ, Dept. of Business Assistance), utility companies or

cooperatives, and State legislators. He noted that one of the most important documents to have on hand when a prospective business comes calling is a business incentive policy. He stated that businesses need to know exactly what incentives are offered, early in the process. He noted that if the incentive policy has been pre-approved and made available to the business via handout - or better yet on the County website - then the County stands a much better chance of making the first cut as a business seeks a site for new or expanded operations.

Mr. Suter cited a past example wherein he and Mr. Crickenberger received a call at 4:00 on a Friday and could not offer any solid incentives without first scrambling to contact elected and appointed officials.

The group then discussed the overall importance of an incentive policy in the context of competition with other Virginia localities and also with other states. North Carolina and Texas were mentioned as states which commonly land businesses due in large part to lucrative incentives offered. Mr. Burgess noted that despite competition with large monetary offers, a key component that businesses like to see in a locality is clear, consistent communication, streamlined processes and the ability to be nimble and responsive.

Chairman Higgins called a break at 5:12 p.m. for dinner.

Chairman Higgins reconvened the meeting at 5:43 p.m.

INCENTIVE POLICY

Mr. Burgess then introduced the draft incentive policy. He highlighted the basic philosophy of the guidelines in the incentive policy , and then reviewed the seven ways to incentivize:

1. Reduction in permit fees and expedited permitting.
2. Assistance with utility fees.
3. Delivery of infrastructure to a site or building (water, sewer, roads, fiber optic, etc.).
4. Write-down of the cost of buildings or sites (reduced price).
5. Lease rates that may be below market value or graduated over a period of time.
6. Assistance with site plans, engineering cost, or grading.
7. Performance grants in anticipation of and/or based on actual net new local revenues.

Mr. Burgess then reviewed the draft guidelines:

1. The program shall be equally available to new or existing business.
2. The minimum investment for eligibility should be \$500,000.
3. The minimum number of jobs for eligibility should be ten (10).
4. The amount of incentive shall be calculated on the basis of a three year projected return on investment. That is, the following criteria shall apply:
 - a. The projected new tax revenue shall be estimated based upon the company's investment in facility, equipment, vehicles, and other locally taxable items.

- b. New jobs provided by the project shall be reviewed according to the number and quality of the positions and the annual payroll. Quality of the positions shall be evaluated based on full-time versus part-time, and wages to be paid compared to regional averages for similar positions.
- c. Recognizing that companies may invest at more than the minimum requirement as set forth in these guidelines - yet may need to hire a lower number of employees in the initial phase - the EDA shall have the flexibility to consider the nature of any incentive as it relates to investment, jobs and growth potential of the business on a case-by-case basis, irrespective of the terms listed above.

Mr. Burgess noted these guidelines within the policy make the incentive policy flexible. He added that three years is a conservative time frame for return on investment, and suggested not going any higher than five.

Supervisor Ford asked if federal and state incentives should be included in the policy.

Mr. Burgess noted that there are several types of federal and state funding that can be tapped (such as the Governor's Opportunity Fund); however, none of those funds are guaranteed from fiscal year to fiscal year. For that reason, adding them to the policy is not necessary, but they should always be considered and used if possible.

Mr. Suter asked, outside of manufacturing and services, what other job sectors did not "fit" within the County.

Mr. Burgess specially stated that he did not recommend incentivizing the retail sector.

Mr. Crickenberger noted that retail businesses that are tourism related can use the tourism zone incentive funding. He also stated that he would like to see the time frame for return on investment changed from three years to five years, since five years is the standard the County has used in the past.

Mr. Burgess then reviewed the rest of the draft incentive document, which included eligibility, construction of performance agreements, and a funding mechanism for incentives. In response to a question as to who had drafted the document, Mr. Suter noted that it was a joint effort among Mr. Burgess, Mr. Crickenberger and himself. He explained that multiple incentive policies from other localities had been reviewed and that the best segments of each had been incorporated and supplemented. Mr. Burgess suggested that in his many years of public service, he feels this to be the best policy he has seen. He noted the importance of the specific, yet flexible language. He cited an example of a business which may not meet the minimum "requirement" of \$500,000 of new investment, but may be adding 20 new, high quality jobs. In such a case, the policy allows for flexibility and approval, should the Board and EDA feel that the number of new jobs outweighs the initial investment shortfall.

Discussion continued regarding the specifics of the posited guidelines. Members of both the Board and EDA agreed that we should specify that the number of jobs created be new, full-time jobs. Additionally, it was agreed to change the incentive calculation guideline from three years to five years.

Mr. Suter asked that the two groups take some time to consider additional suggested additions or amendments. He asked that any such suggestions from EDA members be sent to Mr. Crickenberger, and likewise from the Board of Supervisors to himself, so that the draft can be updated and presented for consideration of adoption. It was discussed and agreed that while each body could adopt separately, the action would be most impactful if both the EDA and the Board adopted at the same time, in a joint meeting. Mr. Crickenberger will formulate a parameters list to prioritize businesses in the business assistance program, as well as a set of standard questions to be used for the business assistance program.

Supervisor Lewis moved to adjourn the meeting for the Board of Supervisors at 6:33 p.m. Supervisor Hinty provided the second. The motion carried with the following vote:

AYES: Lewis, Hinty, Ford, Higgins, Campbell
NAYES: None
ABSENT: None

Mr. Whitesell moved to adjourn the meeting for the EDA at 6:34 p.m. Mr. Tilles provided the second. The motion carried with the following vote:

AYES: Whitesell, Jones, Locher, Harris, Faulkner, Powell, Tilles
NAYES: None
ABSENT: None