

**Campbell County
Economic Commission
Comprehensive Economic Development Strategy Committee**

April 17, 2008

The regular meeting of the Campbell County Economic Development Commission was held on Thursday, April 17, 2008 in the Campbell County Historic Courthouse Conference Room, Rustburg, Virginia.

Members Present:

Lester Wooldridge, Chairman
William Calohan, Vice Chairman
Scott Tweedy
William Overacre
William R. Reeves, Jr.
Kyle Rosser
Richard Carroll
Gary Cantwell
Vance Driskill
William Anderson

Also Present:

J. Michael Davidson, Director, Economic Development
Rebecca Schwarz, Economic Development Administrative Assistant

Members Absent:

Herbert Guthrie
G. Michael Damron

Chairman Wooldridge called the meeting to order at 12:07 pm.

// Chairman Wooldridge opened the meeting by welcoming Mr. William "Billy" Reeves to the Economic Development Commission. Upon Chairman Wooldridge's request, Mr. Reeves briefly introduced himself. The committee welcomed him, and each member briefly introduced himself to Mr. Reeves.

// Next, Chairman Wooldridge asked if the Commission members had any changes or corrections for the January 31, 2008 meeting minutes. No changes or corrections were recommended. Upon a motion by Mr. Overacre, seconded by Chairman Wooldridge, and duly adopted by unanimous vote, the January 31, 2008 Economic Development Commission meeting minutes were approved as read.

Chairman Wooldridge next turned the meeting over to Matters from the Director of Economic Development.

Matters from the Director:

// Mr. Davidson addressed his first item on the agenda, the Project Updates. He had the Project Updates mailed to the committee prior to the meeting. Therefore, he gave only a brief oral update. When he sent the updates, he anticipated the road for Airport East to be under construction in about 60-90 days. Now, there is some re-engineering that must be done and must

go back to VDOT for approval. Because the county was unable to obtain an easement onto the adjacent property, a retaining wall must be built to keep a small part of one of the fill slopes from going onto the neighboring property. This means that now it will be 120 days minimum, maybe 150 days, until construction can begin, depending upon how fast VDOT gets its re-review of the engineering documents completed. This will actually be the cheaper of the alternatives for dealing with the fill slope, but this will extend the project time by about six weeks.

Mr. Davidson asked for any questions from the EDC members regarding this or any other projects. Mr. Calohan asked for some questions on details regarding the hotel and restaurant for Airport East. Mr. Davidson answered his and other questions on this aspect of the project. General discussion followed.

Mr. Davidson also discussed Campbell County's tourism effort. The county is working with the Region 2000 entities on a "passport program." This program gives tourists to the region a "passport" to have stamped at each individual tourist site that they visit. The program will be called "Give Me Five." Mr. Davidson reviewed the details of this program and discussed the ways in which it will benefit the county. General discussion followed.

// Mr. Davidson moved to the next item on the agenda, the Incentive Policy. Mr. Davidson gave the commission a brief history of the incentive policy. When the original policy was adopted in 1987, it was informal and targeted towards creating a large number of jobs. In 2002, Campbell County adopted a written, formal policy. At that time, the policy was brought to the EDC, who then recommended it to the Board of Supervisors for adoption. It was adopted by the board. Then in 2003, when the EDC went through the CEDS process, one of the goals identified was finding a way to work with minority and small business. In 2005, after implementing some of the CEDS 2003 projects, the small and minority-owned business incentive guidelines were brought to the EDC. The EDC reviewed and revised those guidelines as necessary and recommended them for adoption to the Board of Supervisors, who then proceeded to adopt them. As it has been a few years since the last update to the policy, Mr. Davidson requested that the EDC review the policy to see if it is still relevant and revise it as necessary. Mr. Davidson asked that the EDC keep in mind its intent to support those things that will enhance and increase the quality of life for Campbell County.

Since 2005, Campbell County has developed a diversified industrial base which includes nuclear engineering and power plants, pharmaceuticals, plastic injection, and various others. Economic Development foresees a low unemployment rate for the county, and this makes the county unattractive to incoming industries that need workers. Also, the buildings the county has and the resources needed to sustain them make it unattractive. This incentive program helps offset the drawbacks. Mr. Davidson said he believes the program is still relevant. Mr. Davidson then began discussing the individual incentive guidelines and his individual suggestions for revision to the policy. Board discussion followed, and many suggestions were made. There were two main issues discussed.

DISTRIBUTION OF GRANT FUNDING:

Mr. Driskill asked if there is a policy in place to ensure that, if a company fails five years from the time incentives are awarded, it will be required to repay the amount discounted on the price of land purchased. Mr. Davidson explained that discounted land is treated in the same way as a cash grant. The requirements on repayment of land purchase grants are tied to the performance agreement in the same way that cash incentives are tied to a performance agreement. However, the requirements for repayment do not extend 5 years out for either land discounts or cash incentives. He also noted that in the case of bankruptcy, there is little the county can do to recover

its funds. However, only once has the county lost money due to a bankruptcy, and following that situation, greater restrictions were placed on the distribution of funds. This topic was further discussed later in the meeting.

Mr. Driskill asked if for a land purchase grant the county would consider requiring a second lien on the property that will drop after a longer period of time than the current 2-3 years that the typical performance agreement covers. Mr. Driskill said he thinks something like this is important so that the county is not “giving away” its property if a project fails. Mr. Davidson said that this is something the county may want to consider, and he will discuss this idea with the staff attorney.

Next the commission discussed whether it is wiser to distribute incentive funds incrementally over a few years or to wait until a project is complete. Mr. Davidson said that at least three of the surrounding counties do not provide incentives until after a project is completed, whereas Campbell County provides the incentives incrementally over a period of 2 to 4 years. Some members felt that providing the incentives along the way, versus after the fact, makes us more “friendly” to businesses and gives us a competitive edge in the marketplace. Mr. Driskill expressed that while this is business friendly and right now not of great financial risk to the county, down the road it may be more business wise to hold incentive payments until projects are complete. General discussion followed.

Mr. Davidson asked the commission to take a stand on what it feels is the best incentive distribution policy. Chairman Wooldridge and Mr. Calohan both expressed that based upon the county’s positive track record, the incremental distribution of payments seems to give the county a positive edge in the marketplace with limited risk. Mr. Davidson added that he feels it is relatively easy to identify risky clients. He said that he feels it is better to treat each case on an individual basis, rather than making a blanket policy that restricts everybody. Mr. Cantwell asked if “adequate risk management opportunities exist within the performance agreements to effectively mitigate any potential risk.” Mr. Davidson said that we cannot eliminate risk 100%, but the performance agreement enables us to limit at least 80%-90% of risk. The commission discussed the fact that some incentives are intended, by policy, as “seed money.” Also, individual limitations can be added to performance agreements in order to limit risk in individual circumstances with certain clients.

Upon a motion of Mr. Cantwell, he moved that the commission have Mr. Davidson and his staff rely on the EDC’s discussion and draft an appropriate statement which may then become the sense of the commission in regards to policy recommendation regarding the idea that monies continue to be available, under the same controls, in the same fashion, as has historically been the case. Chairman Wooldridge made the comment that he thinks the Board of Supervisors needs to understand from this statement that the county does have control over the incentives distributed and that it may tailor award amounts to the individual. Mr. Calohan seconded Mr. Cantwell’s motion. Duly adopted by unanimous vote, the motion was passed.

EMPLOYMENT CREDIT:

Mr. Davidson said the small and minority-owned business incentive guidelines were proposed and adopted in 2005 with the goal of being friendlier to existing small and minority-owned businesses. The county changed slightly the definition of small business and lowered a number of the eligibility requirements in order to make the policy more applicable to small and minority-owned businesses. Mr. Davidson discussed the lowered eligibility requirements. General discussion followed.

The goal of the employment grant funding is two-fold: 1) to help companies with the training costs for new employees; and 2) to bring higher-paying jobs into the county. Mr. Davidson asked if the scale for awarding funding needs to be adjusted. Mr. Driskill recommended increasing the employment credit for created positions that pay above the average hourly wage. Mr. Cantwell, on the other hand, argued that maybe the county should give incentives to companies with a higher level of employment rather than companies with a lower level of employment which pay at a higher rate. Mr. Davidson said that right now our problem is not that the county has a large volume of people needing jobs. Rather, the county needs higher paying jobs. Following a discussion regarding the purpose and goals of employment credit funding, the commission agreed that the purpose of this funding is to attract companies that pay higher wages. Towards that end, Mr. Driskill proposed to adjust the Employment Credit Table to the following:

<u>Ave. Ind. Hrly Wage Rate*</u>	<u>Max. Employment Credit Per Job</u>	<u>FY06 Hourly Wage</u>
75% of the Ave. Ind. Hrly Wage	\$150.00	\$9.83
85% of the Ave. Ind. Hrly Wage	\$200.00	\$11.35
Ave. Ind. Hrly Wage	\$300.00	\$13.10
10% above the Ave. Ind. Hrly Wage	\$350.00	\$14.41
20% above the Ave. Ind. Hrly Wage	\$400.00	\$15.72
35% above the Ave. Ind. Hrly Wage	\$450.00	\$17.65

(*Wages established by the Bureau of Labor Statistics for Lynchburg MSA)

Mr. Driskill made a motion to adopt the above adjustments to the Employment Credit Table. Mr. Cantwell asked if this policy is comparable to other localities. Mr. Davidson said that it is unique to Campbell County. Mr. Cantwell asked if this is a negotiable incentive or if it is required as part of the incentive package. Mr. Davidson confirmed that it is up to the county whether or not to offer this incentive. Mr. Davidson said that about 75-80% of companies that Campbell County provides incentives to receive this type of funding. Mr. Driskill asked how the average annual wage is calculated. Mr. Davidson said that the last average wage used is two years old, though it needs to be updated annually. This number is found through the Bureau of Labor Statistics.

Mr. Cantwell suggested an amendment to Mr. Driskill's motion. He proposed that the EDC adopt the recommended adjustments to the table but also adopt an amendment stating that the commission review over a reasonable period of time the ways in which the county calculates incentives. He said he believes it to be important to see how other localities do things and to continue to be aware of better methods as times change. Mr. Driskill said he feels that the purpose of the EDC in and of itself involves the understanding and requirement that the EDC continue to be aware of better methods as times change and that it constantly review and re-evaluate its methods, procedures, and policies. Mr. Cantwell expressed that he feels it would be helpful to Mr. Davidson to have this idea supported by a resolution, and he thinks it would be beneficial to have research done on what other policies are out there. Mr. Davidson commented that at this time, with such a small staff, tracking and keeping up with that data is not feasible.

Following these discussions, Mr. Overacre seconded Mr. Driskill's motion that was on the floor. The Economic Development Commission duly adopted the motion by unanimous vote.

Next, Mr. Cantwell made a motion that a small working group be formed to do research on employment incentive policies in order that the commission may continue to be aware of the best methods for promoting Campbell County's workforce development and develop a system for tracking and using data to drive incentive policies and, if necessary, make the EDC aware of needed change. Mr. Reeves seconded the motion. Mr. Overacre asked for staff's perception of the motion. Mr. Davidson said that it will be easier to update rather than create and put in place a

tracking system such as the one proposed by Mr. Cantwell. Mr. Davidson expressed no objection to the motion. The commission duly adopted the motion by unanimous vote.

// Mr. Davidson's last matter for discussion was to inform the EDC that the Economic Education EDC Position adopted at the January meeting will be recommended to the Board of Supervisors in April. Mr. Davidson said that the County Administrator, R. David Laurrell, fully supports the statement and gave very positive feedback and complimentary remarks on the statement. He said he feels this type of initiative of the EDC is important. Mr. Davidson said that following adoption by the Board of Supervisors the statement will be presented at a School Board meeting.

Matters from Commission Members:

// Mr. Cantwell said that he feels that there needs to be more public outreach in the county. He knows that in the past staff has not seen a great deal of positive public response to outreach, one example being the lack of response to the public informational meetings held for the CEDS Update 2007. Brief discussion followed, and it was agreed that this will be brought as an agenda item at the next EDC meeting.

// Mr. Driskill asked for some clarification regarding Employment Credit funding. He asked if the funding has limitations on it based upon whether or not a position created is full-time or part-time. Mr. Davidson said that in order for a position to qualify for the employment grant it must be a full-time, benefited position.

// Ms. Schwarz distributed an updated EDC contact list to the commission members.

Following a general discussion of the aforementioned matters, and with no other items presented for consideration, upon a motion by Mr. Calohan, seconded by Mr. Anderson, and duly adopted by unanimous vote, the Economic Development Commission adjourned at 1:23 pm.