

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on October 17, 2017, at 4:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from October 11, 2017.

PRESENT: Mr. Norman G. Dill, Ms. Ann Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer, Mr. Rick Randolph and Mr. Brad Sheffield (arrived at 4:02 p.m.).

ABSENT: None.

OFFICERS PRESENT: Interim County Executive, Doug Walker, County Attorney, Greg Kamptner, Clerk, Claudette Borgersen, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. Call to Order. The meeting was called to order at 4:00 p.m., by the Chair, Ms. McKeel. Ms. McKeel also introduced the security officer present, Lieutenant Walls.

Agenda Item No. 2. **JOINT MEETING WITH PLANNING COMMISSION AND ECONOMIC DEVELOPMENT AUTHORITY.**

Planning Commission Members Present: Mr. Bruce Dotson, Ms. Karen Firehock, Mr. Tim Keller, Ms. Jennie More, Mr. Bill Palmer, and Ms. Pam Riley.

Absent: Mr. Mac Lafferty and Ms. Daphne Spain.

Staff: Andrew Gast-Bray, Director of Planning, John Blair, Deputy County Attorney, Sharon Taylor, Clerk.

Economic Development Authority Members Present: Mr. James Atkinson, Mr. Rod Gentry, Mr. Donald Long, Mr. David Mellen, Mr. Elton Oliver, Mr. George Ray and Mr. David Shreve.

Also Present: Lee Catlin, Assistant County Executive for Community Relations, Susan Stimart, Economic Development Facilitator, and Beth Pizzichemi, Project Information Coordinator.

Introduction/Overview.

Ms. McKeel reported that Planning Commission member Mac Lafferty had called to indicate he was ill and would not be joining the meeting. She also added that Mr. Elton Oliver was on his way after having encountered an incident with his vehicle.

Mr. Gentry clarified that Mr. Oliver's incident had happened out on his farm, not on the highway.

Mr. Keller called the Planning Commission meeting to order at 4:00 p.m.

Mr. Gentry called the Economic Development Authority meeting to order at 4:00 p.m.

Ms. McKeel then asked all the attendees introduce themselves.

Agenda Item No. 3. Site Readiness from a Site Selectors Perspective.

The Executive Summary forwarded to the Board states that in July, the Board of Supervisors endorsed a draft Economic Development Strategic Plan to set the general direction for the next 2 - 3 years of the County's Economic Development program. Priorities of the draft Economic Development Strategic Plan are important for informing the Economic Development Director hiring process, which is underway with posting of the position for application planned to occur immediately after the October 17 joint meeting. A final plan will be confirmed and implemented with leadership provided by the new County Executive and the new Economic Development Director when that position is filled later this winter.

The draft plan outlines the contributing documents that provide a framework for economic development in Albemarle County including the Comprehensive Plan as the most critical guiding document. The plan also includes an Economic Development Mission and Guiding Principles for the County's Economic Development program as well as specific goals and strategies including a goal to "Improve the County's Readiness to Accommodate Desired Business Activity." Site readiness is a critical component of that goal, and the Board of Supervisors, Planning Commission and Economic Development Authority are the three deliberative bodies with important roles to play in creating a strategic approach to ensuring an appropriate supply of ready product.

This joint meeting is planned to achieve the following important outcomes (a detailed agenda is provided as Attachment A):

- More in depth understanding of the site selection process from the perspective of a prospective business, using a case study approach to discussing the opportunities and challenges of the Deschutes site selection process.
- Continued preparation for implementing the site readiness strategies of the Economic

- Development Strategic Plan under leadership of new County Executive and Economic Development Director
- Joint endorsement of Economic Development Strategic Plan Mission and Guiding Principles

We will be using a case study approach focusing on the Deschutes site selection process as a real life example of how site location factors influence location decisions. It is important to note that we will not be focusing on the merit or lack of merit of that particular project, or critiquing specific actions or decisions related to that project, but rather will be working towards understanding how the realities of site selection as a business decision impacted that project with an eye towards lessons learned for the future. There are a wide range of readiness issues including property acquisition/cost, infrastructure availability, permitting/ legislative processes, etc. that influence site selection decisions. Staff feels those factors can be discussed and understood more concretely using a case study to help us in looking forward towards future desirable opportunities. Additionally, the respective chairs of the Board of Supervisors, Planning Commission and Economic Development Authority have expressed interest in having the three bodies jointly adopt the Mission and Guiding Principles from the draft Economic Development Strategic Plan, summarized as Attachment B. The full plan is included as Attachment C for full background. The opportunity for that joint endorsement will be provided at the end of the agenda as noted.

No immediate budget impact associated with this item.

Staff recommends that the three bodies endorse the Mission and Guiding Principles from the draft Economic Development Strategic Plan.

Ms. McKeel stated that this is an exciting time for economic development in Albemarle County, commenting that the Board had recently endorsed the County's first ever economic development strategic plan. She said the County had also approved a joint memorandum with the City of Charlottesville to collaborate more effectively on the regional economy, has hired a county executive with a depth of valuable experience in this area, and is ready to begin the selection process for an economic development director. Ms. McKeel emphasized that to continue this forward progress, they need a strong and cohesive County team and help from the business community. She said they need a positive narrative that reflects forward-looking energy and direction and does not dwell on the negatives of the past, adding that the community is not well served by continuing that approach.

Ms. McKeel noted that this meeting represents an opportunity for them to turn the page, continue the education process, and find areas of agreement to set the stage for their economic development team, embracing a shared understanding of a high level direction on economic development. She reported that the chairs of each body have agreed on the outcome from this meeting: continue preparation for implementing the site readiness strategies of the economic development strategic plan, under the leadership of the county executive and economic development director; secure a more in-depth understanding of site selection and the site readiness process, as seen by prospective businesses, using a case study approach to discuss opportunities and challenges; and get the joint endorsement of the Board of Supervisors' economic development strategic plan mission and governing principles.

Ms. Catlin commented that it is exciting to have all three groups together for this discussion as they continue to sharpen their focus on site readiness. She stated that they have been putting building blocks in place for this for some time, with the Board's FY17-19 Strategic Plan recently adopted that has a number of goals pertaining to site readiness and depend on their ability to get sites ready in order to be successful. She reported that in March 2017, staff brought the results of a study by Bowman Engineering forward to the Board. Ms. Catlin noted that the firm had assessed nine assemblages in the development area and discussed where they stood in terms of site readiness. She added that the Board had also endorsed an economic development strategic plan that had site readiness as one of its key goals, so it is not a new topic but is an area they are trying to move forward, as it is foundational to all other aspects of the County's work.

Ms. Catlin reported that as part of this meeting, they will be doing a site readiness overview, from a site selector's perspective, and she is very pleased to have Joe Hines, principle at Timmons Group, to talk about that. She said they will also do a case study approach to look at a recent site selection process in the County, to take the theoretical information provided and apply it to an actual case and how it plays out. Ms. Catlin stated that staff will then ask them to consider an action item, the joint endorsement of the Economic Development Strategic Plan mission and guiding principles, which the Board has already endorsed.

Mr. Joe Hines of the Timmons Group addressed attendees and stated that he grew up in the late 1970s and early 1980s, at which time his dad did volunteer economic development for Prince Edward County. Mr. Hines said his father had helped to recruit some very exciting businesses for the area that literally transformed the community, and so he grew up seeing the impact economic development could have. He stated that his father had owned a small engineering and surveying firm, with a maximum of 20 employees at its peak.

Mr. Hines stated that he will review trends his group is seeing in economic development and the top selection criteria, as well as the dynamics of why sites need to be prospect-ready. He said he will show some real-world examples of how prospects appear and the need to work through the process fairly quickly due to competitive and uncontrollable market conditions. Mr. Hines emphasized that the timeline is becoming increasingly shorter, going from an 18-36 month lead time when his father was in business

down to just a few months in present times. He stated that they will also discuss target audiences, as there are a number of different players involved in the prospect recruitment process, each with slightly different objectives. Mr. Hines said the goal for government bodies is to lure these prospects to the locality using available tools, but it is also important to understand the personalities and dynamics of the players.

He stated they will also discuss how sites get ranked, either Tier 1, Tier 2, or Tier 3. Mr. Hines said they will also cover the three major components of economic development: facility costs, the site and infrastructure development costs, and the land costs. Mr. Hines stated that he will also touch on the Virginia Business-Ready Sites program, which his firm became involved with in 2013 as part of an analysis as to why Virginia localities were losing projects. He noted that he had been at a Go Virginia Board meeting the previous day, at which Steven Moray had done a presentation about making site development a top priority in the state.

Mr. Hines reported that the Timmons Group was founded in 1953 and is headquartered in Chesterfield, with an office in Charlottesville that has 12 employees for the region, and now has over 500 employees total. He stated that the group has invested in the local community and is very bullish about the upside of Albemarle County and the City of Charlottesville. He mentioned that Greg Katarsky of the Charlottesville office is present at the meeting. Mr. Hines stated that the Timmons Group does a number of things related to hard assets, site and infrastructure, and tries to meld them with what is going on in the marketplace to provide the best odds for success in moving forward as a locality. He said they will try to increase those odds so that prospects can be landed when they show up.

Mr. Hines presented an image of him doing a master plan presentation in 2006 for what was the future Rolls Royce site, noting that the County had spent some money doing master planning and due diligence that took it to a Tier 3 site, which became the basis of which a \$21-million incentive was negotiated with Rolls Royce and the state. He said that quantifying the engineering cost was the most important thing, ultimately yielding a \$500-million investment and 500 jobs, with Rolls Royce being very successful on that particular site.

Mr. Hines said that prospects and consultants are looking at regions, not sites or localities, specifically. He stated that Helen Cauthen is a great Regional Director of the Central Virginia Partnership of Economic Development, and she is someone who understands how things go and how to move them forward. Mr. Hines pointed out that these projects literally move in months, not years, and speed to market matters. He noted that there are market dynamics going on behind a company's decision-making process, and once they make the decision to move, they need the facility up and running as quickly as possible. Mr. Hines said that just six months of market advantage can mean a world of difference to a company, and that is why facilities need to be ready to go very quickly, a dynamic that the internet has transformed. He stated that incentives matter but only come into play after a place becomes a finalist site, noting that a lot can be learned from the process once that point is reached. Mr. Hines said there are some market dynamics that are out of a locality's control as to why a site might be chosen over another. He stated that publicly controlled sites may be owned by a locality or may not be, and they have to be optioned at a set price or have a sales contract on that piece of property. He said the price needs to be set so when the prospect comes in and a deal is imminent, the price does not go up overnight because of an excessive profit motive.

Mr. Hines stated that in looking at the site selection magazine's top criteria, 6 of the top 10 factors are very controllable. He said that workforce has risen to be one of the top 5 in all the rankings, but there are various different organizations that do the rankings and what he is referencing are consistently the top 10. He noted that in 2012, local economic development strategy arose as a factor, and companies and prospects realize that if you have a very healthy community and one that is growing, it would be very advantageous for them long term in terms of workforce, daycare, lunch locations, etc., He said that companies want to know that communities will continue to invest in the community, which is a strength for Charlottesville and Albemarle.

Mr. Hines presented a graphic with a timeline reflecting the time a local economic development director was contacted until an actual project announcement was made, and because the internet had transformed the process, that timeline is becoming increasingly shorter. He referenced nine projects representing approximately \$3.3 billion and 10 thousand jobs, with the timeline being less than five months on average from contact to project announcement. He emphasized that when prospects show up, site readiness is important for existing businesses as well as for businesses localities are trying to recruit, because those businesses are looking to expand, and a strong, healthy business will look to expand in a community where they are having a very positive environment and interaction.

Mr. Hines presented several specific project examples, beginning with ACME Smoked Fish, which had their initial contact in June, a response two weeks later, the first site visit the following week, compilation of a short list of sites the week after that, the second site visit two weeks after that, and negotiations on August 6 and 7. He stated that the company had narrowed choices down to Virginia and North Carolina, negotiating back and forth between the two states, and ended up choosing North Carolina. Mr. Hines explained that this ended up being related to an infrastructure issue, as the client in Virginia was unable to accommodate an infrastructure need because of the process waste for a smoked fish facility. He commented that infrastructure plays a critical role in economic development. Mr. Hines said the project timeline was a total of two and a half months, \$27 million, 104 jobs, on a less than 20-acre site. Mr. Hines also reported on the Vitamin Shoppe project in Hanover County, which required engineering plans. He said that once they made the announcement, contractors ran graders on the site 24/7, and three weeks later had a 312,000 acre pad site ready to go, with the walls up on the facility two

and a half months later. Mr. Hines stated that eight months later, the project was substantially complete and the company started moving product in.

Mr. Hines stated that the County's target audience is the prospect, with site selection consultants representing the prospects and commercial real estate agents and brokers starting to get into the business because they have a voluminous amount of information and corporate relationships. He said that preferred developers are those that will come in and promise delivery of a facility by a certain day or sign a liquidated damages clause that pays the company for each day they are not up and running beyond that deadline. Mr. Hines emphasized that companies are looking for the best business decision possible, as they have done their analysis and know generally where their markets are and where they need to go to serve their market. He said they typically do a "ring match" that provides a general area that can serve nearby locales, such as Northern Virginia, Richmond, etc. Mr. Hines noted that the companies also want communities that fit their corporate culture, and he mentioned that the Vitamin Shoppe and Ashland had a good chemistry for that particular entity. He said they also seek curb appeal, a sense of place, and a place where their employees can have some amenities to enjoy their day.

Mr. Hines explained that the commercial real estate brokers and site selection consultants are looking at the process as a "site elimination game," and a fellow site selector, Chris Lloyd, has mentioned to him that he will start with as many as 3,500 localities and eliminate down to the top 10. He said that 80-90% of that search is already done before a company shows up at a locality, with a need for ready-to-go sites, utilities and infrastructure, and thorough site due diligence, as well as incentives and commission. Mr. Hines explained that due diligence includes things like wetlands delineation and validation with the Corps of Engineers, and a geotechnical report that quantifies what will happen on the site and issues to be encountered on a site. He emphasized that those elements can trip up a project schedule and thus need to be addressed prior to a prospect showing up.

Mr. Hines said that preferred developers are looking for elimination of unknown risk and ability to quantify what they are going to deal with. He stated that Amazon had soft soils on its parcel, so he went to the stone quarries and requested about 300 thousand tons of stone dust. Mr. Hines said they got quotes of \$3 million from one and \$3.5 million from another, and Amazon ended up using it all. He said that companies also need a certainty of schedule and assurance they can get a fast track permit done in time, and when dealing with a larger locale like a Chesterfield or Henrico, there are multiple departments to deal with, so getting everyone together in a room is beneficial. Mr. Hines noted that site selectors want to proactively address what all the concerns are, and Timmons tries to submit at least a 95-98% set of plans on the first go-round. He said that other factors include controlling development costs and the pace at which companies can commence construction.

Mr. Hines stated that his company works with approximately six to eight projects per year, and they are constantly under a fast track, design-build type process, trying to get these facilities up and running, and they are involved with numerous recruitment efforts on behalf of localities. He said the commonalities follow a logical process for the site development action items, and it takes time and money to do this. Mr. Hines pointed out that the basic elements for a Tier 1 site are raw land and a willing seller, but no due diligence in terms of zoning or comp plan work for the site, which would move it into a Tier 2 category. He said that Tier 3 would include master planning and quantification of costs to include a preliminary engineering report that reflects infrastructure costs, with a Tier 4 site, including those infrastructure investments so the site is ready to go and be bonded. Mr. Hines stated that the objective is to be able to build any additional infrastructure simultaneously while a company is building its facility, which is typically a 9-12 month process. He added that localities should be trying to coincide those elements due to companies' market demands and the locality's ability to deliver.

Mr. Hines stated that Tier 5 is a pad-ready site. He cited a real world example where Caterpillar requested a 200-acre, pad-ready site with all environmental issues cleared. He said he had 238 acres and the company showed up and loved the site but later that week another prospect took the site. Since there were no other sites in Virginia workable for Caterpillar, the state lost them as a prospect. He said the project estimate for that was \$2.4 billion regionally and ended up going into Georgia. Mr. Hines stated that someone asked him to include a Tier 0, which would be a non-ready site identified through GIS site selection.

Mr. Hines stated that people who understand how to play the systems and "gambler's odds" increase the odds of success by understanding how to work the system to yield the most favorable outcome. He said that his timeline for development of a Tier 3 site is roughly 18-36 months, which does not quite coincide with the fastest of them, but he can make it work for larger companies such as auto manufacturers. Mr. Hines said that Tier 4 sites are in the 9-18 month range, which works better for smaller companies, and Tier 5 sites are 3-6 months or less. He stated that site selectors look at the need for investment on the site, while weighing the potential increase in the property values by understanding the property, the risk, and due diligence in unknowns. Mr. Hines said that when you get to Tier 4, there is a substantial investment with the infrastructure.

Mr. Hines stated that site selectors consider product development, with Tier 0 through 3 not really having a marketable product because of missing pieces, even though it may look good on the surface. He said that the product fulfillment phase provides for a site that can be proactively marketed, which is a Tier 4 or Tier 5 level. Mr. Hines noted that Virginia has recognized that a Tier 4 site is a ready-to-go site, and that is what the state would proactively market at the Virginia Economic Development Partnership, and if an investment has not been made to get to that point, they realize the odds of success are pretty minimal. He said this has also led them to generate the Business-Ready Sites Program, with a hope for additional legislative funding in the future to help localities get sites ready for market.

Mr. Hines said that localities are looking for rewards in terms of investment, with return coming in the form of real estate taxes, machinery and tools, but also secondarily in the form of jobs because of state income taxes. He stated that with sites of 100 acres or less, the numbers are fairly significant in terms of investments or jobs, and these are the types of projects that everybody would like to see. He noted that with larger sites, the investment goes up as well as job creation potential, but the reality is that you can make investment and make positive impact within the community with the right strategy and process.

Mr. Hines stated that the building or facility costs usually have the greatest certainty, and the day the prospect shows up he usually knows how much the facility is going to cost. He said that site and infrastructure development costs have the greatest variability, and that is what every deal revolves around, with land costs representing a one-time hit in the business model. Mr. Hines stated that not all sites are created equally, so there can be a site listed at \$40,000 an acre and one listed at \$400,000 an acre, but necessary improvements in terms of infrastructure and site development costs may shift that balance and even equalize the costs. Mr. Hines presented the Aldi project, which had \$55 million in facility costs, site development costs of \$6.2 million, \$4.1 million for infrastructure, and land costs of \$3.2 million, for a total of \$66 million in site costs, with an incentive package of \$9.2 million that yielded a final net project cost of \$59.3 million.

Mr. Hines stated that the Business Site Readiness Program aims to foster an environment whereby people understand economic development and are willing to make an investment to bring it to fruition. He said that Governor McAuliffe did the first business site assessment program, with 21 different sites assessed, ranked, and put into a database. Mr. Hines stated that they then set aside \$2 million in funding for the program, which was the sites that ultimately got selected. He said the second phase examined the infrastructure development aspect and what it would take to advance a site from one tier to the next. Mr. Hines noted that there were eight grant awards earmarked for the infrastructure and advancing the sites for due diligence, with three of them for private land development and the other five for public entities.

Mr. Hines emphasized that communities that are successful in economic development are very proactive and intentional about it, understand that it is a long-term game and not a buzzword, have a comprehensive economic development strategy and execute that plan. He mentioned that the evaluation committee on the Virginia Business Ready Sites Program can identify which localities get it and which do not, and he encourages localities not to try to be something it is not. He said they also need to understand and plan for costs and what is required of investment, as well as what the return will be. Mr. Hines stated that localities should also strive to remove political hurdles and risks for prospects, and while a special use permit or conditional use permit may have to be issued, if it can remain as an administrative process, that is less risk. He said the intent is for the locality to control the land while managing prospect objectives, and he encouraged the County to identify a fast-track review process.

Mr. Hines stated that the Timmons Group is invested in Albemarle County, noting that there is access to a wonderful workforce and world class educational facilities, but the County currently lacks ready-to-go product. He said there are some good sites out there that need some work to get them further advanced, and he sees a huge upside potential. Mr. Hines stated that this is a good time to start aligning product with market, and he envisions a lot of success in the future.

Mr. Randolph said that in looking at the amount of incentive provided in the Aldi example, which was cited as \$9.2 million or 15.5% of the total project cost. He stated that this was a relatively low percentage of overall cost of building a new facility for a company, but he understood Mr. Hines to imply that the nature of that incentive on the project is at least as important as the actual amount being offered, which would be amortized over the life of the building. He asked if that percentage was about average for localities to incentivize these deals.

Mr. Hines responded that every deal is different, but 10-20% is a reasonable range to work around or plan towards. He said part of those funds mentioned included extension of water and sewer to the site of roughly a mile, which also benefitted other properties along that corridor, and there was approximately \$1 million in incentives to pay for a road to get into the site because the property was built on the back side of the site. He stated that this particular locality benefited from tobacco commission funding, and this site was more of a \$40,000 property than a \$400,000 one. Mr. Hines said that there were two potential sites about 20 minutes apart from each other, and the prospect said they could make either site work, so it ended up just being negotiation for a better deal.

Ms. Mallek asked what site master planning entails, given that a locality may not know who is coming and what they will need. Mr. Hines responded that there are the three dimensional aspects of the site to be considered, including the environmental aspects, such as slopes, in Albemarle's case. He said that site selectors can reasonably assess what size facility could sit on the site, as well what kind of industries might work given the current infrastructure. Mr. Hines stated that master planning helps site selectors better understand all the site aspects, how much it will cost to bring water and sewer to the site, and how much it will cost to get a site pad ready. He said that once that information is in hand, local economic development representatives, such as Helen Cauthen, can call his company, which will in turn regionally identify what the development cost range would be and help localities negotiate the best possible outcome.

Ms. Palmer asked about the interpretation of the local workforce, as there is typically a low unemployment rate, which has stayed fairly constant despite the influx of about 1,500 people per year

who come to work here. Mr. Hines responded that this is a highly educated community and this is a comfortable community to move into, with 64 providing good access to places like Waynesboro and Zions Crossroads. He said there are places for people to move if the jobs and opportunities are created with Charlottesville and Albemarle, and there is a large contingency of UVA grads, particularly in Northern Virginia, who would love to come back if the opportunity was here. Mr. Hines stated that low unemployment is good, but it is also an indicator that people will move here to work and this is a great community for people to land. He said that ideally all of the jobs would be created from people within the Charlottesville/Albemarle boundary, but the reality is there is going to be an in commute and an out commute every day within the County.

Ms. McKeel stated that the community has a fairly high number of underemployed, and asked Mr. Hines to comment on that issue.

Ms. Catlin stated that the County had done a target industry study that did a comprehensive look at the workforce, with underemployment being a very real issue, so it is important to get people to a living wage. She commented that the unemployment rate can mask some of those dynamics, and if you want to get people into jobs that support families, it is not always the best indicator.

Mr. Hines said that one thing companies look for is whether the skill set is there or is easily attainable, but it is an indicator of people wanting to live and work here.

Mr. Dill asked about the fast-track permitting process and what he has seen in other localities in terms of how they make a bigger commitment. Mr. Hines responded that it needs to be a commitment of reviewing the plans and turning around comments in seven days, for example, to keep the process moving forward. He said it needs to be evaluated as to whether additional staff are needed, but these economic development deals are on a fast track, with each more rural locality getting one every three to four years. Mr. Hines stated that he hopes they would get one or two a year once their product is aligned with the market, and it cannot be a wishy-washy approach. He said that site selectors have been asked to put "scheduling risk" into all analysis now because time is money for companies, and if there is anything with a scheduling risk they will try to force a short timeframe commitment. Mr. Hines stated that if Albemarle puts a fast-track process in place for certain criteria of economic development projects that will go a long way within the industry to show commitment to working with a company on that front.

Mr. Gentry said that all of the things described position the County to help existing businesses in their expansion plans, which is another concern for Albemarle in terms of keeping them and helping them thrive. Mr. Hines agreed that this was also for expansion businesses, and a lot of growth does come from existing businesses, with accommodations needed because other localities will try to recruit them.

Mr. Randolph stated that when Dick's Sporting Goods opened, most of the applicants were from outside the Charlottesville/Albemarle area, and it is important to talk about smart economic development, which is mindful of the fact there is already a regional labor force. He said they do not want to add commuters to the highways, as the top concern with every application the County considers is traffic impacts. Mr. Randolph stated that while they are improving roads, they are not expanding their size or adding more highways. He said they do not want to be constantly working against their best interests in terms of highway safety and air pollution, so creating a situation whereby existing City and County labor is used is ideal. Mr. Randolph stated that in attracting good jobs such as Deschutes Brewery, those employees would likely have come from Nelson County, Richmond, etc., so they want to make sure that job growth is for employees and will attract people to live in the County. He asked if that is easy or challenging.

Mr. Hines responded that companies are looking at regions, not localities or sites, and there is always an in-commute and an out-commute. He stated the important thing is if you create those opportunities, hopefully the majority will come from within the locale, but it is also possible that people will move to Albemarle once they get a job here. Mr. Hines noted that a 45-minute commute is considered as typical for a labor force, which does bring in workers from other counties.

Ms. Mallek commented that in the 1950s, Murray Box in Earlysville brought in workers from Louisa, Buckingham, and other places because not everyone had a car, and the company ran three shifts, 400 people at that location. She said that she did not know how to quantify it, but there were tens of thousands of trailing spouses and people doing work that is below what their training would be, and finding the right kind of industry, such as light industry, research, flex that help people expand their skills and take off, is where there is a great opportunity.

Mr. Sheffield said that he expects a future conversation about this, and he asked Mr. Hines where his information diverged with the difference of new land development versus redevelopment and what differences the County should be considering.

Mr. Hines responded that Virginia has a strong brownfield redevelopment program in which localities can do environmental and other due diligence. He stated that with brownfields, there are great "bones" – infrastructure, water/sewer, etc. – so sometimes it is as simple as demolishing a building. Mr. Hines said that about 60-65% of companies arrive looking for a building first, then they realize the building is not going to work and the timelines to get a brand new facility up and running to meet specifications are not too different than upfitting an existing building. He noted that in historic areas with historic buildings, localities would want to do everything possible to restore them, but there are some facilities that should be demolished. Mr. Hines said sites without historical significance, such as old run-down factories, can be

leveled and used for their pad sites. He stated that the important thing is to take the historical buildings and redevelop them as well as possible, but others can be demolished and their sites redeveloped.

Mr. Sheffield asked if prospects are discouraged by redevelopment efforts or if it does not really play out that way. Mr. Hines responded that it depends on the prospect.

Ms. Firehock stated that a lot of what Mr. Hines showed as examples needed big, flat pad sites and the ability to construct a factory, and there are a lot of hills in Albemarle but not an abundant water supply. She cited an example of a company that wanted to relocate here but could not because it would take half of the County's water supply. Ms. Firehock commented that this area has a lot of strengths and should play to them, and she wonders how to proceed in terms of figuring out their limitations and working them as well as possible, but this community cannot promise the same things as flatter counties can.

Mr. Hines agreed, stating that a 100,000-square-foot facility can fit on 10-12 acres, so if you have a small site you can fit a fairly substantial facility on it. He said that when it comes to flattening mountains, engineers can do anything with time and money, which is what a lot of these deals hinge upon. He emphasized that it is important to be true to yourself and every site offers something unique, with one prospect identified that will work on it.

Agenda Item No. 4. Case Study from Recent Site Selection Process.

Ms. Catlin commented that this is a great discussion and she appreciates the site selection overview, but they will now examine a specific case study related to Deschutes Brewery. She stated that in the FY 2014-15 timeframe, the County was aware that there was a major craft beer producer looking for a location in the eastern United States for a new production facility and wanted to produce and finish product across the eastern, southeastern, Midwest U.S., and potentially to Europe. She said they started their look in 2014 and wanted to begin production in 2017, and also be in full production by 2019. Ms. Catlin said the facility was sized at 200,000 square feet on 20 acres, with 190,000 barrels initially. She stated that Deschutes wanted to expand to up to 330,000 barrels by 2019, and wanted to plan for future expansion options. Ms. Catlin noted that some of their most important requirements were being a brewery, highway access, public water and sewer, electric power, natural gas, and access to rail. She added that they were also talking about the potential for an onsite brew pub and some other tourist destination possibilities.

Ms. Catlin stated that it is really important to evaluate projects based on how they meet community expectations, so some of the assets as viewed by the County included the fact that Deschutes was a successful manufacturer in an identified target industry sector, with this particular company also having an agricultural connection. She said that Deschutes was also looking for a capital investment profile between \$95-\$100 million, which involved their building, production machinery, equipment and supplies, which is where the County receives most of its revenues. She stated that the jobs piece was also very attractive to the County, with Deschutes talking about 68 jobs initially, increasing to 132 by year four. She noted that these jobs are the career-ladder jobs with opportunity for advancement that are valuable to the community.

Ms. Catlin pointed out that Deschutes is a company that feels very akin to align to the things that are important to Albemarle County, as they have a strong corporate philanthropy philosophy and causes across the spectrum, including environmental causes. She said they also have a very strong and proven track record in sustainability and environmental measures and received the 2012 sustainability award from Central Oregon Environmental Center, were named a "green power partner" by the EPA, had a program to put 1 billion gallons of water back into the Deschutes River annually, purchase or offset 100% of their electrical power, and were very focused on recycling their spent grains. Ms. Catlin noted that the company also has a strong focus on outdoor recreation, with an interest in biking, pedestrian, alternative transportation. She said the company also fit the bill of being a catalyst for destination tourism activity.

Ms. Catlin explained that in the spring of 2014, Albemarle responded to an initial request for prospective sites, did some research, and submitted several site possibilities to the company. She said the first major item was that in April of 2014, a consultant visited and wanted to look at three of the sites the County had submitted in the development area, none of which was the site of their focus area. Ms. Catlin said that the company was looking at many states and communities at this time, and when the company returned they visited sites in the County but also asked for additional sites. She stated that at this point, the I-64/29 interchange area was brought forth as a possible site for consideration, and the company became intrigued with that specific location. Ms. Catlin said that the reasons included proximity to the east/west and north/south transportation network, proximity to UVA, the ability to be near significant tourism assets like Monticello, the proximity to the recreational assets of Hedgerow Park and Ragged Mountain, the opportunity for bike-ped trail connections into the City, the authenticity of the site, and the terrain of the site. She stated that at that point, it became the company's choice to narrow down sites and they came back and asked to do a "test fit" for that site.

Ms. Catlin said that when the County had initially given Deschutes sites, they were in the development area, but the size and capacity of the company's project increased at that particular point in time. She stated that the footprint and need for them became larger than where they were when the County had originally been talking to them. Ms. Catlin said that in the May timeframe, when the test fit was done and they looked at the topography of the site, Deschutes found that it would be challenging to fit into the property that lay in the development area. She explained that there was a flat piece that lay across the development area, and Deschutes requested whether the County would consider a boundary

adjustment to allow it to fit in there. Ms. Catlin said there was discussion about that, and the County was currently in a comp plan update process that was nearing its end. She stated that the Board directed staff to include a parcel on the western border of that development area in the comp plan public hearing, so that there would be the opportunity to consider a comp plan boundary adjustment in the comp plan update.

Ms. Catlin said that during that period of time, the company came back, looked at the site again, and talked to the property owner of the site under consideration, as well as where Hedgerow was located. She stated that Deschutes asked if they could expand the boundary area across the top of the sweet spot property so they could connect to Hedgerow Park and also have some more flat terrain. She stated that in June, the Board adopted the comp plan with no change to the area, but they did adopt a resolution of intent to study a potential boundary adjustment and have staff come back with a recommendation so they could take action. Ms. Catlin emphasized that the Board wanted to follow the usual steps in the process, but there was a very compressed timeframe. She said that in July and August, there were three community meetings held, a Planning Commission work session, and the Commission recommended denial at that point. Ms. Catlin reported that the item went to the Board in September, at which time they held a work session and a public hearing, and then did a special meeting with approved boundary expansion to include a portion of the proposed site but not the entire site Deschutes had wanted.

Ms. Catlin stated that the County had stayed in consideration up until the very end of the selection process, which Mr. Hines had indicated happened before they were even aware they were in the running, so how the County presents as a community is very positive in a lot of ways. She said that where the County began to run into challenges was with ready-to-go sites, because from a site perspective there were multiple landowners with varying degrees of willingness to sell and widely different price expectations as to the property. Ms. Catlin stated that the gas supply, telecommunications, waste management and spent grain recycling, electricity, and potential for rail connection were all adequate, with lots of work done by staff and utilities to assess the situation. She said they ran into challenges regarding adequate water, and there would have been major construction and a significant hook-up fee to get water from Fontaine Research Park, which is the nearest location to this particular site. Ms. Catlin pointed out that there was also a big issue with transportation, as the interchange was already challenging, with truck traffic and no crossover, and no signalization.

Ms. Catlin reported that the real challenge with thorough site due diligence is that if the company had stayed in the development area, the County would have still had to do a rezoning, but with the site in the desired location, the County would have had to do a comp plan amendment and a rezoning, which are both lengthy public processes with uncertain outcome. She stated that this was a really challenging scenario given costs and uncertainty. Ms. Catlin said that incentives were discussed but they never got that far, and Albemarle was competing with communities that were putting significant incentives on the table.

Ms. Catlin stated that in terms of developer expectations, they were looking at elimination of unknowns and risks, which was very challenging in this case. She said that unknown land costs, uncertainty about landowners, and legislative processes were also difficult, and this impacted certainty of schedule, control of construction costs, and construction timeframe. She said that in terms of prospects, Albemarle excelled in the "community fit" priority for the company, but ultimately the choice is made based on building and site fit and the best business decision. Ms. Catlin stated that in terms of site selection, Albemarle was really at the Tier 1 stage.

Mr. Randolph commented that there is a mythology that Albemarle "lost Deschutes," and asked what tier Roanoke was in, as they were the winning bidder for the company. He noted that Roanoke had to make significant investments to get the company there. Ms. Catlin responded that Roanoke was clearly a Tier 4 or Tier 5, and when you compete with a community that controls the land and gives it to somebody, is hard to compete with. She stated that Mr. Randolph raises a good point and the reason they are having this discussion is so that Albemarle can put itself in a better position. Ms. Catlin commented that there are reasons and factors that were very challenging to overcome, even though the project was really appealing to many people. She said that under the best of circumstances, a Tier 1 takes multiple years to develop a site into a product that has certainty, control, and eliminates risk. Ms. Catlin stated that this site had a significant project timeline and was not really at a prospect-ready status.

Ms. Catlin stated that the County's attributes were very strong in the areas that are actually more challenging to try to address than things like site readiness. She said that one lesson learned is when the project parameters increased, Albemarle should have stepped back and asked whether it was truly feasible. Ms. Catlin emphasized that the idea of trying to do a legislative process while having an active prospect on the line is just not possible, noting that having an implementation plan for site readiness was important with the addition of a new county executive and economic development director so they do not repeat this situation.

Mr. Randolph commented that there was a lot of finger-pointing at the Board and Commission when Roanoke won the Deschutes project over Albemarle, which added acrimony and led to the mythology that the County had "lost" the project. He noted that the Route 29 Solutions project versus the Western Bypass also led to a mythology as to the bypass being a better choice, and he appreciated clarity that Roanoke won the brewery because Albemarle was not prepared to be competitive.

Ms. Firehock stated that one of the biggest problems is the transportation problem, and she had contacted VDOT and asked them to weigh in on the intersection there, with one of the challenges being getting that interchange improved so that corner could be developed. She said that one of the criteria for

getting transportation funds approved was jobs effected, so they end up in a Catch-22 with jobs and transportation. She asked how that phenomenon might be overcome, because you would not want five years of dangerous traffic until enough jobs were secured.

Ms. Catlin stated that there was a bit of a chicken and egg situation, and the strategic focus as mentioned by Mr. Hines is about looking at sites and what they can deliver, and whether the level of effort is worth it. She stated that the Bowman study is a starting point, as they went through and examined parcels to evaluate them on needed steps to site readiness.

Mr. Gentry said that some of this work has been done, and they have looked at what target industries they want to identify, what would work best here, and asked if they could use the target industry study to look at site selection process and site prep work. Mr. Hines confirmed that they could.

Mr. Gentry asked what was involved with parsing those industries and parcels to develop a solid site readiness plan. Mr. Hines responded that in terms of the traffic concerns and VDOT, Roanoke had actually lost Sierra Nevada a few years ago, which prepared them for Deschutes. He stated that his company represented Deschutes, and if there had been a Tier 4 site in Albemarle, they very likely would have chosen it. He explained that Timmons had done a site selection study for the Roanoke regional partnership because they were lacking product. Mr. Hines said that you can change a comp plan to incorporate a good site, which will always remain an asset site for a community. He stated that Deschutes had a lot of risk from a site selection opportunity, and the company gave Albemarle some chances to try to address those issues, but at some point they had to make a decision about the move. Mr. Hines encouraged them to give themselves credit for how far they came, stating that it provided the County with some lessons learned for the next time.

Mr. Mellen stated that on the Citizens Transportation Advisory Committee, they were aware of traffic issues at that intersection, even without a development project and the reason it had not been a priority was because of factors that were outside of the County's control, particularly related to state transportation.

Ms. Palmer stated that the potential site in Albemarle is very rocky, and you can get into a lot of trouble in terms of time and cost if significant investigation of the rock was not done, as was the case with Shenk's Branch. She said this was one of the reasons she was attracted to redevelopment, including the fact that water and sewer are already available onsite.

Agenda Item No. 5. **Action Item:** Consideration of Joint Endorsement of Economic Development Strategic Plan Mission and Guiding Principles.

Ms. Catlin noted that the Commission and EDA had received a copy of the guiding principles that were part of the Economic Development Strategic Plan, which the Board had addressed over the summer, and it is the hope and intention that they will join the Board in endorsing this.

Mr. Gentry **moved** that the Economic Development Authority endorse the draft Economic Development Strategic Plan Mission and Guiding Principles, as presented. Mr. Atkinson **seconded** the motion. On a voice call vote, all voted aye.

Mr. Dotson stated that this meeting has been very useful, and they have learned from Mr. Hines the importance of communication amongst agencies.

Mr. Dotson then **moved** that the Commission endorse the draft Economic Development Strategic Plan Mission and Guiding Principles, as presented. Ms. More **seconded** the motion. On a voice call vote, all voted aye.

Ms. More stated that if they are going to identify properties with development potential, that should start at the community master planning level, so it is important to identify those areas, as there is a lot of community engagement at that point as they move toward comp plan changes. She emphasized that they should get input for both those plans that need revision and those that are waiting to be brought forth. Ms. More said that the "support for critical infrastructure" bullet also addresses social infrastructure, and they should also consider other infrastructure that was barriers to the projects.

Mr. Keller asked if she is comfortable with moving forward. Ms. More responded that she wished they had had more time, and said they need to think about how the community is engaged in these master planning processes.

Ms. Catlin emphasized that the Economic Development Strategic Plan is a draft and will not be finalized until the new economic development director comes on board and can add their expertise to it.

Ms. Catlin stated that they have made history with this action, as it is the first time all three bodies had come together in a supportive gesture.

Ms. McKeel thanked them.

Ms. Mallek stated that she hopes in the future, they will come together more than once a year.

She also asked where community investment in amenities fit into the long chain of activities that create a community culture.

At 5:41 p.m., Mr. Atkinson **moved** that the Albemarle County Economic Development Authority go into a closed meeting as authorized by the Virginia Freedom of Information Act, Section 2.2-3711(A) of the Code of Virginia under Subsection 5, to discuss and consider a prospective industry where no previous announcement has been made of the business' interest in locating in Albemarle County. Mr. Long **seconded** the motion. On a voice call vote, all voted aye. There were no nays.

At 5:42 p.m., the Planning Commission adjourned its meeting.

Agenda Item No. 6. Closed Meeting.

At 5:43 p.m., Mr. Randolph **moved** that the Board go into a Closed Meeting pursuant to Section 2.2-3711(A) of the Code of Virginia, under Subsection (3), to discuss and consider the acquisition of real property in the southern part of the County, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the County. Ms. Mallek **seconded** the motion.

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

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

(Note: Mr. Sheffield left the meeting at 6:16 p.m.)

Agenda Item No. 7. Certify Closed Meeting.

At 6:18 p.m., Mr. Randolph **moved** that the Board certify by a recorded vote that to the best of each Board member's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed meeting were heard, discussed, or considered in the closed meeting. Ms. Mallek **seconded** the motion.

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

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

Agenda Item No. 8. Adjourn.

At 6:18 p.m., with no further business, Ms. McKeel adjourned the Board meeting.

Chairman

| |
|-------------------|
| Approved by Board |
| Date 01/03/2018 |
| Initials CKB |