



Albemarle County

Legislation Text

File #: 18-599, **Version:** 1

AGENDA DATE: 12/12/2018

TITLE:

Central Virginia Electric Cooperative Broadband Grant Support Agreement

SUBJECT/PROPOSAL/REQUEST: Approval of a Broadband Grant Support Agreement between the County of Albemarle, the Economic Development Authority of Albemarle County, Central Virginia Electric Cooperative, and Central Virginia Services, Inc.

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Kamptner, Henry, Walker, DeLoria, Culp, Graham, Fritz

PRESENTER (S): Mike Culp

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The Albemarle Broadband Authority (ABBA) was incorporated on August 21, 2017. ABBA continues to investigate and work on projects to expand access to broadband for County residents in the unserved and underserved rural areas. Central Virginia Electric Cooperative (CVEC) and Central Virginia Services, Inc. (CVSI, which is CVEC's wholly-owned subsidiary), is working to provide broadband access to its entire membership, including approximately 3,600 sites in Albemarle County (the Project). Areas to be served include Schuyler, Afton, Greenwood, White Hall, Boonesville, Cash's Corner, Keswick, Red Hill, and Coveseville.

CVEC estimated the Project would take five years to complete and requested grants equal to five years of the County's public service taxes for improvements related to this Project. Following direction from the Board of Supervisors and the Economic Development Authority, ABBA negotiated an accelerated Project timeline which incentivizes completion of the Albemarle County portion in 2022. CVEC also agreed to a total grant cap of \$550,000, with an annual cap of \$105,000. Also following Board of Supervisors and Economic Development Authority direction, ABBA negotiated a Broadband Grant Support Agreement with CVEC. This negotiation was completed on November 30, 2018.

STRATEGIC PLAN: Infrastructure Investment: Prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community need.. Quality Government Operations: Ensure County government's ability to provide high quality service that achieves community priorities.

DISCUSSION: On November 30, 2018, ABBA proposed an accelerated schedule and grant cap to CVEC and CVSI's CEO. CVEC/CVSI accepted the grant cap, accepted an acceleration incentive, and agreed to sign the attached Agreement (Attachment: A). The Agreement provides for the following:

- Albemarle County will appropriate annually a grant to the EDA for tax years 2019 through 2026 equal to the County's public service taxes attributable to each year of the Project's construction costs, subject

to limitations;

- Total grant payments are capped at \$550,000 and annual payments will not exceed \$105,000;
- The grant for each year's construction costs incurred between 2019 and 2022 will be appropriated for five years;
- To incentivize the Project's completion by December 31, 2022, grants for construction costs incurred after 2022 are subject to reduced grant eligibility;
- Construction costs incurred after 2026 are ineligible for grant coverage, meaning that the County's and the EDA's grant obligations end in 2027; and
- The EDA would receive the County's grants and provide grants to CVSI semi-annually contingent upon the County receiving CVEC's and CVSI's timely public service tax payments.

Pursuant to Virginia Code § 15.2-953, "[a] locality may make like gifts, donations and appropriations of money to industrial development authorities for the purposes of promoting economic development."

BUDGET IMPACT: After Central Virginia Electric Cooperative and/or Central Virginia Services, Inc. submit payment for their public services taxes for tax years 2109 through 2026, the County will appropriate to the EDA annual grants equal to the amount of those taxes that is attributable to the construction costs related to the expansion of broadband for those tax years, with the annual appropriations not to exceed \$105,000, and the total appropriations over the period not to exceed \$550,000.

RECOMMENDATION:

Staff recommends that the Board:

- 1) adopt the attached Resolution approving the Agreement (Attachment B), and
- 2) direct the County Executive's Office through ABBA to finalize the arrangements by working with the Economic Development Authority, the Finance Department, CVEC, and CVSI.

ATTACHMENTS:

A - CVEC Broadband Support Agreement

B - Resolution