



Albemarle County

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AGENDA DATE: June 3, 2015

TITLE:

AFID Grants to Kelly Turkeys and 20 Paces

SUBJECT/PROPOSAL/REQUEST: Approve Economic Opportunity Fund allocation and authorize County Executive to sign performance agreements

ITEM TYPE: Consent Agenda Action Item

STAFF CONTACT(S): Foley, Catlin, McClintic, Stimart, Davis, Kamptner

PRESENTER (S): Ms. McClintic

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND: During the 2012 General Assembly session, legislation was adopted to establish the Governor's Agriculture and Forestry Industries Development Fund (AFID) to promote new economic opportunities specifically for agriculture and forestry value-added or processing projects. AFID grants are made at the discretion of the Governor with the expectation that grants awarded to a political subdivision will result in a new or expanded processing/value-added facility for Virginia grown agricultural or forestal products. The amount of an AFID grant and the terms under which it is given are determined by the Secretary of Agriculture and Forestry and approved by the Governor. An AFID grant is awarded to a political subdivision for the benefit of the business, with the expectation that the grant will be critical to the success of the project.

Grants are made upon an application by both the locality and the business beneficiary for a project under the following conditions:

- The business beneficiary is a facility that produces "Value-added agricultural or forestal products"
- A minimum of 30% of the agricultural or forestry products to which the facility is adding value are produced within the Commonwealth of Virginia on an annual basis in normal production years

- The grant request does not exceed \$250,000 or 25% of qualified capital expenditures (whichever is less)
- The applicant provides a dollar-for-dollar matching financial commitment (cash or qualified in-kind)
- A performance agreement is executed between the applicant and the company to ensure fulfillment of promised job creation, capital investment and purchase of Virginia grown agricultural or forestry products

In 2015, the County was approached by two separate farming operations, Kelly Turkeys and 20 Paces, to apply for AFID funding on behalf of their respective growing operations.

STRATEGIC PLAN: Goal 4. Economic Prosperity: Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals

DISCUSSION: Kelly Turkeys and 20 Paces applied to the Virginia Department of Agriculture and Consumer Services (VDACS) AFID program to access gap resources for their respective agri-business enterprises.

Kelly Turkeys, which grows, processes, and sells high-end, heritage breed turkeys through direct and retail markets, is investing \$1.4 million in a new facility and creating 33 jobs. The project will restore a farm in western Albemarle County and will provide for free-range, heritage turkey farming. Pursuant to the AFID grant condition requiring match funding, the County would provide \$29,000 from its Economic Opportunity Fund (EOF) to match the AFID grant of \$29,000 if awarded.

20 Paces, a sheep and goat dairy farm, committed to a \$321,000 capital investment and six full-time jobs. The project will include the restoration of a former dairy barn and expansion of operations to accommodate sheep's milk and goat's milk cheese production on an historic farm in southern Albemarle County. In addition to producing high-end cheeses and meats for restaurants and specialty cheese retailers, 20 Paces will ensure the transfer of farming expertise between generations through an apprenticeship program, dedicated to sharing dairy farming knowledge with the community. Pursuant to the AFID grant condition requiring match funding, the County would provide \$11,000 from its EOF to match the AFID grant of \$11,000 if awarded.

Both projects are required to have a performance agreement to ensure the jobs and qualified investment goals are reached within three years. Any breach of the performance agreement would require that the grant funding be repaid.

Next Steps

Following the Board's authorization, the County Executive will sign the performance agreements for the projects on behalf of the County subject to approval of the agreements as to form and content by the County Attorney. The performance agreements must also be approved by the EDA and signed by representatives of the EDA, Kelly Turkeys and 20 Paces. Once the performance agreements are fully executed, the County Executive will submit the signed agreements to VDACS and request disbursement of the AFID funds. When the County receives the AFID funding for the projects, staff will request that the Board re-appropriate the AFID funds and the EOF funds to the EDA. The EDA, pursuant to the performance agreements, will disburse the funds to Kelly Turkeys and 20 Paces.

BUDGET IMPACT: If the Board approves the County's participation in the AFID applications, \$29,000 in EOF funding would be allocated to Kelly Turkeys and \$11,000 would be allocated to 20 Paces, for a total allocation of \$40,000 from the EOF in FY 16, leaving a balance of \$210,000 in the EOF.

RECOMMENDATION:

Staff recommends that the Board authorize the funding match required for the AFID grants of \$29,000 for Kelly Turkeys and \$11,000 for 20 Paces from the EOF and authorize the County Executive to sign the required performance agreements on behalf of the County subject to approval of the agreements as to form and content by the County Attorney and to request the disbursement of \$29,000 and \$11,000 of AFID grant funding

from VDACS to the County.

ATTACHMENTS:

None