Albemarle County

Legislation Details (With Text)

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Title:	Amendment to WillowTree Commonwealth's Development Opportunity Fund Match Performance Agreement.				
Sponsors:					
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Attachments:	1. Att.A - WillowTree COF Performance Agreement, 2. Att.B - WillowTree COF Match Performance Agreement, 3. Att.C - Proposed First Amendment to COF Match Performance Agreement.pdf, 4. Att.D - Resolution				

Date	Ver.	Action By	Action	Result

AGENDA DATE: 4/21/2021

TITLE:
Amendment to WillowTree Commonwealth's Development Opportunity Fund Match Performance Agreement

SUBJECT/PROPOSAL/REQUEST: Approval of the First Amendment to the WillowTree Commonwealth's Development Opportunity Fund Match Performance Agreement to address impacts from the COVID-19 pandemic

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Walker, Kamptner, DeLoria, Johnson, Newberry

PRESENTER (S): Roger Johnson

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: In 2018, Albemarle County and its Economic Development Authority (EDA) partnered with the Commonwealth of Virginia to support the redevelopment of the historic Woolen Mills site and the retention and expansion of WillowTree, Inc. The partnership with the Commonwealth utilized two different state grant programs - the Commonwealth's Development Opportunity Fund (COF) and the Virginia Jobs Investment Program (VJIP).

The COF matching grant is considered a "deal-closing" fund to be employed at the Governor's discretion to secure a company location or expansion in Virginia. A significant portion of the financial support for the partnership came through the COF matching grant program. The COF provided a $500,000 grant to support the retention and expansion of WillowTree, Inc., based on an expected amount of capital investment and job

creation. The COF requires a $500,000 matching grant from the County.

The County matched the COF grant by pledging to rebate 50% of future tax revenues accrued through BPOL and real estate taxes. At that time, WillowTree, Inc. was at significant risk of relocating out of state. Both the Commonwealth and County determined that the stimulation of the additional tax revenue and economic activity constituted a valid public purpose for the partnership. The COF Performance Agreement for the COF grant includes the specific targets and timelines for capital investment and job creation that must be met to remain eligible for this financial support (see Attachments A and B).

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

DISCUSSION: The COVID-19 pandemic resulted in severe impacts to economic activity at a local, national, and worldwide scale. Like many businesses, WillowTree, Inc. quickly pivoted to virtual operations at the onset of the pandemic to ensure the safety of their employees and customers, and to comply with the Commonwealth's limitations on businesses. As the public health crisis continues, WillowTree, Inc. remains committed to following the recommended best practices and limitations on businesses as set forth by the Governor's executive orders (last revised on March 23, 2021).

As a result of these limitations, WillowTree, Inc. is unable to meet certain workforce location requirements under the COF Match Performance Agreement. Due to the COVID-19 crisis and state-mandated restrictions regarding social distancing and other protections, WillowTree has been unable to make full use of their new headquarters. Staff has worked closely with WillowTree, Inc. to amend the existing COF Match Performance Agreement language to protect the County's interests under the partnership, but also hold the company harmless for the public health crisis and adherence to the Commonwealth's limitations. To do so, the proposed amendment provides temporary relief from the requirement that "baseline jobs" and "new jobs" must be located "at the [Woolen Mills] Facility" (see Attachment C).

It is important to note that WillowTree, Inc., has received the COF grant payment. The company has fulfilled and exceeded its initial Lease Obligation. Although it has not been able to meet the Workforce Location Commitment for the stated reasons, WillowTree reports 80% of its full-time Virginia workforce ("the workforce") lives in the Charlottesville Metropolitan Statistical Area (MSA). The company's CEO publicly acknowledged his commitment to locating the workforce at the Albemarle County facility at the appropriate time and according to public health guidelines.

Under the amended COF Match Performance Agreement, the Workforce Location Commitment will require 75% of the workforce to reside in the MSA in 2020 and 2021. In 2022, 50% of the full-time, Virginia-based employees must work at the Woolen Mills site AND 75% of the workforce must reside in the Charlottesville Metropolitan Statistical Area (MSA). Then, in 2023 and 2024, at least 75% of the full-time, Virginia-based employees must work at the Woolen Mills site. Importantly, these amendments ensure that the County's goals are achieved, while making it possible for the requirements of the COF Match Performance Agreement to be met.

BUDGET IMPACT: There is no budget impact associated with this amendment. The County's total financial obligation to WillowTree does not change as a result of the proposed amendment.

RECOMMENDATION:
Staff recommends that the Board adopt the attached Resolution (Attachment D) to approve the First Amendment to the Commonwealth's Development Opportunity Fund Match Performance Agreement, and to authorize the County Executive to sign the Amended Agreement on behalf of Albemarle County once it has been approved as to substance and form by the County Attorney.

ATTACHMENTS:
A - Commonwealth's Development Opportunity Fund Performance Agreement dated September 18, 2018

B - Commonwealth’s Development Opportunity Fund Match Performance Agreement dated September 18, 2018
C - Proposed First Amendment to the Commonwealth’s Development Opportunity Fund Match Performance Agreement
D - Resolution