



Albemarle County

Legislation Text

File #: 18-459, **Version:** 1

AGENDA DATE: 9/12/2018

TITLE:

Authorization to Execute Specific Economic Development Performance Agreements

SUBJECT/PROPOSAL/REQUEST: Staff is seeking the Board's authorization to move forward with the performance agreements for Project Turtle and Daffodil

ITEM TYPE: Regular Action Item

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

PRESENTER (S): Doug Walker, Roger Johnson

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Albemarle County is partnering with the Commonwealth of Virginia to provide support for a project at the Woolen Mills site. The County is providing financial support for the relocation and expansion of WillowTree, Inc., to become the anchor tenant in a redeveloped Woolen Mills site. WillowTree was at significant risk of relocating out of state, and both the State and County determined that the stimulation of the additional tax revenue and economic activity constitutes a valid public expenditure. Albemarle also is providing investment in infrastructure to support the general redevelopment of this valuable and unique site. Justification for County use of incentives:

- Consistent with Comp Plan in areas of land use, economic development and transportation •
- Supports redevelopment, placemaking and economic development in FY 17 - 19 Strategic Plan •
- Supports growth of a target industry
- Catalyzes business development and vibrancy in a unique economic corridor
- Adaptively reuses historical industrial site
- Activates the Rivanna River corridor and connects recreational assets
- Creates positive tax revenue growth in first year, ROI increases significantly in Year Six • Helps
- shift commercial vs residential tax base
- Reduces future service demands
- Stimulates growth in other economic sectors

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

DISCUSSION: Founded in 2007, WillowTree, Inc. is a computer software company committed to helping clients realize the potential of rapidly evolving mobile technologies, from developing a mobile strategy to launching mobile products. WillowTree's clients range from medium and large businesses to Fortune 500s, and include Regal Cinemas, Wyndham Hotels, GE, AOL, PepsiCo, and the University of Virginia. WillowTree considered other locations around the country for its headquarters but ultimately decided to stay in this

community and create a best in class corporate campus. The culture, tech ecosystem, the University of Virginia, and quality of life made this location their first choice.

The new Woolen Mills location will allow space for growth and flexibility. Woolen Mills once was a large wool mill that manufactured uniforms for soldiers and workers. It will now become the headquarters for the largest digital product agencies - a manufacturer of the future. The Woolen Mills is an iconic site where WillowTree can grow and realize a state-of-the-art corporate campus. The significant infrastructure investment and job growth supports the County's vision for site redevelopment. The WillowTree presence at the Woolen Mills connects recreational assets, creates urban vibrancy, and helps activate the Rivanna River corridor.

WillowTree Relocation/Expansion Support:

1. Commonwealth's Development Opportunity Fund (COF)

WillowTree committed to the following measures for obtaining a \$500,000 COF grant from the State, to be governed by a performance agreement involving the State, WillowTree, the County and the EDA (Attachment A):

- Anticipated investment - \$12.3 million
- Anticipated job growth
 - retain 160 existing jobs
 - add a minimum of 200 new jobs in 3 years
 - provide career ladder jobs
 - pay wages far above County average

The COF requires a match from the locality. The County would provide \$500,000 in tax rebates (\$100,000 annually) over five years to match the State's \$500,000 grant as described below. This will be governed by a performance agreement involving WillowTree, the County and the EDA (Attachment B):

- fifty percent (50%) of the business license tax the Company pays to the County - BPOL tax refund grant
- fifty percent (50%) of the difference between the annual real estate tax levied upon the Property after the certificate of occupancy is issued and the real property taxes levied upon the property in the year preceding the execution of this agreement that the Company pays to the County - real property tax refund grant

2. Virginia Jobs Investment Program grant (VJIP)

The County and the EDA would provide a combined maximum of \$200,000 to match the State VJIP grant program - \$500 from the County and \$500 from the Albemarle County EDA for each new full-time job created in Albemarle County with a maximum of 200 jobs, to be governed by a performance agreement between WillowTree, the County and the EDA (Attachment C).

3. Three Way Transit Partnership

The County will provide a \$160,000 match for a transit partnership - \$40,000 (maximum) annually for four years to match equal contributions from the property owner and from the tenant for a downtown shuttle (first year of a five-year agreement paid through Woolen Mills public infrastructure investment - details regarding this partnership including performance agreement still being developed and will be brought to the Board for final approval)

Woolen Mills/Corridor Redevelopment Support

1. Public Infrastructure Investment Grant

\$1 million investment in public infrastructure to revitalize riverfront development, surrounding business village and recreational amenities - \$40,000 of this amount will fund the County's first year commitment to the transit

partnership as mentioned above. This investment would target the following specific public serving uses, to be governed by a performance agreement between the property owner, the County and the EDA (Attachment D).

- publicly available parking for recreational amenities
- pedestrian bridge and associated trail linkage
- transit improvements - specifically the shuttle partnership described above

2. Broadway Corridor Economic Revitalization Action Plan

\$50,000 investment to catalyze further development of 45 commercial acres in the County.

BUDGET IMPACT:

Albemarle County matching Commonwealth Opportunity Fund award - \$500,000 minimum - will come from tax rebates from the General Fund

Albemarle County matching VJIP award - \$200,000 total - \$100,000 from County to come from Economic Development Opportunity Fund, \$100,000 from EDA to come from their budget

Albemarle County share of transit partnership - \$160,000 max - will come from the Economic Development Investment Pool

Albemarle County infrastructure investment award total - \$1,000,000 - will come from the Economic Development Investment Pool

Broadway Corridor Economic Revitalization Action Plan - \$50,000 - will come from Economic Development Investment Pool

The cost for these agreements can be paid from existing appropriations.

RECOMMENDATION:

Staff recommends that the Board adopt the attached Resolution (Attachment F) to approve the following agreements and to authorize County Executive to execute the agreements on behalf of the County once they have been approved as to form and content by the County Attorney:

- Commonwealth's Development Opportunity Fund Performance Agreement
- Commonwealth's Development Opportunity Fund - Albemarle Match Performance Agreement
- Virginia Jobs Investment Program - Albemarle County Match Performance Agreement
- Albemarle County Public Infrastructure Investment Grant Performance Agreement

Staff also recommends the Board:

1. direct staff to:
 - a. finalize the transit partnership; and
 - b. initiate the Broadway Economic Redevelopment Corridor Study
2. authorize use of funds for those purposes.

ATTACHMENTS:

Attachment A: Commonwealth's Development Opportunity Fund Performance Agreement

Attachment B: Commonwealth's Development Opportunity Fund : Albemarle Match Performance Agreement

Attachment C: Virginia Jobs Investment Program: Albemarle County Match Performance Agreement Attachment

D: Albemarle County Public Infrastructure Investment Grant Performance Agreement

Attachment E: IMPLAN Analysis

Attachment F: Resolution