

MINUTES
ECONOMIC DEVELOPMENT AUTHORITY
| THURSDAY, AUGUST 6, 2020 |

A meeting of the Frederick County Economic Development Authority was held on Thursday, August 6, 2020, at 8:00A.M. in the County Administration Building, Board of Supervisors Room, 107 North Kent Street, Winchester, Virginia.

PRESENT: Stan Crockett, Judy McCann-Slaughter, Bryan Fairbanks, Heather McKay, and John Riley

STAFF: Patrick Barker and Donna McIlwee, Frederick County Economic Development Authority, and Michael Bryan, Attorney

MEETING CALLED TO ORDER: Chairman Crockett called the meeting to order at 8:00 a.m.

APPROVAL OF MINUTES

The minutes from the June 18, 2020, meeting were presented.

On motion duly made and seconded, the minutes were approved by the following recorded vote:

J. Stanley Crockett	Aye
Bryan Fairbanks	Aye
Heather McKay	Aye
John Riley	Aye
Doug Rinker	Absent
Judy McCann-Slaughter	Aye

TREASURER'S REPORT

Mr. Barker submitted the following report:

Checking Account - Bank of Clarke County as of July 31 2020 - \$3514.27.
Savings Account - Scott & Stringfellow as of July 31, 2020 - \$1,298,464.46.

On motion duly made and seconded, the Treasurer's Report was approved as submitted by the following recorded vote:

J. Stanley Crockett	Aye
Bryan Fairbanks	Aye
Heather McKay	Aye
John Riley	Aye
Doug Rinker	Absent
Judy McCann-Slaughter	Aye

TARGETED BUSINESS STUDY

Mr. Barker explained that, at the June 18th meeting, the EDA Board was briefed on the need to update Frederick County's target industry analysis due to the amount of time that has lapsed since the last update (2006), the lack of significant new business locations, and the current economic impact on existing businesses from the COVID-19 pandemic. During that meeting, several Board members requested additional information to aid the decision process, which included information from the VEDP Strategy Plan, an outline of the process to develop an RFP for consultant services, and an estimated project cost.

Included in the information package provided to Board members prior to this meeting was the Executive Summary from the VEDP Strategy Plan and the document titled "Virginia Economic Development Strategy and Action Plan." Mr. Barker gave an outline for the RFP process and stated the cost would depend on the package of services desired and estimated those costs could range from \$60,000 to \$130,000.

Mr. Riley suggested taking the least expensive approach (just targeted segments, receiving 5 segments) and evaluating the study to determine its effectiveness and if additional segments are needed.

Ms. McCann-Slaughter questioned if we should take on this type of project now with the current environment or wait to see what evolves.

Mr. Fairbanks stated he thought it was a good time to move forward to identify other growing sectors for Frederick County.

Mr. Crockett asked if any portion of the study could be done in-house. Mr. Barker stated it could but staff would feel more comfortable adding new sectors if they came from an outside source.

Mr. Riley made a motion to proceed with option to identify 8 sectors (which will include 2-3 additional ones). Motion was seconded by Mr. Fairbanks and approved by the following recorded vote:

J. Stanley Crockett	Aye
Bryan Fairbanks	Aye
Heather McKay	Aye
John Riley	Aye
Doug Rinker	Absent
Judy McCann-Slaughter	Aye

Mr. Barker will work to develop the RFP.

DATA CENTER EQUIPMENT TAX RATE

Mr. Barker stated that Northern Virginia is the largest data center market in the world and data center experts state that Virginia and the US have not yet reached “peak data center.” Frederick County, and the rest of the Shenandoah Valley, have mostly been left out of Virginia’s data center market. Frederick County’s time is now to acquire a share of that market. In consulting with project managers at the Virginia Economic Development Partnership and data center experts, the creation of a competitive tax structure for data center operations is one of the first steps for Frederick County to be competitive. Currently, equipment at data center operations in Frederick County would be taxed at a tangible personal property tax rate of 30% of original value, then \$4.86 per \$100. This creates significant cost differences between Frederick County and competing localities.

Staff collaborated with the Commissioner of Revenue’s office on the following recommended rate structure for data center equipment:

Assessed value (% of original cost), by year	Rate/\$100
50%, 35%, 20%, 10%, 5% min.	\$1.25

This structure was selected based on a review of likely competing localities, discussions with State economic development officials and data center site location consultants. It would be lower than Prince William, Loudoun and Fauquier Counties; however, it should be noted these counties boast vastly superior telecommunications infrastructure. As such, Frederick County needs to compensate for some of that difference with a lower data center equipment tax rate, coupled with the County’s lower land cost and real estate taxes.

Mr. Barker explained staff is seeking feedback from the Board on the proposed concept. If the EDA Board is supportive, staff is also seeking Board action to recommend the proposed rate change and if such action is approved, the recommendation will be forwarded to the County’s Finance Committee for further evaluation and discussion.

Ms. McCann-Slaughter stated the BOS has not seen this recommendation yet and feels the Finance Committee would want to have the EDA’s perspective when considering the recommendation.



Mr. Fairbanks commended EDA staff and the Commissioner of Revenue's office in putting this recommendation together. He feels it may give us a chance to bring in data centers, so is supportive, and thinks the Finance Committee would appreciate the EDA's support when considering the recommendation.

Mr. Riley stated the recommendation is a good idea and since we have the research to support the recommendation, let the BOS decide what to do.

Mr. Crockett also gave his support and felt the recommendation was in the best interests of Frederick County.

Mr. Fairbanks made a motion to forward the recommendation, as presented, to the Finance Committee for further evaluation and discussion. Motion was seconded by Mr. Riley and approved by the following recorded vote:

J. Stanley Crockett	Aye
Bryan Fairbanks	Aye
Heather McKay	Aye
John Riley	Aye
Doug Rinker	Absent
Judy McCann-Slaughter	Aye

COUNTY CARES BUSINESS GRANT PROGRAM

Mr. Barker reported Frederick County desires to allocate some of its CARES funding (once formally accepted) to a business grant program to reimburse small businesses the costs of business interruption caused by required closures. Such grants are also permitted to be made to non-profits (501(c)(3) or 501(c)(19) as well. The County is inquiring if the EDA would be willing to serve as the vehicle to implement the program and for feedback on various aspects of a grant program, if agreeable.

Mr. Riley inquired if the current EDA staff could handle the workload and if the request came from the BOS. Mr. Barker responded the request had come from the County CARES Committee.

Mr. Riley stated he feels the only issue for the EDA is distributing funds. Criteria determining eligibility should come from a different group.

Mr. Riley then made a motion that the EDA act as the fiscal agent for these funds and leave the criteria details to the County CARES Committee. Motion was seconded by Ms. McKay and approved by the following recorded vote:

J. Stanley Crockett	Aye
Bryan Fairbanks	Aye



Heather McKay	Aye
John Riley	Aye
Doug Rinker	Absent
Judy McCann-Slaughter	Aye

ADJOURN

There being no further business to come before this Authority, the meeting was adjourned at 8:55 a.m.

Stan Crockett
Chairman

Jay Tibbs
Secretary

