



Economic Development Access Program

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Recent Actions

- **JLARC report titled Infrastructure and Regional Incentives, recommended several changes to the EDA program**
 - **Develop new guidelines that include provisions for the # of jobs, capital investment, or other relevant criteria**
 - **Revise guidelines to align with VEDP's project selection criteria, which are designed to enhance economic benefits**
- **General Assembly amended Virginia Code**
 - **Amendment provides for changes and requires guidelines for the use of funds to take into account job creation, capital investment, and other relevant economic development considerations**
- **VEDP Surveyed Stakeholders and researched other similar state programs/Consultation with VDOT**

VEDP Stakeholders Offered Feedback on the Program and Proposed Changes

Localities are reluctant to pursue bonded projects under current conditions

- Localities perceive they are bearing all the risk
- Localities believe they will likely need to repay
- Clawbacks are especially daunting for rural, distressed localities

EDAP's timeline does not align with the market

- Five year window is too short given lead times for attracting economic development projects
- Timeline should incentivize quick construction of road, offer add'l time to attract projects

Design-only grants should be open to non-MEI projects

- Completing design, permitting work expedites road projects and clarifies costs
- Design-only grants free up resources for other aspects of road construction, site development
- Design-only grants should require construction before permits expire

Alternative methods to justify funding are attractive

- Incorporating job creation into project metrics would broaden qualifying projects
 - Especially useful in small communities
- Incorporating Virginia Business Ready Sites Program Tier advancement into metrics supports holistic goal of site readiness

Stakeholders feel that funding has not kept pace with rising development costs

- Road construction costs have continued to increase, while per project EDAP funding levels remain the same

Some developers are unfamiliar with EDAP

- Localities who proactively invest in site development are familiar, but neighbors are not
- New economic developers do not hear about the program as it is little used

EDA Project Types

Regular

- **Known Businesses**
- **Property Purchase & Contractual Commitment**
- **Localities must provide information on a business, the planned facility or operation, and its anticipated investment prior to requesting funds from the Board**

Bonded

- **Speculative Construction**
- **Localities must provide information regarding the development site**
- **Provides opportunity for a locality to quickly build a roadway in order to make sites more attractive**

Current Moratorium on “Clawback” of Allocations - History

**Current Moratorium on Payback of VDOT Allocations for Bonded Projects
when Capital Investment Requirement not met**

**Series of CTB Resolutions (2010-2017) followed by Legislation (2017-
Current)**

Current Moratorium through 2025

EDA Regular (Non-bonded) Projects Since July 1, 2010

- **Since the first Moratorium was enacted by the CTB on July 1, 2010, there have been 13 EDA regular projects which have attracted a qualifying business**
 - **13 Projects received \$6.74M in allocations**
 - **All 13 projects provided Capital Investment documentation above the required amount – totaling \$150M**

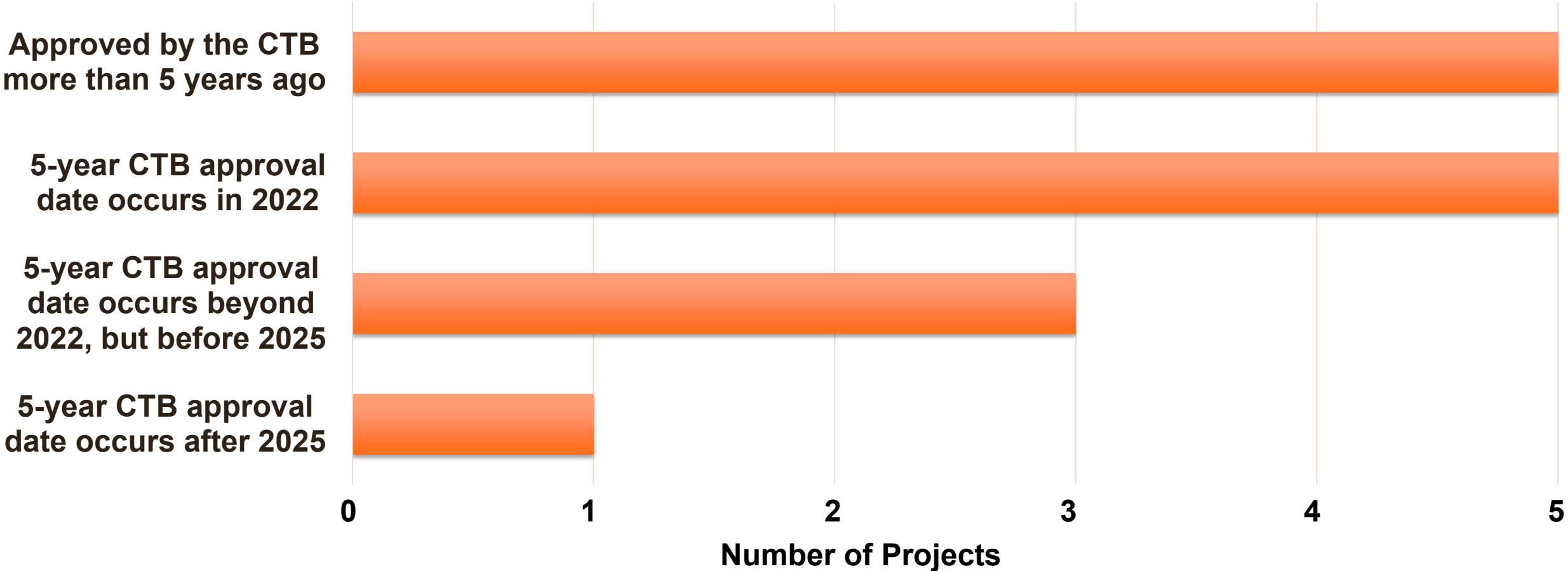
Completed EDA Bonded Projects Since July 1, 2010

- **Since the first Moratorium was enacted by the CTB on July 1, 2010, there have been 10 EDA bonded projects which have attracted a qualifying business**
 - **10 Projects received \$5.94M in allocations**
 - **Capital Investment of \$94M Demonstrated**

Current EDA Bonded Projects

(have not met Capital Investment Requirements)

- **14 Current EDA Bonded Projects, Total Allocations: \$8.65M**



Issues Attracting Businesses for Currently Bonded Projects

Bonded Projects with 5-Yr Requirement 2022 and Earlier

- **Five Years is not enough time to Design, Construct Road AND Attract business**
 - Henrico County (2017), Franklin County (2017) – CN underway or recently completed
 - Wythe County* (2012) – Facility has begun CN for Blue Star AGI – expected to bring \$714M in capital investment and 2,500 jobs
- **Anticipated Facility withdrew or slow to Construct**
 - Roanoke (2017), Front Royal (2017), Pulaski (2017)
- **Other**
 - Shenandoah County (2010) – Business attracted but did not meet VEDP Qualifying Industry requirement; Bland County (2011) – parcel size and labor force; Carroll County (2012) – Natural gas late to park; West Point (2006) – location and labor force

VDOT Program Recommendations & Next Steps

Policy Recommendations

- Update Application Process to address Readiness and Jobs Created
- Increase Maximum Allocation
- Provide Design-Only Grants
- Reduce Capital Investment Requirements for Economically Distressed Localities
- Provide Credit for Capital Investment for Jobs Created

Next Steps

- Approve New Policy as Presented
- Revise Guidelines / Continue Collaboration with VEDP

