

ALBEMARLE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY MINUTES
February 16, 2021
4:00 P.M.
Electronic Meeting

Directors Present: Kat Imhoff, Don Long, Stuart Munson, George Ray, David Shreve

Staff Present: Jim Bowling, EDA Counsel; Doug Walker, Deputy County Executive; Roger Johnson, Economic Development Director; J.T. Newberry, Economic Development Coordinator; Jennifer Schmack, Economic Development Project Manager; Richard DeLoria, Senior Assistant County Attorney; Diantha McKeel, Board of Supervisors Liaison to the EDA, Jack Jouett District; Nelsie Birch, Chief Financial Officer; Peter Lynch, County Assessor; Steve Allshouse, Manager of Forecasting and Performance

1. **Establish Quorum and Call to Order**

Mr. Long convened the meeting at 4:00 p.m. read the following statement:

Notwithstanding any provision in the EDA Bylaws to the contrary, as permitted under Albemarle County's Continuity of Government Ordinance; Chapter 1283 of the 2020 Acts of the General Assembly; and the Resolution of this body adopted on April 21, 2020, we are holding this meeting by real time electronic means with no Authority member physically present at a single, central location. All Authority members are participating electronically. This meeting is being held in accordance with Section 6 of the County's Continuity of Government Ordinance. All Authority members will identify themselves and state their general physical location by electronic means during the roll call which we will hold next.

This meeting is being recorded and will be uploaded to the County's website.

The public has real time audio-visual access to this meeting over Zoom and real time audio access over telephone, both as provided in the lawfully posted meeting notice. The public is also invited to offer live comment during the meeting's Public Comment period. Comments are limited to three minutes and must be germane to matters on today's agenda. The public is also invited to send questions, comments, and suggestions to the Authority through the County's Economic Development Office at any time.

Mr. DeLoria provided the roll call and confirmed a quorum.

2. **Matters from the Public**

Ms. Schmack confirmed no speakers signed up or raised their hand to speak.

3. **Approval of Minutes**

The minutes for January 19, 2021 were reviewed. Ms. Imhoff motioned to approve the minutes, which was seconded by Mr. Munson.

MOTION: The motion passed unanimously (5-0)

4. **Financial Report**

Mr. Shreve presented the financial report for period ending January 31, 2021.

5. **New Business**

Due to a conflict, Mr. Long recused himself from the Afton Scientific discussion and was removed from the meeting.

- a. Afton Scientific VJIP Agreement – Ms. Schmack introduced Tom Thorpe, CEO of Afton Scientific to provide an update on the company’s expansion. Mr. Thorpe thanked the County and Economic Development Staff for their support. He reported that Afton Scientific has several projects in the pipeline. Afton Scientific, a small-scale contract manufacturer of sterile injectable drugs. The firm currently employs over 60 persons that serve various critical manufacturing, engineering, and laboratory roles in the production of new drugs and products for clinical trials or commercial distribution. These include therapies for Cystic Fibrosis, Breast Cancer, Immune Deficiencies, and Infant Digestive Health.

The expansion will support the launch of sterile filling operations within Afton Scientific's second clean room facility. Afton hopes to hire additional engineers, warehouse, packaging, floor operators and laboratory technicians with this expansion.

Ms. Schmack reviewed the details of the VJIP agreement. The project is an 8,000 square feet expansion contributing to a \$500,000 capital investment. 20 new jobs with an average wage of \$48,000 will be created. Afton Scientific was recently awarded \$15,000 through the Virginia Economic Development Partnership’s Virginia Jobs Investment Program. Based on the County’s VJIP policy, staff recommended a grant of \$10,000 (\$500 per job for 20 new jobs).

Ms. Imhoff asked if any members of the public signed up to comment on this topic. Ms. Schmack confirmed no speakers signed up or raised their hand to speak.

Ms. Imhoff motioned to approve a **Resolution Approving an Agreement Between the Economic Development Authority of Albemarle County, Virginia, and Afton Scientific, LLC**, the motion was seconded by Mr. Shreve.

MOTION: The motion passed unanimously (4-0)

Mr. Long reentered the meeting.

- a. Albemarle County Assessment Report – Mr. Long welcomed Peter Lynch, Albemarle County Assessor to present the results from the 2021 Reassessment. Every year, his office conducts an annual reassessment of every property in Albemarle County.

Mr. Lynch reviewed the primary functions of the Assessor's Office:

1) Reassessment: since it's not possible to look at 47,000 properties every year, the guidelines are to review property data every 5 years (about 20% per year). This process may include physical visits to properties and reviewing aerial photographs in Pictometry, to look at and measure buildings. Validate all sales and update description of sale properties. Update valuation model annually and calibrate with sales.

2) New Construction: the office will go out and inspect improvements or new buildings and measure them when they are complete. Every January, the Assessor is required to add whatever construction is complete at that point to the tax rolls (if the building is 50% complete, they will pick up 50% of the value).

3) Land Use: the agriculture and forestry side of the program they administer. Land use is a very complex program. What they do to make sure people are in compliance on an ongoing basis is to conduct a biannual revalidation. This process requires the property owners in coordination with a farmer (if applicable), to complete paperwork identifying the work that they do; the type of agriculture production, and if they have forestry plan. The office will then visit to make sure that activity occurring. The office also processes applications for new properties that want to enter the program and calculate rollbacks on properties when the uses change from qualified to non-qualified. In some situations, by law, the assessor is required to recover up to 5 years of back taxes, plus interest.

Mr. Lynch highlighted the 2020 Achievements of the Assessor's Office. Most notably, the office processed more than \$975,000 in back taxes and reducing 2021 deferred assessments by more than \$34 million.

Mr. Lynch shared a chart showing assessment changes from 2008 to 2021. In 2021, assessments increased by 1.40%. The Jack Jouett Magisterial District had the highest average change overall at 3.30%. He explained that the districts with the most commercial properties are going down and ones with mostly residential properties are going up. The overall change on commercial properties is down -5.50%, while urban residential increased by 3.10%. In the commercial property categories, hotel properties had the most change by -22.90%, medical offices and offices are also adversely affected, while mini-storage properties increased by 2.90%.

Mr. Lynch noted the median home value is currently \$354,500; a taxpayer whose home increased by 3.2% to \$354,500 this year, would pay \$93.94 more in taxes based on no change in the current tax rate. In 2020, there were 2,089 validated sales in Albemarle County.

- b. Albemarle County Economic Outlook – Mr. Long welcomed Steven Allshouse, Manager of Forecasting and Performance.

Mr. Allshouse shared that this is a very tricky time to be doing forecasting, since everything is being driven by the pandemic. When forecasting, economists typically like to look historical data, there is not a lot of historical data dealing with the economy and pandemics, in fact, you have to go back to 1918 dealing with the Spanish Flu pandemic to find any data that might be constructive. Unfortunately, back in 1918 not a lot of data was kept for economic variables.

Mr. Allshouse provided a general overview, noting that there are several things going on with the local economy. The real estate market is mixed, with a wide variation among different property times. Residential is showing modest growth while commercial is showing modest losses overall. The County's economy appears to be stabilizing after a difficult year; a period of contraction appears to be shifting toward expansion. We should expect a mix of negative and positive economic performance in the year ahead.

Mr. Allshouse shared a slide detailing County's jobs base, showing the total number of jobs in Albemarle County between the fourth quarter 2019 and the quarter ending June of 2020, noting that the data is reported by the Virginia Employment Commission and generally runs two to three quarters behind. This data includes full time, part time, temporary and permanent jobs. In the third quarter of fiscal year 20 and fourth quarter of fiscal year 20; there was a drop in employment from 58,463 to 52,484. Basically, the County lost roughly 10% of its jobs base due to the pandemic contraction. Three sectors that were most heavily impacted between spring 2019 and spring 2020 included: Accommodations and Food Services lost 1,948 jobs; Arts, Entertainment and Recreation lost 962 jobs; and Retail Trade lost 719. Losses in these sectors accounted for 65% of Albemarle's private sector job losses. The people who worked in these sectors disproportionately bore the brunt of the contraction. Typically, these jobs tend to be on the lower end of the pay scale. Since the people most effected were on the lower end of the pay scale, there has been a differential impact across income groups. Moving forward, he expects to see some of these jobs come back slowly. For example: it is very possible tourism will rebound, once this happens, we can see the accommodation and food services sector of the economy spring back. Whereas, the arts, entertainment and recreation sector include health clubs which may cause this sector to take longer to return. In the retail and trade sector, we've seen a jump in sales for online shopping.

Ms. Imhoff asked if beyond the 65%, there were any other areas that saw a concentration of job loss?

Mr. Allshouse replied that it was spread uniformly. However, he noted not all sectors lost jobs, construction saw an increase of about 4%, and finance and insurance saw a minor increase of about 1%.

Mr. Allshouse shared a slide showing Actual and Projected Total Number of Jobs from January 2020 to December 2022. To calculate the projections, he noted he is a member of the National Association for Business Economics. Each quarter the membership is surveyed, and they give their estimates for employment, unemployment, consumer price indices, etc. From that survey, Mr.

Allshouse looked at what economists are saying at the national level and translated it to local numbers by looking at historical data for that shows a relationship between the changes in national employment and changes in local numbers. However, the relationship is not always consistent, sometimes you can have jobs going up at the local level where they might be going down at the national level. He has identified on relation that holds well and used that to make these projections. He projects a flat recovery between now and December 2021, however, these projections depend on how quickly we get through the pandemic.

Mr. Munson noted that the slide does not show a rebound to pre-pandemic levels. He then asked if it was a conscious projection or was it based on what economists think?

Mr. Allshouse replied that the projections are based on the survey.

Mr. Allshouse shared a chart showing the unemployment rate in Albemarle County from 1992 to 2020. This data is generated by the U.S. Federal Reserve System, the Federal Reserve Bank in St. Louis has a database called FRED. Interestingly, the unemployment rate tends to go up during the recessions but does not peak until after the officially designated end of the recession, as determined by the National Bureau for Economic Research. In April 2020, the unemployment rate peaked at 9%, and was at 3.8% in December 2020. In terms of forecasting, Mr. Allshouse projects a return to normal unemployment rate around June 2022.

Mr. Allshouse reviewed positive factors moving forward. The Coronavirus vaccination opens the possibility of people getting out again and start consuming, private consumption is about 70% of the US Economy. Consumer confidence has been increasing since April 2020, meaning if people are feeling more confident about the future they will go out and consume more. According to the US Bureau of Economic Analysis, the US savings rate doubled between December 2019, from 7% to about 14% in December 2020. This is a good sign indicating that once the economy gets rolling again, people might feel confident and have the ability to spend. He cautions that these are overall numbers, not everyone in the US is saving more. The US Federal Reserve System tracks household net worth, in the last three quarters US household net worth has increased by about 11%. Finally, the federal fiscal stimulus proposed by President Biden it should have a positive impact on the US economy and locally.

Mr. Munson shared there's been a lot of talk about people working from home and moving out of the larger cities and asked Mr. Allshouse if he had any thoughts about how this might affect the County?

Mr. Allshouse replied that if people, particularly Millennials are looking for lower density environments and start moving out of the City of Charlottesville to the County, that could have an impact. He believes the larger issue is the remote working situation, where people are moving out of Northern Virginia but still have jobs in D.C. but are looking to live here and work remotely. If this trend continues or accelerates, it could have planning implications for the County. Historically,

people have moved here for jobs and the tax base was growing with physical structures like offices and retail. There may now be a disconnect between the two. He is unsure of how long the trend may last or if it is permanent.

Mr. Allshouse reviewed the National Association for Business Economics December 2020 Survey. The Median real Gross Domestic Product (GDP) growth estimate for Calendar Year 2021 is forecasted at 3.4%. 73% of respondents thought that the U.S. economy will return to pre-pandemic levels by the second half of 2021. He is optimistic moving forward, however there is still a large number of people who are hurting, and we still do not know how the pandemic will play out.

Mr. Allshouse summarized his presentation with the following information:

- Jobs– Estimated 40% of lost jobs have returned. Modest growth forecasted over the next year.
- Unemployment – Peak unemployment rate in April 2020 was 9%. As of December 2020, the rate was 3.8%, likely due to the change size of labor force. Full employment expected by June 2022.
- Positive economic indicators – US savings rate, net worth, consumer confidence have risen. Impact of vaccination. Economists' forecasting positive Gross Domestic Product growth.

Mr. Shreve asked Mr. Allshouse how he would grade the impacts of rising inequality and housing cost crises that are appearing, despite a recession we are still seeing prices rise in many areas.

Mr. Allshouse replied that if you are looking at the upper quintile doing very well due to wealth creation, because people in that quintile are predominantly equity holders and own real estate, yes, we are probably seeing inequality rise in our country. He would expect if the gains are concentrated in a smaller portion of the population, the consumption bulge would not be as great as if it were spread out more evenly.

Mr. Shreve asked if Mr. Allshouse has any data on how public jobs in municipalities have varied, relative to state employment?

Mr. Allshouse responded that he is seeing a mixed bag. State employment has held up well, in Albemarle, we have not seen declines like other localities have experienced. He noted that it varies on the locality; localities that are heavily dependent on tourism, mostly likely they have seen greater drops in their municipal employee numbers than others that are not as dependent on tourism.

Mr. Long asked if the information on the County's tax revenues for 2020 is available.

Mr. Allshouse replied the information is available by contacting the Finance and Budget Office. He noted overall, the revenues did come in a little stronger than expected. Some revenues have not done well such as the Transient Occupancy Tax, due to the hits in the tourism sector.

Mr. Long asked Mr. Allshouse what he found most surprising as he was trying to forecast and looking at the data?

Mr. Allshouse stated that he was surprised at how fast things on the unemployment rate turned around, that was not expected. He was also surprised by the residential real estate prices. He was not expecting the real estate market to hold up as well as it had.

Ms. Imhoff stated that she wanted to build off Mr. Shreve's comments. As they are moving forward and defining what economic health is, the Authority should think about looking at the inequality indexes and local environmental health. She also noted that she appreciated Mr. Shreve's comment about becoming a more stratified community.

Mr. Allshouse noted that when giving the presentation to the Board of Supervisors, he followed a presentation given by the Office of Equity and Inclusion (OEI). He made the distinction that he was presenting a cyclical analysis of what was happening, and OEI was discussing the long-term structural issues in the County, which are important to health of the community. When previously doing reports on the local economy, Mr. Allshouse looked at the inflation adjusted cost of housing and comparing it to the inflation adjusted average weekly wage. He noted there was an issue and structurally, we should be aware of it.

Mr. Walker shared how intentional the County has been throughout the pandemic and remain currently in keeping the construction portion of the economy active by maintaining the office posture in Community Development, we have seen this play out in terms of new construction values and the construction industry's unemployment rates. He also referenced the Economic Development programs using CARES funds to keep our businesses as viable as possible.

- c. Director's Report – Ms. Schmack reported Biomic Sciences recently graduated from the Virginia Economic Development Partnership's "Virginia Leader's in Export Trade Program", a two-year international business acceleration program. Participants receive training, international sales plan development, access to educational events, market research and are eligible to receive up to \$30,000 towards export related expenses. Over 300 companies state-wide have graduated from the program. Two local companies: Greenberry's Coffee Roasters and PunchOut2Go have successfully graduated from the program. As a result of the program, Biomic Sciences was able to expand their trade market into Europe.

Mr. Johnson provided a general update on the Site Readiness program. Staff looks at the existing environment and the amount of available buildings or sites for businesses to locate in. There is a wide variety of product needed in the community. Rail served sites (currently we have none), large industrial sites (100 acre tier 4 site in UVA Research Park), Albemarle Business Campus public private partnership (create class A office space), a site available directly adjacent to I-64, looking for existing buildings. The Economic Development Office receives several Request for Information (RFI's) from primary businesses interested in locating here or retaining their existing business here. EDO is continually doing due diligence on existing buildings in the community including: Fashion Square Mall, Stonefield, and the Hyosung Plant in Scottsville. At some point, EDO staff will return to the Authority to discuss supporting site readiness initiatives.

Ms. Imhoff asked for more information on the process and asked if staff was taking pictures and descriptions of the properties and loading them on the state site?

Mr. Johnson replied that at this juncture, there are no agreements with any of the buildings. Staff is performing due diligence by conducting site visits to assess viability, referring to the comp plan to ensure proper use, and discussions with property owners. Once there is an agreement in place, staff will add them to the Virginia Economic Development Partnership's database.

Mr. Newberry shared details about an upcoming Food Accelerator Program being offered by the Central Virginia Small Development Center. Local food and beverage small businesses are encouraged to apply to participate in the program and receive assistance with branding, marketing, and research. Applications are being accepted through March 8.

Mr. Newberry highlighted results of the recent Economic Development Business Survey. Assistance with websites and e-commerce development is the most requested program. He noted certain agribusinesses did not meet the thresholds for federal and local support, staff is currently investigating opportunities to support this sector.

Mr. Shreve asked if the survey results can be sorted by sector.

Mr. Newberry stated businesses were asked what sector they represented. There was a nice cross section of manufacturing, retail, and tourism. There were 43 total responses.

Mr. Shreve stated some of the programs would be more attractive to some sectors.

b. **Unfinished Business**

Mr. Long asked Mr. Walker if there was any new pandemic information he would like to share.

Mr. Walker shared that the County continues to attack the pandemic on two fronts: through ongoing efforts to mitigate the virus spread with the current posture with direct delivery of programs and services to keep employees and the community safe. He noted that it has been challenging to keep focus on issues related to the virus spread because the vaccine is taking attention. The larger issue involves vaccine administration as it relates to eligible Phase 1A recipients and working with the regional health district, who is not a member of County government, but is a partner associated with state government. This relationship has created challenging collaboration/coordination issues as we work together to help the community. It is getting better. The constraint right now, is the vaccine supply. When the supply is available, the team (County/City/Martha Jefferson/UVA/Health District) has positioned itself to have the ability to ramp up getting shots in arms. He urges everyone to stay as patient as possible, while we wait for the vaccines to be distributed and not to lose sight that the virus is still in our community. Double masking and social distancing are still important.

Mr. Long believes as things turn around, the Authority needs to be in a position to support the struggling sectors or taking other steps to help the businesses who may require additional assistance as the recovery continues.

c. **Other Matters**

No other matters were reported.

d. **Adjournment**

There being no further business, Mr. Long adjourned the meeting.

Teste: _____
Donald Long, Chairman

Approved: _____
David Shreve, Secretary-Treasurer

DRAFT



**Economic Development Authority
of Albemarle County, Virginia**

**RESOLUTION APPROVING AN AGREEMENT BETWEEN THE ECONOMIC
DEVELOPMENT AUTHORITY OF ALBEMARLE COUNTY, VIRGINIA, AND
AFTON SCIENTIFIC, LLC**

WHEREAS, the Board of Directors of the Economic Development Authority of Albemarle County, Virginia, finds it is in the best interest of the County to enter into an Agreement with Afton Scientific, LLC, to support the expansion of an existing primary business in Albemarle County (including the creation of local career ladder jobs) to match the Virginia Jobs Investment Program (“VJIP”) grant awarded to Afton Scientific, LLC, by the Virginia Economic Development Partnership (“VEDP”) for these same purposes, with the grant being limited in time and amount as set forth in the Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Economic Development Authority of Albemarle County, Virginia, hereby approves the proposed Agreement attached hereto with Afton Scientific, LLC, for the reasons described above, and authorizes the Vice Chair and the Secretary/Treasurer to execute the Agreement on behalf of the Economic Development Authority of Albemarle County, Virginia, once it has been accepted and executed by Afton Scientific, LLC, and approved as to content and form by the County Attorney.

Certification on the following page

I, George Ray, do hereby certify that the foregoing writing is the Resolution duly adopted by the Economic Development Authority of Albemarle County, Virginia, by a vote of 4 to 0 as recorded below, at a meeting held on 16 February 2021. I certify that Donald Long, Chair, disqualified himself from this matter, was removed electronically as a participant in the meeting, and did not participate in the discussion, deliberation, or vote.


George Ray, Vice Chair

	Aye	Nay
Dir. Long	_____	_____ (Disqualified)
Dir. Ray	x_____	_____
Dir. Shreve	x_____	_____
Dir. Munson	x_____	_____
Dir. Imhoff	x_____	_____
Dir. McNaughton	_____	_____ (Absent)