

**Virginia:**

At the monthly meeting of the Economic Development Board (EDA) held at the Charles City County Government Administration Building thereof on **Thursday, August 4, 2022, at 6:00 pm.**

**Economic Development Authority (EDA) Board Members:**

**Present:** Robert Erda - Vice-Chairperson, Gregory Cotman Sr., Johnny Day, Arnold Brown, Donald Charity.

**Absent:** Dominique White – Chairperson, Brooke Welborn – Secretary/Treasurer

**Charles City County Administration & Staff:**

**Present:** Michelle Johnson, County Administrator, Rhonda Russell, Asst. County Administrator/Community Development Director.

The County Administrator, Michelle Johnson, welcomed everyone on August 4, 2022, and stated we have a quorum. Ms. Johnson, asked to change the Agenda once the meeting was called to order by Mr. Erda.

Mr. Robert Erda – the Chairman, determined there was a quorum and called to order August 4, 2022, meeting of the Charles City EDA.

**INTRODUCTION: Matthew Smolnik, EDA New Kent County:**

Ms. Johnson, I would like to introduce Mr. Matthew Smolnik from New Kent County EDA. He is here to share what is happening in Economic Development for New Kent, his department, and anything else he would like to discuss.

**Mr. Matthew Smolnik,** I am the Director of Economic Development for New Kent County. I have lived in New Kent County for ten years and have been with the County for eight years. My forte is local government. I also run Marketing and Tourism for the county. During Covid I tried to get Grants and was turned down, I asked why. I was told you do not have a Destination Marketing Organization (DMO); Once we established a DMO the doors opened. I am an Economic Development Liaison between developers, landowners, and regulatory agencies. We are a small department, me one other full-timer and four-part timers.

We hire out a marketing firm, and they help with social media, videography, and a hard good pamphlet I take with me when I travel. We are a small locality; I convinced my Board that this should be a full-time job. We were only marketing to Richmond when we should be marketing to Houston, Los Angeles, etc. I said put me on a plane and let me go. I walk into a room of strangers, and I sell New Kent, New Kent is the fastest growing locality in the Commonwealth. People ask why isn't that business going here? I tell them it's not going to make money there. Then I try to explain what a site selection consultant is. We put business where it will make the most money. Everything is market driven. One thing we have done well in New Kent is a business incentive program, you have smaller home-grown businesses and then you have David and Goliath. Small business is the backbone of the county. We lowered the threshold to qualify for our incentive so if someone comes to me and says I would like to bring my business to your county, I ask them what your investment in real estate, machinery, and tools is, tangible personal property and the BPOL tax, all of this goes on a tiered spreadsheet, so we estimate what the taxes will be for the next three years.

Mr. Erda questioned whether the last 12 grants were from New Kent residents. Mr. Smolnik responded yes, it was either to start a business, expand a business, or live in New Kent and brought their business from James City County. We try to keep things as simple as possible, a one-page document and a spreadsheet. The EDA sub-committee will meet thirty minutes before the Board meeting and have a Q

& A session with the applicant, then at the full board meeting, they will recommend a grant amount of \$37,000.00 with a three-year payment, One on each anniversary, with clawback provisions. The County Attorney will

write the clawback provision, This has helped out a great deal, it may not be four-hundred jobs at one time, might just be six jobs. New Kent just opened a restaurant at Exit 205, John Karaffa does the tax returns for over eleven hundred pro-athletes. He started in his garage, then rented a house, and now has built a twelve-thousand square foot building that leases the bottom portion of the building to a restaurant. This is the perfect success story and we helped him get from the house to his new building. This is a great success story. We also have AutoZone, one hundred eighty-five-million-dollar investment, which the EDA was a conduit by helping us get a two-million-dollar grant from VDOT.

Mr. Erda asked Would you give us the back story on AutoZone. Mr. Smolnik stated that J. M. Mullis

came to me and said I have a company that wants Community. When CEO of AutoZone Bill Rhodes came down my PowerPoint presentation defined quality of life; you have to know what your strengths are.

Mr. Erda asked how did the site selection consultant find you all? Mr. Smolnik stated they found us through VEDP, we have a good relationship with them. Don't forget where you came from, small business owners, I make it a point to stop by and see if they need anything.

Mr. Erda asked what do you do for the small business owner? Mr. Smolnik stated I help them with the regulatory agencies, Environmental, Planning, Zoning, and Building. When they say no then I try to find another alternative. Think outside the box.

Mr. Erda asked to have you ever built your slabs, bought the property, or built a building and tried to rent it. Mr. Smolnik stated we use to own property, but we sold it. The county did put some money up

for AutoZone with the landowner, however, our Attorney had papers that if the deal fell through the land

the owner would give the money; we spent back to us.

Mr. Erda stated we are trying to define what EDA is, helping existing businesses, or trying to attract new businesses to the county by offering incentives. Mr. Smolnik stated, get your brand out, get people to realize who you are, make yourself stand out, go on field trips, do workforce training, and meet with other localities to see what they are doing.

Mr. Brown asked if you had a merchant in New Kent struggling to keep employees regularly, how would you help them? Mr. Smolnik stated competitive pay, but if I had the answer to that I wouldn't be sitting here right now.

Mr. Day asked if would you talk about incentives and grants, what is the first step in getting them by

advertising, and marketing? Mr. Smolnik stated a lot of people know the community, talking to a Board member, talking to the community, and a lot of people call me. The BOS gave money to the EDA-marked

business.

Mr. Erda asked did the BOS asked what the payback is. Mr. Smolnik yes, they have asked. The company has to perform, like AutoZone we put up eight million and you get sixteen million back, so you

are not losing anything. I asked the BOS would you rather get eight million or nothing. They won't come here, and you won't get anything.

Ms. Johnson asked what is your annual contribution to the Board? Mr. Smolnik stated we don't have an annual contribution; I would put a line item in my operating budget. We just sold a piece of timber landlocked property and that helped us out. My operating budget for the EDA is twenty thousand dollars a year. We do all the advertising for New Kent and my budget is almost thirty-thousand-dollar budget. Our budget is fairly small. I have a departmental budget; I have the EDA budget. I can pull from a couple of different areas. You have my card please call me if you have any questions. I think we should work on a partnership with VEDP. Ms. Johnson and Mr. Erda thanked Mr. Smolnik for coming.

Ms. Johnson introduced Mr. Siegel to the Board from Sands Anderson, Mr. Bausch is on vacation.

**ADOPTION OF MINUTES:**

Mr. Erda stated he made some corrections to the minutes and would like the format to change somewhat for future minutes.

Mr. Erda asked for a motion to pass the minutes as amended. On a motion made by Mr. Day, second by Mr. Cotman, and a vote of 5/0 the minutes from May 5, 2022, June 2, 2022, and July 7, 2022, were approved as amended.

Ms. Johnson stated that Mr. Erda will be sent the minutes before EDA meetings.

**MARKET 5 PROJECT:**

Ms. Johnson stated this is to give you a heads up on the timeline for the Market 5 Project. Mr. Brown and Mr. Day came to the pre-bid conference we had last week. Several companies also came out to the pre-bid conference. The RFPs were due on August 19, 2022.

Market 5 Time Line:

- August 22, 2022, the subcommittee meets to review RFPs.
- August 24, 2022, EDA call meeting to vote and finalize bids.
- August 26, 2022, Companies were notified of bid outcomes.
- September 6, 2022, Contracts awarded and project kickoff meeting with contractor, subcontractor, subcommittee, and staff. The date is subject to change.
- September 20, 2022, the project punch list was finalized with the subcommittee, and ready for the grand opening.
- October 2022, all permits acquired, renderings and site design completed.
- November 2022, groundbreaking and project announcement.
- December 2022, construction begins along with bathroom renovations.
- January 2023, call to action meeting for vendor solicitation, logo branding, and marketing materials finalized.
- February 2023, marketing conducted with Virginia Business, Virginia Tourism, etc. This could

be pushed up earlier than this date.

- March 2022, Container setup and construction finalized.
- April 1, 2022, grand opening.
- April 2022, VACo, and other state agencies to host conference meetings.

Ms. Johnson stated that she spoke with Dean Lynch Executive Director of VACo, Virginia Association of Counties and once the bid is approved by the EDA, he will take it to the Governor's office and see about getting funding for the project through VEDP and Go Virginia. Mr. Lynch believes this is the answer for rural Virginia and we will be reimbursed for this project. They (VACo) will do the majority of the marketing for us and help guide us through the process. He likes this project he would like for us to speak about this at the VACo conference in November of this year.

### **Questions:**

Mr. Charity asked if this is successful will the County/EDA be reimbursed for this? Will it be by the grant? When will the money become available? Ms. Johnson responded this is an EDA project so you will be reimbursed by grants through Go Virginia, VEDP, etc. The money would become available once the project is made public.

Mr. Erda stated that in the past we talked about Longwood University helping us understand what the market would be for this and what the requirements are for the local businesses. My question is how would this work? Ms. Johnson responded Longwood will work with the small business once we determine who they are on training and help them start up. I spoke to Keith Boswell at VGR they will help develop the lease agreements. They (VGR) have a team that handles business retention and business expansion that will fall under the scope of work for this project.

Mr. Day stated going to the State level may diminish Charles City businesses, but that will bring in more outside business and change the scope of things, which could be a good thing in a way. Ms. Johnson responded that whatever the packages are the EDA will vote on that and you will decide what goes there. Let's say if we have six retail units the EDA could say four units should be a Charles City Business, we will have to check with the council first to see if we can do that. The EDA will set the criteria.

Mr. Day asked if there is any data for this. Ms. Johnson stated the problem is there is no data, we are the model for Virginia. VACo will help us with marketing and branding and the county will keep them up to date as to where we are with the project, and they will advise us.

Mr. Erda stated this is a unique retail space with the asset of the bike path. Ms. Johnson stated every community is different, the EDA can design your incentives, the way you want them, and what you want to give to the community.

Mr. Erda asked how the turnout was at the site. Mr. Day answered there were four or five contractors with a fair representation. There was some confusion about the times, but all went well. Ms. Johnson asked for questions from the seven companies with a set deadline to turn them in. The county also had a deadline to answer the questions. In all, there were eighteen questions asked. Our deadline to

answer was yesterday and the deadline was met. This was put on the eVA procurement page not our county web page. The county does everything through the eVA State Procurement Website.

Mr. Charity stated Ms. Cotman is the project manager. Ms. Johnson stated Ms. Paula Cotman will be overseeing operations and we hope to add a part-time person in the future as well.

**ROUTE 5 QUESTIONS FROM VDH REPORT;**

Mr. Erda asked did we ever hear back on the water and drinkability. Ms. Johnson answered that she spoke to the engineers and there is a treatment that has to happen to make it accessible for food and beverage. Once they finish the upgrade, they will do the treatment. The engineers say this is normal.

Mr. Charity asked if this was at the local site. Ms. Johnson answered yes.

Mr. Erda asked if this treatment has to happen with additional work. Ms. Johnson answered it is additional but not astronomically in cost.

Mr. Charity asked if you were not able to tie into the school's treatment facility. Ms. Johnson answered, and Mr. Charity asked will this tie into the new facility that the county is going to build. Ms. Johnson answered no, based on the usage right now what is on-site with minor improvements that can handle the compacity we are projecting now? If we decide to expand in the future everything will be tied to the new facility.

Mr. Charity asked does the brewery was tied into that as well. Ms. Johnson answered no it is not tied to this project but will be on the county system.

Mr. Erda asked if the brewery is close to completion. Ms. Johnson answered they have their permits and will finish with demolition by the end of the month and start construction at the beginning of next month.

Mr. Erda asked if the rendering for the firehouse? Ms. Johnson answered yes it should be public at the end of this month.

Ms. Johnson stated that was all she had, and for the EDA to look at the timeline for the Market 5 project so we can discuss it at our next meeting.

**CHAIRMAN REQUEST REPORT;**

Madam Chair is absent today.

**QUESTIONS/CONCERNS;**

Ms. Johnson stated you have a copy of your financials to look at. I would like to get your feedback on hiring someone to work for the EDA. Everyone around us has an Economic Development department or Director, and if we want to keep moving forward, we should do that as well. We need someone to work with the regional agencies to keep us moving forward.

Mr. Charity asked if we have a contract with the VGR for the next three years. Ms. Johnson stated that Mr. Boswell is meeting with his board tonight to discuss the three-year contract. The price is forty-six thousand dollars yearly. Mr. Boswell and I spoke, and we determined we would not be successful in one year.

Mr. Charity asked if VGR has more than one community. Ms. Johnson stated right now they are working with seven communities. They are not dedicated one hundred percent to Charles City. Our top three priorities with VGR are:

- **Economic Development Strategic Plan**
- **Business expansion for the eight-eight acres on 106**
- **Marketing and Public Relations for the County**

Mr. Charity asked in looking to hire someone full time would you want to do that now or wait for one year to see how things work with VGR? If we did hire someone how would that work with the Board, would you put a budget item in for their salary? Ms. Johnson answered that typically the EDA will get a transfer from the BOS.

Mr. Erda asked I thought it was put in the budget for the next fiscal year. Ms. Johnson answered no it did not go in. We are different from other localities the county does not have the resources to hire this person. The EDA has the 1.6 million dollars you can use to pay this person until the County gets more industry and will have the tax base to pay for this position.

Mr. Erda stated he remembered looking at a proposed budget on requesting funds for this person, did we get that? Ms. Johnson answered it was denied.

Mr. Charity asked if we are not satisfied with VGR over the next three years can we get our money back from VGR? Ms. Johnson answered no, you will not get the money back for VGR. Mr. Erda stated it is a worthy discussion, we need someone full-time. I am not sure VGR will give us the biggest bang for the buck.

Ms. Johnson stated what I recommend is the EDA hires a full-time person for a time of three to five years. That person comes in and brings new development which increases taxes. With the increase in tax revenue, the BOS assumes the responsibility for funding the Economic Director's salary from EDA. VGR doesn't want to have an agreement until they know for sure they can produce for us.

Mr. Charity stated that it is not fair to the county that VGR only gives us a certain amount of time. Ms. Johnson stated that the EDA should keep in mind that surrounding communities have a full-time Economic Development staff and Director who are a part of VGR.

Mr. Charity asked what is the cost of VGR. Ms. Johnson answered the base is forty-five thousand, and the rest is per capita, roughly forty-six thousand yearly. Mr. Erda stated this is a conversation we should have when everyone is present. Ms. Johnson asked if he wanted to put on the next Agenda discuss a full-time Economic Development position. Mr. Erda answered yes.

Ms. Johnson asked if everyone could come in on August 24, 2022, to review the bids for the Market 5 Project. Everyone attending said yes. Ms. Johnson said she would inform Ms. White and Ms. Welborn of the date.

**RECESS:**

Mr. Erda recessed the meeting until August 24, 2022. Recessed 7:10 PM