

**MINUTES**  
**Commission on Local Government**  
**Oral Presentations**  
**City of Covington – Alleghany County**  
**Proposed Voluntary Economic Growth-Sharing Agreement**

**2:00 p.m., March 13, 2017**  
**Covington City Council Chambers**  
**333 W. Locust Street**  
**Covington, Virginia 24426**

**Members Present**

Diane M. Linderman, Chairman  
Kimble Reynolds, Vice-Chairman  
Bruce C. Goodson  
Victoria L. Hull

**Members Absent**

R. Michael Amyx

**Staff Present**

J. David Conmy, Local Government Policy Administrator  
Ali Akbor, Senior Public Finance Analyst  
Kristen Dahlman, Senior Policy Analyst

**I. Call to Order**

**A. Welcome**

Commission Chair Diane Linderman called the meeting to order at 2:10 p.m. on March 13, 2017, in the Covington City Council Chambers. She indicated that the Commission is present to review a proposed economic growth-sharing agreement between the City of Covington and Alleghany County. The agreement, if approved by the local governing bodies following the Commission's review, would provide for the City and the County to make joint investments in economic development efforts through their joint Industrial Development Authority, and share in revenue of such joint projects, regardless of whether that revenue is in the form of tax revenue or revenue from sale, lease, management, or financing of projects. She indicated that the revenue that the City and County agree to share includes the tax increment revenue, as defined by the agreement, from Development Areas jointly certified by the City and County and subject to additional Performance Agreements that would establish (1) the investments of the City and County (which should normally be 50/50), (2) the rights and obligations of any economic development prospect, and (3) the revenue sharing of the City and County. She added that the tax sources subject to such sharing would be limited to real estate taxes, personal property taxes, machinery and tools taxes, and professional and occupational license taxes. She reiterated that only the tax increments would be shared and they would, by default, be shared on a 50/50 basis. Additional revenue from the sale, lease, management, or financing of such joint ventures would also be shared. Finally, she stated that the proposed growth-sharing agreement has no established term limit.

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#### **B. Introduction of Commission Members and Staff**

Next, Ms. Linderman introduced the members of the Commission and provided biographical information on each member and introduced the Commission staff.

#### **II. Commission's Review**

Mr. Conmy indicated that the Commission's review is conducted under the authority of Section 15.2-2903 of the Code of Virginia, which requires the Commission on Local Government to investigate, analyze, and make findings of fact, as directed by law, as to the probable effect on the people residing in any area of the Commonwealth resulting from proposed economic growth-sharing agreements among localities. In accordance with Section 15.2-1301 of the Code of Virginia, the Commission would issue a report of its findings at the conclusion of its review of the proposed agreement.

Mr. Conmy stated that the oral presentations were advertised by notice published in *The Virginian Review* on Thursday, February 23, 2017. In addition, notice of the oral presentations was mailed to the local governments contiguous to, or sharing functions, revenue, or tax sources with the City and County.

Mr. Conmy indicated that the Commission was present as a result of a joint submission filed by the City of Covington and Alleghany County on November 11, 2016, requesting Commission review of a proposed economic growth-sharing agreement. Further, prior to the Commission's arrival, the Commission received documents from the City and County describing the proposed agreement as well as a joint response on February 24 to the Commission's questions and request for additional information made on February 7. He stated that those materials have been reviewed by the members of the Commission and staff. Mr. Conmy added that earlier in the morning, the Commission toured the key areas within the region identified by the City and County as relevant to the growth-sharing agreement. He stated that the Commission was now present to hear oral presentations from City and County representatives. He also indicated that later that evening at 7:00 p.m., the Commission would hold a public hearing on the proposed agreement.

He concluded that the Commission would endeavor to render its report to the affected local governments prior to the end of May 2017. He stated that the Commission is currently scheduled to meet on Tuesday May 9, 2017. Additional details regarding this meeting would be announced on the Commission's website as well as the Virginia Regulatory Town Hall website and the Commonwealth Calendar.

#### **III. Oral Presentations by the City and County**

Ms. Linderman invited Mr. Lockaby, the attorney representing both the City and the County for the proposed agreement, to the stand. She asked Mr. Lockaby to confirm the previously submitted witness schedule. Mr. Lockaby proposed a schedule change to allow for introductory remarks to be given by Mr. Thomas Sibold, Mayor of the City of Covington, and Mr. Stephen A. Bennett, Chairman of the Alleghany County Board of Supervisors.

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Mayor Sibold of the City of Covington spoke on the merits of collaborative economic development in the region considering most of the land in the area is reserved for the federal parks and expressed support for the proposed agreement.

Chairman Bennett spoke on behalf of the board, emphasized the existing cordial relationship between the City and County, expressed support for the proposed agreement.

Mr. Lockaby then invited Mr. Richard Douglas, City Manager for the City of Covington, to speak before the Commission. Mr. Douglas spoke about the rationale for the proposed agreement between the City and County. He gave an anecdote about his former position as city manager in Raleigh, North Carolina, and how he had tried to work with a neighboring community on an industrial site but met obstacles that prevented the deal from happening. Mr. Douglas emphasized that localities are more competitive together than by themselves. He emphasized that the City and County plan to share the costs and revenue associated with site development equally at 50 percent, they plan to use existing organizations to help fulfill their agreement, and that they will partner with the Industrial Development Authority and local Allegheny Highlands Economic Development Corporation. Mr. Douglas stressed the need for flexibility in the agreement and site development because it is a new endeavor.

Mr. Lockaby then invited Ms. Marla Akridge, Executive Director, Allegheny Highlands Economic Development Corporation (AHEDC) to share remarks with the Commissioners. Ms. Akridge commented that when a prospect comes to the area and decides not to go with a site in Covington or Allegheny, it is because of land, product, and infrastructure. She indicated that the AHEDC is working on "donut holes" with broadband companies to expand wireless infrastructure to different areas. She stated that the region does not have capacity for a "mega site," but that there is still capacity for sites smaller than "mega sites" that would still be significant from an economic development perspective. She concluded by indicating that the current workforce is industrial but also creative, and that the AHEDC is looking to working to grow both of those fields in the region.

Next, Mr. Lockaby invited Mr. John Hull, Director of Market Intelligence for the Roanoke Regional Partnership, to share his comments with the Commission. Mr. Hull emphasized that economic development is a process of elimination; if a location does not fit a company's profile, they will not locate there. He stressed that companies want to be competitive and they desire work sites that are ready and come with a low risk. Mr. Hull referenced a study that the Roanoke Regional Partnership did to compare itself to competitor regions. He elaborated that one conclusion of the study was that there are other more competitive sites elsewhere in the Southeast region because more shovel-ready sites are available and there is more developable land because of flatter topography. He concluded by indicating that all localities benefit from expansion of infrastructure and regionalism and expressing hope that the region will become more competitive through the use of the proposed voluntary economic growth-sharing agreement.

Mr. Lockaby then invited Mr. Jonathan A. Lanford, Allegheny County Administrator, as his final witness. Mr. Lanford commented that the City and County do not have the fiscal capacity to get sites work ready on their own; such work would have already been done otherwise. He shared that the City and County have had potential prospects historically, but they are eventually eliminated from

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consideration because of the lack of economic competitive sites the region has to offer. He indicated that while they are part of the Roanoke Regional Partnership, they often do not get the support that other localities closer to City of Roanoke receive.

Mr. Conmy asked Mr. Lanford how he envisions the Alleghany Highlands fitting in with the regional GO Virginia council that was recently formed for a new pool of money offered from that state. Mr. Lanford hopes to receive some funds from that initiative and emphasized that he would hope the Alleghany Highlands have a voice on the regional council.

Mr. Reynolds asked Mr. Lanford if the Community Foundation was supportive of the agreement between the City and County, to which Mr. Lanford expressed that they were supportive of the proposed agreement.

Ms. Linderman inquired if Mr. Lanford thought the agreement could be too much for the localities to handle. Mr. Lanford said that they have full confidence in the agreement and want to succeed. Ms. Akridge praised the area for being fiscally prudent and provided remarks on how funds have been allocated to successful projects. She also commented on the current staffing of the AHEDC; they employ an administrative assistant, a volunteer, and a job training coach. She indicated that the AHEDC plans to initiate a mentorship program in the fall to help people start small businesses in the community.

Mr. Reynolds asked Ms. Akridge where they anticipate getting labor from once an employer moves to the area. Ms. Akridge stated that the labor force would come from neighboring counties and West Virginia. She elaborated that most people do not mind driving over an hour to a job in the area.

Ms. Linderman asked Mr. Lockaby about the involvement of towns with the agreement between the City and County. Mr. Lannford responded to the question and stated that he spoke with the Mayor of Clifton Forge and Mayor of Iron Gate and that both Towns asked the County to represent their interests and expressed support for the agreement.

Referencing a question that Mr. Conmy had emailed to Mr. Lockaby earlier, Mr. Lockaby provided further clarity on the agreement concerning existing businesses. Mr. Lockaby stated that the City and County would be open to the idea of applying the agreement provisions to existing businesses but only if it would be a significant expansion that would benefit the community overall.

Mr. Bruce Goodson asked Mr. Lockaby about how a performance agreement would be set up, especially related to local finances. Mr. Lockaby responded by talking about what different types of performance agreements would look like. He also emphasized that the agreement does not affect what the Towns get in tax revenue or their utility fees; they would be a third party in these endeavors. Mr. Lockaby talked about how the overall agreement is binding and has certain financial incentives. He stressed that the performance agreements, themselves, would have sunset clauses for when the property involved is repurposed.

Ms. Linderman asked if the localities anticipate that the Industrial Development Authority would sell the municipal bonds for the site development projects. Mr. Lockaby indicated that it would depend on the project and provided examples. For major water and sewer utility investments, the prospective companies would ideally be making those investments. Because the County operates the sewer system,

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the County would be responsible for expanding and operating the service. The City would then contribute 50 percent of the cost upfront for the expansion of the project.

Mr. Conmy asked Mr. Lockaby about the status of the Attorney General opinion on including the Towns in the agreement between the City and County. Mr. Lockaby replied that it has not been submitted to Attorney General yet. He cited the Code of Virginia, about binding fiscal arrangements. He also referenced §15.2-2907 of the Code of Virginia that references two terms: "affected localities" and "other localities affected." He suggested that the Towns would fall under the concept of "other localities affected" and that because such terminology was included in state code, it would be reasonable to assume that this means such an agreement could exclude the Towns.

Hearing no other questions, Ms. Linderman opened the floor for any final questions of the Commissioners and staff. Mr. Lockaby thanked the Commission for taking the time to come and visit the area. He expressed hope that the Commission's review of the proposed agreement will assist the City and the County in their efforts. He also expressed hope that the agreement will improve the ability for the City and County to bring more economic development to the area.

**IV. Closing Remarks**

Ms. Linderman and the other Commission members then thanked the localities. Ms. Linderman indicated that the Commission plans to close its record in this matter by March 27, 2017. She said that if anyone wished to submit any additional data or comments (other than that requested by Commission), they must do so by that date. She also stated that additional data may be needed and requested by staff during its review. She reiterated that the Commission will endeavor to submit its report soon after its regularly held meeting on May 9<sup>th</sup> in Richmond.

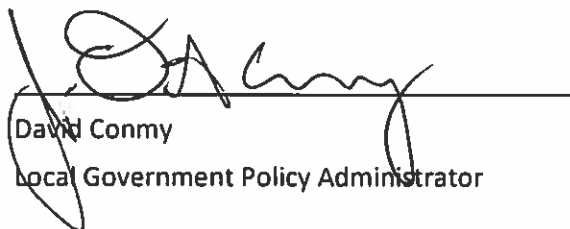
**V. Adjournment**

There being no further business to come before the Commission, the oral presentations were officially adjourned at 3:15pm on March 14, 2017.



Diane Linderman

Chair



David Conmy  
Local Government Policy Administrator