Council for the City of Waynesboro, Virginia held a Work Session on Monday, July 8, 2019, at 6:00 p.m. in the Council Conference Room of the Charles T. Yancey Municipal Building, 503 West Main Street, Waynesboro, Virginia, with Mayor Short presiding and calling the meeting to order:

PRESENT: Council Members: Terry Short, Jr., Mayor  
Bobby Henderson, Vice Mayor  
Bruce Allen, Councilman  
Sam Hostetter, Councilman 

City Staff: Mike Hamp, City Manager  
Jim Shaw, Deputy City Manager  
Julia Bortle, Clerk of Council  
Greg Hitchin, Economic Development Director  
Cameron McCormick, Finance Director 

Counsel: Melisa Michelsen, Esq., Litten & Sipe LLC 

ABSENT: Elzena Anderson, Councilwoman 

ECONOMIC DEVELOPMENT MARKETING PROPOSAL: 

The Economic Development Director gave a presentation regarding technology companies and the development of a Tech Zone, identifying areas of the city focused on recruiting mixed code companies and providing economic development incentives, a copy of which is attached to the official transcript of these minutes (attachment 46-53). The Director asked Council for a consensus regarding incentives and the levels of incentives that would be made available. 

Councilman Allen asked for information for the past five to ten years of businesses that have come to the City and the incentives provided to them. Mayor Short stated the importance of identifying what companies to target and determine what current incentives are worthwhile or should be eliminated. 

It was the consensus of Council for the Economic Development Director to proceed with the development of a Technology Zone marketing strategy as presented to include competitive incentives. 

With no further business to discuss, the meeting was adjourned at 6:25 p.m.

Julia Bortle, MMC, Clerk of Council  
Terry Short, Jr., Mayor
July 8, 2019 City Council Work Study

ECONOMIC DEVELOPMENT
MARKETING PROPOSAL
Data centers worth $10.2 billion to Virginia economy

Danville council OKs low rate for data centers

Northern Virginia Data Center Market Extends Leadership Position

Google Unveils $13 Billion in New Data Center Construction for 2019

"Data Center Alley"

Loudoun’s tax base has grown from 19 percent to 34 percent, largely due to data center growth. The real estate tax rate is down 20 cents per $100 of assessed value... and the county expects to receive about $250 million this year alone from data center-related taxes.

Waynesboro Announces Data Center

Data center, manufacturing could come to Staunton Crossing
Technology Zone

Identified geographical area of the City focused on specific NAICS codes providing unique incentives for those target industries.
Strategy

✓ Pursuant to VA Code 58.1 – 3850 and 58.1 – 3245.12, “Any city, county or town may establish, by ordinance, one or more technology zones. Each locality may grant tax incentives and provide certain regulatory flexibility in a technology zone”.

✓ Strategy is to develop and market a Waynesboro Technology Zone

✓ Waynesboro has a competitive advantage with multiple fiber companies in addition to regular positive attributes of cost of doing business, infrastructure, nearby higher education, etc

✓ The recent announcement of Amazon HQ2 in northern VA will create a shortage of talent while driving up the cost of available talent (in NOVA)

✓ Potential disadvantage is the lack of a tech cluster / talent
Tactics

- Create a geographical zone(s) where we have multiple fiber vendors, abundant electric power, and water
- Create list of target NAICS codes of tech industries (data centers, game development, etc)
- Review zoning and building permitting to insure any potential conflict be reviewed and mitigated
- Develop marketing “brand” and collateral for multiple markets
- Create significant statutory incentives
Incentive Philosophy

✓ Post Performance
✓ % reimbursement of real estate and M&T tax for new investment, based on average wage and capital investment
✓ Multiyear with decreasing benefit over time
✓ Also include building permit fee and or other city fees reimbursement or reduction
✓ To receive benefits, companies must:
  ✓ New or Expanding
  ✓ Locate in geographic area
  ✓ NACIS code the same as target ones
  ✓ Employees with benefits and salary range
## Incentive Example

<table>
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<th>% of industry average wage</th>
<th>Capital Investment</th>
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<tbody>
<tr>
<td></td>
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<tr>
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</tr>
<tr>
<td>150%</td>
<td>25</td>
</tr>
<tr>
<td>200%</td>
<td>35</td>
</tr>
</tbody>
</table>

**Examples:**
- **If Waynesboro average annual salary is $40,000**
  - **Example A:** Company invests $25,000,000 but is only paying a salary of $30,000 ($40,000 * 75%) they would not receive any incentive.
  - **Example B:** Company makes an investment of $200,000,000 but is only paying $30,000 they would receive an incentive of a reimbursement of 25% of real estate and machinery and tools tax paid.
  - **Example C:** Company makes an investment of $200,000,000 and is paying $80,000 (twice the industry average), they would receive an incentive of a reimbursement of 75% of real estate and machinery and tools tax paid.
Commitment Options

No Interest

Wall Phone – Basic Program

Flip Phone – Advanced Program – Basic Marketing

Satellite Phone – Advanced Program – Advanced Marketing

Waynesboro
Where Good Nature Comes Naturally
Next Steps

✓ Conesus of City Council on basic program and incentive commitment

✓ Engage graphic designer to begin basic marketing program design

✓ Staff to prepare detailed draft briefing for review

✓ Present ordinance proposal / announce program to CC