

Approved July 28, 2022

Industrial Development Authority of the Clarke County Virginia
Board of Directors

April 28, 2022

Regular Meeting

1:00 pm

At a regular meeting of the Industrial Development Authority of the Clarke County Virginia, held on Thursday, April 28, 2022, at 1:00 pm in the Main Meeting Room, Berryville-Clarke County Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

Directors Present: Brian Ferrell, Rodney Pierce, Ben Cochran, English Koontz, William Waite

Directors Absent: Isreal Preston, William Wolfe

Board of Supervisors David Weiss (Absent)

Liaison:

Staff Present: Chris Boies, Catherine Marsten

Press: None

Others Present: None

1. Call to Order

At 1:01 pm, Chairman Ferrell called the meeting to order.

2. Adoption of Agenda

Chairman Ferrell instructed all members to review the agenda.

**Director Waite made a motion, seconded by Vice-Chair Cochran, to adopt the agenda as presented.
The motion carried by the following vote:**

Ben Cochran	-	Aye
Brian Ferrell	-	Aye
English Koontz	-	Aye
Rodney Pierce	-	Aye
William Waite	-	Aye
William Wolfe	-	Absent
Isreal Preston	-	Absent

3. Approval of Minutes

– January 27, 2022, Organizational Meeting

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Vice-Chair Cochran made a motion, seconded by Director Koontz, to approve the minutes of the January 27, 2022, Organizational Meeting as presented. The motion carried by the following vote:

Ben Cochran	-	Aye
Brian Ferrell	-	Aye
English Koontz	-	Aye
Rodney Pierce	-	Aye
William Waite	-	Aye
William Wolfe	-	Absent
Isreal Preston	-	Absent

4. Secretary/Treasurer Report

Director Waite presented the following:

FY2022 Year-to-Date Check Log

- One check, payment of a director's fee, is still outstanding.
- Have received a bond fee payment from Shenandoah University.

Investments Year-to-Date Summary

- No significant change in investments balance over the last year.

FY2022 Budget

- Still well within budget tolerances.
- \$15k is sitting in holding in case anything comes up, but nothing is anticipated.
- Income and interest income have both exceeded targets.
- Budget is and remains balanced.

Director Pierce made a motion, seconded by Vice-Chair Cochran, to approve the Treasurer's report, as presented.

Ben Cochran	-	Aye
Brian Ferrell	-	Aye
English Koontz	-	Aye
Rodney Pierce	-	Aye
William Waite	-	Aye
William Wolfe	-	Absent
Isreal Preston	-	Absent

5. New Business

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Economic Development & Tourism Update

Chris Boies explained that Felicia Hart, Director of Economic Development & Tourism, was unable to attend and provided the following update on her behalf:

- Thanks to Vice-Chair Cochran for allowing Citizens Academy to tour his business as a part of education on Economic Development and Planning/Zoning.

Director Waite

- Announced that he is a participant in the Citizens Academy and praised the program.
- Vice-Chair Cochran asked what the requirements were to participate in the Citizen's Academy.
 - o Chris Boies answered that the Citizen's Academy is open to any Clarke County citizen or business owner who is interested in learning more about the county government. The academy meets once per month and the next cohort starts in the fall.

Director Waite

- Explained that, in partnership with the Winchester and Frederick County EDAs, Clarke County hosted an Agribusiness summit at the Ruritan fairgrounds. The participants are very diverse, and the group is trying to develop a network by discussing how to move agribusiness forward and how to promote agritourism. The group is setting up their next meeting, to discuss and agree on top priorities.

Chris Boies continued the update:

- The Spring Business Tour was held on April 20. Members of the EDAC and IDA visited Audley Farm and Grafton's Berryville campus.

Director Koontz

- Praised staff for organizing the event and offered thanks to both businesses for participating and giving excellent tours.

Chairman Ferrell

- Agreed, adding that both businesses provided a lot of information about their contributions to the community.

Director Koontz

- Offered that it seems that Grafton was making an effort to shorten clients' stays and questioned if that was a result of Medicaid payments. Grafton offers significant resources and there are plenty of people in the community who could benefit from them; Grafton is operating at about one-third capacity, perhaps the infrastructure and resources could be leveraged better.

Director Waite

- Added that the Clarke County IDA is part of the bond funding that supports them.
 - o Chris Boies responded that one of Grafton's limitations right now is being able to hire and retain staff. They do amazing work, but it can be a difficult environment.

Chairman Ferrell

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- Questioned if there were enough private clients to allow Grafton to continue operating below capacity and how shortening stays effects the clients.

Director Koontz

- Stated that Grafton receives a majority of their clients from social services, with the goal being to reunify families or place the children into foster care at the end of their stay. More stability and continuity would serve these children well.

Chairman Ferrell

- Offered that more insurance carriers are starting to pay for behavioral health, substance abuse, and similar programs.

Chris Boies continued the update:

- Clarke County is participating in an upcoming Employer Expo, hosted in Winchester in May. Businesses still report that finding employees is a top need right now, with many restaurants still under-staffed.
- Felicia Hart has been working with the Clarke County Ruritans, as the Ruritan fairgrounds is one of the County's biggest assets and can be promoted as a place to hold events. As a part of this effort, Felicia coordinates and networks with local vendors to help make these events a success.

Director Waite

- Observed that a lack of commercial kitchen space is a big concern among the members of the Agribusiness summit and suggested that, because the Ruritans have a commercial kitchen, it could be a good opportunity for collaboration.
 - o Chris Boies responded that it is something that is being discussed and that Felicia Hart is trying to find commercial kitchen space for the agribusiness group.

Director Koontz

- Noted that building rentable commercial kitchen space for caterers, food trucks, etc, is a big trend for investors right now and is very lucrative.

Chairman Ferrell

- Shared that a brewery purchased an additional property to use as a commercial kitchen, because Loudoun County would not allow an on-site kitchen. The brewery has to prepare food off-site and transport it instead.

Director Waite

- Suggested that a commercial kitchen could be a good opportunity for the business park, as it could be beneficial from several perspectives.

Chairman Ferrell

- Inquired if the rental rates for the fairgrounds should be increased.
 - o Chris Boies answered that Felicia Hart is working with the Ruritans on ways to create revenues in order to pay for improvements to the buildings and property.

Chris Boies continued the update:

- There was great turnout for the recent Meet and Greet for New Residents, which are hosted at the Barns. Non-profit groups were invited to set up tables,

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and welcome bags are distributed. These events will be held quarterly, to get information about Clarke County businesses out to new community members.

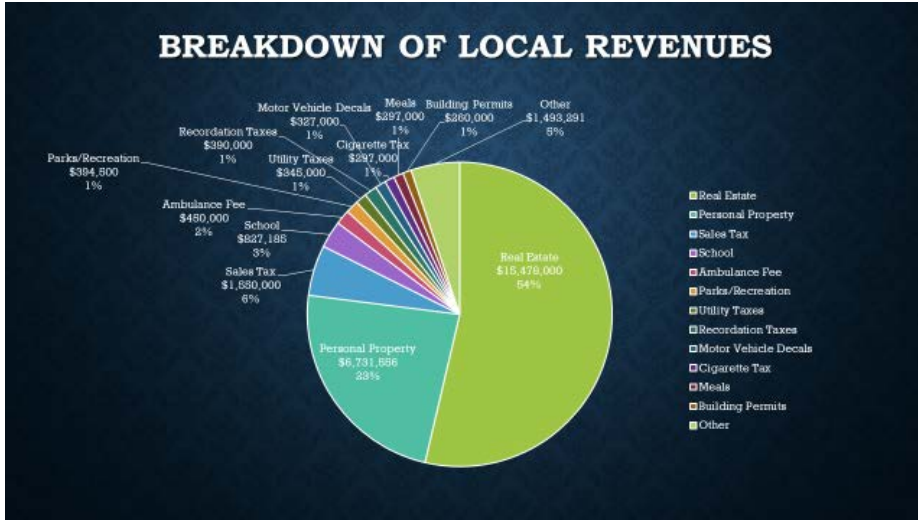
FY2023 Revenue Update

Chris Boies presented the following:



– This is a projection for FY23.

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- 77% of local revenue is only collected twice a year.
- The County has tried to diversify revenue sources with meals, cigarette, and transient occupancy taxes, in order to lessen its reliance on real estate and personal property tax revenue.

CIGARETTE TAX

Currently 20 cents a pack, goes to 40 cents a pack on January 1, 2023

Projection for FY 22 revenue at 20 cents is \$220k

Projection for FY 23 revenue (half at 20 cents, half at 40 cents) is \$300k

Projection for FY 24 revenue at 40 cents is \$400k

Equivalent to Revenue generated from \$65 million in real estate assessments at current 61 cent rate (in other words, it is equivalent to 130 properties valued at \$500k each)

- The cigarette tax was implemented last year, one year after the General Assembly granted such power to localities.
- \$0.40 per pack is the limit set by the General Assembly.
- All stamps had to be purchased July 2021, so there was a big influx at the beginning. The County anticipates this will normalize to about \$200k annually.

Director Pierce

- Asked if the revenue from the cigarette tax was required to go to specific programs.
 - o Chris Boies replied that other states have those requirements, but Virginia does not.

MEALS TAX

Currently 2%, goes to 4% on January 1, 2023

Projection for FY 22 revenue at 2% is \$200k

Projection for FY 23 revenue (half at 2%, half at 4%) is \$300k

Projection for FY 24 revenue at 4% is \$400k

Same impact as Cigarette tax, another way to look at it is equivalent to 1.65 cents on real estate rate.

- The projection may be a little bit low, because this tax was only implemented last year, so there was little data originally.
- Revenues from the cigarette and meals taxes are about the same, by chance not by design.
- Taxes were implemented with the goal of keeping the real estate tax rate low, or possibly reducing it.

TRANSIENT OCCUPANCY TAX

Currently 3.5%, goes to 5% on January 1, 2023.

Projection for FY 22 at 3.5% is \$80k

Projection for FY 23 (half at 3.5% and half at 5%) is \$97k

Projection for FY 24 is \$114k

Goal is to cover costs of Economic Development & Tourism budget

- This is the lodging tax.
- The goal for this tax is to cover the Economic Development and Tourism budget, as some taxpayers feel taxpayer money should not be used to help out businesses.

Director Koontz

- Asked who is collecting the transient occupancy tax.
 - o Chris Boies answered that anyone renting lodging for less than 30 days must pay transient occupancy tax.
 - o Director Waite clarified that Airbnb, contractually, collects transient occupancy tax and pays it directly to the County.

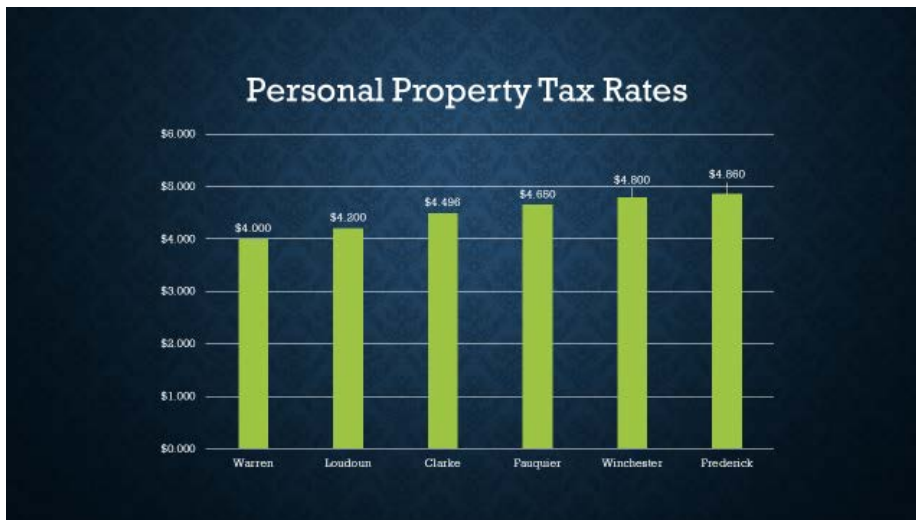
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Chris Boies continued:

- The County developed regulations for Airbnbs this year, they are now required to be registered, have their septic system approved, and to follow all building codes. These regulations will take effect on July 1.



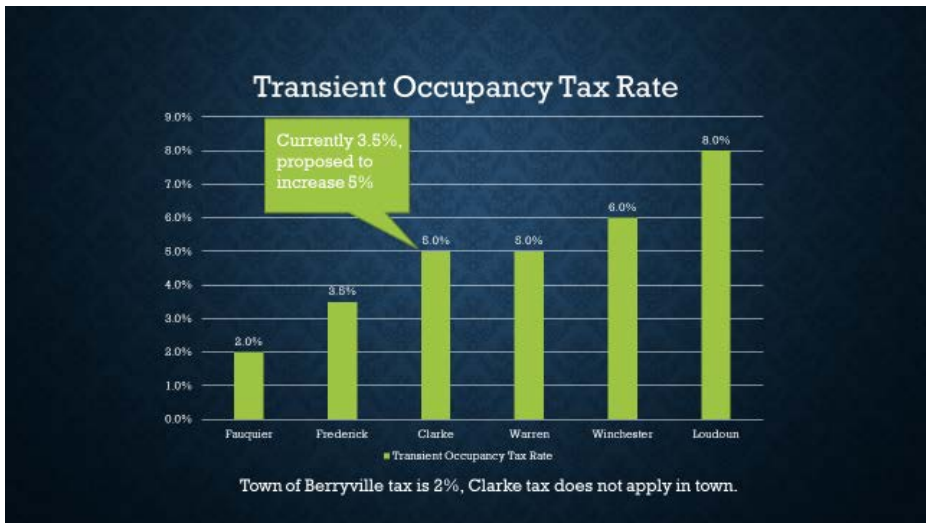
- The real estate rate is based on 2019 values, which have increased substantially, likely 25%.
- If the current real estate rates were used, tax rate would be more like \$0.50.



- The County is reducing assessed values by 15% across the board, due to current conditions.
- The values come from a national database and the County wanted to avoid penalizing citizens for such a sharp national increase in vehicle values.
- Values for used vehicles typically depreciate.
- Personal Property tax is the most inefficient to collect, due to proration and other issues. On average, there are 170 vehicle transactions per week.



- Fauquier implementing a food and beverage tax this year at 6%, which is the limit.
- Loudoun does not have a meals tax.



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Broadband Update

Chris Boies provided the following update:

- The Board of Supervisors approved an agreement at last meeting, which is required in order to get funding for the project. All eight participating localities have to approve that agreement; six have done so already. Page and Rappahannock counties still need to do so.

Director Waite

- Asked if a locality can be excluded from the project for not cooperating.
 - o Chris Boies responded yes; the funding was allocated per county.

Frederick Water Agreement Update

Chris Boies provided the following update:

- Agreement allowing Frederick Water to operate in Clarke County has been signed.
- The next step is a project agreement, which will determine how to get sewer service to the area and the cost.

6. Next Meeting

The next meeting is:

- Thursday, July 28, 2022 – Regular Meeting

7. Adjournment

Director Waite made a motion, seconded by Vice-Chair Cochran, to adjourn the meeting. The motion carried as follows:

Ben Cochran	-	Aye
Brian Ferrell	-	Aye
English Koontz	-	Aye
Rodney Pierce	-	Aye
William Waite	-	Aye
Isreal Preston	-	Absent
William Wolfe	-	Absent

At 2:05 pm, Chairman Ferrell adjourned the meeting.

Minutes recorded and transcribed by Catherine D. Marsten