

AGENDA
GROWTH AND OPPORTUNITY BOARD
Tuesday, June 12, 2018
1:00 PM
House Room 1, Capitol

- | | | | |
|-------|----------------------------|---|-------------------------------|
| I. | OPENING | | |
| | a. | Call to order | Chairman |
| | b. | Roll Call | Jordan Snelling |
| | c. | Public Comment | Chairman |
| II. | CONSENT AGENDA | | |
| | a. | Action Item: Approval of April 10, 2018 Minutes | Chairman |
| III. | ELECTION of OFFICERS | | Erik Johnston |
| IV. | PER CAPITA GRANTS | | Erik Johnston |
| | a. | Action Item: Approval of Per Capita Applications | |
| | b. | DHCD Approved ECB Projects | |
| V. | REPORTS AND INFORMATION | | |
| | a. | VRIC Update | Jim Dyke |
| | b. | GO Virginia Foundation Update | Todd Stottlemeyer |
| VI. | LEGISLATIVE UPDATE | | Secretary Layne |
| VII. | REGIONAL BUDGETS | | |
| | a. | Action Item: FY 19 Per Capita Allocation | Chairman |
| | b. | Action Item: Capacity Building Match Requirements | Chairman |
| | c. | Action Item: FY 19 Regional Capacity Building Budgets | Erik Johnston |
| VIII. | UNFINISHED BUSINESS | | |
| | a. | Regional Council Roadshow Update | Chairman and Vice-Chairman |
| | b. | VRIC Entrepreneurship Overview | Chairman |
| | c. | Startup Ecosystem Concept Paper Update | Erik Johnston |
| | d. | Site Development Concept Paper Update | Stephen Moret |
| IX. | NEW BUSINESS | | Chairman |
| X. | BOARD MATTERS | | Erik Johnston |
| | a. | Actions Item: Regional Council Membership Changes | |
| | b. | Actions Item: Future Competitive Application Deadline(s) | |
| XI. | FUTURE BOARD MEETING DATES | | Chairman |
| | 2018 | Tuesday, August 14 | House Room 1, Capitol 1:00 PM |
| | | Tuesday, October 9 | House Room 1, Capitol 1:00 PM |
| | | Tuesday, December 18 | House Room 1, Capitol 2:00 PM |
| XII. | ADJOURNMENT | | Chairman |

VIRGINIA GROWTH AND OPPORTUNITY BOARD MEETING

April 10, 2018

1:00 PM

Richmond, Virginia

Members Present

Nancy Howell Agee
Delegate M. Kirkland “Kirk” Cox
Ben J. Davenport, Jr.
The Honorable Jim Dyke
W. Heywood Fralin
Senator Janet D. Howell
Doug Juanarena
Delegate R. Steven Landes
The Honorable Aubrey Layne
The Honorable Esther Lee
The Honorable Atif Qarni
Senator Frank M. Ruff
Bruce Smith
Steven C. Smith
Todd A. Stottlemeyer
Lucia Anna “Pia” Trigiani
John O. “Dubby” Wynne

Members Absent

Jennifer Boykin
Thomas F. Farrell II
Delegate Terry G. Kilgore
Senator Thomas K. Norment
Marilyn H. West
Joe Wilson

Call to Order

Mr. John “Dubby” Wynne, Chairman of the Virginia Growth and Opportunity (GO Virginia) Board, called the meeting to order.

Roll Call

Ms. Elizabeth Rafferty, Policy and Legislative Director for the Department of Housing and Community Development (DHCD), called the roll and stated that a quorum was present.

Approval of Minutes

A motion was made to approve the minutes of the February 13, 2018, meeting of the Board. The motion was properly seconded and passed unanimously.

Public Comment

No comments were made by the public; the public comment period was then closed.

Per Capita Grant
Application Review

Mr. Erik Johnston, Director of DHCD, provided an overview of the applications received; stating, that four of the nine regions submitted applications with seven proposals for consideration by the Board.

There was one application regarding commercialization and start up collaborations, the Regional Acceleration and Mentorship

Program (RAMP) Expansion from Region 2. Mr. Johnston presented the Ramp Expansion project and stated that staff recommended the project for approval. Upon a motion duly made and seconded, the project was approved.

There were three applications regarding credentialing and talent development: United Way of Southwest Virginia: Ignite Internships from Region 1, Enhancing the Region through New Technology for Unmanned Systems from Region 2, and the Westmoreland County Welder Training Program from Region 6. Mr. Johnston presented the Ignite Internship project and stated that staff recommended the project for approval. Upon a motion duly made and seconded, the project was approved. Mr. Johnston presented the Technology for Unmanned Systems project and stated that staff recommended the project for approval. Upon a motion duly made and seconded, the project was approved. Mr. Johnston then presented the Welder Training program and stated that staff did not recommend the proposal for approval at this time because the project did not meet the GO Virginia mission of regional collaboration, high-wage job creation, demonstrated demand, and program sustainability. No action was taken on the Welder Training program.

There were three project applications regarding infrastructure: Washington County Tech Spec Facility Acquisition from Region 1, Center for Energy Research and Education (CERE) Industry Labs from Region 2, and the George Washington Carver (GWC) Technical Education Center from Region 9. Mr. Johnston presented the Tech Spec Facility project and stated that staff did not recommend the proposal for approval at this time but stated the applicant could reapply once additional local government participation is secured and clear assurance prospects secured for the site will be in the targeted higher paying industry clusters. No action was taken on the Tech Spec Facility proposal. Mr. Johnston presented the CERE Industry Labs project and stated that staff recommended the project for approval. Upon a motion duly made and seconded, the project was approved. Mr. Johnston presented the GWC Technical Education Center project and stated staff recommended the project for approval. The Honorable Jim Dyke stated that he would be abstaining from voting on the proposal

since his daughter currently serves on the Town Council for the Town of Culpepper. Upon a motion duly made and seconded, the project was approved.

Based on the approval of the Administrative Approval Process from the previous Board meeting, Mr. Johnston presented the four projects that were reviewed by staff under that process: the Capital Ecosystem Development and the Brain Drain Study from Region 2, and the PamunkeyNet Business Plan and Flex Office Space Due Diligence from Region 6. These projects were approved by staff and are currently in contract negotiations.

Future Project Pipeline
Development

Mr. Wynne presented a memo to Board based on discussion from the Chair and Vice Chair call. The memo identified two areas of focus in each region: joint site development and entrepreneurial ecosystems. The memo proposed to allow the use of competitive funds to complete enhanced capacity building projects in these focus areas in order to facilitate development of competitive applications. The intent is to partner with the Virginia Research Investment Committee (VRIC) and seamlessly join commercialization and non-commercialization. After some discussion, there was concern that an assessment of site development opportunities should be handled by state agencies already equipped to carry out that focus, rather than by an outside consultant. Based on the memo, there was a motion to approve the amended addendum to the Virginia Growth and Opportunity Fund Grant Scoring Guidelines to allow the Board may make an exception to funding enhanced capacity building projects within the competitive funding if the proposal aligns with the priorities identified in the Regions' Growth and Diversification plans and if the proposal will have a significant impact across regions and statewide applicability. The motion was properly seconded and approved.

Collaborative Economic
Development Act

Mr. Stephen Moret, President and CEO of the Virginia Economic Development Partnership (VEDP), gave a presentation on the Collaborative Economic Development Act. He stated that VEDP had been working closely with DHCD to develop the application which will go live by the end of April. During April through July, VEDP will assist localities with their proposals and then between August and September, a review period will be conducted by the

VEDP staff. VEDP will have recommendations to the Board for approval by the Fall/Winter of 2018.

Legislative Update

Mr. Johnston provided an update on two pieces of legislation which impact GO Virginia: House Bill 1467, that replaces the Secretary of Technology with the Secretary of Commerce and Trade on the VRIC and House Bill 1583, that creates a Broadband Chief Advisor Position within the office of the Secretary of Commerce and Trade who will establish state policy that will ensure better coordination around broadband activities through CIT, Tobacco Commission, DHCD, Department of Education and GO Virginia.

Regional Council Outreach

Mr. Wynne stated that he is planning to visit each region at their Regional Council meetings and asked that Board members also attend the meeting in their region.

VRIC Update

Mr. Wynne and Mr. Dyke discussed the VRIC Implementation Taskforce that was formed as an advisory body to VRIC to prioritize the goals of the Teconomy study. The task force will also consider strategies for implementing the study's recommendations. The next meeting of the VRIC will be held on June 12, 2018.

Board Matters

Mr. Johnston presented Board Policy #3, Disbursement Policy. This policy was recommended by the Auditor of Public Accounts to have a document that is certified by the agency and the chair of the Board after the approval of projects as stipulated by code. A motion was made and properly seconded; Board Policy #3 passed.

Mr. Johnston stated that there was a change in Regional Council leadership for Region 2 adding Pareena Lawrence and Fred Armstrong. A motion to approve the change was made and properly seconded; motion passed.

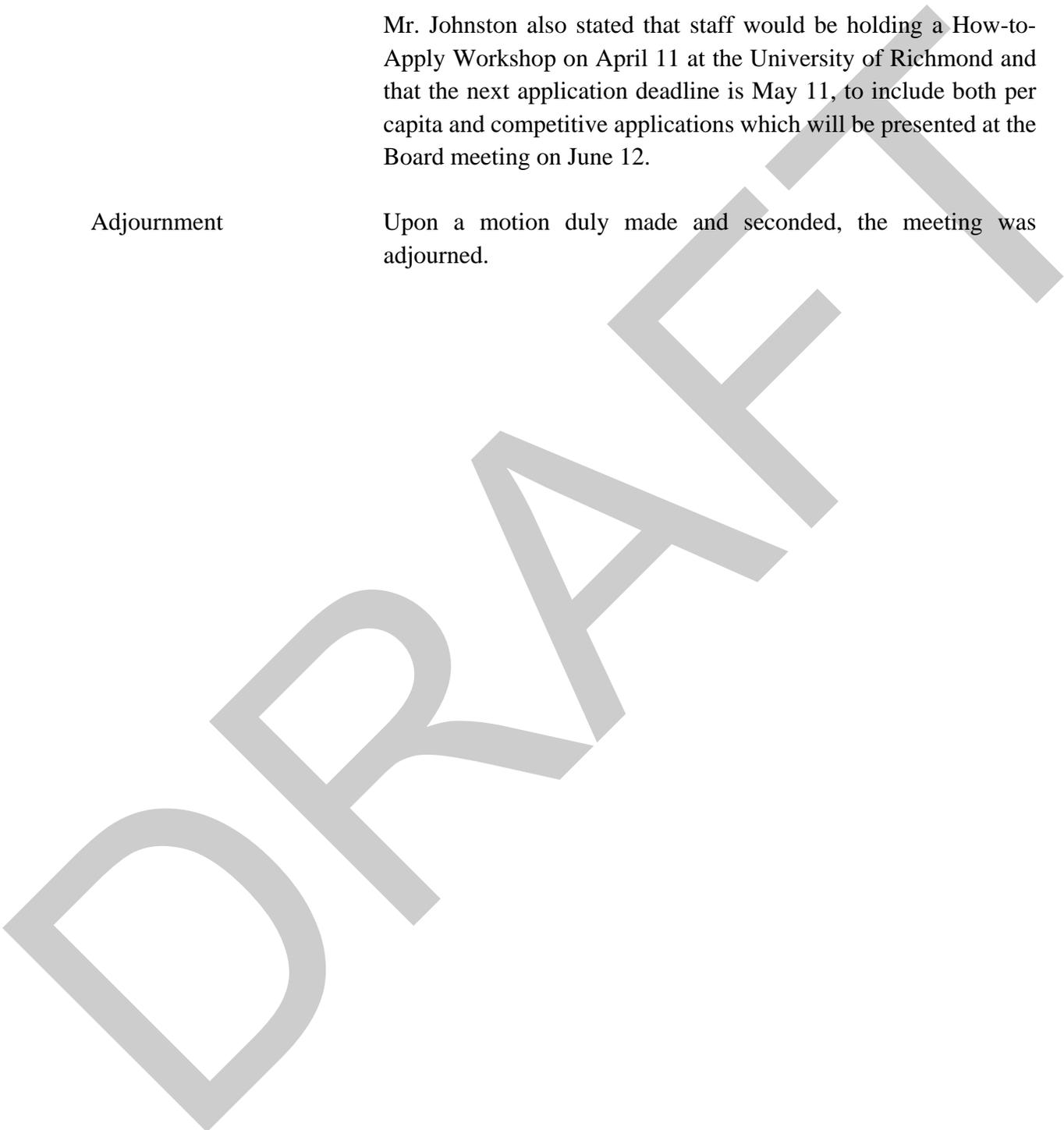
Mr. Johnston shared with the Board that, as discussed on the call with the Regional Council Chairs and Vice Chairs, two localities, Loudoun and Henrico, had established in their budgets a reserve of funds to be used to matching funds for GO Virginia projects

going forward, and encouraged Board and Regional Council members to share these examples in their own localities.

Mr. Johnston also stated that staff would be holding a How-to-Apply Workshop on April 11 at the University of Richmond and that the next application deadline is May 11, to include both per capita and competitive applications which will be presented at the Board meeting on June 12.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned.



Workforce

Welding Training Program

Region: 6

Strategy: Workforce Development

Type of Project: Implementation

Sub-grantee(s): Westmoreland County

Project Description: The proposed project will establish a new welding training facility to offer daytime courses through Rappahannock Community College (RCC) to train adult welders for employment at local businesses. RCC currently offers evening welding courses at the Northern Neck Technical Center, which are at capacity. During daytime hours, this facility is used for high school automotive training courses, so RCC has been unable to expand their welding courses. GO Virginia funds will be utilized by RCC to establish a new satellite training facility, including lease payments, building renovations, equipment purchases, and instructor salaries. The new facility will allow RCC to train additional cohorts with more students per cohort. Westmoreland County and Northern Neck Chesapeake Bay Region Partnership, on behalf of Lancaster, Northumberland, Richmond, and Westmoreland Counties, provided the local match for this project.

| Type of Funds | Totals | |
|-----------------------------|-----------|-------------------|
| GO Virginia Request | \$ | 130,000.00 |
| Matching Funds | \$ | 130,500.00 |
| Local Match | \$ | 54,500.00 |
| Total Project Budget | \$ | 260,500.00 |

Outcomes:

- Execution of lease agreement for new facility
- Building renovations and equipment installation
- Launch of daytime welding courses through Rappahannock Community College
- 4 training cohorts over two years
- 40 welders trained and hired over two years

Metrics:

- Number of welders trained
- Number of welders graduated
- Number of credentials awarded
- Number of welding positions filled

Welding Training Program

Workgroup Discussion:

This application was first submitted for consideration by GO Virginia Board at the April 2018 Board meeting. The Board requested the applicant (1) document a pipeline of demand from private industry partners, (2) demonstrate that the project would result in higher wage job creation, and (3) establish a plan for sustainability. There was consensus from the workgroup that the revised application addresses the concerns raised by the Board in April. The resubmitted application explains the need for the new facility and outlines a plan for sustainability with RCC operating the facility moving forward. Workgroup feedback included:

- Pipeline of demand demonstrated through private industry support and partners such as Carry-On Trucking, Miller Marine, Omega Proteins, James River Equipment, and Fleet Brothers
- Addresses a workforce gap in several of the region’s targeted clusters
- Strong-out of-state revenue potential
- Upskilling the workforce from seasonal to 12-month employment
- Actual industry wages are above the Northern Neck PDC regional average wage
- Potential to co-locate additional training courses such as machining at the facility
- Applicant understands that DHCD will place a lien on equipment purchases

Staff Recommendations:

DHCD staff recommend this application for approval.

| Requirements | |
|----------------------------------|-----|
| \$1:1 Match Requirement | YES |
| Local Match Requirement | YES |
| Local Participation Requirement | YES |
| Alignment with GOVA Strategies | YES |
| Alignment with G&D Plan | YES |
| High-Wage Job Creation Potential | YES |
| Grant Management Capacity | YES |
| Sustainable After GOVA Funds | YES |
| Feasibility Study? | NO |
| Healthcare? | NO |
| Scholarships? | NO |
| Broadband? | NO |

Cyber Security Workforce Development and Jobs Program

Region: 8

Strategy: Workforce Development

Type of Project: Implementation

Sub-grantee(s): Blue Ridge Community College (BRCC)

Project Description: The proposed project will implement a new cyber security workforce development program through BRCC focused on bringing cyber security jobs to the Shenandoah Valley. The project aims to spur regional growth in the high-wage, cyber security industry through the implementation of a new self-paced, non-credit training course. The project will produce new industry credentials (CompTIA Security+) that are not currently offered in the region. GO Virginia funds will be used for training software, program coordination, and administration. The Cities of Harrisonburg and Waynesboro provided the local match for this project.

| Type of Funds | Totals | |
|-----------------------------|-----------|-------------------|
| GO Virginia Request | \$ | 200,000.00 |
| Matching Funds | \$ | 200,000.00 |
| Local Match | \$ | 106,000.00 |
| Total Project Budget | \$ | 400,000.00 |

Outcomes:

- Establish Advisory Board of at least three Managed Security Service Providers (MSSP)
- 50 students trained over two years
- 50 jobs created in two years (\$53,641 average salary)

Metrics:

- Number of students enrolled
- Number of cohorts
- Number of students graduated
- Number of jobs created

Cyber Security Workforce Development and Jobs Program

Workgroup Discussion:

There was consensus that there is a statewide workforce shortage for jobs in cybersecurity and related industries, and that the region would greatly benefit from producing a new talent to fill these roles. Workgroup feedback included:

- Significant local match
- Higher-wage job creation potential
- Pipeline of demand for cybersecurity analysts in several target industries
- Incorporates experiential learning to ensure student preparedness and encourage student retention within the region

Staff Recommendations:

DHCD staff recommend this application for approval. The support organization and applicant addressed workgroup concerns during the feedback process to ensure the project is a broad based effort by the Community College that produces pipeline of trained employees for multiple companies. The applicant also changed match to ensure all match was directly related to the project's scope of work.

| Requirements | |
|----------------------------------|-----|
| \$1:1 Match Requirement | YES |
| Local Match Requirement | YES |
| Local Participation Requirement | YES |
| Alignment with GOVA Strategies | YES |
| Alignment with G&D Plan | YES |
| High-Wage Job Creation Potential | YES |
| Grant Management Capacity | YES |
| Sustainable After GOVA Funds | YES |
| Feasibility Study? | NO |
| Healthcare? | NO |
| Scholarships? | NO |
| Broadband? | NO |

Crafting Higher Paying Jobs and Adult Beverage Exports

Region: 9

Strategy: Workforce Development

Type of Project: Implementation

Sub-grantee(s): Piedmont Virginia Community College (PVCC)

Project Description: The proposed project will create a program through PVCC and Germanna Community College to train candidates in wine and cider making, craft brewing, and distilling. This program will establish a career pathway in the adult beverage manufacturing sector and will help to facilitate the scale-up of this growing industry cluster for the region. GO Virginia funds will be used for building renovations, equipment purchases, curriculum development, licensing fees, and travel. Nelson and Madison Counties provided the local match for this project.

| Type of Funds | Totals | |
|-----------------------------|-----------|-------------------|
| GO Virginia Request | \$ | 249,472.00 |
| Matching Funds | \$ | 251,800.00 |
| Local Match | \$ | 50,000.00 |
| Total Project Budget | \$ | 509,272.00 |

Outcomes:

- Establishing curriculum for wine and cider making, craft brewing, and distilling
- Complete site assessment for training facilities
- Facility build-out
- Establish work-based learning plan
- Securing Alcoholic Beverage Control (ABC) licensure
- 15 – 25 trained in craft brewing and wine making
- 8 – 10 trained in cider making and distilling

Metrics:

- Number of students trained
- Number of jobs created
- Number of businesses created
- Number of credentials awarded

Crafting Higher Paying Jobs and Adult Beverage Exports

Workgroup Discussion:

There was consensus from the workgroup that this project represents an exciting opportunity for the growth of the adult beverage industry in a rural region. This industry is having a significant impact on the region and the Commonwealth, and this project will build upon that momentum. Workgroup feedback included:

- Substantial private-industry support and partnership
- Export-oriented, high-growth industry cluster
- Curriculum could be deployed statewide and scaled to meet demand
- Program becoming a training destination for the industry nationwide
- Develop a line-of-sight to other initiatives that will scale-up the industry

Staff Recommendations:

DHCD staff recommend for approval.

| Requirements | |
|----------------------------------|-----|
| \$1:1 Match Requirement | YES |
| Local Match Requirement | YES |
| Local Participation Requirement | YES |
| Alignment with GOVA Strategies | YES |
| Alignment with G&D Plan | YES |
| High-Wage Job Creation Potential | YES |
| Grant Management Capacity | YES |
| Sustainable After GOVA Funds | YES |
| Feasibility Study? | NO |
| Healthcare? | NO |
| Scholarships? | NO |
| Broadband? | NO |

Administrative Approvals: Enhanced Capacity Building

Virginia Sea Grant (VASG) Workgroups

Region: 6

Sub-grantee(s): Virginia Sea Grant (VASG)

Project Description: The proposed planning grant will identify the key gaps in the Virginia economic development ecosystem surrounding water technologies and coastal resiliency. The outcome of the project will provide an operational framework for a multi-regional water management economy. GO Virginia funds will be utilized to host a workshop with resiliency experts from Louisiana, and two planning meetings with key industry, government, higher education, and philanthropic organizations from existing resiliency efforts in Virginia. VASG, the Middle Peninsula Planning District Commission, and the Middle Peninsula Alliance will provide the match for this enhanced capacity building grant.

| Type of Funds | | Totals |
|-----------------------------|-----------|---------------|
| GO Virginia Request | \$ | 49,996 |
| Matching Funds | \$ | 49,996 |
| Local Match | \$ | 5,100 |
| Total Project Budget | \$ | 99,992 |

Staff Feedback:

DHCD has administratively approved this application. There was consensus that this project would foster the development of a new cluster for the coastal region, while taking advantage of important research coming from VIMS. Staff feedback included:

- Aligns with Growth and Diversification Plan
- Strong collaboration with regional partners
- Industry has strong growth opportunities with high wage job creation potential
- Ensure long-term coordination with existing resiliency efforts in Hampton Roads
- Line-of-sight to competitive implementation project with other region(s)

| Requirements | | | |
|----------------------------------|-----|--------------------------------------|-----|
| \$1:1 Match Requirement | YES | Grant Management Capacity | YES |
| Local Participation Requirement | YES | Line of Sight to Future GOVA Project | YES |
| Alignment with GOVA Strategies | YES | Healthcare? | NO |
| Alignment with G&D Plan | YES | Scholarships? | NO |
| High-Wage Job Creation Potential | YES | | |

Enhanced Capacity Building

Central Virginia Site Readiness Planning

Region: 9

Sub-grantee(s): Central Virginia Partnership for Economic Development (CVP)

Project Description: The proposed planning grant will advance a portfolio of eight sites targeted for light manufacturing to at least a Tier 3 on the Virginia Business Readiness Scale through the Virginia Economic Development Partnership (VEDP). GO Virginia funds will be utilized to complete the due diligence activities required for Tier 3 certification, which will include wetlands surveys with Army Corps of Engineers approvals, geotechnical borings, boundary and topographical surveys, cultural resources reviews, Endangered Species reviews, Phase I Environmental Site Assessments, and cost estimates for site development. Albemarle, Culpeper, Fluvanna, Greene, Louisa, Madison, Nelson, and Orange Counties will provide the match for this enhanced capacity building grant.

| Type of Funds | | Totals |
|-----------------------------|-----------|----------------|
| GO Virginia Request | \$ | 58,675 |
| Matching Funds | \$ | 58,675 |
| Local Match | \$ | 58,675 |
| Total Project Budget | \$ | 117,350 |

Staff Feedback:

DHCD has administratively approved this application. There was consensus that this project would set a positive precedent for collaboration for future joint site development opportunities. The due diligence activities will make the region more competitive for future light manufacturing industry prospects to support the creation of higher wage jobs. Staff feedback included:

- Aligns with Growth and Diversification Plan
- Notable cash commitments from participating localities
- Line-of-sight to future implementation projects

| Requirements | | | |
|----------------------------------|-----|--------------------------------------|-----|
| \$1:1 Match Requirement | YES | Grant Management Capacity | YES |
| Local Participation Requirement | YES | Line of Sight to Future GOVA Project | YES |
| Alignment with GOVA Strategies | YES | Healthcare? | NO |
| Alignment with G&D Plan | YES | Scholarships? | NO |
| High-Wage Job Creation Potential | YES | | |

Enhanced Capacity Building

Central Virginia Cybersecurity Partnership

Region: 9

Sub-grantee(s): Piedmont Virginia Community College (PVCC)

Project Description: The proposed planning grant will build capacity for the Central Virginia Cybersecurity Partnership, a collaborative effort to create a talent development solution for Region 9's cybersecurity industry. The overall goal of the project will be to establish a shared cybersecurity program for Piedmont Virginia, Lord Fairfax, and Germanna Community Colleges, who will each establish a primary area of instructional expertise and seek accreditation from the National Centers for Academic Excellence in Cyber Defense. GO Virginia funds will be utilized for faculty salaries and training, acquisition of shared equipment and software, and project administration. The Charlottesville Area Community Foundation and the National Science Foundation will provide the match for this enhanced capacity building grant.

| Type of Funds | Totals | |
|-----------------------------|-----------|----------------|
| GO Virginia Request | \$ | 100,000 |
| Matching Funds | \$ | 136,400 |
| Local Match | \$ | 0 |
| Total Project Budget | \$ | 236,400 |

Staff Feedback:

DHCD has administratively approved this application. There was consensus that this project will support the region's information technology cluster by improving the coordination of academic offerings at each institution and deploying limited resources accordingly. Staff feedback included:

- Aligns with Growth and Diversification Plan
- Industry has strong growth opportunities with high wage job creation potential
- Statewide replicability for the shared curriculum and career pathway model

| Requirements | | | |
|----------------------------------|-----|--------------------------------------|-----|
| \$1:1 Match Requirement | YES | Grant Management Capacity | YES |
| Local Participation Requirement | YES | Line of Sight to Future GOVA Project | YES |
| Alignment with GOVA Strategies | YES | Healthcare? | NO |
| Alignment with G&D Plan | YES | Scholarships? | NO |
| High-Wage Job Creation Potential | YES | | |

M.1. Out of the amounts in this Item, \$29,450,000 the first year and \$34,450,000 the second year from the general fund shall be deposited to the Virginia Growth and Opportunity Fund to encourage regional cooperation among business, education, and government on strategic economic and workforce development efforts in accordance with § 2.2-2487, Code of Virginia.

2. Of the amounts provided in this paragraph, the appropriation shall be distributed as follows: (i) \$3,250,000 the first year and \$2,250,000 the second year from the general fund shall be allocated to qualifying regions to support organizational and capacity building activities, which, notwithstanding § 2.2-2489, Code of Virginia, may not require matching funds if a waiver is granted by the Virginia Growth and Opportunity Board to a qualifying region upon request; (ii) \$13,900,000 the first year and \$16,900,000 the second year from the general fund shall be allocated to qualifying regions based on each region's share of the state population; and (iii) \$12,300,000 the first year and \$15,300,000 the second year from the general fund shall be awarded to regional councils on a competitive basis.

3. The Virginia Growth and Opportunity Board may allocate monies among the distributions outlined in paragraph M.2. of this item to meet demonstrated demand for funds. However, only those regional councils whose allocation is less than \$1,000,000 in a fiscal year based the region's share of state population shall be eligible to receive an additional allocation, and the amount shall be limited such that the total allocation does not exceed \$1,000,000 in a fiscal year.

4. The Chairman of the Virginia Growth and Opportunity Board shall convene a broadband telecommunications advisory workgroup in cooperation with the Secretary of Commerce and Trade and the Commonwealth Chief Broadband Advisor, including representatives of the Department of Housing and Community Development, the Center for Innovative Technology, Virginia Economic Development Partnership, Mid-Atlantic Broadband Communities Corporation, staff from the House Appropriations Committee and Senate Finance Committee, and representatives from the broadband telecommunications industry, to develop a framework for policies related to broadband telecommunications across the Commonwealth of Virginia. The framework shall be used to provide guidance on statewide policies for commercial and economic planning and project development, including regional solutions, to improve access to and utilization of broadband to support economic development goals, including those developed by qualifying regions and those areas of the Commonwealth recognized as having high unemployment. Such framework shall include, but not be limited to, the following principles: (i) potential broadband telecommunications development and deployment solutions must be technology-neutral in order to leverage all available or emerging technologies to identify the most cost-effective plan; (ii) solutions that utilize speeds greater than the minimum technology standards as prescribed by the Virginia Telecommunications Initiative for unserved areas; (iii) maximize opportunities for private sector driven models related to construction, operations, and maintenance and open access to private-sector Internet Service Providers where public ownership of infrastructure may be proposed; (iv) facilitate broadband development and deployment-friendly policies at the regional and local level to expedite implementation of plans and projects, as well as mitigate costs, and (v) opportunities to leverage new and existing broadband infrastructure, including transoceanic and transcontinental backbone lines, to encourage new private sector job creation and investment in the Commonwealth.

5. The Virginia Growth and Opportunity Board may approve grants for assessments of commercial economic development demand and current access, and to advance the planning and engineering of broadband infrastructure that are aligned with the framework recommended by the working group, and shall give priority consideration for broadband technology development and deployment to facilitate the connectivity or upgrade of services to current and proposed business-ready sites in areas of high unemployment in qualifying regions.

GO Virginia Per Capita Allocation

TITLE: FY '19 Per Capita Allocation and Competitive Fund Redistribution

BUDGET LANGUAGE: “[M2] Of the amounts provided in this paragraph, the appropriation shall be distributed as follows: ... (ii) \$13,900,000 the first year and \$16,900,000 the second year from the general fund shall be allocated to qualifying regions based on each region's share of the state population; and (iii) \$12,300,000 the first year and \$15,300,000 the second year from the general fund shall be awarded to regional councils on a competitive basis.” ... [M3] The Virginia Growth and Opportunity Board may allocate monies among the distributions outlined in paragraph M.2. of this item to meet demonstrated demand for funds. However, only those regional councils whose allocation is less than \$1,000,000 in a fiscal year based the region's share of state population shall be eligible to receive an additional allocation, and the amount shall be limited such that the total allocation does not exceed \$1,000,000 in a fiscal year.”

RECOMMENDATION: A standard formula allocation of the \$13,900,000 per capita allocation would result in five of the nine regions receiving less than \$1,000,000. As such, DHCD recommends that the Board move to create a floor of \$1,000,000 for these five regions by reallocating \$1,355,120 from the competitive pool to per capita. The competitive pool will be reduced from \$12,300,000 to \$10,944,880, while the per capita pool will be increased from \$13,900,000 to \$15,255,120.

FY '19 PER CAPITA ALLOCATION SCENARIOS:

| Region | Per Capita Formula Allocation | Recommended Per Capita Allocation with \$1M Floor |
|--------------|-------------------------------|---|
| 1 | \$631,525 | \$1,000,000 |
| 2 | \$1,279,626 | \$1,279,626 |
| 3 | \$612,652 | \$1,000,000 |
| 4 | \$2,047,135 | \$2,047,135 |
| 5 | \$2,839,932 | \$2,839,932 |
| 6 | \$823,070 | \$1,000,000 |
| 7 | \$4,088,427 | \$4,088,427 |
| 8 | \$876,000 | \$1,000,000 |
| 9 | \$701,633 | \$1,000,000 |
| Total | \$13,900,000 | \$15,255,120 |

GO Virginia Capacity Building Match Requirement

TITLE: FY '19 Capacity Building Match Requirement

BUDGET LANGUAGE: “Of the amounts provided in this paragraph, the appropriation shall be distributed as follows: (i) \$3,250,000 the first year and \$2,250,000 the second year from the general fund shall be allocated to qualifying regions to support organizational and capacity building activities, which, notwithstanding § 2.2-2489, Code of Virginia, may not require matching funds if a waiver is granted by the Virginia Growth and Opportunity Board to a qualifying region upon request;

RECOMMENDATION: DHCD recommends that the Board move to waive the requirement for \$1:1 matching funds for the first \$2,250,000 allocated (\$250,000 per region) for capacity building funds, but maintain this requirement for the final \$1,000,000 (\$111,111 per region), that was added in the approved budget.

FY '19 CAPACITY BUILDING ALLOCATIONS:

| Region | FY '19 Capacity Allocations |
|--------------|-----------------------------|
| 1 | \$361,111 |
| 2 | \$361,111 |
| 3 | \$361,111 |
| 4 | \$361,111 |
| 5 | \$361,111 |
| 6 | \$361,111 |
| 7 | \$361,111 |
| 8 | \$361,111 |
| 9 | \$361,111 |
| Total | \$3,250,000 |

GO Virginia FY '19 Regional Capacity Building Budgets

Note: To date, six of the nine regions have submitted a capacity building budget for Fiscal Year 2019. Prior to approval of the Budget last month, DHCD recommended that each region develop a capacity budget based on the Governor's Introduced Budget of \$2,250,000, or \$250,000 per region. As such, five of these budgets were approved prior to the state budget and are based on \$250,000, while one was approved after the state budget and is based on the final \$361,111.

Next Steps: The five regions seeking approval for the \$250,000 budgets will be able to begin utilizing these funds on July 1, and will be able to submit a revised budget to reflect the full \$361,111 for consideration at the August Board meeting. It is expected that the three regions that have not yet put forward their capacity building budgets will do so for the August meeting as well.

GO VA Region One Council
FY 2019 Capacity Building Funds Budget - \$361,111
Approved - 6/5/2018

| Date: 6/5/2018 | | Region: | REGION ONE |
|---|--|---|---------------------|
| Agency Name: Department of Housing & Community Development | |  | |
| Agency Address: 600 East Main Street Suite 300 Richmond, VA 23219 | | | |
| Budget Period: | | | |
| From: 07/01/18 | | Through: 06/30/19 | |
| Budget Item | | | Amount |
| A Administration | | | |
| Fiscal Management/Accounting Services | | | \$14,444.00 |
| Salaries | | | \$34,575.00 |
| Fringe Benefits | | | \$6,966.00 |
| Marketing/Advertising/Promotions | | | \$20,000.00 |
| Meetings and Facilitation | | | \$2,575.00 |
| Office Space Rental | | | \$1,200.00 |
| Other Administrative Costs | | | |
| Supplies | | | \$3,000.00 |
| Equipment | | | \$3,400.00 |
| Travel | | | \$1,500.00 |
| Legal Expenses | | | \$5,000.00 |
| Telecommunication Services | | | \$400.00 |
| Total Administration Budget: | | | \$93,060.00 |
| B Direct Planning Services: | | | |
| Project Management & Reporting (Salary & Fringes) | | | \$76,450.00 |
| Consulting/Contract Services | | | \$25,000.00 |
| Technical Assistance to Applicants | | | \$23,598.00 |
| Bridging to Competitive Grants | | | \$35,000.00 |
| Training and Workshops | | | \$22,875.00 |
| Travel | | | \$11,000.00 |
| Reserves for Projects | | | 74,128.00 |
| Total Planning Services Budget: | | | \$268,051.00 |
| TOTAL Expense Budget: | | | \$361,111.00 |

ATTACHMENT 1: Capacity Building Funds Budget

| 5/29/2018 | | Region: | Region 5 |
|---|--|--|-----------------|
| Agency Name: Department of Housing & Community Development | |  | |
| Agency Address: 600 East Main Street Suite 300 Richmond, VA 23219 | | | |
| Budget Period: From: 07/01/18 Through: 06/30/19 | | | |
| Budget Item | | Amount | |
| A Administration | | | |
| Audit | | \$1,600.00 | |
| Equipment | | \$1,988.00 | |
| Salaries | | \$179,436.46 | |
| Fringe Benefits | | \$10,351.96 | |
| Fiscal Management/Accounting Services | | 3,250.00 | |
| Meetings and Facilitation | | \$1,000.00 | |
| Supplies | | \$500.00 | |
| Other | | \$5,526.00 | |
| Legal Expenses | | \$0.00 | |
| Marketing/Advertising/Promotions | | \$0.00 | |
| Rent | | \$0.00 | |
| Taxes and Insurance | | \$0.00 | |
| | | | |
| | | | |
| | | | |
| Total Administration Budget: | | \$203,652.42 | |
| B Planning Services: | | | |
| Project Reserves | | \$36,347.58 | |
| Contract Services | | \$10,000.00 | |
| Fiscal Management/Accounting Services | | \$0.00 | |
| Growth and Diversification Plan Development | | \$0.00 | |
| Meetings and Facilitation | | \$0.00 | |
| Other | | \$0.00 | |
| Project Management | | \$0.00 | |
| Technical Assistance | | \$0.00 | |
| | | | |
| Total Planning Services Budget: | | \$46,347.58 | |
| TOTAL Expense Budget: | | \$ 250,000.00 | |
| Narrative: Please provide narrative describing and itemizing all planned activities under each budget category. See ATTACHMENT A budget narrative. | | | |

| | | | |
|---|----------|--|---|
| Date: | 05/30/18 | Region: | 9 |
| Agency Name: Department of Housing & Community Development | |  | |
| Agency Address: 600 East Main Street Suite 300 Richmond, VA 23219 | | | |

| | | | |
|-----------------------|----------|-----------------|----------|
| Budget Period: | | | |
| From: | 07/01/18 | Through: | 06/30/19 |

| Budget Item | Amount |
|---------------------------------------|---------------------|
| A Administration | |
| Audit | \$6,000.00 |
| Equipment | \$2,000.00 |
| Fiscal Management/Accounting Services | \$0.00 |
| Fringe Benefits | \$24,620.94 |
| Legal Expenses | \$0.00 |
| Marketing/Advertising/Promotions | \$7,500.00 |
| Meetings and Facilitation | \$5,025.00 |
| Other | \$14,850.96 |
| Rent | \$9,460.08 |
| Salaries | \$111,913.36 |
| Supplies | \$1,250.00 |
| Taxes and Insurance | \$0.00 |
| Taxes and Insurance | \$0.00 |
| Travel | \$2,790.00 |
| Website Development | \$3,500.00 |
| Total Administration Budget: | \$188,910.34 |

| | |
|---|--------------------|
| B Planning Services: | |
| Contract Services | \$750.00 |
| Fiscal Management/Accounting Services | \$7,625.49 |
| Growth and Diversification Plan Development | \$0.00 |
| Meetings and Facilitation | \$1,450.00 |
| Other | \$50,954.17 |
| Project Management | \$310.00 |
| Project Reserves | \$0.00 |
| Technical Assistance | \$0.00 |
| Total Planning Services Budget: | \$61,089.66 |

| | |
|------------------------------|----------------------|
| TOTAL Expense Budget: | \$ 250,000.00 |
|------------------------------|----------------------|

Narrative:
Please provide narrative describing and itemizing all planned activities under each budget category.
See attached budget narrative.