

## ECONOMIC DEVELOPMENT

### Section 1. PURPOSE

The Bedford Regional Water Authority (“Authority”) recognizes the importance of economic development to the community. The Authority believes that a strong local economy equates to a healthy community; economically vibrant communities are often also healthy and well-balanced places to work and reside. To that end, the Authority is interested in supporting the economic development efforts in Bedford County (“County”) and the Town of Bedford (“Town”) in conjunction with the financial support of these governing bodies for non-residential and mixed-use developments. This policy is to explain the support that may be available from the Authority to a Developer for an economic development project (“Project”) identified by the County and/or Town to receive financial assistance.

### Section 2. POLICY

- A. Administrative assistance: The Authority will provide administrative assistance in reviewing prospective development plans with the developer, Town, or County representatives.
  - 1. The Authority will endeavor to expedite the Economic Development projects, and will strive to provide suggestions that may help the developer to expedite their project.
  - 2. The Authority will look for options on how to minimize the front end costs related to the installation of the water and sewer facilities for the site.
- B. Facility Fee Assessment: When compound meters or fire flow meter assemblies are required to serve the proposed non-residential or mixed-use development, the Authority will calculate the facility fees based on the smaller side of the meter whenever possible; details of this substantial fee reduction can be found in the Rate Information Policy 2.01.
- C. Funding: The Authority will consider providing funding assistance, whenever possible, to help offset the cost of developing the water and/or sewer system on the site of the development. This funding is intended to help offset the construction costs of those water and/or sewer facilities that will be dedicated to the Authority upon completion of the Project; this includes infrastructure such as fire flow meter vaults, offsite water and/or sewer extensions needed to get service to the site, and onsite water and/or sewer extensions up to the water meter and sewer cleanouts on the site.
  - 1. Application for funding: The County or Town must make a written request to the Authority for each project where financial support for economic development for the Project is being requested. This written request must include the following components:
    - a. A detailed cost estimate of the water and sewer construction for the Project that is being considered under this policy
    - b. Calculations showing the anticipated water and/or sewer use and projected water and/or sewer revenue for each of the first 5 years of operations after the Project is completed.
    - c. The amount of financial support being provided for the water and/or sewer Project by the County and/or Town.
  - 2. Availability of funds: The Authority will set aside funds, when the budget allows and as approved by the Board of Directors (“Board”); these set-aside funds may be used for this funding assistance. The Board must approve of the use of the funds as described herein.

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- a. These funds are intended to subsidize the funding provided by the County and/or Town through their economic development initiatives; they are not to be disbursed to the Developer without verification of at least the same amount of funds being provided for the Project from the appropriate governing locality.
  - b. The funds allocated to assist the developer under this policy may not exceed the amount of funding available in the set-aside program. A tabulation of the set-aside funds available will be maintained by the Authority.
  - c. When funding is provided by the Authority, it shall be provided for the sole purpose of developing the water and/or sewer system on the site which will be deeded to the Authority for ownership.
3. Amount of Funding:
- a. The maximum amount of the funding provided by the Authority shall be no greater than the least of the following criteria:
    - i. Locality match: the total amount provided to the developer by the County and/or Town for the water and sewer systems for the site being developed; or,
    - ii. Construction percentage: twenty five percent (25%) of the total cost of the water and sewer system development for the site being developed; or,
    - iii. Revenue allocation: fifty percent (50%) of the total annual water and sewer revenue that is collected from the development related to the Project over each year of the initial 5 year periods of being served by the project being funded under this policy.
4. Disbursement of Funds: If approved by the Authority for funding, and upon verification by the Authority of the actual total annual revenue generated that is directly related to the Project; then,
- a. The available funding, based on actual revenue collected from the development for which the project was constructed, will be disbursed to the Developer on an annual basis for a maximum of five (5) years running consecutively.
  - b. Schedule:
    - i. the first disbursement will be issued within sixty (60) days after one (1) full year of water and/or sewer service having been provided by the Authority.
    - ii. the second, third, fourth, and fifth disbursement will take place each year at approximately the same time of the year as the issuance of the first disbursement.
- D. Alternate Assistance: When financial assistance is not available for economic development projects being funded by the County or Town, alternate forms of assistance may be considered.
1. The Authority may provide design assistance depending on the size of the project and personnel availability.
  2. The Authority may waive select Engineering Service Charges for non-residential or mixed-use development.
  3. Prepayment credits may be issued to offset Facility Fees per Prepayment Policy 4.40.
- E. Bond Covenants: Due to restrictions that are set forth in the Authority's bond covenants;
1. The applicable Connection Fees and Facility Fees must be charged in accordance with the Rates Policy 2.00; the fees cannot be waived or reduced for any new connection.
  2. The Commodity Charges and Base Charges must be billed in accordance with the Rates Policy; these fees cannot be reduced or waived.

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**Section 3. EXAMPLES**

## A. Hotel:

1. Scenario: A new hotel is being planned for construction in the Town of Bedford, and the hotel is required to have fire suppression. The hotel needs a 4-inch by 1-inch (4"x1") fire meter installed in a concrete vault. The cost of the meter and vault is estimated to be forty thousand dollars (\$40,000). The developer would like some assistance to help cover the cost of this meter and vault. The developer estimates that the hotel will pay ten thousand dollars (\$10,000) a year for water and sewer service. The Town agrees to pay for half of the cost to construct the vault; this equates to a contribution from the Town of twenty thousand dollars (\$20,000) as an economic incentive.
2. Available Funding: based on the above scenario, the maximum total amount of the funding that would be provided by the Authority would be \$10,000. This calculation is based on the least of the following:
  - a. Locality match: Based on matching the Town's contribution, the maximum amount this scenario would have provided is \$20,000. The Authority would not use this method of funding for this scenario.
  - b. Construction percentage: Based on 25% of \$40,000, the Authority would provide \$10,000. This is the least of the calculations, and thus this is the method that would be considered by the Authority. This would be paid at \$2,000 a year for 5 consecutive years, assuming the gross water and sewer revenue each year is at least \$4,000 per year.
  - c. Revenue allocation: Five years at \$10,000 per year equates to \$50,000 of total revenue; half of this total equals \$25,000. The Authority would not use this method of funding for this scenario.

## B. Industry:

1. Scenario: A large manufacturing facility is planning to be constructed in the Bedford County with an eight-inch by 2-inch (8"x2") fire meter vault. The cost of the meter and vault and offsite waterlines are estimated to be sixty thousand dollars (\$60,000). The industry does not use process water to make their goods, and they estimate that their water and sewer bill will be two thousand dollars (\$2,000) a year. The County agrees to pay for half of the cost to construct the vault; this equates to a contribution from the County of thirty thousand dollars (\$30,000) as an economic incentive.
2. Available Funding: based on the above scenario, the maximum total amount of the funding that would be provided by the Authority would be \$5,000. This calculation is based on the least of the following:
  - a. Locality match: Based on matching the County's contribution, this equates to \$30,000. The Authority would not use this method of funding for this scenario.
  - b. Construction percentage: Based on 25% of \$60,000, this equates to \$15,000. The Authority would not use this method of funding for this scenario.
  - c. Revenue allocation: Five years at \$2,000 per year equates to \$10,000 of total revenue. The Authority would provide half of this total, or \$5,000. This would be paid at \$1,000 per year for 5 consecutive years, assuming the gross water and sewer revenue was at least \$2,000 per year.

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**Section 4. REVISIONS**

- A. This policy was approved and adopted by the Authority's Board of Directors on December 19, 2017, effective December 20, 2017.