



## **Economic Development Access Program Bonded Projects Update**

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# Program Overview

## Economic Development Access Requirements:

### Virginia Code § 33.2-1509:

- “Funds shall be appropriated to the CTB”
- “Funds shall be expended by the Board for constructing, reconstructing, maintaining, or improving access roads to economic development sites ...”
- Projects must meet criteria established by Virginia Economic Development Partnership (VEDP)
- Funding also available for public airports
- Allows for bonded projects
- Requires roads to be accepted into Secondary or Urban System

# Program Overview

## Economic Development Access Projects can be:

- Traditional (named business)
- Bonded (speculative)

### Traditional projects

The business is known and the locality confirms they can document sufficient capital investment\* by that business

### Bonded projects

No business has committed yet or a business is known but cannot yet document sufficient capital investment\*

\* Currently set at 5X Economic Development Access road allocation

# Program Overview

## Economic Development Access Bonded projects:

- Appropriate surety allows expenditure of Program funds under the condition that sufficient capital investment is documented within 5 years of CTB approval\*
- Requires total or partial reimbursement by localities if qualifying investment is not established within 5 years
- A locality that pays VDOT back after 5 year bonded period can seek 50% reimbursement if qualifying investment is established within following 2 years

*\* “The time limits of the bond shall be based on a regular review and consideration by the Board”*

## Economic Development Access Program Bonded Program Completion – 20 Yr History

Total Bonded EDA Projects Approved	Cancelled	Total Bonded EDA Roads Built	Fully Successful (Full Investment Documented)	Partially Successful (Some investment-partial payback)	No Investment	Still Pending
130	23	107	43 ( 40%)	27 ( 25%)	25 ( 23%)	12 ( 11%)

## Economic Development Access Program Bonded Period Changes over the Years

Policy / CTB Action
1978 – CTB amended Policy to allow construction of industrial access roads under the “bonded concept; established bonding period to be <b>2 years</b>
1991 – CTB amended Policy to extend bonding period to <b>3 years</b>
2001 – CTB amended Policy to extend bonding period to <b>5 years</b>
2006 – CTB amended Policy to allow refund of 50% of funding forfeited by locality; if locality established & documented investment within 2 years after original 5-year period expired

## Economic Development Access Program Bonded Program Payback Requirements

### Current Program

- Requires qualifying business capital investment of 5X allocation
- Provides 5 years to obtain investment
- At end of 5 years, locality returns entire allocation or portion not qualified by investment or VDOT would be required to call the bond
- If locality establishes investment with 2 years after 5 year time-frame, locality can receive 50% reimbursement of original allocation

## Economic Development Access Program Bonded Program Proposed Payback Provisions

### Proposal

- Continue to provide 5 years to obtain investment
- At end of 5 years, locality is given the option to provide repayment of 100% or provide repayment of 20% and provide surety for remaining 80% and then repay 20% annually for a period of 4 years
- At any time during 4 year payback period sufficient capital investment is documented, payback will cease
- Locality may request refund of reimbursement made if sufficient capital investment documented during extended bond period
- 4 year payback option is contingent on appropriate surety provided by locality
- All projects under current moratorium may begin a 4 year payback at end of moratorium



## Next Steps

### If Proposal for Payback Provisions are accepted:

- Approve Revised CTB Resolution entitled *Economic Development Access Fund Policy (revision)*
- Notify affected localities
- Revise Economic Development Access Guide to reflect updated payback provisions

### If Proposal not accepted:

- Continue with payback based on current policy



## **Economic Development Access Program Bonded Project Moratorium Update**

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