

AT A WORK SESSION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON THE 27TH DAY OF MARCH 2012, AT 4:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

**A. CALL TO ORDER**

**B. ROLL CALL**

Mary K. Jones, Chairman, Berkeley District  
John J. McGlennon, Vice Chairman, Roberts District  
W. Wilford Kale, Jr., Jamestown District  
James G. Kennedy, Stonehouse District  
James O. Icenhour, Jr., Powhatan District

Robert C. Middaugh, County Administrator  
Douglas Powell, Assistant County Administrator  
Leo P. Rogers, County Attorney

**C. BOARD DISCUSSIONS**

Ms. Jones welcomed Mr. Kale to the work session.

1. Joint Work Session with Economic Development Authority

Mr. Powell stated that this is the County's annual work session with the Economic Development Authority (EDA). Mr. Powell turned the discussion over to Mr. Russell Seymour, Economic Development Authority Director.

Mr. Seymour introduced the following EDA members to the Board and turned the discussion over to Mr. Gerhardt:

Mr. Paul Gerhardt, EDA Chairman  
Mr. Marshall Warner, EDA Vice Chairman  
Ms. Robin Carson, Tourism Zone Committee Member  
Mr. Tim Harris, Planning Commission Liaison, Tourism Zone Committee Member  
Mr. Tom Tingle, James River Commerce Architectural Review Board Member  
Mr. Stephen Montgomery, Grant Committee Member, Sports Marketing Grant Liaison  
Ms. Leanne DuBois, Rural Economic Development Committee (not present)

Mr. Gerhardt thanked the Board for the opportunity to meet. Mr. Gerhardt stated that the EDA met with the Board in 2010 and outlined three strategic initiatives. Mr. Gerhardt stated that he wanted to provide an update as to what the EDA has been doing over the past couple of years concerning the strategic initiatives and to seek the Board's input.

1. Foster a supportive economic environment for existing industry and business in order to retain businesses and encourage local expansion.

Mr. Gerhardt stated that the EDA has continued working with the Office of Economic Development (OED) and with the Commonwealth on incentives for business expansions with significant capital investment and/or job creation. He stated that this is a monumental task in the current economy. He stated that the EDA has been working on this diligently. He stated that the EDA has continued to follow up on recommendations of the Business Climate Task Force. He also stated that the EDA has continued to participate with Ordinance update process on items that impact economic development. Mr. Gerhardt further stated that the EDA has developed and supported the Business Assistance Program (BAP).

Mr. Warner advised the Board that over the past year, the EDA has awarded grants totaling \$40,000. He reminded the Board that the primary purpose for the BAP is to assist with the retention, expansion, and relocation of small businesses in James City County. He stated that the intent of the BAP is to create and retain quality employment opportunities and the tax base. Mr. Warner informed the Board that in February the EDA sponsored a seminar on a new program offered by the Commonwealth of Virginia, the Virginia Small Business Financing Authority (Authority). He stated that the Authority has \$23 million in new funding for the rest of the year. He stated that a representative from Richmond described the various loan guarantee programs.

2. Continue attraction efforts of traditional business by working with domestic and international companies to establish regional operations in James City County.

Mr. Gerhardt stated that this is accomplished by working with the OED. He stated that they are finding that competition is global. He stated that the EDA and OED structured and promoted the James City County enterprise zones. He stated that four businesses have made investments in that zone since August 2011. He stated four new investments are being planned for 2012. He informed the Board that the two organizations worked on the James City County Tourism Zone, worked on improving marketing James City County as an attractive business location, enhanced e-marketing media, and upgraded a website. He stated that they are in the process of marketing a James City County Virtual Shell Building.

Mr. Tingle informed the Board that the EDA is actively trying to market a 70-acre parcel in the James River Commerce Center. He stated that he had the opportunity to show the parcel last year to a manufacturing company. He stated that they found out that they did not have the property as ready to sell in terms of knowing what is on the property in terms of utilities. He stated that they are working to document the property and to determine if the shell building is still a good marketable product.

3. Increase the number of knowledge-based and start-up businesses in James City County and create spirit of an entrepreneurial and venture-seeking community.

Mr. Gerhardt stated the EDA has been supporting and promoting the James City County Business and Technology Incubator; developing strategies for retaining incubator graduates, and supporting the e-commerce and Business Assistance programs. He stated that they are also supporting the efforts of the Rural Economic Development Committee (REDC) to create awareness and encourage rural economic development.

Mr. Harris informed the Board that the purpose of the REDC is to identify what ventures are possible in the rural part of the County, diversify the tax base, and give folks another viable option to suburban development. He stated that it was a challenge to find business opportunities for the remaining farmers that were left in the County to help them pay the bills. He stated that there have been some successes. And, as an example, he stated that local produce is used in the lunch program at Hornsby Middle School.

Mr. Gerhardt stated that looking forward the EDA has identified four matters that it would like the Board's input on: continuing with current initiatives for broadening James City County economic opportunities; long-term financial sustainability of the EDA; regional collaboration; and tourism.

Mr. McGlennon asked Mr. Tingle to explain the nature of the grants.

Mr. Tingle responded that of the five grants, one was given in the amount of \$10,000, one was for \$8,000 and the remaining three were for \$3,000 each. He stated that some of the grants were for expansions for existing businesses and to start up a business.

Mr. Kale questioned if there was any follow-up with businesses that left the County as to why they left and what could have been done to keep them in James City County.

Mr. Seymour responded that anytime projects that have come through the State or through the Hampton Roads Economic Development Alliance (HREDA) that have located somewhere else that a follow-up is done to find out where they relocated and what was the reason for their relocation.

Mr. Icenhour requested clarification of the shell building concept.

Mr. Tingle responded that many years ago the County built a shell building at Stonehouse Commerce Park and used that as a draw to bring businesses in. Companies want to get in and get started quickly. He indicated that it is an expensive venture. He stated that the virtual building that was done six or seven years ago has a design. He stated that it does not have mechanical or electrical systems in it. He stated that it has a design for a site plan for a portion of the property located in the James River Commerce Center. He stated that the site plan has been taken through County Planning, Engineering and Resource Protection, Zoning Enforcement, and Building Safety and Permits divisions. He stated that if a prospective buyer came in tomorrow and said they would like to move into a building that is no greater than 60,000 square feet, we could have it approved and ready to go as soon as the contract is ready.

Mr. Icenhour questioned Mr. Tingle's earlier remark about not having the property ready to sell to a prospective buyer.

Mr. Tingle stated that the prospective buyer was looking for a much larger manufacturing facility. He stated that the EDA wants to make sure that the virtual shell building meets the needs of the 2012 potential client. Mr. Tingle stated that the site is a great piece of property that would be better prepared with two or three different parcels combined together as a large parcel. He stated that the EDA wants to be as flexible as possible.

Mr. Middaugh asked the EDA to share its thoughts and vision on how it would like to utilize the \$1 million which the EDA is a steward for.

Mr. Gerhardt responded that if the Authority does not achieve any greater bond revenues, the money will expire in approximately five years. He stated that he would like to seek input from the Board as to how to proceed. He questioned the Board if they should look for alternative revenues. He inquired if they should lock down the money and live off the interest.

Mr. Kennedy questioned the amount of funds used for the glass plant in Toano.

Mr. Gerhardt responded that the amount was \$310,000.

Mr. Kennedy questioned what else was recently funded.

Mr. Gerhardt responded \$23,000 was expended for Regional Air Service Enhancement (RAISE) and \$65,000 for HREDA.

Mr. Icenhour questioned what kind of bond income the EDA was getting before the economic down turn.

Mr. Warner responded that in Fiscal Year 2008, the bond revenue was \$146,000 and the interest income was \$111,000. He stated that the recent year's bond revenue equaled \$10,000.

Mr. Tingle informed the Board that over the past three fiscal years, the EDA has picked up approximately \$100,000 in HREDA per capital contributions and other commitments that have historically been coming out of the Board of Supervisors' general fund.

Mr. McGlennon commented that the money accrued through interest is a useful resource in instances where incentives are needed to close a deal. He stated that the programmatic aspects should be predictable.

Mr. Gerhardt stated that it was the EDA's hope to be responsible stewards of the public's money and that the EDA looks to the Board for guidance.

Ms. Jones questioned how many businesses graduated from the Business Incubator Program. She also questioned the program's success and if there will be any changes to the program.

Mr. Tingle responded that the program is much more successful since the College of William and Mary is managing the effort. He stated that there was one or two graduates and that one grew so quickly that it was bought up and taken away from James City County.

Mr. Seymour stated that in 2011 the Incubator Program had its first graduate under the William and Mary regime. He stated that the business is located in Stonehouse. He informed the Board that the second graduate of the program will occur in May. He stated that they will be located in James City County as well. He stated his office is taking more of an active role in working with the clients while they are in the program. He stated the goal is to keep the business in the County. He stated that the program is close to or at capacity, which is a good problem to have. He stated it is a good program for small and start-up businesses.

Mr. Tingle stated the types of businesses that they are looking for are true start-ups: who are currently working out of their home or garage and are ready to move to the next level; international companies that need a location, but aren't yet ready to afford a true location in the United States; folks that are relocating from out of state; and the college graduate becoming an entrepreneur.

Mr. Middaugh invited the EDA members to stick around for the next Board discussion of tourism.

## 2. Tourism Promotion and Tourism Funding

Mr. Middaugh stated to the Board that Mr. Carl Lum, General Manager of Busch Gardens, will be reporting back to the Board regarding the Christmas Town promotion investment of \$100,000 and looking at ideas the County has for the Tourism Investment Fund.

Mr. Lum stated that last year they were presented with an opportunity by the Board to create a Christmas advertising campaign to draw visitors to James City County. He stated that at the presentation, he would return to the Board and talk about metrics on what worked and what did not work. Mr. Lum presented an agenda for the work session.

Mr. Lum stated that it was their objective to create a Christmas in Williamsburg brand that drives visitation. He stated that this involved television commercials, directing consumers to a website that provided them with information to help them make decisions as to what they wanted to experience. He stated that they had an advertising co-op of approximately \$400,000 for 15-second television spots that ran in Washington, DC, Baltimore, Richmond, and Norfolk. He stated that it was also their objective to increase hotel room nights and meals/sales tax receipts. He stated that they wanted to start a family getaway tradition and showed the Board several commercials projecting that message.

Mr. Lum spoke about Busch Gardens product execution. He stated that in 2011 they significantly expanded Christmas Town, increasing capacity and creating jobs. He stated that advertising increased by 48 percent over the previous year. He stated that they used a media mix of television, radio, and digital and social media targeting both local and drive markets. He stated that they worked with several hotels along Route 60 putting out Christmas trees and lights. He stated that from a Busch Gardens standpoint, attendance increased 60 percent over the prior year. He stated that this was remarkable, taking into account the good weather in 2011 and the bad weather in 2010.

Mr. Kennedy questioned how many days in 2010 Christmas Town closed.

Mr. Lum responded that they were closed three days in 2010.

Mr. Kennedy questioned the increased percentage of attendance if they were not closed those three days.

Mr. Lum responded 40 percent. He further stated that attendance from tourist markets increased 93 percent. He stated that they ran a Busch Gardens vacation packaging spot which increased sales 58 percent and that because of this the hotel in James City County increased on a unit basis by one hundred percent. He stated that 31 percent of the guests were staying overnight which is up from 21 percent from the prior year. He stated that 87 percent of the guests surveyed every day, they indicated that they intended to return. Mr. Lum provided statistics of the overall destination performance figures. He informed the Board that the December rooms, meals, and sales tax revenues rose 14 percent. He advised the Board that its \$100,000 donation realized \$176,000 in tax receipts. Mr. Lum thanked the Board for its support and stated that he hopes James City County participates in 2012 with an investment and he provided a summary of advertising ideas for 2012.

Mr. Kennedy questioned if there were any investments from the other two localities for 2012.

Mr. Lum responded that he has not heard from York County or the City Williamsburg, but did mention that Colonial Williamsburg was contributing.

Mr. Kennedy questioned comparative numbers in relationship to meals, rooms, and sales tax.

Mr. Dick Schreiber of the Williamsburg Area Chamber and Tourism Alliance responded that James City County had almost a 31 percent increase in occupied room nights. He stated the City of Williamsburg had 5.5 percent and York County had 13.1 percent increase. He stated that in meals the County was up 24 percent, Williamsburg up 13.5 percent, and York County up 12.5 percent.

Mr. Kennedy questioned how the County fared percentage wise with respect to the occupancy rate. Mr. Schreiber responded that the statistics were calculated by room occupied.

Mr. Kale stated that he worked at Christmas Town in 2011 and he spoke on the increase of visitors and the Christmas Experience advertising campaign.

Mr. Lum informed the Board that in 2011 they saw approximately a 30 percent increase with older adult visitors, ranging in age from 30-50 years old, with their parents.

Mr. McGlennon stated he had a lot of confidence in the investment decision the Board made in 2011.

Mr. Middaugh stated that the promotion was very successful in terms of the model that was created and how the co-op was pulled together. He stated that everyone was going in the same direction and was targeted to a specific theme that was very successful.

Mr. Schreiber advised the Board that the Alliance took a look at how the total area is marketed and determined that there was a lot of duplication. He stated that they needed to find some things to add to the total picture that could be measured at the end of the year. He stated that five programs were identified, four of which they thought would be very measurable and one they weren't so sure about, which pertained to the Civil War. He stated that three periods of the year were identified when visitation to Busch Gardens and Colonial Williamsburg was low relative to the average. He indicated that those periods were the period after Easter through Memorial Day; the month of August and September; and, mid-November to the end of the year. He stated that they started with Christmas in Williamsburg and indicated that they were very fortunate to get a lot of buy-in and also create a good partnership. He stated that they went on their own in September with Arts in Williamsburg which resulted in a 4-5 percent growth. He stated that he believes that with the right partnership, this could be an opportunity for success. He stated that the other emphasis is the coordination of sports marketing for the area. He further stated that the partnerships are the only way to leverage funds and provide a good return on the investment.

Mr. Lum stated that this is a good product to support which is going to build year after year.

Mr. Middaugh thanked Mr. Lum and spoke to the Board about tourism promotion. He stated that he has been working with the EDA to determine how best to utilize the County's Tourism and Investment Fund. He stated that they will propose again this year to invest another \$100,000 into Christmas Town. He stated another significant event is the Ladies' Professional Golf Association (LPGA) event in Kingsmill for the next two years. He stated that the staff has been working with Ms. Robin Carson in determining how the County can help in terms of sponsorship. He stated that Ms. Carson has done a very nice job on developing a good promotion and recognition package to get citizens to participate in the event. He stated that they are looking for a two-year commitment. Mr. Middaugh informed the Board that total investment for the two years equals \$200,000. The breakdown of the investment to help support the event is \$150,000 from the County, which will be proposed in the budget; and \$50,000 from the EDA. He stated that he is hopeful that the County's investment contribution could be used as leverage to attract more sponsors to make the tournament more successful.

Mr. Kennedy questioned the tournament dates.

Ms. Carson stated September 3-9, 2012. She stated that the players will start arriving on Labor Day. She stated the LPGA tournament will occur in May on the Sunday before Mother's Day. She stated both tournaments will receive prime television air time on the Golf Channel. She stated that the tournaments differ from past years because it was an Anheuser Busch event hosted at Kingsmill. She states now it is a Kingsmill event, called the Kingsmill Championship. She stated that they are highly motivated to get it to be a community event. She stated that they are looking at opportunities for charitable connections. She stated that she has spoken to other municipalities to come and help with the event. She stated that in 2009, there were 1,400 volunteers for the tournament. She stated that an amount is paid to be a volunteer because the person gets a shirt, jacket, and event passes. She stated that for this year they will only need about 1,200 volunteers and that they already have a waiting list. She stated she is trying to get financial support as well. She said that it is her hope to be able to go and secure a title sponsor.

Mr. Kennedy questioned why the County would want to invest \$150,000 over a two-year period.

Ms. Carson responded that she had done an economic analysis to show that in 2008 \$2 million in taxes was realized in James City County alone. She stated that this event will be done in a season where we do not traditionally have people here. She stated that it drives room night sales because people are coming from different locations and stay overnight.

Mr. Kennedy questioned the Mother's Day demographics. He stated that there is only about eight weeks left of school and questioned if the kids have been involved in the tee shirt contest.

Ms. Carson responded that they need to know how many commitments they have. She stated she cannot incur additional costs if there is no money to support it.

Mr. Middaugh stated that this is a signature national event and another opportunity to focus attention on this destination. He stated that this would be an opportunity to promote all of the other golf courses in the community.

Ms. Carson stated that they have asked permission from the LPGA to use the new County logo on the advertisements. She stated that the new County logo will be on the back of the caddy bibs. She stated that she thinks that the tournament is a terrific investment and believes it will grow.

Mr. Icenhour stated the tournament would be a worthwhile investment.

Mr. Seymour stated that in addition to the tourism, he wants the golf tournament visitor to remember three things: 1) that in addition to the LPGA tournament, this is a viable golf destination; 2) I would like to return here with the family for a vacation; and 3) for the business-minded - this is a good place to do business. Mr. Seymour stated that in addition to the return on investment, his goal is to come back to the Board with other success stories.

Mr. McGlennon recognized the short time the organization has to get the event together and it's not at an optimal time of year. He stated that it has indicators that it can grow and be beneficial to the County.

Ms. Carson stated that her marketing plan is different, their strategies are better, and she stated that they should be able to build upon it in May.

Ms. Jones thanked Ms. Carson for the information that she shared. Ms. Jones questioned the LPGA's normal commitment. She questioned if it is a two-year maximum commitment.

Ms. Carson stated that the LPGA would have been happy if Kingsmill committed to ten years.

The Board took a break from 5:49 p.m. until 5:53 p.m.

Mr. Middaugh spoke about the investment fund and stated that there was not a lot left. He stated that some of the ideas talked about might be explored or supported to help benefit the second-tier tourism assets of the community. Mr. Middaugh asked how should the destination been retooled so that it is better focused and coordinated. He stated conversations have been held on how to reorient the Alliance to have a stronger and clearer focus on destination marketing. He stated that in relationship to the tourism fund, the County may find that it no longer has a need to have its own separate tourism fund. He stated that the fund will be in this year's budget.

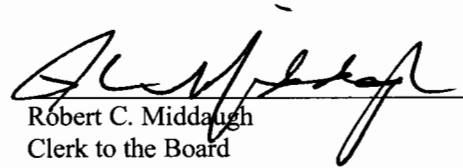
Ms. Jones asked Mr. Middaugh to share his experience and positive aspects in working with Destination Marketing Organizations (DMOs).

Mr. Middaugh stated that the model works. He stated that the model is successful and that it gets results. He stated that parties collectively come together, devise a strategy, and implement it. He stated there was common messaging and clarity of message. He stated it would be tweaked to the County's destination. He stated the model is a solid model which could be overlayed and adjusted to fit the area.

Ms. Jones stated that the Board can act on the disclosure policy matter at the next Board meeting.

**D. ADJOURNMENT**

Work session adjourned at 6:01 p.m.

  
Robert C. Middaugh  
Clerk to the Board

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