



Legislation Text

File #: 20-0295, **Version:** 1

Resolution Approving the Terms of a Participation Agreement Between the Eastern Virginia Regional Industrial Facility Authority, the City of Hampton Virginia, and other Members of the Eastern Virginia Regional Industrial Facility Authority for the Purchase from the Commonwealth of Virginia Approximately 432 Acres of Land Located in York County, and to Lease Approximately 250 Acres of that Acquired Land to KDC Solar, LLC for the Purpose of Developing a Solar Farm; and the Transfer of Funds from the Unassigned Fund Balance Economic Development Fund to the Economic Development Fund for Disbursement to the Eastern Virginia Regional Industrial Facility Authority

PURPOSE/BACKGROUND:

This purpose of this resolution is to authorize the City's participation in the first ever regional economic development initiative to be entered into by the Eastern Virginia Regional Industrial Facility Authority.

Discussion:

Two years ago, the City of Hampton, upon the recommendation of the City Manager and the Department of Economic Development, and a resolution of the City Council, opted to create the Eastern Virginia Regional Industrial Facility Authority ("EVRIFA") in collaboration and cooperation with the County of Gloucester, the City of Newport News, the City of Poquoson, the City of Williamsburg and the County of York to foster economic growth and development of the City of Hampton and the region and to promote the comfort, convenience and welfare of the citizens of the City of Hampton by developing, owning and operating one or more facilities on a cooperative basis with the other member localities. After many years of work, the EVRIFA's first endeavor is the planned acquisition of approximately 432 acres of land located in the Penniman Road area of York County, and subsequent lease approximately 250 acres of that property to KDC Solar, LLC ("KDC") for the purpose of developing a solar farm.

The property will be purchased from the Commonwealth of Virginia for \$1,350,000, a price set by an amendment to the State's budget, and KDC will pay that amount to the EVRIFA in exchange for a 37-year ground lease. KDC plans to construct a 20MW solar facility. All taxes generated on the property will flow to the EVRIFA. Localities interested in participating in this project must approve and agree to the terms of a participation agreement. Two key elements of that agreement are that (1) all decisions regarding the project, including the annual budget, must be unanimously approved by all participating members; and (2) Project Revenues (as defined in that agreement) will be distributed by the EVRIFA to the participating localities, pro rata, based on contributions, unless otherwise agreed.

Hampton's contribution share is projected to be \$15,000.00 in the first year, and \$5,000.00 in each of the four years thereafter. Allocable contributions for future years have not yet been projected.

Impact:

The planned investment evidences a cooperative effort among Hampton Roads localities; and an collective investment for the betterment of the region, the City, and each participating locality.

Recommendation:

Approve the Resolution.

WHEREAS, various localities and economic or industrial development authorities in the Hampton Roads area joined together to form the Eastern Virginia Regional Industrial Facility Authority (the "EVRIFA") for the purpose of jointly engaging in economic development projects benefiting the region and the Authority's members;

WHEREAS, the EVRIFA identified a tract of land in York County owned by the Commonwealth of Virginia (the "Commonwealth"), comprising approximately 432 acres in the vicinity of Penniman Road and Colonial Parkway, commonly referred to as 1801 Penniman Road (the "Property"), as suitable for the development of a solar facility;

WHEREAS, the EVRIFA proposes to purchase the Property from the Commonwealth, then to lease approximately 250 acres of the Property to KDC Solar, LLC, for the development of a solar facility, referred to as the Kings Creek Commerce Center Project (the "Project"), subject to the terms and conditions set forth in a participation agreement between the EVRIFA, the City of Hampton, Virginia, and other members of the EVRIFA (the "Participation Agreement");

WHEREAS, the Participation Agreement requires approval by each EVRIFA member, and includes a commitment to contribute to the payment of certain Project administration costs ("Project Costs");

WHEREAS, the City's share of those Project Costs is expected to be \$15,000.00 in the first year, and \$5,000.00 in each of the next four years; and

WHEREAS, the funds necessary to fulfill the City's first year contribution are available from the Unassigned Fund Balance of the Economic Development Fund for appropriation to the Economic Development Fund from where it can be disbursed to the EVRIFA.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Hampton, Virginia, that it (1) approves the terms of the Participation Agreement, in substantially the same form as attached hereto; (2) authorizes the City Manager or her Authorized Designee to execute and deliver to the EVRIFA the Participation Agreement and any and all other agreements or other instruments that are in substantial compliance with the aforesaid documents with such modifications as agreed to by the city staff and the City Attorney; and (3) appropriate \$15,000.00 from the Unassigned Fund Balance of the Economic Development Fund to the Economic Development Fund to disburse to the EVRIFA in satisfaction of the City's first year contribution obligation under the Participation Agreement.