

GO Virginia Region 9 – Frequently Asked Questions (FAQ)

The responses are pulled directly from the DHCD Grant Guidelines included in the Region 9 Per-Capita Application. However this FAQ format may make the information easier to navigate.

I. What activities will GO Virginia Grants fund?

As provided in the Virginia Growth and Opportunity Act (the "Act"), funds are allocated, upon approval of the Virginia Growth and Opportunity Board (the "Board"), to support grant requests that advance the Board's goals as well as the prioritized needs and opportunities identified in the Growth and Diversification plans adopted by each regional council. In addition to the general principles of the Act, the Growth and Diversification plan adopted, and as periodically amended, by each regional council, shall guide how the prioritized needs and opportunities are linked to grant requests proposed by the collaborating localities.

II. Who Can Apply for a GO Virginia Grant?

Public or private entities that may pursue and administer grant funding include, but are not limited to, other political subdivisions of the state, foundations, non-profit entities, colleges and universities, other educational entities, economic development organizations, workforce boards, local governments, regional council support organizations, and other stakeholders.

III. What is locality collaboration?

The Act requires the collaboration of at least two localities, political subdivisions, or public bodies corporate and politic, along with other public or private entities to apply for either a regional allocation or competitive allocation grant.

Such local participation shall mean at least two or more counties and/or cities, a county and/or city and one or more political subdivisions or public body corporate and politic of that county and/or city along with such similar entity in another county and/or city, or two or more political subdivisions or public bodies corporate and politic from at least two different counties and/or cities. A town, with the county that surrounds it, may petition the Board for the ability to apply for a grant, if the parties can demonstrate that their collaboration is substantive and aligned with the goals of GO Virginia.

IV. Can a private or for-profit company apply?

While a private company may apply, in cooperation with the collaborating localities and other stakeholders, to participate in or manage a project, grant funds are not to be used as economic development incentive payments or to promote the activities of a single entity. Instead, grant funds are to be used to support the implementation of requests aligned with plan priorities and that offer broad community benefits.

V. What are the different grant funding streams?

Grant funds are available to the regional councils on a per capita basis (the "regional allocations") where each region gets a proportional share of the available funding based on its

current population, and on a statewide competitive basis (the "competitive allocations"). Subject to the annual appropriations act, the grant allocations will be available for award by the Board as needed to support grant requests. A region is not required to use its entire regional allocation in a single fiscal year, and unused funds may be held by the Council for future opportunities more aligned with the priorities of its Growth and Diversification plan. The Board also reserves the right to withhold allocations of funds should the proposed grant requests not meet certain minimum thresholds established as a result of these guidelines.

VI. What timeline may a grant be for?

It is expected that the grant funds will be used to initiate successful regional collaboration activities but will not be an ongoing source of long-term funding for grant requests. While grant requests that require funding commitments for multiple fiscal years can be proposed, it is expected that the Board will not approve grants lasting for more than two years. After the initial funding cycle, the participating localities and other stakeholders may again apply to the regional council and the Board for further funding if there is a demonstrated need for additional funding. Multi-year grant commitments shall be made with a declining amount after the initial funding year.

Payments of grant funds shall be made upon the achievement of project milestones as outlined in the grant application. The Board may approve grant requests that provide a portion of the requested funds prior to the achievement of project milestones for organizational and other project initiation efforts.

VII. What are Enhanced Capacity Building Grants?

Prior to approving regional project grants, applicants are likely to want to validate how to translate the prioritized needs and opportunities from their Growth and Diversification plans into actionable grant requests. Such an effort would develop platforms to support various collaborative approaches, increase efficiency, provide a deeper and consistent level of support, assess and reduce risk, and provide more focus about how broad concepts outlined in the plans become actual programs. Such activities would also create the opportunity for regions to share information on best practices and validated platforms that may lead to more collaboration and future grant requests with similar goals. Such activities, known as enhanced capacity building, are intended to examine how a subsequent future project grant request will be supported through the creation of this platform. In any application for enhanced capacity building, an inventory of existing programs with similar goals, gaps in current programs that the proposed project will fill, the resources and structures needed to ensure the success of the enhanced capacity building initiative, and an exploration of how the enhanced capacity building effort could contribute to the success of associated future grant requests, should be detailed by the applicant.

Even if enhanced capacity building funds are not requested, any proposed project should identify what efforts have been made, or will be made, to undertake a risk assessment of the likelihood of the success of the project prior to implementation funds being drawn upon.

Additionally, any proposed grant requests should indicate a plan for how they will demonstrate that they are sustainable after the grant funds from the Board are exhausted.

Project applications solely for enhanced capacity building as a phase independent from, but in anticipation of, future grant requests, will be accepted. Proposed enhanced capacity building efforts which have the ability to be successfully replicated or used across multiple grant requests and/or regions will receive special consideration by the Board in allocating grants. Further, it is understood that any return on investment analysis for enhanced capacity building efforts will be different from that for other collaborative grant requests.

VIII. What is the required Return on Investment and how is it calculated?

The anticipated return on investment of a proposed project resulting from the GO grants is one of the key measures to be used by the Board in making funding allocations. The nature of the GO Virginia initiative, however, is different from traditional economic development programs and incentives where results are more immediately visible through direct job creation and capital investment and the tax revenues such activities generate. These measures are important, but under GO Virginia, the proposed grant requests should also focus on long-term, sustainable change, economic diversification, and regional collaboration, so some measures of success are behavioral and thus, harder to measure. Further, GO Virginia expects that the projects it funds will have broad community benefit that supports activities across local boundaries.

In calculating the anticipated return on investment for proposed grant requests, applicants should outline the anticipated jobs and capital investment that could accrue from the project over a two-year period that aligns with the likely payout schedule of a grant, as well as over the longer term. Using those factors, the applicant should outline the anticipated state and local tax revenues that will result from the proposed activity. When determining the economic impact of a proposed grant request, the Board will give preference to those applications which can demonstrate that the GO Virginia portion of the grant is recouped within three years, however, projects that may have a smaller return in the initial phases, but a larger anticipated longer term impact (taking into account the likelihood of future success) will receive special consideration. In addition to these objective factors, applicants should outline other measures of success, such as new collaborative agreements, revenue sharing, cost savings and efficiencies resulting from the project, or other items that can be used by the Board to understand the financial viability of the project. Another variable that the Board will use in determining the return on investment is any information provided by the applicant about previous successes involving the applicant on similar initiatives.

By way of example, a grant request focused on a cluster scale-up activity which seeks \$100,000 from the Board may have as a goal the creation, within 3 years, of 50 new jobs earning \$50,000 per year. That would result in \$2.5 million of wages in year three. The average effective personal income tax rate in Virginia is approximately 4%, so that project would generate a \$100,000 return. Additional tax benefits (in the form of sales taxes, excise taxes, and property taxes) would show that the project is a net positive for the Commonwealth. That same project

which yields 50 jobs earning \$40,000 per year would result in \$2.0 million of wages in year three – or an income tax yield of \$80,000. Sales taxes (which are realized assuming about 1/3 of wages are spent on items subject to the sales tax) yield another \$35,333.

It is understood that certain project types will have a longer timetable to achieve their expected return on investment. For example, projects focused on increasing the number of startup businesses or improving the entrepreneurial climate could take longer to show measurable results than those projects that scale up an existing company or can immediately commercialize research and development opportunities from our universities. Further, grant requests to solely support enhanced capacity building efforts may be able to demonstrate only limited returns prior to the end of the program. Consideration of the project type and duration will be used by the Board in making final grant decisions.

IX. What is the Match Requirement

The Act requires that any grant request for funds from the Board be matched, at least dollar for dollar, by non-state appropriated sources. Therefore, non-state public entities, private, federal, or local funds are acceptable forms of match for funds requested from the Board. The Board may waive the match, to half of the required amount, upon a finding of fiscal distress or an exceptional economic opportunity in the collaborating localities. Grant requests may include, from any source, including state appropriated funds, match in excess of the levels outlined herein, and such additional match will receive special consideration by the Board in allocating grants.

The application shall outline the methods the non-local government participants in the grant application will use to provide the remaining balance of the required match.

X. What is the Locality Match Requirement?

Financial participation by the collaborating localities is required as part of any application for a grant allocation, and the minimum threshold for such participation is outlined in these guidelines. The roles of the various participants in applying for and administering a proposed project shall also be set forth in the grant application.

It is the goal of the Board that among the participating localities in a regional collaboration that there be a local contribution of not less than 20% of the required match, or \$50,000, whichever is greater, in the aggregate, per proposed project. Projects designed to address issues which impact more than 50% of the population of one of the nine GO Virginia regions are encouraged to meet this minimum local contribution but are not required to do so. The goal of this local contribution amount is to ensure localities are truly invested in the collaborative nature of the GO Virginia process as well as to ensure that proposed grant requests are of a substantial nature and meet the highest priorities identified in the regional plans.

The local contribution may come from any combination of the participating localities and political subdivisions. If the participating localities identify actions that they will take which result in cost efficiencies that provide resources for the proposed regional project, such funds

shall be worth a 50% bonus in meeting the local contribution requirement. Existing investments by localities and political subdivisions that are redirected, repurposed, or refocused towards collaborative regional grant requests will count as local match. The Board also reserves the right to waive the local contribution for enhanced capacity building efforts that demonstrate an ability to benefit multiple regions or grant requests.

In order to meet the local contribution requirement, the application shall identify the methods the participating localities have undertaken, or will undertake during the proposed grant term, to make available the required local contribution.

The local contribution may take the form of cash, revenue sharing, dedication of locally-owned or controlled assets to the proposed regional project, reallocation of existing funds, in kind contributions, or other local resources.

XI. Project Performance

The applicant shall outline the aspects of the proposed grant request that will be used to measure the success of a project that aligns with the findings of the applicable Growth and Diversification plan. In the event a funded project is unable to deliver on project deliverables that impact its compliance with the performance criteria established at the time of the grant approval, the Board may terminate future funding for the project. The Board may permit a time period of not more than 60 days for the public or private entity administering the project to cure any deficiency in meeting the performance criteria prior to terminating future funding. The Board may also grant approval for modifications to the terms, conditions, or milestones should circumstances impacting the project change substantially.

XII. What are the Grant Scoring Criteria?

In determining the eligibility of the region and the amount of monies to be awarded for grant requests, the Board and the regional councils shall follow these weighting criteria. The Board reserves the right to not make an award to proposed grant requests that have a low score in one of more of the following areas:

Economic Impact – 35%

1. Project application outlines the expected return on investment of the proposed project and the timeline for achieving that return.
2. Project application demonstrates the proposed project's alignment with and how it will address the prioritized needs and opportunities of the growth and diversification plan.
3. Grant requests that have a larger impact with regard to the creation of higher paying jobs and economic diversification, based on a return on investment model, in a smaller economic region shall receive higher scores.
4. Project outlines both behavioral as well as anticipated tangible results that will come from the collaboration.

Regional Collaboration – 30%

1. The number and percentage of localities within the region that are participating in the proposed project and the portion of the region's population represented by the participating localities.
2. Participation of localities or regions (including interstate collaborations) that are outside the applying region.
3. Cost efficiencies, repurposing of existing funds, leveraging of existing assets, or other evidence of collaboration that can be demonstrated as a result of the proposed project.
4. The amount of involvement in the project by businesses, colleges and universities, and other public and private entities within the region in the conceptualization of and the implementation of the project.
5. The amount, timing, and form of the proposed project match that outlines the depth of the commitment by the public and private funding partners to the effort.
6. Inventory existing grant requests or programs with similar goals to ensure the proposed project is not duplicative of, but additive to, other efforts to support economic diversification and the creation of more higher-paying jobs.

Project Readiness – 20%

1. Project application demonstrates that the project partners have the capability to successfully execute the project.
2. Project application demonstrates that the regional council has consulted with subject matter experts regarding the efficacy and viability of the proposal
3. Project application outlines how the project may be coordinated with existing efforts in the region.
4. Project application fully analyzes the barriers to successful implementation and other associated risks along with a plan to overcome them.
5. Project application reviews any prerequisite activities undertaken by the collaborating parties to increase efficiency with regard to program delivery and to ensure a deeper and consistent level of support for the project once launched.
6. Project application demonstrates the project partners, including the lead public or private administering entity, have sufficient financial management and personnel to ensure compliance with the grant agreement.

Project Sustainability – 15%

1. Plan for how a project will be sustained after grant funds are exhausted.
2. Demonstrated ability to meet the project performance metrics and to take remedial actions in the event those measures are not achieved.
3. Demonstrate leverage above the required amounts from any source.