

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

4

5

6

7 **Agribusiness Committee Meeting**

8 Tuesday, September 19, 2017

9 3:00 o'clock p.m.

10

11

12

13

 The Crossroads Institute

14

 Galax, Virginia

15

16

17

18

19

20

21

22

23

24

25

CRANE-SNEAD & ASSOCIATES, INC.

 4914 Fitzhugh Avenue, Suite 203

 Richmond, Virginia 23230

 Tel. No. (804) 355-4335

 Fax No. (804) 355-7922

1 APPEARANCES:

2 Mr. Robert Spiers, Chairman
3 Ms. Gayle F. Barts
4 Ms. Mary Rae Carter
5 Mr. John Holland
6 Mr. Robert Mills
7 Mr. Cecil E. Shell
8 The Honorable William M. Stanley, Jr.
9 Mr. Richard L. Sutherland
10 The Honorable Thomas C. Wright, Jr.

11

12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director
14 Mr. Christopher E. Piper, Deputy Director
15 Mr. Timothy S. Pfohl, Grants Program Administration Director
16 Ms. Stephanie S. Kim, Director of Finance
17 Ms. Sarah K. Capps, Grants Program Administrator,
18 Southside Virginia
19 Ms. Michele Faircloth, Grants Assistant,
20 Southside Virginia
21 Ms. Sara G. Williams, Grants Program Administrator,
22 Southwest Virginia
23 Ms. Jessica Stamper, Grants Assistant,
24 Southwest Virginia
25 Ms. Stacey Richardson, Administration Supervisor

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNSEL FOR THE COMMISSION:
Ms. Elizabeth B. Myers, Assistant Attorney General
Richmond, Virginia 23219

1 September 19, 2017

2

3 MR. SPIERS: Good afternoon, I'll call the meeting of
4 the Agribusiness Committee Meeting to order. It is now 3:00
5 p.m., so we need to get started. We welcome everybody here
6 and appreciate you taking the time to come.

7 We'll be referring to page 4 for our agenda. At this
8 time, I'll ask Evan to call the roll.

9 MR. FEINMAN: Ms. Barts.

10 MS. BARTS: Here.

11 MR. FEINMAN: Delegate Edmunds.

12 DELEGATE EDMUNDS: (No response).

13 MR. FEINMAN: Mr. Harris.

14 MR. HARRIS: (No response).

15 MR. FEINMAN: Ms. Carter.

16 MS. CARTER: Here.

17 MR. FEINMAN: Mr. Holland.

18 MR. HOLLAND: Here.

19 MR. FEINMAN: Mr. Merricks.

20 MR. MERRICKS: (No response).

21 MR. FEINMAN: Mr. Montgomery.

22 MR. MONTGOMERY: (No response).

23 MR. FEINMAN: Mr. Shell.

24 MR. SHELL: Here.

25 MR. FEINMAN: Mr. Mills.

1 MR. MILLS: Here.

2 MR. FEINMAN: Mr. Spiers.

3 MR. SPIERS: Here.

4 MR. FEINMAN: Senator Stanley.

5 SENATOR STANLEY: Here.

6 MR. FEINMAN: Mr. Sutherland.

7 MR. SUTHERLAND: Here.

8 MR. FEINMAN: Delegate Wright.

9 DELEGATE WRIGHT: Here.

10 MR. FEINMAN: You have a quorum.

11 MR. SPIERS: Next on the agenda is approval of the
12 5-18-17 minutes. Any corrections? If not, I need a motion to
13 approve.

14 MR. MILLS: So moved.

15 DELEGATE WRIGHT: Second.

16 MR. SPIERS: I have a motion and a second. Any
17 further discussion? All those in favor, say aye (Ayes). Opposed?
18 (No response). The minutes are approved. Thank you.

19 Let's begin with a summary of impacts of the Cost
20 Share Program. At this time, I'll call on Sara to make their
21 presentation, after which the Committee can ask questions.

22 MS. WILLIAMS: Good afternoon, everyone. We're
23 really excited to present this information. You may remember at
24 the January meeting this Committee requested that we go back
25 and look at the investments we made in the various programs,

1 the Cost Share Programs over the years and the impact that that
2 had.

3 For those of you that have been on the Committee for
4 a while, you are aware of this. Our most popular Agribusiness
5 project year after year after year, we get a lot of requests for
6 cost sharing, and they're popular for a lot of reasons. It's a way
7 we're able to impact farmers and the outcome measure that we
8 use for the Agribusiness Program helps increase farm income.
9 So, this has been a direct way we can get the money out there
10 making improvements to practices, and I think you'll see from
11 the presentation do result in income for our farmers.

12 You can follow along in your book on page 5, you're
13 going to see some charts that summarize the information to a
14 higher level of detail than we're able to provide today in the
15 presentation. We're trying to hit the very top points for you, but
16 if you want to see the details and a better explanation, you can
17 find that on pages 5 and 6 and 7.

18 What we found was that, and let me go back and say
19 that we have other cost share programs, things like specialty
20 crops, bee-keeping, and some little more random cost share type
21 programs that are very specific in a very specific population. We
22 didn't go back and look at those, but we did the ones where the
23 majority of Commission funds had been spent. Of the projects
24 that we reviewed, 2,461 producers that we identified
25 participated. The Commission had invested \$5.6 million of funds

1 toward these programs, but you'll see there's a match of more
2 than a one-to-one ratio, 13.3 million of match for the
3 Commission.

4 The programs for the Southwest area, which I'm
5 familiar with, we were able to go back as far as 2004, and that's
6 when the value-added beef initiative project first started in
7 Southwest. The early grant actually was part of the Halifax
8 County grant, were able to go back to 2004. I have to say here
9 is that the reason that we're able to go back as far as we were
10 and really those grants all went through primarily the same
11 grantee, which is the Abingdon Feeder Cattle Association. Bill
12 Blevins administered all those programs, and he had an
13 incredible amount of information still available.

14 I have to give credit to Jessie Stamper, she spent a lot
15 of time going through pages and pages and pages of
16 spreadsheets for producers going back 13 years to get this
17 information. I was impressed that the grantees had kept the
18 records that they had. This goes above and beyond what we
19 were requiring to keep and Jessie contacted them and they were
20 able to provide us a very high level of information, which allowed
21 us to be able to present this to you today.

22 We found that we served a total of 1,364 producers,
23 with \$3.25 million, and a lot of this was to the same program,
24 the value-added beef initiative that we funded during multiple
25 rounds and each year a continuation for producers that had been

1 approved but not yet funding to pay for this. It was an ongoing
2 process, and other grantees branched out and made some
3 improvements like hay barns, which I'll get to later.

4 Southern Virginia focused on a more recent time, and
5 they went from 2009, a total of nine grants, and that impacted
6 1,097 producers, with \$2.36 million cost share. For the
7 Southwest area, these are the three main areas of focus. Some
8 of those, like bee-keeping and specialty crop projects, we didn't
9 focus on. There's also some current cost share programs that
10 are too new and they were approved in January or so recently
11 that we didn't have the information to report at this point. So, in
12 a few years, if you'd like, we'd be happy to include all of that
13 information.

14 The crop programs that were primarily in the
15 Southwest, hay barns and hay storage. Two hundred and
16 eighty-three participated, and 855,000 of crop cost sharing. But
17 the match was over \$2.5 million. That program did have a
18 higher match requirement, and I think we capped our
19 reimbursement at 33 percent.

20 Energy efficiency, which was a program done through
21 Virginia Tech, administered by the Southside office, 12,250, and
22 did a huge amount of match in comparison. Over 1,000
23 participants, almost 2.4 million on livestock management.

24 When speaking about livestock management category,
25 which you saw, the vast majority of the Southwest's cost

1 sharings, we focused on two main area, handling equipment,
2 which is everything from gates and all sorts of handling-type
3 equipment and genetic improvement. We've purchased a ton of
4 things to help people genetically help their herds and paying for
5 activities associated with artificial insemination to help the cattle.
6 Crop programs, and we've done some goat and sheep
7 equipment. The cost share programs are active now, and some
8 of them we don't have a lot of data on yet. Those are small type
9 cost share programs.

10 This was really no surprise to me, and I thought it
11 would be the reverse. If you had asked me before we looked at
12 this number, I would have said the top county was probably
13 Washington County, with Russell second. I was surprised when
14 we saw that Russell was the top county, followed by Washington,
15 Lee, Wythe, Grayson, and you can see the number of producers
16 and the cost share amounts in those counties. You have all this
17 in your book if you want to study how the funds were deployed.
18 These were the top-ranking ones.

19 So, on the amount that was spent on livestock
20 management, and we did handling activities and the genetic
21 improvements. If you look at this slide, and if you don't
22 remember anything else about what I've said, I think this slide
23 speaks to the impact of the money that we have spent on this
24 program, a little over \$420,000 of Commission funds into genetic
25 improvement activity.

1 To participate in the program, the producers have to
2 do certain things and be certified, and that program was
3 successful in Southwest. I don't know if you can say what that
4 this program is successful because DQA was popular there, or
5 whether DQA was more popular as a result of this, probably a
6 little bit of both. We're able to get this information. You'll see a
7 sale that was conducted in August. For the \$420,000 of
8 Commission funds spent, they sold almost 45,000 calves at these
9 sales over the years, from 2004 to 2017, 600 tractor-trailer loads
10 of cows, and the increased revenue from that \$425,000 cost
11 share invested by the Commission.

12 The increased revenue was \$3.9 million, which is a
13 pretty impressive number when you talk about return on
14 investment. And that was for the genetic improvement part of
15 our cost sharing. I knew anecdotally that that was the case, but
16 when you see the information that came in. That concludes the
17 Southwest portion. And I think Sarah is going to talk a little bit
18 about Southside numbers. Thank you.

19 MR. SPIERS: Thank you, Sara.

20 MS. CAPPS: For the Southside of the Tobacco Region,
21 type of best management practices that was funded with our cost
22 share was a little bit broader. As Sara mentioned, when we went
23 through this project, we had to group the practices in the
24 categories, and that's what's referenced to the crop programs
25 and livestock management. The cost share program, where the

1 majority of the Southside money was spent, that's for grain and
2 feed storage for the livestock management, 364 producers,
3 including handling equipment, feed, livestock identification, as
4 well as dairy equipment.

5 For pasture utilization, that included purchasing
6 spreaders and other equipment. For the produce, that included
7 cold storage and production structures, like greenhouses. The
8 energy efficiency as supported energy audit, as well as
9 renewable energy, stability studies, and then the retrofit that
10 were recommended from those studies.

11 This slide include photos of some of the hay storage
12 facilities. We supported 351 of these, and we supported new
13 structures, as well as additions. We supported the hay storage
14 facilities under three grants, starting in 2010, and we have a
15 2017 grant, that's really not part of this analysis. I looked at
16 some of the data yesterday. There were 46 producers that
17 received \$3,300 of cost share, that invested over \$15,000 in
18 match. The highest of those was as much as \$58,000, just to
19 give you an idea of the range. A small incentive resulted in a
20 large investment by the producers.

21 The next slide shows, and these are actual structures
22 that you all supported and equipment that you all supported, and
23 that's as a result of where the photos came from.

24 Under the cost-share program, we supported 62 grain
25 and feed storage, including silos and grain dryers and similar to

1 the hay barns, and that's the data from part of this analysis.
2 Three grants starting in 2010. We also supported hay equipment
3 with 80 producers for a variety of equipment.

4 Livestock management and handling equipment,
5 similar to what Sara indicated, shoots, and holding shoots and
6 gates and those type of things. Also, some different types of
7 wagons and feeders. We supported a few of the, as well as some
8 production structures.

9 The next slide shows the number of practices in the
10 Southwest Region, as well as Southside. There are some
11 different topographies, and there are some different practices
12 between the two regions.

13 The next slide is similar to the one that Sara Williams
14 showed, and shows where the most money has been invested
15 and which counties received the most amount of cost share. I
16 sorted this based on the cost share, not the producer number.
17 The highest amount of cost share belongs to Pittsylvania County
18 at 364,000, followed by Campbell County at 288, and then
19 Franklin County 193, Mecklenburg, Appomattox, and so forth. I
20 just want to make it known here that the number of producers
21 served in Franklin County was low compared to their ranking and
22 cost sharing. The reason that is skewed is that there was a dairy
23 project and the cost share amount that the farmers were eligible
24 for under that grant was 10,000, whereas the normal cost share
25 limit for most of the other grants is 3,300. The number of

1 producers is lower on that one.

2 This next slide we wanted to show which practices the
3 producers were matching at a greater level and the required
4 match for the program. In Southside, we had a requirement for
5 a two-to-one match, and this slide is just to show that certain
6 practices were higher than the two to one with the grain and feed
7 storage, the average match was over four to one of the
8 Commission's investment, on the structures five to one Hay
9 storage was three to one in our investment. And that was for the
10 purpose for that slide. Again, this one shows the capital
11 investment, that's in comparison to our dollars that were
12 invested.

13 I wanted to show these two slides representing the
14 return on investment to the producers. This is the smaller scale
15 than the value added that Sara talked about. In Campbell
16 County, under the Crop Program for the hay storage facility, the
17 Cooperative Extension Agent in the county reported that, and
18 this information came from his report because he does it
19 annually. One thing that's important to remember with the cost
20 share, once we give the money out, the producers are required
21 to report back annually for five years on how they used the
22 structure. And that's where this data comes from.

23 In Campbell County, 55 producers from the hay
24 storage point of view, the value of that hay over six years is 2.7
25 million. It's based on an average of 9,000 bales in each of the

1 barns and 38 to 40 percent waste and some stored outside. An
2 estimated savings of 810,000.

3 The other example I have is a newer practice that we
4 funded, and we've only funded a few of these, and this is a cold
5 storage operation. This is an example from New London Farm in
6 Bedford County. They used our cost share to convert a space in
7 the garage to put in increased storage and a counter space and
8 sold \$500 of product in the first few hours. And then they have
9 received 60 orders. I spoke to the producer and got his
10 permission to share the information and the customer base has
11 continued to grow. This is a good example of how the money is
12 being used.

13 In conclusion, I wanted to let you know the way we
14 did this analysis, we used a tool in Excel called Give it Tool, and it
15 gives us the ability to essentially pivot the data any way that we
16 like and to let you know we can produce this information in any
17 format if anybody is interested. We've done this analysis for a
18 principal investigator at Virginia Tech that's working on a
19 prospective Agribusiness project where he needed to update
20 some information in grain storage, and we did an analysis on the
21 investment for grain storage and shared that with him. That
22 concludes my presentation.

23 MR. SPIERS: Thank you both, the two Saras/Sarahs.
24 My comments would be and others might be thinking of some
25 questions. Your analysis, when we think of data, it sounds like

1 you had a lot of data to analyze, but from the report that I see, it
2 gives me great confidence that the program is well administered
3 and that we're getting a return on investment of the funds we're
4 spending. That should give the Committee great confidence in
5 the grants that are being presented and that they are being
6 administered quite well in keeping records.

7 We have people that wonder if our money is being
8 spent wisely. I think this type of information shows we're
9 reaching a wide variety of people and farmers in the Footprint,
10 and the funds are helpful in establishing a good return on the
11 investment.

12 I'll also remind the Chair and the Executive Director
13 about the return on investment when funds are allocated.

14 Any other Committee members have a question
15 concerning the information?

16 DELEGATE WRIGHT: To follow up on what you just
17 said and possibly more funding in the future. I've asked for this,
18 as well, and this is good economic news that we've gotten and
19 the impact of agriculture on our economy. In the last ten years
20 or less, an additional 20 million of impact, run from \$70 to \$90
21 billion. Farming is no longer necessarily tobacco farming or
22 cattle farming and so forth, but we've got Agritourism, so many
23 things that would add to the economy and impact our economy.

24 So, I'd echo what the Chairman said, and we should
25 be as aggressive as we can in seeking appropriate applicants and

1 projects in the future.

2 MR. SPIERS: Our thanks goes out to all of the
3 applicants that have used these programs. And we don't have
4 the staff to administer them, and it's great that the Cattle
5 Association, Extension Agents, and all of the time they put in, in
6 administering this program, and that's what makes it work.

7 MR. FEINMAN: I'd add that the Staff shares that view,
8 and I think you might remember on the budget you voted on in
9 May, Agribusiness is one of the few committees that saw a
10 significant increase in the budget for the coming year.

11 MR. SPIERS: Any other Commission members have
12 any comments? If not, we'll go on to, Evan has a report on,
13 some thoughts on the RFP that he's working on.

14 MR. FEINMAN: Members of the Committee and Mr.
15 Chairman, we have for a long time wanted to be less reactive
16 and more proactive in meeting the specific needs of the Tobacco
17 Footprint. That's very difficult to do in many of our committees
18 because we cover such a wide variety of topics. Southside,
19 Southwest Economic Development Committee, and R&D, and
20 really a broad swath that comes before us. Agribusiness,
21 because it's already targeted to a single industry allows us the
22 opportunity to try out a different approach.

23 We sat down with a variety of, Sara, do you
24 remember how many Virginia Tech professors, or maybe more
25 than 20, and they really rolled out the red carpet for us. The

1 agriculture school at Virginia Tech. We brainstormed with some
2 of the brightest minds, Agritechnology and Agribusiness, in the
3 state, and worked on some topic areas for requests for proposals
4 from the Commission seeking applicants pursuing specific
5 projects. Rather than for the coming round of Agribusiness
6 taking anything that came in the door, we'd say that we would
7 still hear any applicant that would like to speak to us, but we
8 have a couple of areas that we're encouraging people to apply.
9 High value, low acreage crop, value added processing, cost share
10 programs, marketing and market development. That came out
11 of hearing a variety of different ideas in the Virginia Tech faculty,
12 and our score internally how we felt it would impact us and how
13 many different projects we thought we could get in each different
14 area, then narrowing it down to those four areas.

15 Sarah Capps did a really good job figuring out how
16 this fit within our strategic plan and formatting this and she has
17 some background in doing RPs.

18 MR. PFOHL: Thank you. We're running into the start
19 time for Southside. And I'll go through this quickly.

20 Since the Agribusiness Committee was formed in 2003
21 and funding projects that accomplished a number of things, and
22 we've heard a lot about cost share, but also transitioning
23 Congress for alternative ag. enterprises and production
24 techniques and expanding market opportunity to add value
25 products.

1 The bottom line is increasing net farm income. What I
2 should also say up there is encouraging private investment in
3 farm operations. We've been consistent over the years, but we
4 were very hamstrung, and initially in 2003, we were taking
5 applications on paper and word documents. About eight or nine
6 years ago, we went to the online application system, and we
7 were very constrained with that. We had a very limited number
8 of deals that we could put in our application form.

9 We made a switch two years ago to a new post of our
10 application system database, also, right about the time that the
11 JLARK report came out and the Commission saying you aren't
12 doing enough to measure what's resulting from your projects.
13 We went through a lengthy process to look back at what we'd
14 been doing in Agribusiness over the years and to map out what it
15 is that we're doing and what are the deliverables for projects, are
16 we looking to assist in funding, and then the targeted outcomes,
17 and what meters were we trying to move.

18 This is an example from last year's strategic plan and
19 the process of mapping out what we are doing and what we hope
20 to be doing in Agribusiness. That really became kind of the
21 structural blueprint for our new online application system.

22 When an applicant comes on now and the cost share
23 programs that you heard about, they selected an investment
24 strategy, which is that left-handed column. And these are the
25 outputs we're trying to generate, for these types of projects, and

1 these are the outcomes that we're hoping to generate.

2 This is the building blocks for the Agribusiness
3 Program. There are nine different investment strategies. If
4 you're trying to measure what we're doing, does anyone want to
5 sit around and listen to us talk about nine different categories?
6 So, what Evan talked about in terms of taking the nine strategies
7 that we have and putting those under these four areas that we're
8 going to market or will be the focus of the Agribusiness
9 Committee or program and the upcoming guideline that will
10 finalize in the next week or so when we get back home. High
11 value, low crop demonstration and development, value added
12 processing, aggregation of marketing facilities, cost share
13 programs and marketing and market development.

14 We will be over the next few weeks, and we got the
15 program guidelines drafted, we'll do a couple of tweaks, and we
16 wanted to hear your feedback today. And if you have thoughts,
17 please pick up the phone or shoot us an email and we'll finalize
18 those guidelines.

19 We had set the schedule of application due dates over
20 the rest of the fiscal year trying to give folks advanced
21 announcement of those things and that conjures up that old
22 expression, the road to hell is paved with good intentions. So,
23 we will have to in the interest of giving applicants adequate time,
24 submit their applications, put the October 5th due date back a
25 couple of weeks, what we hope to be presenting to you

1 applications and funding requests in January.

2 The January timing always seems to be good, and that
3 gives the grantees time to get all their program materials
4 together and things like cost share program for the spring
5 construction season and spring planting, and so forth.

6 So, that's what's going on and looking ahead to the
7 FY18 Agribusiness Program. Any questions?

8 MR. SPIERS: Do we have any feedback? Sounds like
9 you've spent a lot of time and effort in coming up with a logical
10 plan. I understood you to say that you would communicate with
11 the people through the application process to make sure they
12 understand on what your intentions are. If there's some
13 information you could send through the Committee members to
14 give us a little more background and a pretty high level
15 discussion, so if you can give us any more information, we
16 possibly can give you some more background or feedback rather,
17 but it looks like you put a lot of effort into this. Thank you.

18 Any other comments? If not, we'll allow the Staff to
19 move forward with this concept for this next funding round.

20 Do we need a motion or consensus?

21 MR. FEINMAN: We're always happy to have a motion,
22 but this is technically program guidelines which the Staff has
23 done internally.

24 MR. SPIERS: All right. Not hearing anything, it
25 sounds like you've got a green light.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Any other business?

MR. FEINMAN: No other business.

MR. SPIERS: Any public comment? Not seeing anyone rushing to the mike, our time is over, so I declare the meeting adjourned.

PROCEEDINGS CONCLUDED.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Region Revitalization Commission, Agribusiness Committee Meeting**, when held on Tuesday, September 19, 2017, at 3:00 o'clock p.m., at The Crossroads Institute, Galax, Virginia.

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings.

Given under my hand this 28th day of September, 2017.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.