

**FY19 Agribusiness  
Summaries & Staff Recommendations  
January 2019**

The Commission received seventeen proposals for FY19 Agribusiness funds by the announced due date in October (including three\* tabled in the FY18 cycle). Executive summaries of the proposals and Staff comments and recommendations are contained below.

| <b>Req #</b> | <b>Organization</b>                                  | <b>Project Title</b>   | <b>Request Amount</b> | Recommended amount |
|--------------|--|--|-----------------------|--------------------|
| 3493         | Abingdon Feeder Cattle Association, Inc.             | Mechanizing Forage Research in Southwest Virginia                                | \$75,539              | <b>\$75,539</b>    |
| 3368*        | Blue Ridge Plateau Initiative                        | Meat Processing Facility (Phase I Site Preparation)                              | <i>\$500,000</i>      | <b>\$500,000</b>   |
| 3486         | Campbell County                                      | Central Virginia Pasture, Crops & Livestock Grant Phase II                       | \$532,000             | <b>\$426,000</b>   |
| 3491         | Cumberland EDA                                       | Hemp Exchange Virginia LLC   | \$754,010             | <b>table</b>       |
| 3499         | Dan River Business Development Center                | GAP Certification Cost-Share for Virginia Tobacco Growers                        | \$258,250             | <b>\$0</b>         |
| 3490         | Halifax County                                       | Study to Develop Markets for Industrial Hemp                                     | \$20,000              | <b>\$0</b>         |
| 3496         | Town of Hillsville                                   | Town of Hillsville Farmers Market  | \$200,000             | <b>\$152,500</b>   |
| 3492         | Institute for Advanced Learning and Research         | Establishing an ISO Certified Analytical Testing Facility to Support Agriculture | <i>\$488,106</i>      | <b>\$395,105</b>   |
| 3494         | Lee County Livestock Association                     | Farm Safety Initiative for Far Southwest Virginia                                | \$455,000             | <b>\$151,667</b>   |
| 3498         | Mount Rogers Christmas Tree Growers Association, Inc | Genetically Improved Fraser Fir Seed Orchard                                     | \$19,575              | <b>\$19,575</b>    |
| 3488         | Nottoway County                                      | Farm to Fuel Phase 2   | \$1,318,062           | <b>\$0</b>         |
| 3371*        | Russell County Board of Supervisors                  | Russell County Canneries Revitalization Project                                  | <i>\$131,420</i>      | <b>\$65,710</b>    |
| 3370*        | Russell County Fair Assoc.                           | Renovation of the Russell County Fair Grounds                                    | \$247,500             | <b>\$17,500</b>    |

|      |  |  |           |          |
|------|--|--|-----------|----------|
| 3497 | Scott County Career & Technical Center | Scott County Career & Technical Center Barn Project                              | \$26,560  | \$0      |
| 3495 | Southern Virginia Food Hub             | Pickup/delivery truck to alleviate logistical transport issues for small farmers | \$62,000  | \$62,000 |
| 3500 | Virginia Tech                          | Increasing Market Access for Southern Virginia Growers through GAP Preparation   | \$74,812  | \$74,812 |
| 3489 | Wythe County                           | Multipurpose Agriculture and Event Building                                      | \$200,000 | Loan     |

**Total (17 requests)** **\$5,362,834** **\$1,920,832.50**

***Balance available*** ***\$3,418,353*** ***\$1,497,521***

**Abingdon Feeder Cattle Association, Inc.**  
***Mechanizing Forage Research in Southwest Virginia (#3493)***  
**\$75,538.50 Requested**

**Executive Summary Provided by Applicant:** Although forage is the largest crop produced in the Commonwealth, there is little forage research conducted in Southwest Virginia. Producers request information about new varieties and improved management techniques, but the labor required to manually harvest replicated plots discourages the collection of new data. The Wintersteiger CIBUS Forage Harvester offers the ability to accurately harvest, collect, and weigh plant material collected from research plots. A CIBUS Harvester in the southwest would make it possible for multiple forage research projects to be conducted throughout the growing season.

**Staff Comments and Recommendation:** This request will support the purchase of harvesting equipment needed to conduct forage variety research on management, yield and quality of cool season grasses, alfalfa, summer annuals, winter cover crops, etc that is specific to the Southwest region but currently not available. Over several years it is anticipated that over 200 acres of research plots will be harvested, resulting in the multiple data collections needed for proper statistical analysis. These plots will be located primarily at the Southwest Agriculture Research and Extension Center in Glade Spring although some plots will also be planted on producer-owned farms in the area. Although forage is the largest crop produced in the region, and necessary to support the animal industry, there is currently no research conducted locally due to the lack of equipment necessary to harvest the forage plots. The results of this research has the potential to benefit more than 7,200 farms in SWVA supporting 1.2M acres of forage-producing land and 500,000 head of livestock. This model is designed specifically for research purposes (not for private use) and has a very long useful life. Other owners, such as universities, frequently operate harvesters for 20+ years. Commission funds will be used to support approximately half of the cost to purchase the harvester. Matching funds, from a variety of sources, will support the remainder of the cost as well as research expenses during the project period. The equipment vendor, Wintersteiger, will provided in-kind support for the project of \$15,107.70 representing a 10% discount towards the purchase. Additional in-kind support of \$3,776.93 will be contributed from Virginia Cooperative Extension for the research activities. Abingdon Feeder Cattle Association will provide up \$30,000 for the harvester and an additional \$30,000 will be sought from private industries and groups. The local Soil and Water Conversation Districts will provide \$20,000 for the harvester. The majority of these

funds have been committed three SWCDs and two area banks to date, with the remainder expected to be finalized in the near future. Given the potential benefit of higher yield and quality of forage that is essential to serving the region's beef, goat, sheep, and horse farms, committed matching funds, and the scientific oversight of this research by Virginia Tech experts, this request received the seventh highest score in this funding cycle.

**Staff recommends a grant award of \$75,539.**

## **Blue Ridge Plateau Initiative**

### ***Meat Processing Facility (#3368)***

#### **\$500,000 Requested**

**Executive Summary Provided by Applicant:** To establish a red meat slaughter and processing facility, designed to harvest multiple species including bovine, swine, goat and sheep. The location has been selected based upon geographic proximity to interstates I-77 and I-81 and the wholesale Southwest Virginia Farmers Market while keeping in mind the location of existing facilities. The facility will be 12,800 square feet pre-fabricated metal structure, will include carefully designed holding pens that will meet or exceed animal welfare certification standards. Equipment within the facility will meet wholesale/commercial packaging requirements. The facility will be made available to small and larger scale producers alike and will have the capability of custom inspected packaging in addition to un-inspected personal consumption packaging. Services and fee structure will be competitive. Protocols will be in place to inspect and label specialty products such as organic, grass fed, antibiotic and hormone free. The requested funds would be used for complete site preparation.

**Staff Comments and Recommendation:** (Note request has been increased to \$500,000): In 2010 the Commission provided funding of \$48k to Grayson Landcare to conduct a feasibility study to explore the potential of establishing a meat processing facility in Carroll County. This grant, matched by ARC, was also used to develop a business plan. These reports, completed in 2011, showed a strong need for such a facility with very few opportunities for similar processing within a four hour radius of Carroll County. Since 2011 a new non-profit has been formed (the applicant) to continue the development of the project although many of the Grayson Landcare members are still actively involved. According to the feasibility study there is a potential to harvest 100,000+ beef cows and other animals annually. The application estimates outcomes of 1,453 annual TRRC region producers using the facility annually, resulting in \$20,000 in annual sales revenue per producer. This proposal was submitted a year ago for half (\$62k) of the Phase 1 Site Preparation. It was tabled a year ago, and the request has subsequently been increased to \$500,000 toward the estimated \$1.7M cost to construct the facility. While this project is described as “a \$2.9 million total investment project” updated correspondence indicates multiple anticipated funding requests for construction, including GoVirginia and Appalachian Regional Commission for potential funding of construction and equipping of the facility. Additional detail on the potential ownership and operations of the facility was requested prior to Staff’s review of the application, and it appears the facility will be owned by the applicant and leased to a private operator that also includes some members of the non-profit applicant. The information provided in the application was included in the feasibility study and business plan completed in 2011 and may not be entirely reflective of the current status and costs of the project. Design costs are estimated at \$64k, the Phase 1 cost estimate provided by a contractor listed the site prep cost at \$141,250 and Carroll County provided a quote estimating \$183,750 of water and sewer improvements are needed at the site prior to constructing the building. Ultimately this could be a solid project with an anchor user in River Ridge Meats, a Grayson County livestock processor that was awarded a TROF grant and is currently using out of state slaughterhouses. While Commission support for the requested initial phases of site preparation and construction may seem premature until the full financing of the project is better understood, given the potential regional agribusiness

impact of this facility, Staff recommends the proposal be considered for a conditional funding commitment that could encourage other funders to commit construction and equipment support.

**Staff recommends a grant of \$500,000 for design, site prep and construction, conditioned upon only the design costs being available for reimbursement until such time as complete project financing is committed.**

## **Campbell County**

### ***Central Virginia Pasture, Crops & Livestock Grant Phase II (#3486)***

**\$532,000 Requested**

**Executive Summary Provided by Applicant:** The Central Virginia Pasture, Crops & Livestock Grant # 3218 was a tremendous success and we have had numerous requests to offer a second round of the grant. The past grant had limited offerings of handling equipment and the Phase II grant has a more expansive list of options for farmers to select from. We are bringing back Cold Storage from a previous grants program. The Phase II grant will continue the objective to offer producers assistance in enhancing and enabling the conversion of underutilized crops land to pasture land; greater utilization of existing pasture land; hay storage; feeding capacity; livestock handling equipment; and cold storage. Tobacco funds are being requested to provide cost share funding for 16 Southside Tobacco Counties serving 10 producers from each county with a maximum of \$3,300 (33%) reimbursement per project. We are requesting an amount of \$4,000 in administrative reimbursement for the grant.

**Staff Comments and Recommendation:** Dating back to 2007, Campbell County has generously and successfully sponsored regional Agribusiness cost-share projects benefiting producers in a majority of the Southside counties. Net grant awards from eight previous Commission grants total \$2.8 million. These projects are submitted and implemented in partnership with the local Virginia Cooperative Extension agents. The current funding request benefits producers in sixteen counties in Southern Virginia, with ten producers targeted per county for estimated total of 160 producers benefiting from this request. As submitted, the cost-share program offering would include a variety of best management practices under categories for Pasture Watering Systems (wells, pumps, waterers, piping), Crops Program (grain bins, hay barns), Livestock Program (head gates, squeeze chutes, scales, portable gates) and Cold Storage Systems. The application identifies that preference will be given to first time participants, and otherwise indicates that awards will be made on a first-come, first-served basis. A maximum \$3,300 cost-share payment will be provided on up to 33% of eligible expenses. Staff notes that On-Farm and Mobile Cold Storage is named in the TRRC Call for Proposals as an example cost-share practice that can be supported, and supports its inclusion in this request, as agricultural professionals in the region have indicated an increasing interest in storage facilities from producers raising beef cattle for direct-to-consumer sales. After the application submission Campbell County along with one of the VCE agents involved in the project requested an amendment to the original proposal to allow for the addition of a new practice for Vegetable Production and Handling Equipment. This practice is intended to address producer needs for expanding vegetable production and would be the first time for such an offering. Staff is also supportive of this addition, and VCE agents are working to develop final guidelines and proposed eligible costs for this practice that would be presented to staff for approval prior to issuance and promotion of the new cost-share program guidelines. Where this application includes practices supported under multiple previous cost-share grants (i.e. hay barns, livestock handling equipment), the applicant identifies on-going unmet producer demand and staff documented this same interest during site visits with VCE agents in October. However, where TRRC funding of cost-share is intended as an incentive for producers to see the value in a promoted best practice, staff suggests approval of applications be limited to only those proposing to receive cost-share to implement a new practice for the first time. As such, requests by a producer for cost-share on a second hay barn, grain bin, produce handling equipment, or etc., who previously received TRRC

cost-share funding for this same practice, would not be allowed, and the priority for funding would be limited to first time practice implementation and for first time participants. Recognizing the net amounts paid and the pace of drawdowns on the three most recent cost-share awards to Campbell County, staff suggests a ~ 20% cut to the request amount, reducing available funding at the initial offering to ~ 8 producers per county, which should be sufficient to cover interests in the program.

**Staff recommends a grant award of \$426,000, allowing for the addition of a new practice for Vegetable Production and Handling Equipment; and contingent on limiting producer participation in TRRC funded cost-share to only once per practice.**

## **Cumberland EDA**

### ***Hemp Exchange Virginia LLC (#3491)***

**\$754,010 Requested**

**Executive Summary Provided by Applicant:** Hemp Exchange Virginia LLC and its subsidiaries will establish an industrial hemp processing facility to include the following components: industrial hemp processing; education in all facets of hemp production, including growing, harvesting, processing (focusing on the various grades of hemp and their uses); consultation and support services for hemp growers (including access to equipment and other needed resources); product marketing and access to markets; and product development, focusing heavily on research and development. Revitalizing our agricultural base while contemporaneously cultivating new markets and supporting high-tech research, all while creating jobs, would indeed breathe new life into our area, not only Cumberland County but all of Central and Southside Virginia.

**Staff Comments and Recommendation:** This request for the purchase of hemp processing equipment is submitted by the Cumberland EDA on behalf of a proposed limited liability corporation that will be formed by a local family that was licensed as a registered research grower to produce two acres of industrial hemp in 2018 under a research agreement with Virginia State University. In addition to the proposed processing facility, the entrepreneurs plan to form a growers cooperative, create a retail store, create an educational website and other businesses under affiliated LLCs. Subsequent correspondence with the project leaders indicate investors are being sought to fund the cost to construct a processing facility, and that approximate \$2 million equity raise is expected to take 6-8 months. Recent passage of the federal Farm Bill will likely unleash the growing of industrial hemp and assist in attracting investors needed to build the facility. However, equipping a privately-owned facility that hasn't been financed yet, to process a crop that isn't being widely grown in the region yet, seems premature. The applicants indicate the LLC leaders are working with Longwood's Small Business Development Center on creation of a business plan. A pro forma provided with the application estimates a very profitable business that could generate debt service, so Staff suggests that when progress is demonstrated on the business plan and investor recruitment, the Committee consider offering a loan to the County EDA with this private business as the beneficiary.

**Staff recommends this request be tabled.**

## **Dan River Business Development Center**

### ***GAP Certification Cost-Share for Virginia Tobacco Growers (#3499)***

**\$258,250 Requested**

**Executive Summary Provided by Applicant:** In response to the increased emphasis on the sustainable production of tobacco, the United States (US) Tobacco Good Agricultural Practices (GAP) Program was developed in 2012 to ensure the production of a quality crop while protecting, sustaining, or enhancing the

environment with regard to soil, water, air, animal, and plant life as well as protecting and ensuring the rights of farm laborers. In 2018, GAP Connections, the non-profit management organization of the US Tobacco GAP Program, began offering an opportunity for US tobacco growers to become GAP Connections Certified. This is a voluntary program that is a three year process and must be audited by a third party to confirm compliance. The Virginia Tobacco Region Revitalization Commission (VTRRC) funds will be used as cost-share to help alleviate part of this financial burden. The 2018 GAP Connections Certification Standards can be found at: <https://www.gapconnections.com/growers/certification-standards>

**Staff Comments and Recommendation:** Grant funds are requested to support a new cost-share program for tobacco growers to receive a nationally recognized, industry driven Good Agricultural Practices certification to be offered on behalf of the Virginia Tobacco Growers Association in cooperation with Virginia Cooperative Extension's Tobacco Extension Program. The program provides an incentive for tobacco growers to pursue and receive certification, cost-sharing on 50% of ~ \$1,500 estimated administrative fees and third-party auditing costs, after certification is received. The U.S. Tobacco Good Agricultural Practices Program was developed in 2012, as an industry driven program to provide for volunteer adoption of agricultural standards and practices for tobacco producers. The GAP Connections (GAPC) certification program takes three years to complete. This project is intended to address risks to market share for Virginia tobacco region growers, by proactively addressing industry expectations for GAPC certification. With a focus on increasing the number of tobacco producers with certifications, the project aims to provide for a competitive advantage for Virginia growers to capture additional growth volumes from tobacco leaf purchasers and manufacturers who are increasingly requiring GAPC. There are an estimated 375 tobacco producers in the tobacco region, with the project budget based on participation by 350 growers. While DRBDC sponsored the application, administrative and technical support for implementing this program will be provided by VCE, VDACS Southside Marketing Specialist (and Virginia Tobacco Board Administrator), and grower representatives from various tobacco companies. The project team has identified two approved third party auditors available to assist Virginia producers. The primary outcome of this program is for maintaining valuable current market shares of tobacco contracts (no net loss) with the potential to increase market shares by up to 10%. Recognizing that getting nearly 100% of tobacco producers enrolled in a GAP certification program in year one (necessary for reimbursement at completion of program in third year), would be an ambitious endeavor, the project team has agreed that focusing on a pilot program targeted to 125 growers would be more reasonable. As such, if there is a recommendation to fund this project staff suggests an award of \$95,000, which provides incentive for 125 growers at \$750 each and \$1,250 for administrative costs. However, it must be noted that the Code of Virginia section that describes the purpose of the Commission states in § 3.2-3108. Distribution of Fund. "A. The Fund shall be distributed by the Commission for the following purposes: 1. The stimulation of economic growth and development in tobacco-dependent communities in an equitable manner throughout the Southside and Southwest regions of the Commonwealth, to assist such communities in reducing their dependency on, or finding alternative uses for, tobacco and tobacco-related business; and..." Staff referred this request to our Counsel at OAG who strongly states that funding this request would be contrary to the Code. Staff therefore views this project - while having a potentially positive and measurable benefit for growers in the region - to not be an "alternative use" and to therefore be contrary to the Commission's enabling legislation.

**Counsel is prepared to offer a legal opinion to the Committee, and based on that, Staff recommends no award.**

## Halifax County

### *Study to Develop Markets for Industrial Hemp (#3490)*

**\$20,000 Requested**

**Executive Summary Provided by Applicant:** Halifax County in partnership with the Institute for Advanced Learning and Research (IALR), are proposing to conduct a planning study to establish markets for industrial hemp in Southern Virginia. As industrial hemp is an emerging industry in the US, it is imperative for Southern Virginia to focus resources on a potentially game changing crop for the local economies. Currently, all of the hemp used in the US is imported but when the new Farm bill is passed by Congress then producers will be able to grow and freely profit from this crop. All states allow for the growing of industrial hemp under strict programs which is hindering the growth in the industry.

**Staff Comments and Recommendation:** This request involves funding to contract with a professional firm to conduct a study of the potential role of industrial hemp in the Southern Virginia agribusiness economy. IALR is a partner with Halifax on this project, as well as co-sponsors of an Industrial Hemp Summit that began in 2018 and is scheduled for a second annual event in February 2019. No scope for the study, or specific data and elements to be studied, was provided in the application. Staff requested such a scope and to date the response has been "study how to best develop the industrial hemp market in Tobacco Region that includes the entire supply chain from farmers to retail product." The applicants report that a Virginia consultant has been identified that conducted a similar study in New York State, however, no information has been provided on that study. They also have begun discussion with VDACS about a potential AFID planning grant to be submitted in January. Staff acknowledges that the recent passage of a new federal Farm Bill will likely open tremendous opportunities in hemp growing and processing in Virginia and across the nation, but absent more detail on the information that would be analyzed and delivered from the proposed study, there is not sufficient justification to support this request.

**Staff recommends no award.**

## Town of Hillsville

### *Town of Hillsville Farmers Market (#3496)*

**\$200,000 Requested**

**Executive Summary Provided by Applicant:** The Town of Hillsville recently acquired a site at the rear of the Hale-Wilkinson-Carter home. In an effort to grow agribusiness, improve access to locally grown produce, and increase the consumption of healthier foods, the town is embarking on the development of a farmers market. In 2016 the town received a grant from the Virginia Department of Health to commission the completion of a Farmers Market Feasibility Report. This report recommended a pilot program utilizing a temporary space. The town has operated a temporary farmers market for the past two years and has determined that a permanent facility will be necessary to meet the current and future demands of the region's customers and producers. The current proposal consists of the first two (2) phases of the project for the main market area.

**Staff Comments and Recommendation:** This request to develop a permanent structure for the Town of Hillsville's newly established farmer's market is the second request to TRRC for the project. In FY17 an application was declined due to the lack of information to document the need for a downtown market, given the Town's proximity to the long established Southwest Virginia Regional Farmers Market located less than four miles away. Staff, along with a VT Office of Economic Development feasibility study, suggested that a temporary farmer's market be established to document sufficient demand. The applicant, using funding provided by VDH for staffing and startup expenses, has done this and now wishes to proceed with

development of a permanent location. The temporary market is open on Thursdays from 3:00 to 7:00 June through October. The current request is for \$200,000 to fund Phases 1 and 2 resulting in the construction of the main market area. The total project budget presented in the application is \$505,676 including the value of the market site (\$91,476). This site is currently owned by the Town, which will continue to own it and oversee the operation of the market. A more accurate estimate of the project cost can be found in the Preliminary Architectural Report which shows a total cost for Phases 1 (site development) and 2 (pavilion construction) of \$305,430. The application estimates that an additional \$45,000 is needed for architectural and engineering fees. The applicant has received an \$85,000 award from Rural Development to fund A&E for the project. The Town will also contribute \$129,200 for the project. Considering these commitments it does not appear that the full requested amount is needed to proceed with the project. Outcomes are projected at 25 vendors during the first year with \$50,000 of sales. This would be a significant increase from the 15 vendors that the temporary market averages. No information was provided on if additional days/ hours will be added. The Commission has funded creation or expansion of nearly a dozen farmers markets across the footprint, primarily through the Agribusiness program. Based on successful market results in those other communities, Hillsville's role as a crop and livestock aggregation site for Southwest VA, and the Town's track record of operation of its temporary market, it is reasonable to expect that a permanent facility will provide an adequate and attractive site for the market's continued growth, benefiting growers across the multi-county Crossroads region.

**Staff recommends an award of \$152,500 to fund half of the estimated cost of Phases 1 and 2.**

### **Institute for Advanced Learning and Research** ***Establishing an ISO Certified Analytical Testing Facility to Support Agriculture*** **(#3492)**

**\$572,566 Requested – Revised to \$488,106**

**Executive Summary Provided by Applicant:** Organic vegetable, wine, hops, barley, and industrial hemp are among emerging agricultural sectors with one thing in common, testing requirements for safety and marketability. Lack of availability and expensive testing requirements for pesticides, heavy metals, and biological contaminants, among many others, can also serve as a barrier for new farmers entering these potentially profitable markets. Funding will enable the Institute for Advanced Learning and Research (IALR) to make testing services more accessible and affordable with the goals of diversifying the region's agricultural outputs, promoting agribusiness growth, and increasing agribusiness profitability. This strategic investment will be used to support the purchase of necessary equipment to achieve these goals in the first year, a chemistry technician for three years, and materials for communicating the availability of these services to new and prospective producers across the 40 localities in the region.

**Staff Comments and Recommendation:** (Note request has been reduced to \$488,106): IALR intends to establish the Commonwealth's only ISO 17025 certified testing lab focused solely on serving the agriculture sector. ISO is an international standard for validating the technical competency of testing and calibration laboratories, as established by the International Organization for Standardization (ISO) in 1999 and updated in 2005. During the review process the original request for \$572,566 was reduced by the applicant to \$488,106, with adjustments to the proposed use of TRRC and Match funding. Details on these changes are below. The need for the certified lab arose when IALR reconfigured its research strategies to "applied" research with a focus on working directly with growers and the industry. The third-party certification that the lab will provide is identified as essential for development and growth of agribusinesses involved in production of food crops such as wine grapes, hops and organic produce; tobacco testing including organic tobacco; and for the emerging industrial hemp market. IALR estimates the lab will serve at least 80 clients annually, meeting the needs of existing companies such as JTI, Micro Blenders, 38+ vineyards operating in the tobacco

region, as well as organic tobacco producers which represents the largest certified organic crop in the Commonwealth. Beyond serving existing businesses and opportunities to increase production of high-value crops, it is noted that having a certified lab presents opportunities to attract companies to the region, such as Agrospheres, a Charlottesville company that is reportedly considering relocation to Danville for the proximity to IALR's labs and facilities; and to support development of the fast emerging industrial hemp market which as of the December 2018 passage of the new federal Farm Bill is now a legal agricultural crop. The original request to the Commission was for funding for 100% of costs for a new chemistry technician for three years (\$224k), annual operating supplies for the lab at \$92K, and equipment including the \$196K Shimadzu ICPMS (a mass spectrometer). A majority of the Match as originally proposed was to support costs for the \$314K Waters UPLC Mass Spectrometer and a portion of existing IALR staff positions for supporting accomplishing the ISO lab certification. In a December 13 email, IALR proposed a revised project budget reducing the TRRC request to \$488,106 and changing the TRRC request to support costs for a higher end Waters UPLC Mass Spectrometer, identified as model Xevo TQ-XS and described as affording far superior dynamic range and precision critical for accurate analysis of chemicals. It would be offered to IALR by Waters Technologies Corporation at a deeply discounted rate of \$336,736 (discounted from the \$607,898 invoice price). The revised TRRC request also includes three other pieces of equipment at \$58,369, and \$93,001 in supplies and materials (~ \$34,365 in year 1, and \$29,218 each year for years 2 and 3); and with \$583,309 Match contributions including a portion of salaries for IALR's lead analytical chemist, Jack He, and director of research Scott Lowman; costs for lab certification and contracting for pre-certification assistance, and the \$196K Shimadzu equipment required for testing of pesticides, heavy metals and biological contaminants. While the project budget no longer includes the new chemistry technician, IALR indicates a commitment to fill this position as soon as state funds or revenues from the lab are available to cover these costs. Staff suggests that funding of the supplies and materials for operation of the lab are more appropriate to be supported by fees generated from lab testing services. While this lab certification will not directly increase farm income and investment per the Program objectives, it is likely to result in significantly increased sales of ISO-certified farm products to buyers beyond the Tobacco Region footprint. Staff suggests that IALR, if approved for this funding, implement a system for aggregating net sales increases of products produced in the region and tested by the lab, in order to report that information to the Commission and other constituents as a project outcome.

**Staff recommends an award of \$395,105 to support equipment items included in the revised request, and excluding funding of the consumable supplies and materials.**

## **Lee County Livestock Association**

### ***Farm Safety Initiative for Far Southwest Virginia (#3494)***

**\$455,000 Requested**

**Executive Summary Provided by Applicant:** The Farm Safety Initiative for far Southwest Virginia seeks to offer cost share opportunities for safety equipment and offer safety educational opportunities for farmers. Farming is consider one of the most dangerous industries with many accidents happening every year. Many of these accidents are preventable with training and equipment. Unlike most industries, there is no specific requirement for safety education for farmers. Most farmers have never been trained on first aid or emergency situations. The Farm Safety Initiative seeks to improve safety on farms in Southwest Virginia and enhance awareness of safety on the farm.

**Staff Comments and Recommendation:** Funds are requested to serve 149 producers in nine Southwest VA counties (seven Coalfield counties, plus Smyth and Washington). Funds would be allocated at \$50k per county, and a small additional amount (\$8k) is requested for safety training and project administrative costs. The applicant proposes a \$3k maximum cost-share per producer based on one-third of eligible costs incurred.

Proposed guidelines include a wide array of safety items eligible for cost-sharing, ranging from calf catchers that cost \$2-3k, down to several smaller items such as helmets, gloves first-aid kits and fire extinguishers. Staff suggests that, if this project is supported, focus should be on major purchases, and smaller items only when total purchases exceed a level of \$1,000 or more. The applicant is currently administering one Agribusiness grant awarded three years ago for livestock genetic improvement cost-sharing in five Coalfield counties, and that \$155k grant is nearing completion. The objective of this request, to prevent farm accidents, is not directly aligned with Agribusiness objectives of increasing farm income, though it does align with the objective of incentivizing private on-farm investment which will serve as a two-to-one match on TRRC incentives. This is arguably predicated on the outcome of cost avoidance by preventing time lost to injuries, and potentially the cost of deadly accidents. As such it will be difficult to measure ultimate outcomes of these investments. The application did not include any letters of support or data to document interest, and Staff is therefore suggesting that a reduced award to serve approximately one-third of the proposed producers (50+) could be considered as a pilot phase to assess demand and results which, should they be compelling, could lead to a subsequent request for additional funding in future years.

**Staff recommends an award of \$151,667.**

**Mount Rogers Christmas Tree Growers Association, Inc**  
***Genetically Improved Fraser Fir Seed Orchard (#3498)***  
**\$19,575.25 Requested**

**Executive Summary Provided by Applicant:** The Mount Rogers Christmas Tree Growers Association (MRCTGA) has been working since 2010 to establish a genetically superior Fraser fir Seed Orchard at the Old Flat natural area in cooperation with the Virginia Forest Service. The Old Flat Orchard houses the second generation genetically superior selections from the Grayson Highlands Orchard established in 1980. Christmas tree production is rapidly expanding in Virginia, especially in historically low income areas where farmers traditionally grew burley tobacco. There are an estimated 8876 acres of Christmas trees under production in Virginia, have a approximate yearly harvest of 1109.5 acres. The impact on income and expenses by using superior genetic planting stock in growers' plantations is estimated to be \$8,412,229 in increased quality and reduced growing time. This project will allow the MRCTGA to continue only work now underway in Virginia to establish and maintain a stable, superior seed source for Virginia Christmas Tree Growers.

**Staff Comments and Recommendation:** This project will continue the establishment of a new seed orchard on U.S. Forest Service land in Grayson County to benefit members of the Mt. Rogers and Virginia Christmas Tree Growers Associations. Trees in the existing seed orchard are reportedly nearing 40 years old and the end of their expected lives and ability to generate sufficient seeds. In addition, the new orchard will produce seeds from genetically-improved Fraser Fir trees that have been selected to be more pest-resistant and attractive to buyers. Staff notes that Christmas tree production is a very substantial contributor to the regional economy, and an exemplary opportunity to export trees to more densely populated regions and thereby import income to the Grayson Highlands. However, Staff noted that the majority of funds in this modest request would be spent with a forest management company that is privately owned by the named project leaders, who also serve as officers of the Growers Association. Staff has contacted the project leaders to discuss this apparent conflict of interest, and the leaders have responded that any work would be done at only the cost of "labor overhead and vehicle and equipment wear and tear." In a late-December conference call with the project leaders they expressed willingness to have another company perform the work, have another officer of the Association serve as fiscal signatory, and put the work out to bid with other companies, all of which appear to be reasonable controls that could be used to avoid conflict of interest. It does not appear the project leaders will benefit personally, as funds are only requested to pay their employees and for

supplies/materials to do grafting, planting etc. The leaders also verified that the request is for essential one-time orchard establishment costs to add trees to the new orchard as well as perform rehabilitation of the aging orchard, and that these are not simply annual maintenance costs the Commission is being asked to cover. Staff is satisfied that with conditions in place on this award, conflict of interest can be avoided and the objective of providing more desirable seed stock can be achieved, with benefits accruing over several decades.

**Staff recommends an award of \$19,575, conditioned upon adequate controls being implemented to avoid conflict of interest concerns.**

## **Nottoway County**

### ***Farm to Fuel Phase 2 (#3488)***

#### **\$1,318,062 Requested**

**Executive Summary:** Nottoway County seeks to expand a processing facility (Nottoway Biofuels) that provides the missing link between farmers seeking to grow native, warm season grasses and end use consumers of that biomass material. Native, warm season grasses such as switchgrass have proven to offer a new alternative crop for local farmers on their mostly non-productive marginal land. It has been documented to provide a cost effective source of fuel to large, institutional type facilities. It has proven to be a workable and renewable alternative to fossil fuels. The Nottoway Biofuels processing facility has connected the farmer/producer with the end user, neither of which is capable of the initial cost of a needed operation to turn a raw farm product into a material that can be utilized. Success of the Farm to Fuel Phase 1 Project has required the expansion of the current facility. Grant proceeds will allow that expansion to occur.

**Staff Comments and Recommendation:** Grant funds are requested to support 100% of the \$1.3 million capital costs for expansion of the Nottoway Biofuels facility owned by Nottoway County and leased to the Ohio-based company FDC Enterprises. The existing facility, a 45,000 square foot steel building and weigh station for storage and processing of switchgrass as a biomass crop used as fuel for the state owned Piedmont Geriatrics Hospital, was constructed with funding from two TRRC grants totaling \$882K - a \$150,000 Agribusiness grant and a \$732K Southside Economic Development grant - both awarded in January 2012. This new request is to support a 15,000 square foot addition to the existing building at \$394,662 and construction of a new 45,000 square foot steel building at \$923,400. The operator (FDCE) employs two full time positions and one part-time position. Landowners were paid an average of \$108 per acre in FY17 with 12 landowner contracts valued at \$234K, with this increasing to 13 landowner contracts valued at \$465K in FY18 (payments are on a per ton yield basis and the average paid for FY18 was estimated at \$135). It was unclear what the current acreage is that is under contract though an average of 3,300 acres per year over the past seven years was identified for “enhanced soil, water and wildlife habitat” (this appears to be a reference to federal and state conservation incentive programs). The expansion of the facility will allow for doubling of acreage under contract and an additional fifteen landowners estimated to benefit, for a total of twenty-eight individuals receiving annual lease payments estimated at \$950K by 2020. During the review process staff inquired as to who was performing the farming activity (agriculture producers versus the contractor/operator), and it was clarified that FDCE is managing and harvesting the switchgrass and is responsible for all establishment and harvesting costs. FDCE requires a 10-year contract with landowners who receive annual payments of \$30 per ton times the tons harvested. Switchgrass is a perennial crop with initial establishment costs capitalized over the contract period. All of the \$2.55 million of Match is identified as In-Kind. This includes \$665K equipment expenditures by FDCE between January and July 2018, and another \$440K in November 2018; as well as \$53K for site improvements, all of which are prior to a TRRC grant award and ineligible as Match for this request. Another \$1.4 million of In-Kind Match is for an estimated \$700/acre of future establishment cost on 2,000 acres for land conversion costs until the 1st harvest. (It is unclear to staff as to how this contribution for establishment costs could be documented to

satisfy TRRC's policy guidelines for the 1:1 Match requirement.) Staff recognizes the successful business model that has been established by FDCE and their growth opportunities, the fuel savings to the largest employer in the county (reported at over \$1 million), and the increasing annual payments benefiting landowners in Nottoway and surrounding counties. Nottoway County leases the existing 45,000 square foot facility for \$2,000 per month (\$24,000 annually), and indicated a plan to lease the expanded facility of 105,000 square feet for \$4,000 per month (\$48,000 annually). Given the success of this business and substantial growth projections within a short time frame, private revenues could be sufficient to payback a loan for construction of the expanded facility and staff considered that the project could be referred to VRA for evaluation of a low-interest loan, which would be the only option for consideration of 100% funding of project costs, given the code requirements for 1:1 match (and where In-Kind is limited to no more than 25% of required Match). Nottoway County also has an available balance of \$824,889 in the allocation under the Southside Economic Development program and staff suggests these funds could to be used to support a loan, recognizing that a single agribusiness is the primary beneficiary of the project with broader benefits to the county including the stability that the project offers to the operating budget of the county's largest employer. However, given that this request seeks 38% of the available Agribusiness balance, and loan funds would have to come from the Committee's current balance (at the expense of several other potentially more regional projects), Staff is of the opinion the County should pursue financing from public or private lenders such as Virginia Community Capital, USDA or regional banks for this facility expansion.

**Staff recommends no award.**

## **Russell County Board of Supervisors**

### ***Russell County Canneries Revitalization Project (#3371)***

**\$131,420 Requested**

**Executive Summary Provided by Applicant:** The Castlewood and Honaker canneries are currently supported and operated by the Russell County Board of Supervisors (RCBS). The canneries continue to be underutilized by the farming and educational communities within Russell County. The underuse is due to a lack of facility and equipment upgrades and repairs, along with the loss of necessary educational programming over the years. It is the desire of the RCBS to upgrade the equipment in both canneries, to provide the ability to safely and efficiently process and preserve locally grown agricultural products. The canneries will be available to individuals and area businesses for processing locally grown agricultural products for distribution at an affordable rate. The canneries will provide educational programs in conjunction with the Russell County school system in proper and safe food preparation and assist with distribution programs specific to the canneries.

**Staff Comments and Recommendation:** (Note request has been reduced to \$131,420): The funds requested in this application when submitted and tabled a year ago would have provided equipment upgrades (\$250,000) at two cannery facilities in Russell County to allow for commercial canning opportunities. The canneries located in Honaker and Castlewood were established in the 1940s in conjunction with local schools, and have been supported by the County since that time. Only thirteen rural canneries exist in Virginia with five of those located in TRRC's Southwest region (Bland, Wythe, and Carroll Counties also have facilities). Only three of the thirteen facilities were able to produce commercial products as of 2011. Two of these are located in the tobacco region (Carroll County and Prince Edward County). A baseline of 217 annual users was provided in the application. It is not known how this total breaks down between the two locations. Net new users of 147 annually with a \$27,898 increase in revenue is estimated to result from the commercial expansion of the canneries. The application provided a figure of \$29,951 in annual sales per producer, which seems high, although one anecdotal example was provided of a gentleman who anticipated a \$20,000 profit from apple butter produced at the cannery. During staff's review of this proposal last year the applicant was asked to

provide documentation of current usage and demand for commercial processing facilities, however the applicant was not able to provide this information due to the tracking system that is being used. An improved system is planned that will allow for better tracking of usage. During the proposal review a year ago TRRC staff also asked about the possibility of prioritizing the development of only one facility for commercial processing, and the applicant responded in April 2018 by reducing this request to \$131,420 to be focused only on the Castlewood cannery, due to its proximity to the County Fair Grounds and two high schools that would use the facility. Six individuals/groups have shown interest in utilizing the canneries for commercial opportunities. Matching funds of \$190k are proposed by Russell County for the Castlewood cannery's continued and expanded operating needs as well as for project administration. It should be noted those are existing and long-established county positions, with match to be spent over a three-year project period. Since 2016 Russell County has made modest improvements (< \$5,000) to correct issues identified in a VDACS site visit to the Castlewood location. These improvements were required in order for VDACS to consider the facility for commercial certification. Staff commends the County for narrowing this request to one location (with the potential to return for Honaker if usage justifies it), but questions the appropriateness of using existing County positions over a three-year period as the required match, when it would be difficult to reliably verify how much time those positions dedicate to cannery operations. It is arguably more appropriate to recommend funding half of the required new equipment, which could serve as match to other potential funders such as USDA. Reducing the funding to half of the equipment also acknowledges that benefit from commercial usage will initially be very modest in terms of additional new income generated by agricultural producers, and that a portion of the facility's usage will be non-commercial and K-12-related.

**Staff recommends a grant award of \$65,710 for one-half of new equipment required for commercial certification.**

### **Russell County Fair Assoc., Inc.**

#### ***Renovation of the Russell County Fair Grounds (#3370)***

#### **\$247,500 Requested**

**Executive Summary Provided by Applicant:** The RC Fair Association will renovate the primary structure on the fair grounds. The building is wood framed with concrete floors, corrugated metal walls and a roof which leaks. The building lacks insulation, ventilation, and heating/cooling. This makes it next to impossible to provide programming in the middle of winter or summer. There are limited numbers of restrooms that are up to code. The office area and general store are also in need of repair so that programming can be expanded. Other outside organizations would like to utilize the facility outside of the fair like Russell County Schools and local cattle farmers. This project will also work to develop a regional plan for implementation of two meat processing facilities. The fair grounds can be utilized as a gathering location for regional cattle to be transported to the Carroll County meat processing facility while the Russell County facility is being completed.

**Staff Comments and Recommendation:** (Note request is reduced to \$247,500): This request was submitted and tabled a year ago to update and expand an existing Fair Grounds building, and a revised budget has been provided which includes matching funds to a proposed VDACS AFID planning grant. The improved facility will expand the capability of the Fair Association to provide space for programs outside of the annual Fair held in September. TRRC funds will be used for interior and exterior improvements and expansion to the Fair Ground's Commercial Building, including cosmetic and mechanical improvements and weatherization to allow expanded use in very warm and cold months. The AFID planning grant is intended to study the feasibility of establishing a meat processing facility at the Fair Grounds, which has been the subject of recent meetings with County, VDACS and TRRC staff. The application lists the potential to offer additional youth agricultural programming and agricultural producer programming in the renovated building. It is unclear how

many of the associated events are currently being held in other locations in the area or what the outcomes associated with each may be. Supplemental information submitted by the applicant lists several youth focused events such as a "farmers market" to be held twice a year for Russell County high school agricultural programs. The application shows outcomes associated with annual visitation at the facility and the associated revenue. A baseline of 1,023 visitors resulting in \$252,316.00 revenue was provided. The net new visitation is estimated at 1,736 in the first year with \$226,248 additional revenue. Matching funds of \$275,000 to contribute to the renovation cost have been requested from Russell County for certain aspects of the improvements. The Russell County Board of Supervisors will provide \$68,750 of in-kind support for manpower to assist with the upgrades. An updated estimate from a local contractor has been provided which indicates a total estimated cost of \$550,000, with the County and contractor each performing half of the work (\$275k each). The County will provide labor to assist with additional renovation to the exterior of the building (site prep, demo, parking, decks/patios, electrical and plumbing), however no justification for the valuation of this work was provided and it would be difficult - absent a contractor's pay request - to verify the exact value of these proposed matching funds. The proposed improvements could potentially result in significant expansion of agricultural events at the Fairgrounds building, however, these appear to be primarily educational in nature, which does not align with Agribusiness program metrics that directly result in measurably increased income and private capital investment by farm producers. While other multi-use agricultural centers supported by the Commission have included educational space, Agribusiness program funding has primarily been predicated on those centers' ability to host livestock sales and other events that directly generate income for producers. That case has not yet been satisfactorily made for this proposed investment in what appears to be primarily an event venue for trade shows, education etc.. Given that the Committee has already taken action to table this request a year ago, Staff is not prepared to support funding the budget for the Commercial Building improvements in its current form but supports the requested \$17,500 to serve as match to a VDACS AFID planning grant for meat processing.

**Staff recommends this tabled request be approved for only the \$17,500 for AFID planning grant matching funds.**

## **Scott County Career & Technical Center**

### ***Scott County Career & Technical Center Barn Project (#3497)***

**\$26,559.98 Requested**

**Executive Summary Provided by Applicant:** The Applicant, the Scott County Career and Technical Center (SCCTC), proposes to utilize the requested TRRC investment to complete construction of an onsite barn facility providing hands-on, chute side capability to support Career and Technical Education (CTE) credentials as part of its Agriculture, Food and Natural Resource cluster classes.

**Staff Comments and Recommendation:** The Agriculture program at Scott County Schools is now in its fourth year with an expected rise in enrollment from 30 to 53 students by the end of the current school year. Courses are offered in livestock and equine management, veterinary science, agriscience and technology, etc. Enrollment capacity is 80, which could be doubled if a second instructor is hired. Students earn Career & Technical Education credit toward the high school diploma. SCCTC has used maintenance staff and students to construct a 1,200 square foot shed to house a cattle working facility, with funding assistance from the County Farm Bureau, and now requests TRRC funds to add a 900 square foot barn to include stalls to conduct chute-side training. That training is now being conducted 15 miles away at a private farm, and SCCTC hopes to eliminate travel time and costs by conducting that training in the proposed barn. The facility would also be available to local livestock producers who are required to be BQA certified to sell animals through the Abingdon Feeder Cattle Association's VQA sales. Currently two BQA trainings are held annually for approximately 20 producers/year at a private farm in the County. Staff commends SCCTC for offering

this program and crafting a budget that stretches modest public dollars (a \$16,573 USDA grant application is also intended) by using staff and students to perform construction. Staff has two principle concerns on this request. First, the majority of required matching funds come in the form of an anticipated 1,600 hours of donated labor by school staff and students, valued at \$21.78/hour for a total of \$38,532, which exceeds the 25% in-kind limit mandated in state Code. Second, funding a local K-12 facility would set a precedent that could result in numerous follow-on requests to the Commission from local school districts. There has been one previous Career and Technical Center funded through the TRRC Education program (in Pittsylvania), but that award was predicated on the students receiving community college credits for advanced manufacturing training classes offered at the Center. In this case, the SCCIC facility will primarily deliver credits toward high school diplomas, and will only rarely be used for livestock producer training as an ancillary use. Based on these two concerns, Staff suggests that other funding sources with more lenient match requirements would be more appropriate for this project.

**Staff recommends no award.**

## **Southern Virginia Food Hub**

***Pickup/delivery truck to alleviate logistical transport issues for small farmers (#3495)***  
**\$62,000 Requested**

**Executive Summary Provided by Applicant:** The Southern Virginia Food Hub addresses several needs of local agribusinesses. It consists of: a local food grocery, a commercial kitchen, dairy processing room, a local food deli, and a community classroom. The grocery will increase the availability of local products to consumers. The kitchen will be used to transform local products into value-added items. These goods will then be available for retail through the grocery and deli. The deli will offer ready-to-eat, take home meals prepared from seasonal local products. The missing logistical component is a delivery truck. The SVFH seeks to obtain a delivery truck to run a weekly route among the rural 8 served counties. This will greatly decrease the time, distance, and expense required of farmers to get their products to the SVFH. This component will allow the SVFH to fulfill its ultimate goal of increasing individual farmer profits, while increasing the consumption of locally grown foods.

**Staff Comments and Recommendation:** Construction of the Southern Virginia Food Hub's retail market in the Town of South Hill is nearing completion and the facility is scheduled to open at the end of 2018. SVFH will serve as an aggregation, value-added processing and retail sales site on behalf of more than 100 small farmers in eight Southern Virginia counties. The project has received two previous Agribusiness grants totaling nearly \$259k to renovate and equip the structure, with matching funds from DHCD, USDA and other entities. The project leaders have successfully achieved nonprofit status, created a strong advisory board, recruited growers, and secured sufficient funding to complete the facility. Grant funds are now being requested for the purchase a cargo van (2018 Ram Promaster 2500) to regularly travel the eight county route to gather products from growers, and for related interior shelving and exterior labeling costs (\$47,000); and to support costs for a deliver driver during the first season of operation (\$15,000). A manufacturer's estimate of \$37,170 for the van with vehicle specifications was provided, with this amount increased to \$40,000 to cover costs for taxes, title and registration fees. Additional detailed quotes were provided for the van shelving and signage. Matching funds are from the VDACS Rural Rehabilitation Trust Fund for purchase of dairy processing equipment to be installed in the Food Hub. Software called Lulu's Local Foods is identified to be used for on-line inventory and as the sales management system. A list of the SVFH Advisory Board Members and participating farm operations was included with the application; as well as supporting documents for the hours of operation and the staffing plan for the retail market. The delivery van service is expected to directly benefit 25 farmers weekly in year 1 of operation, for the harvest season running May through October 2019; with this increasing to at least 50 farmers weekly by the second season of operation in 2020. The return on

investment for the project based on 50 farmers at \$2,500 net new income provides for ~ \$125,000 annual economic impact. Given the organization's successes to date, net new income accruing to 100+ growers across the eight county region, and the clear ability to report measurable results this request received one of the top three scores in this funding round.

**Staff recommends a grant award of \$62,000.**

**Virginia Polytechnic Institute and State University**  
***Increasing Market Access for Southern Virginia Growers through GAP Preparation***  
**(#3500)**  
**\$74,812 Requested**

**Executive Summary Provided by Applicant:** An estimated 46% of foodborne illnesses are attributed to contaminated produce. Good Agricultural Practices (GAP) certification is a voluntary audit program that verifies fruits and vegetables are produced, packed, handled, and stored as safely as possible to minimize risks of microbial food safety hazards. Currently, there are several audit schemes that buyers may require producers to possess in order to purchase their produce. Two of these schemes are the USDA GAP and Harmonized GAP audits. The proposed project will serve three producers in each of the 16 counties in the Southern Virginia Tobacco region, or 96 producers over the two-year grant period. After initial meetings to guide producers in understanding market produce food safety requirements, participants needing to acquire USDA GAP and HGAP certification for market access will receive on-farm, food-safety education and one-on-one GAP audit preparation mentoring. Those producers successfully passing audits will receive cost-share assistance for audit-related costs.

**Staff Comments and Recommendation:** This project is estimated to benefit 96 fruit and vegetable producers in sixteen Southern Virginia counties over two years. With the obtainment of USDA GAP and Harmonized GAP (GAP) certifications, participating producers will gain access to grocery chain, food service and institutional produce buyers that require GAP certification to ensure food safety. Participation is targeted at 48 producers annually, and based on initial allocations for three producers in each of the sixteen counties. The sixteen counties included in the proposed project area include Amelia, Appomattox, Bedford, Brunswick, Campbell, Charlotte, Dinwiddie, Franklin, Halifax, Henry, Lunenburg, Mecklenburg, Nottoway, Patrick, Pittsylvania and Prince Edward Counties. Participating counties for the GAP Market Access program require a VCE or VSU Small Farms agent to be assigned to assist producers with the preparation process for the certification. Initial meetings will be held to identify producers needing to acquire the USDA GAP and Harmonized GAP (HGAP) certifications. Grants funds are requested to support 50% of the \$1,200 in total estimated costs including \$1000 for audit expenses and \$200 for potable and irrigation water testing. Cost-share will be limited to \$600 per participant for no more than 50% of eligible costs. In addition to grant funds allocated for Transfer Payments to reimburse farmers for cost-share payments, the budget also allocates \$15,772 under Contractual Services to support VCE agent mileage expenses and \$1,440 for Supplies and Materials. Matching funds are provided by producers for their cost-share amount and from a percentage of the principal investigator's (Eric Bowen) time for managing the program. Participants will be required to pass a GAP audit in order to be eligible for the cost-share reimbursement. An evaluation report is required to be submitted by all participants within the first year after obtaining GAP certification. This includes reporting on amount of fruit and produce sold, and increases in sales resulting from the new market access. GAP certification for produce growers will open doors to increased sales to the above-mentioned corporate buyers, including at two existing and robust produce markets based in Charlotte and Franklin Counties, thus increasing the import of income from buyers serving customers within and outside the tobacco region footprint, and the referenced reporting will allow aggregation of data on increased sales across the 16 counties. The strong opportunity to increase sales to existing buyers, along with a strong implementation

team and benefits across a large region resulted in this request receiving one of the top five scores in this grant cycle. **Staff recommends a grant award of \$74,812.**

## **Wythe County**

### ***Multipurpose Agriculture and Event Building (#3489)***

**\$200,000 Requested**

**Executive Summary Provided by Applicant:** The Multipurpose Agriculture and Event Building will accommodate agricultural sales, livestock sales, livestock shows, animal housing and regional youth events. Part of the vision of the Expo Center and Multipurpose Agriculture and Event Building is to be a key site for farmers across the state.

**Staff Comments and Recommendation:** Funding is requested to construct a multi-use building adjacent to the Appalachian Agricultural Expo Center in Wytheville. Commission funds have provided \$1M of the total \$10M development cost of the Center facility. That project is nearly complete. The applicant identified a variety of events and uses that would not be suitable for the main Expo Center building. The current proposal for the multi-use facility would fill this gap and provide a space for events such as livestock and other agricultural sales and shows, educational and youth events, and animal housing. Outcomes for the facility are estimated at 30,000 new visitors and \$4M in related revenue. The basis for these estimates was documented in an impressive list of 10 new events that will be located in the building, including several new livestock sales. Additionally, 5 existing livestock sales have expressed interest in relocating events to Wytheville. The project is ideally situated in very close proximity to the intersections of I-81 and I-77, with numerous transportation and visitor amenities to make it an attractive location for events. When this proposal was submitted the building was estimated to cost approximately \$400,000 with TRRC funds requested for half. Wythe County will contribute \$131,000 with additional match provided by the Appalachian Agricultural Expo Center 501-c3 organization who will provide \$19,000. The Wythe County Farm Bureau will contribute \$50,000. A subsequent construction quote of \$321,120 for a 120,000 square foot structure was provided from a local contractor, and Staff suggests that, given this long-lived facility's ability to generate significant event-driven revenue (as indicated in a UVA economic impact study), this project is a strong candidate for loan consideration.

**Staff recommends referral of this request to Virginia Resources Authority for consideration of a TRRC construction loan of up to \$321,120.**

## **OTHER BUSINESS**

### **Pittsylvania County**

#### ***SoVA Vineyard Development and Expansion to Support Virginia's Wine Industry (#3102)***

**Request for Extension through December 31, 2020**

In January 2016 the Commission approved an \$811,526 grant award to support a new Agribusiness initiative designed to significantly expand grape production in the tobacco region and to address critical shortages for the wine industry of the Commonwealth. The majority of the TRRC funding is allocated to cost-sharing on capital costs for establishing new vineyards and expansion of existing vineyard acreage. The project includes an Educational component to address technical support and to provide workshops for prospective growers,

and a Research component evaluating new varieties and genetics to improve disease resistance for increasing yields and reducing chemical costs. Project partners include the state viticulturist Dr. Tony Wolf with Virginia Tech/VCE, Virginia Viticulture Association, Institute for Advanced Learning and Research (IALR), and Virginia Cooperative Extension's Central and Southwest Districts. Initially this program was being managed by an agricultural development staff person with Pittsylvania County, who resigned from his position within the first year of the project. The project team regrouped in August 2016, and delegated program management to a regional staff person with VCE Central District, and this role was transitioned back to Pittsylvania County when this person became employed there, but they then resigned in early 2018. These staffing changes have resulted in unanticipated delays with project implementation in addition to recognizing that substantial investments by private landowners for establishing vineyard acres is not a decision made in haste. The project is now back on track— In July 2018 at the request of Pittsylvania County, the Commission approved transition of the vineyard program management to IALR who is employing a part-time Vineyard Program Manager. Thus far the project has resulted in 37 acres under cost-share agreements for five (5) existing vineyards and four (4) new vineyards. Changes have been made to allow for increased participation including an expanded area of eligibility for all tobacco region counties in Southwest in addition to Southside. In November IALR hosted a New Grower Workshop lead by Dr. Wolf and they have been working diligently to develop a new website, marketing materials and outreach lists to promote the program. Pittsylvania County in partnership with IALR is requesting an extension on the grant to December 31, 2020, to allow sufficient time to promote the program and for implementation of cost-share contracts for establishing the new vineyard acreage.

**Staff recommends approval of an extension to December 31, 2020.**