



SOUTHWEST VIRGINIA COMMITTEE

Electronic Conference Call Meeting

**Friday, January 8, 2021
10:30 A.M.**

If accessing the meeting from the internet via a computer or smartphone, use this link to access the electronic meeting:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m329ba3c2cb02bc71aafc908bdd7c99ed>

If accessing the meeting by telephone dial: 1-408-418-9388 (US toll) and utilize the meeting number: 132 894 5966# and meeting password: acVXJvy2576 (22895892 from phones and video systems).

If you have any access issues at the time of the meeting, contact Jordan Butler via email at: JButler@revitalizeva.org or call 804-894-9652.

Welcome and Call to Order	<i>The Honorable Chris Hurst, Chairman</i>
Items Related to Remote Meeting	<i>Andy Sorrell, Deputy Director</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of <u>09/28/20</u> Minutes	<i>(published on website)</i>
Public Comments	
FY 21 Program Funding Applications	<i>Sara Williams, Southwest Regional Director</i>
Upcoming Funding Round	<i>The Honorable Chris Hurst, Chairman</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

FY2021 Southwest Virginia Program
Staff Summaries and Recommendations
January 8, 2021

Applications to the FY2021 Southwest Virginia Program were due on October 8th. Eleven applications were received, one of which was later withdrawn. Project Summaries, Staff Comments and Recommendations, and Financial Viability Assessments are provided below for the 10 active applications. The Committee will meet electronically on Friday, January 8th at 10:30 a.m. on to act on these applications.

Req #	Organization	Project Title	Requested	Staff Recomm.
3697	Abingdon Feeder Cattle Association	Improving Profits Through Sustainable Pastures	\$500,000	No award.
3699	Appalachian School of Law	Serendipity Project	\$250,000	\$100,000
3696	Blue Ridge Discovery Center	Blue Ridge Discovery Center Visitor Center	\$175,000	\$175,000
3698	Cumberland Plateau Company	Dickenson County Broadband Expansion	\$850,000	\$850,000 Loan
3691	Lee County EDA	Produce Auction for Lee County Planning Initiative	\$18,000	\$18,000
3689	Lee County Livestock Association	Grain Production Initiative for Far Southwest Virginia	\$255,000	\$127,500
3695	Lonesome Pine Regional Industrial Facilities Authority	Project Thoroughbred	\$500,000	(Withdrawn)
3692	Old Dominion University Research Foundation	Internet Access for Rural and Underserved Communities Through Wireless Hotspots	\$50,000 \$43,790 <i>(reduced by applicant)</i>	\$38,790
3690	Sunset Holler, Inc.	Southern Gap Amphitheater Project - Construction	\$500,000	No award.
3694	Virginia's Heritage Music Trail: The Crooked Road	Crooked Road Artist, Industry and Brand Excellence	\$70,000	No award.
3693	William King Museum of Art	Cultural Campus Development at William King Museum of Art Phase-II	\$500,000	No award.
Total (11 requests):			\$3,168,000	\$1,309,290

Abingdon Feeder Cattle Association
Improving Profits Through Sustainable Pastures (#3697)
\$500,000 Requested

Project Summary: This application is for a cost share program administered by the Virginia Cooperative Extension offices in 14 counties focused on forage support for livestock producers. Eligible activities include the purchase of application equipment, forage seed, and soil amendments including lime, phosphate and potash fertilizer. The 14 participating counties are Bland, Buchanan, Carroll, Dickenson, Floyd, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe. These improvements will support the region's livestock industry by increasing the quality of the forage consumed by cattle sheep and goats resulting in higher weights and increased sales value.

Matching Funds: Matching funds will be provided by the program's participants who will contribute a minimum of 67% of total costs. Commission funds will reimburse at a 33% rate up to a maximum of \$2,000 per participant.

Project Outputs: A cost share program serving a minimum of 360 producers resulting in a net increase in annual sales revenue of \$3,994 per producer.

Staff Comments: The application indicated that despite the importance of well maintained pastures to provide quality forage for the animal industry in Southwest Virginia, the majority are in poor condition. Information received during the review process indicates that lime and seeding are generally applied approximately every five years and fertilizer should be applied every two to three years. Cost and tight margins often result in longer gaps between applications. In addition, producers tend to prioritize row crop and hay fertility programs throughout the season as opposed to pasture maintenance.

The Southwest Virginia Program guidelines include cost share programs that offer incentives for producers to transition into alternative agriculture enterprises or implement best practices that result in new and increased livestock production. The activities supported under this cost share program, however, were removed from a similar application submitted to the FY20 Agribusiness Program. During review of that proposal, TRRC staff determined that these activities were primarily recurring expenses related to farmland maintenance. Information received during review of the current application verified staff's original assumption based on the expectation that lime, fertilizer, and seeding are typically applied every 2-5 years. TRRC's cost share programs are intended to provide incentives for expanding and diversifying agricultural production, or advancing innovative agricultural techniques; programs that supplant existing agricultural production costs and activities have been excluded.

Financial Viability Assessment: The Commission structures its cost share programs to effectively leverage private dollars. In this case, participants must fund 67% of eligible project costs. Nevertheless, the activities to be funded under this project constitute recurring maintenance expenses. Awarding Commission resources is unlikely to generate meaningful new economic activity or cause participants to undertake these activities at their own expense. If this cost share program is funded and producers take advantage of it, however, certain producers will have new equipment to apply fertilizer and lime and should experience higher net farm income in the long run.

Staff Recommendation: Because the activities to be funded under this cost share program are better characterized as routine maintenance expenses, staff recommends no award.

Appalachian School of Law
Serendipity Project (#3699)
\$250,000 Requested

Project Summary: The Appalachian School of Law (ASL) requests funds to assist with the renovation of the Serendipity building in Grundy. ASL currently owns the building and plans to convert it into a multiuse facility housing a coffee shop, office space for ASL’s Legal Aid Clinic and Medical-Legal Partnership Program, and a common area where students, faculty, and members of the community can gather and work (a “common area”). The resulting spaces, particularly the coffee shop, will improve the quality of life offered to ASL students and are expected to have a positive impact on the school’s recruitment and retention of students.

Matching Funds: ASL’s alumni association has committed to raising the required \$250,000 match for the project and ASL recently received a \$125,000 commitment from a private donor that wishes to remain anonymous at this time.

Project Outputs: The project will result in the renovation of the Serendipity building that will include a café, common area, and offices for ASL’s legal clinics. In addition, three jobs with average salaries of \$105,000 will be created. The space will also support 10 legal clinic clients each month. ASL’s enrollment will increase by 20 students producing \$396,000 of new local spending.

Staff Comments: ASL is one of the most significant contributors to the economy of the Town of Grundy and surrounding area. A recent report by Chmura Economics estimated that the total annual economic impact is \$10 million that supports 93 jobs in Buchanan. From 2006 to 2018, ASL’s enrollment dropped by nearly 50%, however, that trend has reversed. Its student body increased by 20% from 2018 to 2019 and it experienced a 37% increase in applications last year.

ASL wants to build on this momentum. It believes that the lack of opportunities for off campus dining and socializing and lack of suitable office space for its clinical programs hampers its ability to recruit prospective students. ASL projects that the development of a coffee shop and office space for its legal clinics will ultimately enable ASL to recruit 20 new students. Chmura projects that each additional student at ASL spends almost \$20,000 in the local economy annually (excluding tuition). If ASL increases and sustains its enrollment by 20 students, the local impact would approach \$4 million in associated spending over a 10-year period.

ASL characterized the common area as a coworking space in its application. During staff review and discussion with ASL, however, staff ascertained that this portion of the facility is a common area where students, faculty, lawyers, and members of the community can gather and work. Area residents very well may cowork there, but the common area will lack the hallmarks of a typical coworking space (i.e., in exchange for fees, access to a reserved desk, conference room, printers, etc.). At least initially, ASL plans to provide the coffee shop space to the private operator at no cost. Consequently, the facility is not expected to generate any operating income, however, ASL has committed to providing operating support for the facility because it believes that it will generate sufficient new tuition revenue to offset the expense.

Longstanding Commission policy is not to invest grant funds in retail operations—consequently, an investment in the café is not appropriate. In addition, the Southwest Virginia Program is not the ideal program for funding the construction of facilities that will offer new educational programs—in this case, the office space for ASL’s clinical operations. The primary performance metrics of this investment category of the Southwest Virginia Program are creation of new job opportunities and/or new private capital

investment. Finally, the Competitive Education Program invests in new or expanded educational facilities that will generate new credentials. While the office space for ASL's clinics will improve the quality of ASL's existing J.D. program, it will not lead to new credentials. Nevertheless, ASL is an important part of the local economy and it has credibly explained how the project will improve quality of life for current and future ASL students and improve its ability to recruit new students.

Despite the imperfect fit between this project and the Commission's grant programs, there are meritorious aspects of this project that may merit a reduced award. ASL has provided anecdotal information that suggests this project will improve its recruitment efforts and there is no doubt that ASL is the economic engine of the Town of Grundy. Finally, residents of the region will benefit from access to the common area and to the free legal services that ASL will make available through its clinical offerings.

Staff believes a reduced award that is proportional to the amount necessary to renovate the "common area" is appropriate. The total construction budget for this project is \$350,000—\$150,000 for exterior repairs and improvements and \$200,000 for interior improvements and renovation. The common area will occupy approximately 50% of the square footage of the facility. Consequently, staff recommends that the Commission award a grant in the amount of \$100,000 to fund 50% of the costs associated with interior improvements and renovation.

Financial Viability Assessment: ASL has a creative vision to provide a new amenity to benefit its student body, faculty, the community, and those that benefit from its legal clinics. ASL believes this project will improve its recruitment efforts and thereby generate additional revenue. Looking at the Serendipity facility in insolation, however, the facility will not be self-sufficient because ASL does not intend to charge rent from any tenants or users of the facility, including the one revenue-generating user—the café. The term of this lease will end in October 2021 and ASL could negotiate a market rent, provided the café operates profitably. ASL believes that the value this facility will add to its campus and its ability to improve its recruitment efforts, however, is worth taking on the additional operating expenses. In light of ASL's economic value to the Town of Grundy and the region, its willingness to assume the operating costs of this facility, the amount of additional revenue ASL will realize if it can recruit only a handful of new students, and the opportunity for ASL to charge rent from the café later in 2021, a reduced investment may be appropriate and this project should be viable.

Staff Recommendation: Staff recommends a reduced award of \$100,000 to be spent toward 50% of the interior construction costs.

Blue Ridge Discovery Center, Inc.

Blue Ridge Discovery Center Visitor Center (#3696)

\$175,000 Requested

Project Summary: The Blue Ridge Discovery Center (BRDC) is seeking funding to renovate a former service station into a Visitor Center that will offer access to restrooms, a water bottle filling station, a dog walk area, food, Wi-Fi, an electric vehicle charging station, and interpretive exhibits describing the area. The Visitor Center is one of five BRDC components that are under development. The property will also house a residential education facility, biological field station, campground & cabins, and interpretive grounds and will serve as a destination for visitors to Whitetop Mountain and the Grayson Highlands area. TRRC funds will be used for contracted expenses for renovation and exhibit construction.

Matching Funds: Matching funds for this project are partially committed with several funding opportunities still pending. Grayson County and Smyth County have each approved \$15,000 for the project and another \$15,000 has been requested from Washington County. Applications have been filed with the Smyth County EDA for \$75,000 and the Evergreen Soil and Water Conservation District for \$10,000. Huber Architects will contribute in-kind services valued at \$5,000 and the Blue Ridge Discovery Center has committed to raise an additional \$40,000 for landscaping and hardscape improvements.

Project Outputs: The project will result in the creation of a Visitor Center for the Blue Ridge Discovery Center. An estimated \$15,664 visitors will utilize the Visitor Center during its first year resulting in \$65,003 of associated spending. The facility will create four jobs with a combined payroll of \$99,840 (average \$24,960). The overall BRDC project predicts 23 new jobs and \$850,725 in visitor expenditures to the Tobacco Region by its third year of operations.

Staff Comments: The application provided a well developed feasibility and market study showing potential visitation and associated spending. While a portion of funding remains uncommitted, the applicant shows a positive history of successful fundraising efforts for the initiative. BRDC supports well established and popular outdoor recreation destinations such as Whitetop Mountain, Grayson Highlands State Park, the Appalachian Trail, and the Mount Rogers National Recreation Area, etc. with a proven track record of attracting visitors from national and international markets. The USDA Forest Service reports that the Mount Rogers National Recreation Area attracts over a million visitors each year. Targeted advertising with global ecotourism and adventure travel sites, social media, and YouTube channel placements will be used to attract additional visitors from around the world.

The Commission requires matching funds to be spent concurrently with Commission funds. Because a large portion of the required match remains uncommitted, there is concern that Commission funds would be used prior to matching funds. Consequently, adjusting the proposed timeline and budget will ensure that match is in place and spent concurrently with the Commission's grant if an award is made.

Financial Viability Assessment: So long as BRDC can perform the remaining fundraising successfully, it has provided a credible and detailed plan to construct and operate the proposed Visitor Center. The pro forma contained realistic projections of costs and revenues associated with operating the facility and a revenue-generating retail component. In addition, other parts of BRDC's facilities will generate revenue, thereby providing a secondary source of funds to support operations if the retail aspects of the Visitors Center are less successful than anticipated.

Staff Recommendation: Staff recommends an award of \$175,000 contingent upon staff's approval of a revised budget that ensures TRRC funds are spent concurrently with matching funds.

Cumberland Plateau Company Dickenson County Broadband Expansion (#3698) \$850,000 Requested

Project Summary: The project will offer service to 613 passings that are previously underserved or unserved. The communities of Trammel, Bee, and McClure are located in the eastern half of Dickenson County. The area is only served by Verizon DSL and satellite. Funding will support construction labor (\$450,000), make ready design (\$100,000), and construction materials (\$300,000).

Matching Funds: Matching funds will be provided by Point Broadband. This commitment reflects the usage of \$647,807 of private capital and \$480,524 of Point Broadband’s CAF (Connect America Fund to be provided over 10 years).

Project Outputs: The project will offer service to at least 613 locations with projected average speeds to be advertised of 100Mbps. Subscribers will pay approximately \$70.95/month for the service.

Staff Comments: The guidelines for the Southwest Virginia Program clearly specify that applications seeking support for broadband projects in amounts over \$250,000 will only be considered for loan funding. In addition, a significant portion of the CAF funding the applicant proposed to use as a portion of matching funds will not be available until after the Commission’s three-year grant period has elapsed.

Financial Viability Assessment: Point Broadband has successfully provided broadband service in Southwest Virginia and has an experienced leadership team. The guidelines for the Southwest Virginia Program provided that broadband projects seeking \$250,000 or more would only be considered for grant funding. Point Broadband prepared detailed forecasts of revenues and expenses associated with this project that appear reasonable. Those forecasts indicate that this project can support debt service with an appropriately structured loan. The implementation timeline provided in the application indicates the project would be completed within two to three months. Thus, there should not be a lengthy delay between when costs are incurred during construction and revenues are generated as new customers sign on.

Staff Recommendation: Staff recommends that the Commission award a loan to the Cumberland Plateau Company or Point Broadband, or both, of up to \$850,000 plus reasonable costs of issuance at 0% interest and for a term acceptable to the Executive Director. Staff further recommends that the Commission authorize the Executive Director to take any necessary actions to execute this transaction.

Lee County EDA

Produce Auction for Lee County Planning Initiative (#3691)

\$18,000 Requested

Project Summary: The funds requested in this application will be used to perform a feasibility study to determine if a produce auction is viable for Lee County. Produce auctions are wholesale marketing opportunities that require buyers such as independent grocery stores and restaurants to purchase a minimum amount of product. Most auctions require that the produce be grown within a 100-mile radius although some exceptions may be made at different times of the year. The feasibility study will provide information on possible locations, construction estimates, potential funders, supplier radius, buyer demand, etc.

Matching Funds: The applicant has filed an application to the Governor’s Agriculture and Forestry Industries Development Fund (AFID) Planning Grant program (\$20,000). The Lee County EDA will contribute \$1,000 and Virginia Cooperative Extension will provide in-kind support valued at \$1,500.

Project Outputs: A feasibility study examining the development of a produce auction will be produced.

Staff Comments: Produce auctions are well established in other farming communities across the country and have been growing in Virginia over the past several years. There are currently three established produce auctions in Virginia, however, Lee County is 3-4 hours away from the closest location. The County is over two hours from the Asheville NC Farmers Market where many area buyers obtain wholesale produce. If

determined to be feasible, a newly established auction could fill a void for the SWVA and NETN region and offer TRRC region producers an option to sell their produce at higher volumes compared to those typical of traditional farmers markets. An auction format also reduces the operational burden, such as audit requirements, that can be intimidating to growers considering other wholesale opportunities. The proposed feasibility study is critical to determining both the viability and expected impacts of an auction in the far Southwest TRRC region.

Financial Viability Assessment: While typically the Commission prefers funding capital expenses, the applicant is requesting a modest grant that will provide insight into the market and whether a produce auction is feasible for the project area. The feasibility study will yield valuable information that may guide a future application. That the Commission's partners at VDACS are willing to invest in this project demonstrates the applicant can leverage resources effectively.

Staff Recommendation: Staff recommends awarding a grant in the amount of \$18,000 to fund 50% of the costs of the produce auction feasibility study.

Lee County Livestock Association

Grain Production Initiative for Far Southwest Virginia (#3689)

\$255,000 Requested

Project Summary: This application requests Commission support for a cost share program serving farm operations in Lee, Scott, Wise, Dickenson, Buchanan, Russell, Tazewell, Washington and Smyth Counties. The cost share program will assist producers with the purchase of equipment such as combines, storage, and grain wagons needed for small grain production to develop the necessary supply for the forthcoming Project Thoroughbred grain terminal.

Matching Funds: Matching funds will be provided by the program's participants who will contribute a minimum of 67% of total costs. Commission funds will reimburse at a 33% rate up to a maximum of \$10,000. In-kind match of \$10,500 will be provided by the Virginia Cooperative Extension for agents' time spent administering the project and for educational meetings.

Project Outputs: If fully funded, this project will serve a minimum of 25 producers with an estimated net increase in annual sales revenue of \$14,740 per producer.

Staff Comments: This project will assist with the establishment of a grower network related to Project Thoroughbred, a grain terminal under development in the City of Norton, Virginia. The Lonesome Pine Regional Industrial Facilities Authority (LPRIFA) submitted a companion application (\$500,000) to assist with construction of the \$2.64 million grain terminal. The Department of Mines, Minerals and Energy awarded a \$2 million grant through its Abandoned Mine Land Program to the LPRIFA for this project. Likely due to timing, the application did not fully resolve all of staff's questions regarding post-construction operation of the facility. Consequently, the LPRIFA withdrew its application and indicated it may pursue other funding sources and/or narrow the scope of Project Thoroughbred.

While it appears that local farmers may already own some of the equipment needed to grow and harvest grains, there remain significant gaps among these farmers. This project will assist farmers with filling those gaps in capital purchases needed to usefully transition to grain production. To receive the maximum cost share of \$10,000 a producer will need to invest approximately \$23,000 of unreimbursed funds indicating that the capital needs of grain production could present a barrier to entry for local farmers.

The business plan that accompanied the Project Thoroughbred grain terminal project predicts that the grain terminal will initially support eight producers/suppliers in the first year. This number increases to approximately 20 producers by the fifth year of the grain terminal's operations. Because this application seeks support for up to 25 farmers and would be implemented over three years—before the grain terminal will have ramped up to full capacity—staff recommends funding this project at a reduced rate. This will cause the number of producers entering the small grains market to coincide with the grain terminal's projected demand for their crops.

Financial Viability Assessment: If funded, this cost share proposal will partially offset the expensive equipment costs associated with small grains farming. Project Thoroughbred, the grain terminal described above, expects to have an incrementally growing demand for barley once it is constructed and operational. As noted above, however, the LPRIFA recently withdrew its \$500,000 application to support the equipment costs associated with Project Thoroughbred. The LPRIFA indicated it was considering seeking alternative funding and/or narrowing the scope of the project. Without Project Thoroughbred proceeding and creating demand for barley, this cost share initiative should not be funded. Otherwise, this cost share will give producers an incentive to grow a crop for which there is no market. Consequently, I recommend conditioning this award on (1) the LPRIFA's award of a contract to proceed with the design, equipping and construction of the Project Thoroughbred grain terminal, and (2) the applicant's written confirmation that the scope of Project Thoroughbred has not changed in a manner that will materially affect its expected demand for barley.

Staff Recommendation: Staff recommends awarding a grant to the Lee County Livestock Association in the amount of \$127,500 contingent upon (1) the Lonesome Pine Regional Industrial Facilities Authority's award of a contract to proceed with the design, equipping and construction of Project Thoroughbred, and (2) the applicant's written confirmation that the scope of Project Thoroughbred has not changed in a manner that will materially affect its expected demand for barley.

Old Dominion University Research Foundation

Internet Access for Rural and Underserved Communities Through Wireless Hotspots (#3692)

\$43,790 Requested (Reduced by Applicant)

Project Summary: The Old Dominion University Research Foundation (ODU) is requesting support to assist with a pilot demonstration of a new technology allowing outdated cell phone devices to be used to create wireless hotspots. These hotspots will be used to provide free temporary internet access to students in Wise County. If the pilot is successful, the technology allow ODU to take an off-the-shelf android cellphone and run a computer script that will convert the device to a hotspot with little or no further intervention required. The converted device will allow only authorized end devices to connect to the internet to conserve data bandwidth. The device will have the ability to interface with off-the-shelf content filtering software to manage what the device will and will not allow. The final product will have an improved version based on feedback received to commercialize the product. Ultimately, the finalized product should be able to scale to thousands of users without impact performance at the device level.

Matching Funds: Match is committed by ODU and includes 1.55 months of calendar effort by the principal investigator, Kurt Maly (\$25,985) and waived tuition for the graduate assistants (\$7,332). Additional match (\$12,804) will be used for server infrastructure.

Project Outputs: 50 Wise County Public Schools students will be served with ODU's technology that converts unused cell phones into mobile hotspots for approximately 6 weeks during a pilot deployment of ODU's new technology. In addition, ODU will develop an improved version of the underlying software necessary to enable cell phones to function as mobile hotspots.

Staff Comments: Many students in the region have struggled with online learning due to lack of sufficient internet access. The proposed project presents an innovative approach that could reduce this barrier for local students. While the pilot project only serves a small number of students in Wise County, the technology that is under development could eventually be applied to many areas in the TRRC region. Few details related to a future expansion of the technology beyond Wise County were provided, however, the applicant indicates a plan to license the technology once ODU can demonstrate its technology is feasible. Should this occur, the industry partner will charge a small fee to the school systems to make the technology readily available.

Commission funds will be used for .93 months of calendar effort for the Director of Computing Resources (\$11,288), two Graduate Research Assistants for Spring Semester 2021 (\$12,852), and 1.5 months of undergraduate student effort with prototype testing and help desk support (\$2,500). A portion of the request (\$18,315) will be used for a subcontract with UVA-Wise who will provide project oversight and will be responsible for maintaining relationships with participating schools, supervising undergraduate students and communicating with the technical support teams. The funds requested in the subcontract will pay for program support provided by a UVA-W employee (\$5,400 salary and \$500 mileage) and for undergraduate technical support (\$3,750). Two Wise County Public Schools employees will be compensated for their efforts on the project (\$2,000). The subcontract budget also includes \$5,000 for \$100 incentive payments to the 50 program participants. Incentive payments are not an allowable use of Commission funds and must be removed from the request. The budget submitted with the application also contained reimbursement for ODU's indirect rate. Once staff informed the applicant that the Commission's Funding Policies prohibit funding these indirect charges, ODU reduced its request to \$43,790. With the additional deduction of program incentives (\$5,000), the allowable request amount is reduced to \$38,790.

The application indicates that ODU may pursue a future application for \$100,000 to fund a second phase of this project. The primary intent of the follow-on project will be to reduce human intervention to a minimum level and be able to scale the system to support thousands of devices. ODU would also like to give devices the ability to establish VPN connections to the student's school so that the student can access and take benefit of any resources provided on the school's network such as content filtering, URL filtering, security, and other educational software. The secondary objective would be to add iOS devices to the set of cell phones that can be converted.

Financial Viability Assessment: This is a modest request to pilot intriguing technology that could eventually provide a means for many additional students and residents in unserved areas to have broadband access at home. The pilot is an appropriate scale to be meaningful yet manageable. The project team includes several experienced researchers at ODU, and staff at UVA-Wise and Wise County Public Schools will assist with day-to-day implementation and troubleshooting. The only outstanding material item that is not yet fully resolved is the source of the Android devices to be provided to participating families, however, ODU indicated it will either seek donations or fund this relatively modest expense itself if needed. If this pilot is successful, it will result in the development of technology that can be commercialized. Consequently, ODU should be required to agree to share any resulting licensing revenues with the Commission.

Staff Recommendation: Staff recommends awarding a grant in the amount of \$38,790 to the Old Dominion University Research Foundation to fund the proposed wireless hotspot pilot project on the condition that ODU agrees not to license any of the associated intellectual property without the Commission's prior approval and to share a negotiated portion of any resulting licensing revenues.

Sunset Holler, Inc.

Southern Gap Amphitheater Project - Construction (#3690)

\$500,000 Requested

Project Summary: The Southern Gap Amphitheater project involves the development of a commercial-grade amphitheater at Southern Gap in Buchanan County, Virginia. The amphitheater will host a variety of events including live music performances, film screenings, sports events, etc. with a maximum capacity of 4,000 attendees.

Matching Funds: Construction of the amphitheater will require over \$5,000,000 of matching funds. No matching funds are committed at this time, however, the application indicates an intent to submit applications to the following funders: DMME - \$1M (application intended), ARC - \$500,000 (application intended), EDA - \$1.5M (application intended), McGlothlin Foundation - \$500,000 (application intended), ARC POWER - \$1M (application intended). The project team has submitted applications to the Ratcliffe Foundation (\$200,000) and the Thompson Charitable Foundation (\$500,000). An additional \$389,000 is needed to complete final design prior to construction that the project team plans to raise from undetermined foundations and agencies.

Project Outputs: Development of an amphitheater with a maximum capacity of 4,000 attendees; eight new jobs with average salaries of \$54,165; annual revenue from ticket sales resulting in approximately \$1,500,000 based on 64,000 attendees.

Staff Comments: The Commission provided a \$57,000 award in 2019 through the Southwest Economic Development Program associated with this project that supported 50% of the cost of the Initial Design Phase. While this phase was sufficient to develop construction estimates, the final design of the facility has not been completed. Final A&E work is estimated to cost approximately \$389,000. This cost is not included in the budget presented in the TRRC application. The project team plans to conduct additional fundraising to complete final design from to-be-determined foundations and agencies.

Until funding is in place to complete final design work and the project team has secured a significant portion of the remaining \$5 million necessary to fund this project, an award for construction of the amphitheater appears to be premature. Additionally, it is unlikely that full funding could be in place within the one-year period required for TRRC awards.

In addition, the application fails to explain whether or how the COVID-19 pandemic will affect the design, development and use of outdoor concert venues. It also did not take into consideration competition from other venues, such as the recently announced Hard Rock Hotel and Casino that is planned for development in the region.

Financial Viability Assessment: The project team should be commended for its thorough planning and the in-depth market and feasibility assessments it has performed. The business plan and feasibility study included in the application include detailed analyses and are relatively current (prepared in 2018). A project of this nature, magnitude and complexity, however, comes with significant risk. One such risk is competition

from other venues. In the time since this application was submitted, voters in the City of Bristol approved a referendum authorizing casino gambling and Hard Rock Hotel and Casino has announced its plans to develop a facility that will include a 3,200 seat indoor concert hall that opens to an outdoor amphitheater with an additional 20,000 seats. Although there is some distance between Bristol and Southern Gap, the facilities would likely compete for similar acts and audiences. In addition to these concerns, this project has not yet identified a venue operator with a successful track record of booking and operating a comparable facility nor has it secured the remaining \$5 million needed to fund construction. In light of the foregoing, I cannot give a favorable financial viability assessment at this time.

Staff Recommendation: Because this project has not yet secured any of the additional \$5 million of funds needed to fund the construction phase of this project and staff has concerns about competition from other venues expected to come to the region, staff recommends no award.

Virginia's Heritage Music Trail: The Crooked Road *Crooked Road Artist, Industry and Brand Excellence (#3694)* \$70,000 Requested

Project Summary: The Crooked Road is requesting support for three initiatives. The first will market the region to entertainment production professionals who may be interested in relocating to the region. The second will complete a community signage program as well as radio transmitter upgrades for existing wayside exhibits. Finally, funds will be used to continue the Crooked Road On Tour (CROT) Program. Both the music industry network initiative and the CROT program will target locations within a 400-mile radius of the SWVA region. These locations have demonstrated the highest potential in generating visitation to the region. The requested funds will be used to support the salary of the Executive Director (\$8,000), CROT contractual expenses (\$43,000) and community signage (\$7,500). Wayside exhibit upgrades and portable exhibit production activities are also supported (\$11,500).

Matching Funds: Matching funds from the Virginia Tourism Corporation (\$30,000) have been approved. The Crooked Road will contribute \$23,000 of available funding and will raise an additional \$40,000 from private sources (general public and private sponsors).

Project Outputs: The project will result in the continuation of the CROT program through the sponsorship of 25 performances. The radio transmitters will be upgraded at 26 wayside exhibits. A marketing plan to attract entertainment production professionals to the region will be developed. The application estimates that the project will generate 725 new visitors to the Crooked Road region resulting in \$106,250 of new revenue. This figure represents 625 visitors linked to the CROT program with an additional 100 visitors related to marketing and media exposure by presenting arts organizations and host venues. Two new jobs will be created with an average salary of \$70,000.

Staff Comments: The applicant submitted a similar request to support the continuation of the CROT program to TRRC in FY20. This program has been ongoing since 2014 and targets performances in metro areas within 400 miles of the Crooked Road region and seeks to entice attendees to visit the area. The Crooked Road, which has been supported with nearly \$2 million in TRRC funding over the past 15 years, has an established system for managing the CROT program. While this track record of coordinating with venues, promoters, and artists is commendable, it confirms that this is a well-established program that does not meet the Commission's priority of supporting new activities.

The proposed upgrades to the wayside exhibits as well as the community signage project were also supported by past TRRC awards. A grant that received a seventh year extension was recently closed due to lack of process on these efforts. In the past, coordination with local governments proved challenging. The application is not clear on why this aspect of the project could now be accomplished under a new grant.

Attracting entertainment production professionals to the area is a new and compelling idea that could result in associated private capital investment should these professionals establish studios or other businesses in the region. This initiative should be further developed, perhaps through an independent feasibility study, to determine if it is a practical approach for SWVA.

Financial Viability Assessment: Because CROT is an existing program, funding this portion of the request necessarily will not yield new economic activity in the region. The wayside improvement component of this project is a sound project, but it could not be completed successfully under a grant that expired in September 2020 and no explanation has been provided to explain how circumstances have changed. Finally, the marketing component of this project intended to bring music professionals to the region—whether to work temporarily or to relocate permanently—is intriguing but could benefit from further refinement. Because the bulk of the requested funds would be used for ongoing operating expenses without a means to generate new operating revenue, I cannot give this project a favorable financial viability assessment.

Staff Recommendation: Because this application primarily seeks funding for an existing program and not a new initiative that will result in new economic activity in the region, staff recommends no award for the Crooked Road On Tour portion of this application, however, staff invites the applicant to refine and resubmit the portion of its application for marketing and recruiting music professionals to the region in a subsequent round of funding.

William King Museum of Art (#3693)

Cultural Campus Development at William King Museum of Art Phase-II

\$500,000 Requested

Project Summary: Commission funds are requested to assist with capital improvements to the William King Museum of Art's (WKMA) 22-acre campus. These improvements will improve accessibility to the museum property to accommodate tour buses and visitors with mobility issues. The Cultural Campus project will develop a large green space with an amphitheater, a sensory garden, and a sculpture garden. This space will be an extension of the Town of Abingdon's Main Street with a goal of increasing community engagement and improving quality of life for residents. The project will be funded in two parts: Part 1, the Upper Campus, will be completed by March 31, 2022 at a total cost of \$1,077,560.50; Part 2, the Lower Campus, will be completed by December 31, 2022 at a total cost of \$865,665. Commission funds appear to be allocated for approximately 50% of Part 1 (Upper Campus).

Matching Funds: Matching funds of \$1,442,226 are needed to fully complete both parts of the total project. At time of application, WKMA reported that \$300,000 has been committed from various sources including a \$100,000 commitment from the Bella Vista Foundation. An application is intended for USDA Rural Development (\$50,000) and an application has been filed with Washington County, VA (\$200,000). The majority of remaining funding will be sought from the Appalachian Regional Commission and from private sources including WKMA board members and individuals.

Project Outputs: Commission funds will be used for "Part 1" improvements to the upper campus. These improvements include building access, parking, gardens and trails. Non-Local visitation is expected to

increase by 917 annually, however, no new revenue is attributed to this increase. The Museum does not charge for attendance and not information was provided for indirect spending associated with these visitors. 42 new jobs with an average salary of \$30,000 will be created, however, this was not substantiated in the application.

Staff Comments: This is a large request resulting in only a modest (10%) increase in visitation. The proposed budget appears to indicate that Commission funds would be used to pay for approximately 50% of Part 1 (upper campus).

While the accessibility issues are a well-known barrier for attendance at the Museum, the application failed to provide data to document how many tour buses and groups have declined to visit as a result. Additionally, no documentation was provided that can directly attribute the entrance and accessibility improvements directly to increased visitation. It is difficult to attribute the predicted 10% increase in visitation directly to the entrance improvements rather than the entire campus improvement project. Given that the application indicates that this project will provide an improved quality of life for Town residents, it appears to be more of an amenity for local residents as opposed to a tourism project that will attract visitors from outside the region and state. The Commission limits support for tourism projects to those that are likely to be of interest to national and international visitors.

Financial Viability Assessment: WKMA has proposed an ambitious project that will make significant improvements to its campus. The construction budget is based on preliminary construction estimates prepared by a landscape architecture firm and includes a slim 4.5% contingency. Because it will likely take significant time for WKMA to raise the remaining majority of matching funds, the construction estimate may have little value as construction costs will likely rise by the time a construction contract is awarded. For both of the foregoing reasons, it is likely premature to award funds to this project. More importantly, however, this project is not a tourism project that is likely to be of interest to national and international visitors. As a result, it is outside the scope of the Southwest Virginia Program guidelines and the Commission's Strategic Plan and should not be considered for grant funding. Nevertheless, WKMA may wish to consider applying for a loan through the Commission's Community & Business Lending Program.

Staff Recommendation: Because this application failed to demonstrate how this project would bring a significant number of new visitors to the region, staff recommends no award.