



SOUTHERN VIRGINIA COMMITTEE

Electronic Conference Call Meeting

Thursday, May 27, 2021

9:00 A.M.

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

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m283fbc20331140a62c1b5d19fd50646>

If accessing the meeting by telephone dial: 1-408-418-9388 (US toll) and utilize the meeting number [132 596 4686#](tel:1325964686) and meeting password: [cP2SpTizF73 \(27277849 from phones and video systems\)](https://www.cisco.com/c/enr/what-is-cisco-jitsi-meeting/).

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>Mr. Walter "Buddy" Shelton, Chair</i>
Items Related to Remote Meeting	<i>Andy Sorrell, Deputy Director</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>1/8/21</u> Minutes	<i>(published on website)</i>
Public Comment	
Spring 2021 Funding Applications	<i>Sarah Capps, Southern Regional Director</i>
Extensions and Modifications 3102 - Pittsylvania County and 3391 - Pittsylvania County	<i>Sarah Capps, Southern Regional Director</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comment	
Adjournment	

FY21 Southern Virginia Program

Pending Applications

May 27, 2021

The Commission received 11 proposals for funding for the March 9, 2021 application deadline for the FY21 Southern Virginia Program. Two applications were withdrawn. One application associated with an active prospect was solicited after the application deadline. The active applications are grouped below by investment category. This was the first grant cycle utilizing the new Guidelines & Request for Proposals for the Southern Virginia Program. The Southern Virginia Committee and Full Commission will act on these applications at 9:00 a.m. on May 27, 2021.

Agribusiness				
Req #	Organization	Project Title	Requested	Staff Rec.
3756	Buckingham Cattleman's Association	BCA BEEF Hub	\$ 186,000	\$ 186,000
3759	Halifax County	Expanding Marketing and Sales Opportunities for Livestock Producers in Southside Virginia	\$ 45,000	\$ 45,000
Broadband				
Req #	Organization	Project Title	Requested	Staff Rec.
3761	Franklin County	Franklin County Broadband Authority Shantel Network Expansion - Mountain Cove	\$ 42,679	\$ 42,679 (Loan)
3752	Mecklenburg County	Mecklenburg County/EMPOWER Broadband Fiber Extension	\$ 880,643	\$ 880,643 (Loan)
Business Development				
Req #	Organization	Project Title	Requested	Staff Rec.
3749	SOVA Innovation Hub Corporation (MBC)	A&E for SOVA Innovation Labs	\$ 85,300 (revised)	\$ 85,300

Sites and Infrastructure

Req #	Organization	Project Title	Requested	Staff Rec.
3750	Bedford County	Grading Lots 10A and 12A	\$ 80,000	\$ 80,000
3760	Institute for Advanced Learning and Research	Expanding Southern Virginia's Inventory of Shovel Ready Sites	\$ 999,900	\$ 247,600
3757	Mecklenburg County	Kinderton Technology Campus Due Diligence	\$ 28,000	\$ 28,000
3740	Greensville County	Off-Site Utility Engineering	\$ 785,906	\$ 785,906 (Loan)
3775	Sussex County	Sussex Megasite Water Tank Project	\$ 2,800,000	\$ 2,800,000
TOTAL (10 requests):			\$ 5,933,428	\$ 5,181,128
			<i>Total Loans:</i>	<i>\$ 1,709,228</i>
			<i>Total Grants:</i>	<i>\$ 3,471,900</i>

Agribusiness

Buckingham Cattlemen's Association

BCA BEEF Hub (#3756)

\$186,000.00 Requested

Project Summary:

The Buckingham Cattleman's Association proposes to create the BCA BEEF hub at the Buckingham Agriculture Resource Network (BARN) facility, expanding on services available to cattle producers at the agriculture center. The project directly addresses limitations at regional meat processing facilities, which have caused substantial lost revenues for cattle producers (estimated at \$132,240 annually based on respondents to a BCA survey) and facilitates creation of new market opportunities for cattle to be finished and processed for direct sale to consumers. The BCA BEEF hub operations will include development of a program for grouping multiple producers' finished cattle and coordination of access to current processors. Finished product will be delivered back to a central location for pickup or distribution. Project funding will be used to construct a metal building and for installation of a combination freezer/refrigerator unit with required back-up generator, purchase of a refrigerated trailer for transport and food packaging machines, as well as marketing and trademark cost for development of the BCA brand allowing for promotion of a high-quality beef product under a uniform label.

Matching Funds:

A \$199,000 application has been submitted to USDA Rural Business Enterprise Grant program, \$10,000 is proposed from VDACS's AFID program, and \$5,000 from Buckingham County for in-kind services.

Project Outputs:

A 20' X 40' metal building with concrete pad will be constructed at the BARN facility that will house a 28' X 15' combination freezer/refrigerator unit. Expanded producer access to USDA-inspected meat processing facility. Development and marketing of BCA Beef brand.

Agribusiness outcome are estimated at \$292,000 aggregate increase to net farm income annually as a direct result of project. This is based on \$60,000 for reduced hauling costs to/from processor from shared transport; \$132,000 reduced losses due to unavailable and untimely processing dates; and \$100,000 for multiple animal discounts on processing. Additional revenues will accrue with increased number of cattle finished and processed, for sale to new and expanded direct to consumer sales.

Staff Comments:

This is a strong well developed application addressing a documented need with direct benefits to agriculture producers. As one of the oldest and largest cattlemen's association in the Commonwealth, BCA has ~ 235 members, with the majority of farm operations located within 12 of the Tobacco Region's localities. The Commission provided two Agribusiness grants dating back to 2013, for a total of \$850K for creation of the BARN facility. This request builds on the success of this facility as a central coordination point for sales and educational activities. A survey sent to producers and outreach to local processing facility confirmed the need.

A critical aspect of the project is the relationship with Seven Hills Food Co., a meat-processing facility in Lynchburg, who has committed to increasing processing to serve this project with guaranteed timely processing dates and labeling services, as well as selling excess beef product under its Virginia branded beef product. Letters of support were provided from producers, VCE and Farm Bureau offices, and Lynchburg Livestock Market. As a result of this project BCA, will be able to assist local producers with increasing their finishing capabilities, coordination with processor, purchasing of inventory and distribution of finished product to other venues and directly to consumers.

Financial Viability Assessment:

The need and demand for this project has been clearly demonstrated. The applicant has performed thorough planning and has collaborated with an established private sector meat processor and other funders. The applicant plans to contract with a PR and marketing firm based in the region to create a brand and develop brand awareness so that there will be long-term success. There is a good likelihood that all identified matching funds will be obtained and, if so, the statutory requirement for 1:1 matching funds will be exceeded. Most importantly, his project will benefit a high number of producers across a broad area with quantifiable project outputs.

Staff Recommendation:

Staff recommends awarding a grant of \$186,000.

Halifax County

Expanding Marketing and Sales Opportunities for Livestock Producers in Southside Virginia (#3759)

\$45,000.00 Requested

Project Summary:

Grant funds are requested for one-third of the \$135,986 estimated direct costs for expansion of facilities at the Agriculture Marketing Center (AMC) in the Scottsburg area of Halifax County off State Route 360. The AMC is owned and operated by Halifax County. The project will accommodate larger livestock sales

that will support of two regional agricultural producer membership associations that utilize the AMC for livestock related events and sales activities. Two new shed structures will be constructed and animal holding pens and corals will be purchased, along with additional lighting that will allow for expanded hours in evenings and early morning hours.

Matching Funds:

A \$90,986 application has been submitted to USDA's Rural Business Enterprise Grant program.

Project Outputs:

Construction of two sheds off of existing structure and acquisition of holding pens and corrals for managing livestock. One shed will be 30' X 60' and the second will be 90' X 18'. At least 24 new producers will use the facility, with each expected to realize a premium of \$125/head for beef producers and \$20/head for goat producers.

Staff Comments:

The AMC supports two regional producer membership groups: Southside Marketing Group (beef cattle producers) and Southern Virginia Meat Goat Association. Their combined memberships include 96 producers from seven counties in Southern Virginia. The closest livestock market is identified as 60-85 miles away, with the AMC location being central at an average 25 miles from association members. The applicant credibly explained the AMC's current capacity limitations that have necessitated the beef alliance having to schedule multiple take-up days for calves and the goat association having to use an alternate market.

The upgrades and improvements are necessary to retain and support growth opportunities for these producers. The applicant indicated that buyers purchasing livestock at the AMC are willing to pay a premium because of the services provided and economies of scale. Producers will benefit from the resulting increased purchase prices that are expected to generate meaningful new income. Anecdotally, one producer indicated that once he began utilizing the AMC, he realized a 700% increase in the number of cattle sold and realized a premium of \$25,000 in just one year.

Financial Viability Assessment:

This project involves the expansion of an existing facility with a strong track record of productive use. The applicant has documented strong demand for this project and solid evidence of the benefits that are likely to accrue if it proceeds. Beef and goat producers have expressed their strong support for the project and will benefit from the improved sales opportunities. The project budget is sound and based on recent cost estimates from the vendors/contractors who will provide the requested goods and services.

Staff Recommendation:

Staff recommends awarding a grant of \$45,000.

(Broadband applications begin next page)

Franklin County

Franklin County Broadband Authority Shentel Network Expansion - Mountain Cove (#3761)

\$42,679.00 Requested

Project Summary:

Funds are requested for 50% of the \$85,359 estimated cost for the internet service provider, Shentel Telecommunications to expand its coaxial cable/fiber network. Franklin County identifies the project will pass approximately 32 homes and 18 vacant lots in the Mountain Cover Drive area of Hardy.

Matching Funds:

Shentel will provide \$42,679.50 cash match for 50% of \$85,359 project costs.

Project Outputs:

Revised details from the County identify a total of 3,354 linear feet of new aerial coax cable and 2,505 linear feet underground fiber required to be installed. The project will serve 32 residents, 1 non-residential unit, and pass 18 vacant lots. Provision of broadband internet service with download speeds of up to 1 Gbps and upload speeds of up to 30 Mbps through the Docsis 3.0 platform.

Staff Comments:

The Commonwealth has taken a formal position against funding projects that target pockets of density in lieu of projects that are broader in scope to help achieve universal connectivity. It appears this project violates this principle. Franklin County benefited from a 2019 broadband grant for \$650,000 for a more comprehensive project covering six different project areas with four of those being with Shentel. While these grant funds have not been drawdown, the county has indicated that all but one of the Shentel projects has been completed. The application provided scant detail about this specific project area any why it was selected. The units that will be served appear to be a waterfront townhome development located on Smith Mountain Lake and available lots that are not yet developed. The line item detailed budget in the application was incomplete and an updated version received just recently lists a total project cost estimate of \$92,687.37—almost 10% higher than originally proposed—without any explanation.

This project was part of a VATI application for 2021 that was not approved. At \$2,667, the average cost per household/residential entity passed is not excessive (\$1,334/connection for TRRC funding based on 32 connections). The applicant submitted the required cash flow analysis just recently and it lists first year capital costs of \$51,343—well below the \$85,359 project costs. Nevertheless, it appears the project could support debt service.

Financial Viability Assessment:

The selection of such a small and dense project area plucks “low hanging fruit” at the exclusion of other parts of the county that surely could benefit from broadband expansion. In addition, more than half of the properties that will be served are vacant lots in a planned subdivision. The applicant submitted the required cash flow analysis more than two months after the application deadline and it appears the project can support debt service, however, the transaction costs of entering into a loan may be prohibitive for such a small project.

Staff Recommendation:

Because the application did not make a compelling argument for grant funding and staff has concerns about subsidizing broadband in a location that primarily benefits development of a future subdivision, staff recommends no award; however, if the Commission wishes to support this project, staff recommends awarding a loan of up to \$42,679 at an interest rate and for a term to be negotiated by the Executive Director.

Mecklenburg County

Mecklenburg County/EMPOWER Broadband Fiber Extension (#3752)

\$880,643.45 Requested

Project Summary:

EMPOWER Broadband, in partnership with Mecklenburg County proposes to continue expansion of their Fiber-to-the-home (FTTH) broadband network with the capability of providing up to 1 Gigabit of Ultra-High-Speed broadband. The FTTH network architecture will provide customers of the proposed project areas with access to broadband data services, voice, and multimedia over one unified access network. The scope of this application includes the installation of 33.25 miles of mainline fiber cable, new substation FTTH electronics, optical network terminals at the customer locations and fiber mainframe equipment for fiber management. The project will pass 217 locations. The total cost including labor, installation costs and engineering is estimated to be \$1,761,286.90.

Matching Funds:

EMPOWER Broadband would provide \$880,643.45 of match for the project's 1:1 match requirement.

Project Outputs:

The project will result in 33.25 miles of new fiber constructed. Broadband service would be made available to 217 residential units with an estimated 152 residents subscribing (70% take rate).

Staff Comments:

The cost per connection averages \$8,116 (with TRRC's share being \$4,058 per unit) is exceptionally high considering the modest terrain in this area. This project was not submitted to VATI for funding, however, another project covering other areas of the county was submitted and approved. Given that all match is from EMPOWER without any contribution from the county and the county requested that its allocation not be used to fund this project if an award is made, staff infers that this project is not a high priority for the County.

The Commission has awarded nearly \$3 million for development of EMPOWER's fiber network, including a \$2.6 million grant to Mecklenburg County in March 2018 and a \$375,000 grant to in June 2019. More than 40% of funds remain available in the first award and the full balance remains on the second grant. In recognizing these active TRRC grants and other funding awards from VATI, it is premature to commit more funding until the previously funded projects are completed. EMPOWER has also been approved for a \$9.2 million line of credit from the National Rural Utilities Coop Finance Corp. at a very low interest rate suggesting there are substantial financing commitments already available to support current network buildout needs.

The applicant provided a cash flow analysis that appears to indicate the project can support appropriately structured debt service. In year 2, cash flow projections are at \$53,000 (without TRRC grant funding) and \$187,255 (with TRRC grant funding), which should be sufficient revenue to service debt.

Financial Viability Assessment:

The cost per connection for this project of \$8,116 is unusually high and for reasons that were not explained. Though EMPOWER has a solid track record of providing reliable internet service in the region, it has not completed the \$2.6 million 2018 project (December 2020 projected completion date) and it has yet to begin the \$375,000 2019 project (September 2020 projected completion date). Until the two existing projects are completed successfully, encumbering such a significant amount of Commission resources will prevent these funds from being put to more immediate use for projects that are more likely to result in project outcomes sooner.

Staff Recommendation:

Because significant work remains on existing grants and costs for this project are inexplicably high, Staff recommends no award; however, if the Commission wishes to support this project, staff recommends awarding a loan of up to \$880,643 at an interest rate and for a term to be negotiated by the Executive Director.

Business Development

SOVA INNOVATION HUB CORPORATION

Architectural & Engineering Design for SOVA Innovation Labs (#3749)

\$85,300.00 (Revised Request)

Project Summary:

This request is for 50% of the \$170,600 estimated A&E design costs (reduced from original estimate of \$200,000) for the SOVA Innovation Labs building in South Boston. The planned facility will be adjacent to the recently opened SOVA Innovation Hub, a 15,000 square foot building that includes co-working space, meeting space and the Microsoft Experience Center that is expected to open in fall 2021. This second building is estimated to be approximately 13,000 square feet and will serve entrepreneurs, including start-ups and existing growing businesses in need of flexible modern office space.

Matching Funds:

SOVA Innovation Hub will provide \$85,300 of cash match.

Project Outputs:

A&E design services including schematic, design development and construction documents for the approximately 13,000 sq. ft. SOVA Innovation Labs as a 2nd building for the innovation Hub campus.

Staff Comments:

SOVA Innovation Hub Corporation is a new 501(c)3 nonprofit created in 2020 by Mid-Atlantic Broadband in partnership with Microsoft TechSpark. The organization seeks to build digital skills and entrepreneurship to spur economic opportunity in Southern Virginia. This project supports aims to position the Town of South Boston as a rural technology hub for attracting technology workers and as a destination for starting and growing companies. The planned building is expected to include a market space and small office suites for new and existing business growth. The applicant indicates a plan to pursue federal EDA and other funding for the estimated \$3 million building construction costs. The applicant has indicated that it does not plan to approach the Commission for support beyond the design phase.

Financial Viability Assessment:

SOVA Innovation Hub Corporation is affiliated with Midatlantic Broadband Corp. (MBC) and benefits from MBC's competent leadership and financial resources. The organization is collaborating with GO Virginia Region 3's Entrepreneurship Training Pipeline and this project supports a broader initiative to increase entrepreneurship participation rates in the region. Costs will be contained by continuing to work with the A&E firm that designed the existing facility. In addition, the applicant will absorb any cost overruns in the event additional services are required to complete design.

Staff Recommendation:

Staff recommends awarding a grant of \$85,300 for 50% of the estimated \$170,600 design phase A&E costs.

Sites and Infrastructure

County of Bedford

Grading Lots 10a and 12a in New London (#3750)

\$80,000.00 Requested

Project Summary:

Grant funds are requested to support 50% of the \$160,000 estimated costs to grade two 1.7 acre pads, one each on Lot 10A (10 acre site) and Lot 12A (7.5 acre site) at the New London Business and Technology Center in the Forest area of Bedford County. Once completed, both lots will be "shovel ready" with a Tier 5 site characterization. Bedford plans to market both sites to high wage manufacturing and professional services companies. Outcomes potential for each company that may locate is estimated at creating 10-25 new jobs with \$40-60K average salary, and \$1-2 million private investment.

Matching Funds:

Bedford County will provide the \$80,000 match for 50% of \$160K total project cost.

Project Outputs:

Two 1.7 acre sites on Lots 10A and 12A will be graded and raised from Tier 3 to Tier 5 site characterization. The A&E that completed the site assessment of the New London business park will provide a Tier 5 certification letter for VEDP's Business Ready Sites program.

Staff Comments:

The applicant submitted a strong and thorough application with solid output and outcome projections. This is a modest request to make two smaller lots available at a successful technology park where the inventory of small lots have all recently been sold. The funding request is based on recent estimates from Hurt & Profit for each lot for a combined total \$160,525, with \$20K for A&E and \$140K for grading/construction. In addition to a \$1.3 million investment in a shell building and a larger investment in construction of the CAER facility, the Commission has invested \$716,871 in due diligence and site development at New London. Approximately \$43,000 was spent for clearing and grubbing these lots under grant #3291.

The only remaining small pad-ready graded site in the park has been sold (Lot 3B) and the two lots in this request are identified as the most cost effective option for providing additional shovel ready sites for new

prospects. A 2017 letter from VEDP indicated that declined for a Site Development Grant due to VEDP's preference for larger sites, however, VEDP did provide a letter of support for the current application.

Financial Viability Assessment:

This request is for a relatively modest grant to prepare two additional sites at a successful business park that has exhausted its inventory. The amount of the request is supported by recent cost estimates and appears reasonable and VEDP supports this project. The project will result in two sites obtaining Tier 5 characterization that is likely to lead to additional interest from prospects. Finally, that Bedford is planning to invest local funds into the project demonstrates its commitment to a successful project.

Staff Recommendation:

Staff recommends awarding a grant of \$80,000.

Institute for Advanced Learning and Research

Expanding Southern Virginia's Inventory of Shovel Ready Sites (#3760)

\$999,900.00 Requested

Project Summary:

The Southern Virginia Regional Alliance (SVRA) requests \$999,900 to improve the marketability and VEDP Business Ready Site characterization of 11 sites within the City of Danville and the Counties of Pittsylvania, Halifax and Patrick. The selected sites were based on developability and sector marketing readiness, resulting respectively from 3rd party A&E assessments and a developability study by KPMG. Funding is requested for estimated A&E due diligence costs to raise six sites from Tier 2 to Tier 4 status and to raise five sites from Tier 2 to Tier 3 in preparation for future Tier 4 work. Of this second group, studies/assessments and site characterization analysis of one of the sites will be completed to raise the site from Tier 2 to Tier 3.

Matching Funds:

The applicant's \$1.5 million application to GO Virginia is advancing. In addition, the applicant has indicated that it is also pursuing approximately \$999K from US EDA and \$200,000 from ARC.

Project Outputs:

If fully funded, the Business Ready Site classification of six industrial properties will be raised from Tier 2 to Tier 4. An additional five sites will be raised from Tier 2 to Tier 3 status, with plans and site/infrastructure engineering requirements outlined for moving these sites to Tier 4. This project is estimated to lead to the attraction of four companies, each with an average of 400 jobs, \$42,000 average salary and \$40 million capital investments.

Staff Comments:

This project builds on the unprecedented data-driven review of Virginia's portfolio of sites by VEDP for its site characterization program. The 11 sites included in this application were narrowed from a list of 66 sites in SVRA's region. Sites must be a Tier 4 or Tier 5 to be marketed as part of VEDP's Virginia Certified Sites program. Only two of SVRA's larger sites are currently part of the Virginia Certified Sites program (Lot 9 at Cane Creek Centre and the Southern Virginia Megasite at Berry Hill). There is a need for certification of smaller sites and those that address the varying interests of recent prospect activity. Sites were selected based on their developability score and suitability for attraction of small scale distribution & logistics, light manufacturing and/or advanced manufacturing sector companies. The timeline provides for completion of the project in in two years—by March 2023.

If the goal of this project is to improve the marketability of the most attractive sites that prospects are most likely to select, Staff suggests the scope of this request be focused on 7 sites rather than the 11 proposed. Staff recommends narrowing the scope of the project (and its corresponding cost) to focus on the six sites that would advance from Tier 2 to Tier 4 status (Danville-3 sites, Halifax-1 site and Pittsylvania-2 sites) and a seventh site in Patrick County that will advance to Tier 3 status in order to address geographic distribution for workforce employment needs and opportunities within the SVRA region. The A&E estimates for these seven sites totals \$495,200. An award to fund 50% of the costs for the seven sites would be \$247,600.

The A&E estimates provided for all 11 properties plus a cost of \$5,000/site certification report totals \$1,115,000. Confusingly, the applicant submitted a project budget that totals \$1,999,800, which is well in excess of the amount needed to complete the A&E studies that have been identified for all 11 sites. Staff believes that the excess portion of the total project budget contemplates using funding for various improvements to raise these sites to Tier 4 status for which the applicant has only rough estimates that range from a total of \$11.2 to \$23.4 million. Staff feels it would not be appropriate for the Commission to commit funding until the specific needs/scopes of work are known. If the Commission were to support 50% of the cost of the entire 11-site scope of this project, the cost would be \$557,500.

Financial Viability Assessment: The seven sites Staff recommends for award require a relatively modest investment to be raised to Tier 4 status. If this narrowed scope is approved, six additional sites in the region will be included in VEDP's Virginia Certified Sites program. With respect to the four sites Staff is not recommending, these sites require significant additional investment. The Commission and its communities will realize economic benefits sooner by targeting resources to get existing sites over the finish line. If fully funded, the project budget includes an arbitrary amount beyond that needed to complete the known diligence activities, it is unknown for what activities Commission resources would be used and what outputs would result. Because of this, funding an amount in excess of 50% of known project costs cannot be justified.

Staff Recommendation:

Staff recommends awarding a \$247,600 grant for 50% of the estimated costs to perform due diligence on seven properties, including six that will advance from Tier 2 to Tier 4 status (Airside Drive, Cane Creek, Cyber Park, Ringgold East, Riverview and Southern Virginia Technology Park) and seventh site that will advance to Tier 3 status (Rich Creek).

Mecklenburg County

Kinderton Technology Campus Due Diligence (#3757)

\$28,000.00 Requested

Project Summary:

Grant funds are requested to support due diligence for the Kinderton Technology Campus in order to obtain raise the site characterization from Tier 2 to Tier 4/5, positioning this park to be more heavily marked by the VEDP. This 121 acre industrial park with 80 acres identified as developable is located on Iron Gate Road and Kinderton Road in Clarksville area of Mecklenburg County. The industrial park includes two cleared pads (25 and 30 acres) and all utilities are already available, including electricity, natural gas, water, sewer and broadband. A potential site layout by Timmons shows a 450,000 sf building, two 250,000 sf buildings and three 100,000 sf buildings on the property.

Matching Funds:

A cash match of \$28,000 is committed by the County for 50% of the \$56,000 cost of A&E fees.

Project Outputs:

Completion of a topographic survey, wetlands delineation, COE confirmation of wetlands and waters of US, preliminary geotechnical services, Phase 1 Environmental Site Assessment, cultural resource review and rare, threatened and/or endangered species review. Tier 4/5 certification of the ~ 121 acre Kinderton Technology Campus property. The portion of the site that is “pad ready” will become Tier 5, and the remainder of the park will be certified as Tier 4.

Staff Comments:

The Commission provided a \$3.5 million grant to Mecklenburg County in 2009 for acquisition and for A&E, site development and provision of utilities to this park. This proposal is a modest request that will increase the marketability of the site. Due to other recent prospect activity, the County no longer has any industrial park properties with VEDP Business Ready Certification. A proposal from Timmons Group confirms the \$56,000 project cost. The Scope of services includes a topographic survey, wetlands delineation, COE confirmation of wetlands and waters of US, preliminary geotechnical services, Phase 1 Environmental Site Assessment, cultural resource review and rare, threatened and/or endangered species review. Targeted sectors for Kinderton are technology and manufacturing, and while the county indicates that prospect activity has been slow, the property has recently been included for consideration by several manufacturing companies. Median earnings in the county are at \$29,239, and the applicant indicates a conservative estimate for attraction of 300 jobs averaging \$35,838 salary.

Financial Viability Assessment:

This is a modest request to raise one portion of a Tier 2 site to Tier 5 status and another to Tier 4, generating additional marketing attention from VEDP. The community has seen meaningful prospect activity, but believes the delays associated with the diligence that would be completed with this current project has caused prospects to select other sites. The request is supported by a recent quote from Timmons. That Mecklenburg is planning to invest local funds into the project demonstrates its commitment to a successful project.

Staff Recommendation:

Staff recommends awarding a grant of \$28,000.

**Greensville County
Off Site Utility Engineering (#3740)
\$785,906.00 Requested**

Project Summary:

Grant funds are requested for 50% of the \$1.57 million engineering costs to design an expansion to the Jarrett Water Treatment Plant (JWTP). The JWTP's average daily demand of 1.1mgd plus a reservation of potable water for the Dominion Power Station (.6mgd) leaves no usable capacity in the JWTP for growth. As a result of the situation, the Greensville County Water & Sewer Authority is planning the expansion of the treatment plant to meet future water needs which will include expanding its service area to the Mid-Atlantic Advanced Manufacturing Center (MAMAC). The proposed 6mgd plant will produce an average treatment rate of 4.75 mgd, of which 1.55 mgd is identified as reserved for the site's future client use based average needs of prospects for the site over the past five years.

Matching Funds:

Greensville County Water and Sewer Authority will contribute \$789,906 for 50% of design costs.

Project Outputs:

Design of a 6mgd expansion of the Jarratt Water Treatment Plant.

Staff Comments:

This off-site utility infrastructure project is intended to serve various portions of Greensville County, and perhaps the MAMAC megasite. TRRC has invested over \$26 million in MAMAC. The representation in this application that this project is necessary to serve MAMAC is belied by information the applicant has provided in several previous applications and its current marketing materials. Starting in 2010 and through the most recent grant in January 2020, applications to the Commission have indicated that the City of Emporia would provide water to MAMAC. In 2010, the Commission awarded a \$932,000 grant to the City of Emporia specifically for engineering the expansion of its water treatment plant and distribution system in order to serve the megasite. In the 2012 RIFA agreement among Emporia, Mecklenburg and Greensville, Emporia committed to provide 0.5mgd to MAMAC. With its 2015 application, Greensville submitted a MAMAC business plan indicating that the “City of Emporia has committed 2.0mgd of capacity in its new water treatment plant for use by MAMAC.”

Staff understood that Emporia’s water treatment plant has capacity available to serve MAMAC and to serve any companies locating prior to the expansion of the JWTP. The change in the provision of water service to the megasite and the need for the expanded water treatment plant appears to be driven by obligations the county and city made for meeting water capacity requirements for the Greensville County Dominion Power Plant that began operation in 2018. In addition, Greensville projects that approximately 45% of the new capacity resulting from expansion of the JWTP would serve existing customers and new residential growth, with the remainder serving MAMAC and future commercial and industrial users. Consequently, this project is better likened to a routine utility expansion project rather than one that will primarily benefit new industrial development.

A Preliminary Engineering Report (PER) submitted with the application estimates construction of the JWTP and other upgrades will cost approximately \$21 million. The proposed project budget in this application totals \$1,571,812. The application did not include an estimate from an A&E for the design phase for which Commission funds are sought. Instead, the proposed project is based upon the estimated construction phase design fees included in the PER.

Financial Viability Assessment:

This application raises several concerns. Because the applicant did not provide an estimate of the A&E fees associated with design, there may not be sufficient resources to complete the project. In addition, the need for this project is not apparent because the Commission has awarded grants that supported the availability of utility service to the megasite and the applicant has repeatedly confirmed adequate capacity is available in previous applications. Finally, the project will not serve a clearly defined economic development site as required by the Southern Virginia Program guidelines. Instead, it will serve nearly equal proportions of existing customers and new residential growth on one hand (46%) and new industrial development on the other (54%). I am concerned that MAMAC has been shoehorned into this application to overcome this restriction in order to obtain grant funding for a project better characterized as an ordinary utility expansion.

Staff Recommendation:

Given the level of the Commission’s previous investments to ensure the availability of utilities to MAMAC, including A&E for expansion of the Emporia water treatment plant, staff recommends no award. If the Commission wishes to consider supporting this project, staff believes a loan for an amount up to the actual cost of A&E services to complete design for a term and at an interest rate acceptable to the Executive Director would be most appropriate.

Sussex County
Sussex Megasite Water Tank Project (#3775)
\$2,800,000.00 Requested

MAY 24, 2021 UPDATE: After the information below was prepared, the prospect's utility requirements increased. Sussex seeks support to construct a 2M gallon tank rather than a 175K gallon tank. Total project costs will increase to approximately \$8 million from \$5.6 million. Staff will provide the most current information available at the May 27th meeting.

Project Summary:

Sussex is requesting funds for 50% of the estimated \$5.6 million cost to construct, test and commission a 750,000 gallon elevated water storage tank that will provide additional water capacity and pressure necessary for fire suppression and end user operations at the Sussex County Megasite. While construction of the storage tank is necessary infrastructure to improve the marketability of the megasite as a whole, the recent interest of a major economic development prospect has accelerated the need to complete this project.

Matching Funds:

Sussex will provide a cash match to satisfy the 1:1 matching funds requirement. Sussex and the Sussex Service Authority are considering issuing bonds to finance the construction of utility infrastructure, including significant water and sewer extensions and the installation of a sewer pump station. Sussex is also exploring US EDA funding. In addition, Sussex plans to seek funds from the Commonwealth's Opportunity Fund to be invested in site improvements, VDOT Economic Development Access Program funds for an industrial access road, and a grant from VDOT's Transportation Partnership Opportunity Fund for improvements to Beef Steak Road.

Project Outputs:

Construction of a 750,000 gallon elevated water storage tank owed by the Sussex Service Authority that will serve the current prospect and other users at the megasite. Other funds will be used to construct other utility and road infrastructure that will support the current prospect. If this prospect locates at the megasite, the first phase is expected to result in more than 1,000 jobs and more than \$400 million of capital investment.

Staff Comments:

The Sussex County Megasite is a 1,130 acre site located on Route 460 near the Town of Waverly in Sussex County. The Commission has invested more than \$10 million into acquisition, diligence, master planning, A&E work and other activities related to this site. Very recently, a major economic development prospect has expressed serious interest into this site. At the Executive Director's request and invitation, Sussex withdrew a separate application and submitted this application.

Sussex is proposing a 250-300 acre portion of the megasite for this project, including future expansions. There are significant infrastructure gaps that must be closed in order to have the opportunity to recruit this prospect. These include construction of an industrial access road, widening a portion of Beef Steak Road, installing a significant amount of new water and sewer lines, constructing a sewer pump station, and extending a natural gas line.

Construction of this water storage tank will make the necessary water volume and pressure available for fire suppression and operational uses at the megasite. The tank is of a sufficient size that it will benefit multiple users at the site. In addition, the County has identified construction of the tank as a high priority at least since 2015. Previous grant funding was used in part to complete final design of the storage tank.

The amount requested is for 50% of the cost of construction and A&E fees associated with bidding, construction administration, inspection, and commissioning. The timeline for completion is estimated to be 18-24 months.

Financial Viability Assessment:

A previous Commission award funded the A&E work to develop 100% complete plans. Consequently, the cost estimate submitted with this application is thorough and current. It includes a healthy 15% contingency that provides a reasonable assurance that Sussex will have sufficient funds to complete the project once matching funds are secured. Ideally, this additional investment into the Sussex County Megasite will cause the current prospect to select this site and it will improve the marketability of the site for other prospective users. The contingencies recommended for this grant strike an appropriate balance between affording flexibility to accommodate a late application while supporting the recruitment of a major economic development opportunity in a timely fashion.

Staff Recommendation:

Staff recommends awarding a grant of \$2,800,000 to fund 50% of the cost of construction and associated A&E fees contingent upon (1) Project Glove selecting a site at the Sussex County Megasite and (2) receipt of documentation of sufficient matching funds to complete the project.

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EXTENSIONS & MODIFICATIONS

Pittsylvania County

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

Approved for \$811,526 in January 2016 (\$635,478.13 balance)

Request for extension through 12/31/2022

In January 2016, the Commission approved an \$811,526 Agribusiness grant award to support a new initiative designed to expand grape production in the Tobacco Region and to address critical shortages of Virginia grown grapes for the wine industry of the Commonwealth. In July 2018, IALR assumed management of the vineyard program and it was expanded to include all Tobacco Region counties in Southern and Southwest Virginia.

To date, the project has supported cost-share for 35+ acres of new wine grapes at eight vineyards in seven different counties, with TRRC's cost-sharing payments of \$84,000 leveraging another \$449,000 of capital costs. Investor and economic uncertainty halted due to the pandemic halted cost-share activity, however, multiple landowners have recently begun to inquire about the program.

Pittsylvania County is requesting an extension through December 31, 2022 to allow time for one final round of cost-share for new and expanding vineyards. As a substantial balance remains on the project account, staff recommends deobligating \$500,000 and leaving \$135,478.13 to support project activities during the final extension period.

Staff recommends approval of an extension to December 31, 2022, conditioned upon the deobligation of \$500,000 and leaving \$135,478.13 available for cost-share payments.

Roanoke River Rails to Trails, Inc.

Lawrenceville Corridor Acquisition Project (#3038)

Approved for \$285,960 in May 2015 (\$40,987 balance)

Current Project End Date 5/21/2021; Three-Year Extension Requested to 5/21/2024

In May 2015, the Commission awarded \$285,960 for the acquisition and construction of 2.8 miles of trails to connect the Town of Lawrenceville with 17 miles of the existing Tobacco Heritage Trail. In January 2020, the Commission approved an extension to May 2021 contingent upon VDOT's approval of funding in 2020. VDOT awarded a grant of \$471, 812 in October 2020 and the Town of Lawrenceville plans to use the remaining TRRC funds for VDOT's required 20% match.

The balance of \$40,987 remaining on the TRRC project account will support a portion of the Town's 20% match requirement. Apparently the VDOT funds will not be available until July 1, 2021. The Southside PDC will administer the VDOT grant and confirmed that an 18-month extension should be sufficient time to complete trail construction activities to drawdown the remaining TRRC grant funds.

Staff recommends approval of a final 18-month extension to November 21, 2022.