



SOUTHWEST VIRGINIA COMMITTEE

Electronic Conference Call Meeting

Thursday, May 27, 2021

2:30 P.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#** and meeting password: **cP2SpTizF73 (27277849 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, 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 Comments	
Spring 2021 Funding Applications	<i>Sara Williams, Southwest Regional Director</i>
Extensions and Modifications	<i>Sara Williams, Southwest Regional Director</i>
2982 – SWVA Higher Edu. Center Foundation and 3327 - UVA	
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

FY2021 Southwest Virginia Program – 2nd Round
Staff Summaries and Recommendations
May 27, 2021

Applications to the FY2021 Southwest Virginia Program were due on March 4th. We received nine new applications. Project Summaries, Staff Comments and Recommendations, and Financial Viability Assessments are provided below. The Committee will meet electronically at 2:30 p.m. on Thursday, May 27th to act on these applications plus one application that was tabled at the January 2021 meeting.

Agribusiness				
Req #	Organization	Project Title	Requested	Staff Rec.
3697	Abingdon Feeder Cattle Association	Improving Profits Through Sustainable Pastures	\$ 500,000	No award.
3742	Town of Hillsville	Farmers Market Final Phases IV and V	\$ 300,000	No award.
3737	Lonesome Pine Regional Industrial Facilities Authority	Project Thoroughbred	\$ 500,000	\$ 500,000
3744	Russell County Industrial Development Authority	Southwest Virginia Aquaculture Network	\$ 47,800	\$ 47,800
Agribusiness Subtotal:			\$ 1,347,800	\$ 547,800

Business Development				
Req #	Organization	Project Title	Requested	Staff Rec.
3748	LENOWISCO Planning District Commission	LENOWISCO InvestSWVA 2.0 (RMI)	\$ 400,000	\$ 400,000
3743	University of Virginia	Regional Entrepreneurship Ecosystem-SWVA Startup Accelerator and Economic Gardening	\$ 145,425	\$ 83,075
Business Development Subtotal:			\$ 545,425	\$ 483,075

Sites and Infrastructure				
Req #	Organization	Project Title	Requested	Staff Rec.
3746	Russell County Industrial Development Authority	Russell Place Project	\$ 250,000	\$ 250,000
3745	Smyth County Economic Development Authority	Pathway Park Infrastructure Improvements	\$ 600,000	\$ 600,000
Sites and Infrastructure Subtotal:			\$ 850,000	\$ 850,000

Tourism				
Req #	Organization	Project Title	Requested	Staff Rec.
3747	Virginia's Heritage Music Trail: The Crooked Road	Connecting The Crooked Road Communities	\$ 9,000	\$ 9,000
3741	William King Museum of Art	William King Museum of Art Cultural Campus Phase-II, Part-I	\$ 350,000	No award.
Tourism Subtotal:			\$ 359,000	\$ 9,000
TOTAL (10 requests):			\$ 3,102,225	\$ 1,889,875

* * *

**Abingdon Feeder Cattle Association (Tabled at January 2021 meeting)
Improving Profits Through Sustainable Pastures (#3697)
\$500,000.00 Requested**

Background: This application was submitted in October 2020 and was tabled at the January 2021 meeting. The Committee requested Staff to confirm it understood all relevant aspects of the project before acting on the Staff recommendation not to award funding. Discussion with the applicant confirmed Staff's original recommendation given that Commission funds would be spent on consumable materials and the activities are best characterized as recurring maintenance.

In January 2020, the Commission awarded a \$250,000 grant (#3598) for other aspects of this project. The Commission endorsed Staff's recommendation to fund expenses for equipment but to remove the consumables (seed and fertilizers) sought through this new \$500,000 request. During review of the 2020 proposal, TRRC staff determined that application of the consumables are primarily recurring expenses more akin to farmland maintenance.

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 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 activities 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: **No new project outputs.** (The 2020 grant agreement identifies the same outputs as presented in the present application: 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 applicant provided additional information indicating that the soil amendments covered in this application should be applied to pastureland about every five years. The applicant provided data that demonstrates the economic value producers would realize for doing so: on average, cattle raised on well maintained pastures will gain more weight and thus result in a larger sales price per head. An increase of 200lbs resulting in an additional \$300 sales price was presented as a likely example. Despite the applicant's best efforts to educate producers about the benefits of maintaining their pastures, he indicated that most do not.

The Southwest Virginia Program guidelines include cost share programs that provide incentives for expanding and diversifying agricultural production, or advancing innovative agricultural techniques; programs that supplant existing or recurring agricultural production costs and activities have been excluded.. The Commission is already supporting this cost share program with a \$250,000 grant to subsidize the purchase of equipment for producers. This new \$500,000 request would subsidize the purchase of consumable materials associated with recurring maintenance activities. It would not result in the type of systemic change, alternative agricultural enterprise, or new/increased production that the Commission has prioritized.

Financial Viability Assessment: Although the Commission structures its cost share programs to effectively leverage private dollars, it is unlikely that a one-time application of seed and soil amendments will result in long-term adoption of the pasture improvement practice of improving soil pH that has been known for years. In addition, the activities to be funded under this project are better characterized as recurring maintenance expenses--an area the Commission has sought to avoid with its agribusiness grants. While the project may be "viable" in the literal sense, this project will not result in any new project outputs beyond those promised in the existing \$250,000 grant awarded in 2020.

Staff Recommendation: Because there will be no new project outputs and the activities to be funded under this cost share program are better characterized as recurring maintenance expenses, staff renews its recommendation for no award.

Town of Hillsville
Farmers Market Final Phases IV and V (#3742)
\$300,000.00 Requested

Project Summary: This application is to support the continued development of the Hillsville Farmers Market. TRRC awarded \$152,500 in January 2019 to be used for the first three phases of this project (grant #3496), including construction of the Center Pavilion. Those phases are ready to bid and town staff has begun site work. The proposed facility will be multi-use, hosting not only the farmers market but also other special events. The structure is designed with a large center pavilion to house space for 17 vendors along with storage space and restrooms. The space will also be used for performances and other community events. The current proposal will fund Phases IV and V resulting in the construction of the East and West Pavilions, which are wings on either side of the Center Pavilion. Each wing will provide a modest amount of additional vendor space.

Matching Funds: It is not clear that the applicant has identified sufficient matching funds for this project because those listed in the current application are nearly identical those that will match the existing 2019 grant. Carroll County provided an in-kind match of \$91,476 (land donation); the Town

of Hillsville provided \$82,000 for engineering and environmental reporting, and USDA granted \$84,720 for the project. The current application will require a 1:1 match of at least \$300,000. An application will be submitted to DHCD for \$261,400 to partly meet this requirement, however, the timeline for application and award was not provided.

Project Outputs: **No new agribusiness outputs.** Phases IV and V of the Farmers Market will be completed, however, there will be no additional producers supported and no additional revenue from agricultural sales as these are captured by the existing 2019 grant. *(The application indicates that vendors will increase from 17 to 25 (8 net new) and annual sales revenue will increase from \$5,000 to \$15,000 (\$10,000 net new), but the 2019 application indicated 25 vendors would be served with each generating \$50,000 of annual sales revenue.)*

Staff Comments: This project has grown into an excessively expensive \$1M+ “farmers market” that will serve as more of a venue for community events than a farmers market. For example, the facility’s restroom is designed to accommodate crowds of up to 2,000. The elements of this project that are driving its cost upward relate to its use as a community event space, not a farmers market

In its 2019 application, the applicant indicated that it would not request any additional funding from TRRC, so it is surprising that the applicant is now requesting such a large additional grant to fund the same project. If this application is approved, total TRRC funding of \$452,000 is substantially more than any other farmers market in the region has received. The Commission has provided support for 12 farmers markets (including Hillsville). These grants range from \$20,000 to \$228,000 with an average award of approximately \$101,000. Given that the project outputs are already captured by the 2019 grant, there is no sound basis to justify additional funding, let alone of this magnitude.

Financial Viability Assessment: This project raises several serious concerns. The applicant has not identified sufficient matching funds. The project outputs associated with this grant are captured under the existing 2019 grant, so this project will not generate any new outputs. In addition, the applicant indicated in 2019 that it would not seek additional funding from the Commission—let alone twice as much as previously awarded. The applicant did not provide an operating budget indicating whether and how the project would become self-sufficient. Finally, the 2013 construction estimate is too dated to be reliable. It also does not take into consideration geotechnical issues discovered in 2020 that the applicant indicated would require “significant civil, structural and architectural design modifications;” thus, the total actual cost of development and construction of this facility are uncertain.

Staff Recommendation: **Because this project is primarily to support a community amenity and there will be no new agribusiness outcomes beyond those captured by the existing 2019 grant, Staff recommends no award.**

Lonesome Pine Regional Industrial Facilities Authority

Project Thoroughbred (#3737)

\$500,000.00 Requested

Project Summary: The funds requested in this application will be used for the construction of a grain processing, storage, and distribution terminal located in the City of Norton. The terminal, which will be owned by the applicant RIFA (comprised of the counties of Dickenson, Lee, Scott, and Wise, and the City of Norton). The grain terminal will process grains such as barley that can support Virginia’s

craft beverage industry. Other high value crops such as soybeans could also be processed by the terminal creating additional opportunities for region farmers through “doublecropping.” TRRC support will be used for equipment. The terminal will initially be operated by Mountain Empire Community College who will also be developing a certificate program focused on grain management. Once the terminal’s three year operating agreement is complete, the RIFA anticipates contracting with a private operator who will pay an annual royalty.

Matching Funds: The majority of matching funds will be provided by DMME’s Abandoned Mine Land program. A \$2,000,000 award has been approved to be used for site acquisition (\$500,000), terminal construction (\$600,000), and equipment and related costs (\$900,000). An EPA Brownfields grant of \$40,000 was used for Phase 1 and 2 environmental assessments of the property.

Project Outputs: A fully functioning terminal will be constructed to process locally grown grain and soybeans. The facility will purchase grain and soybeans from eight producers in the first year, increasing to 26 by the third year. The business plan also predicts that the project’s impact in Southwest Virginia will exceed \$1.5M during the first five years resulting from the production of 48,000 bushels of barley and 30,000 bushels of soybeans.

Staff Comments: This application was submitted in October 2020 but was withdrawn until Staff’s questions could be resolved. The applicant resolved those questions by providing a more detailed cost estimate and additional information about MECC’s commitment to operate the facility during the first three years among other information. This request represents the “last dollar” funding necessary to complete the project. If this grant is approved, the applicant is expected to proceed quickly to complete acquisition of the site and to begin development. Final design and construction will take place during the remainder of 2021 and into early 2022. Completion of the terminal and startup is anticipated in September 2022.

TRRC awarded \$127,500 for a complementing cost share program in January 2021. The producers who will be supported are likely to become initial suppliers to the terminal. In addition, InvestSWVA has launched its Project Calypso / Appalachian Grains initiative to establish Southwest Virginia as a player in the craft beverage supply chain for all of Virginia and the surrounding states.

Financial Viability Assessment: The team leading this project has demonstrated solid planning for how to successfully implement this initiative. Partnering with MECC is a creative way to address future workforce demands and reduce initial operating expenses. A small grain production cost share program will complement this program to ensure there is adequate supply of barley in the region for purchase. An established maltster in Asheville has provided a strong letter of support indicating its intention to purchase barley from this facility. Once the terminal is fully operational, it plans to contract with a private operator that the applicant anticipates will pay an annual royalty. Although this project expects to be revenue-generating, it likely could not support debt service. If this project is funded, it should share a portion of any royalties it receives that is proportionate to the Commission’s investment in the project.

Staff Recommendation: Staff recommends an award of \$500,000 contingent upon a profit sharing agreement between TRRC and the RIFA that requires the RIFA to pay to the Commission a portion of the anticipated future royalty payments based on the proportion of TRRC’s total investment in the project (currently estimated at 19%).

Russell County Industrial Development Authority
Southwest Virginia Aquaculture Network (#3744)
\$47,800.00 Requested

Project Summary: TRRC funds will be used for cost share for producers in Russell and Scott Counties to leverage cold springs on their properties by constructing raceways and ponds for new fish farms. These farms will supply Riverbound Trout Farms, a new trout hatchery and processing facility located in Russell County. Riverbound will provide consulting services and support to participants who commit to raise fish to be sold and processed at the facility. The processing facility anticipates processing over 800,000 lbs. of live fish each year and will need 70-100 farmers across a 5-7 county area to meet this need.

Matching Funds: A \$35,000 application to AFID to be used for administration and consulting services for the development of new fish farms. TRRC's cost share payments will be matched directly by participants. Each participant will contribute 70% of the total construction cost.

Project Outputs: This request is estimated to serve a maximum of 8 participants resulting in a net increase in annual revenue of \$6,700 per producer.

Staff Comments: This new cost share opportunity will allow participants to utilize existing cold water resources on their properties. These previously unused assets will result in new revenue through a mutually beneficial arrangement between the property owner and Riverbound Trout Farms. Riverbound's business plan indicates this is a stable market which does not suffer from the cyclical ups and downs of other agricultural products. The improvements required to begin trout production appear to be relatively modest and the proposed cost share program will help to eliminate any initial financial barriers for producers. Riverbound's assistance with the selection process provides a reasonable degree of assurance that these new trout farmers will be successful.

The proposed cost share program guidelines lack sufficient detail regarding eligible expenses and expected reimbursement amounts. Depending on the actual costs per participant, this project could serve as few as four producers. Subsequent information also listed a 50% cost share rate, rather than the 30% figure included in the original application. TRRC's standard cost share reimbursement rate is 33% and Staff suggests this rate is used when finalizing the program guidelines. Because the applicant states an intent to apply for at least two additional rounds of funding, this grant should be viewed as a pilot that will be critical to predicting future participation and associated outcomes.

Financial Viability Assessment: By providing only up to 33% of eligible expenses, the Commission structures its cost share programs to leverage private investment effectively. The conditions Staff has recommended will ensure that Commission funds will be disbursed once a more structured program is in place. Other details suggest a likelihood of success, too: Riverbound will serve as an "anchor customer" for producers is currently under development and has indicated its willingness to support participating producers, and our partners at VDACS are investing in this project, too. There is a risk that Riverbound could fail, but the fish producers will raise could be sold to other customers. Although fewer than eight producers may be served if installation costs run high, staff views the project as a pilot that will generate useful data to inform future phases.

Staff Recommendation: Staff recommends an award of \$47,800 contingent upon the approval of more detailed program guidelines that include a detailed list of eligible expenses and final inspection procedures.

LENOWISCO Planning District Commission
LENOWISCO InvestSWVA 2.0 (RMI) (#3748)
\$400,000.00 Requested

Project Summary: For this second phase, InvestSWVA will perform a more targeted and refined recruitment and marketing strategy for an additional two years. The team will focus on lead generation in five key areas (tech ology, data centers, energy, agribusiness, and manufacturing/logistics), prospect development to convert leads into prospects, and project development of broader, longer-term initiatives such as Project Calypso/Appalachian Grains.

Matching Funds: Scott County Telephone will provide \$100,000 to be spent over two years. Additional funding will be requested from Dominion Energy (\$200,000 over two years) and AEP (\$200,000 over two years). An ARC application to provide \$200,000 over a two year period recently received the Governor’s recommendation and is poised to receive final approval later this year. Should all of these requests be approved, this will be a very well leveraged project. Matching funds will be used to for contractual services associated with the subconsultants InvestSWVA anticipates engaging, including Hunton Andrews Kurth and sector-specific lead generation consultants.

Project Outputs: InvestSWVA will implement a more targeted and refined recruitment and marketing strategy over a two-year period. The application estimates that direct communication will occur with 45 potential projects. Of these, 35 will request additional data and 20 of those will visit the region. Ultimately, 8 will choose to locate here.

Staff Comments: In May 2017, TRRC provided \$400,000 to the Lenowisco Planning District Commission for a regional marketing support project. Coalfield Strategies was selected to lead the project. Since that time, InvestSWVA has quickly worked to identify strategic opportunities to grow the region’s economy.

The work performed by InvestSWVA has proven valuable for the region. As is typical with these types of projects, initial efforts often take months or years to produce tangible results. In addition to the achievements of the initial three years, a pipeline of new projects has been developed. Additional funding will allow the team to continue the work that has begun while growing the team to provide additional support where it is needed. Commission funds will be used primarily for contractual services with Coalfield Strategies and subconsultants that will support InvestSWVA’s management and operations, grant writing and grant administration.

Financial Viability Assessment: InvestSWVA has a demonstrated track record of implementing marketing and recruitment strategies effectively. For this second phase, the project team plans to deploy resources in a more targeted and efficient manner. The project team has successfully obtained corporate funding commitments and plans to increase these requests in the future--the proportion of matching funds has increased from 1:1 during the first phase to almost 3:1 during this second phase. Finally, the project team has indicated a willingness to adopt a more performance-based approach for

this second phase and to set targets such as landing a certain number of prospect visits and/or announcements during the two-year project period.

Staff Recommendation: Staff recommends awarding a grant of \$400,000 contingent upon (1) the Executive Director's approval of the terms of the renewed contract between the applicant and its consultant, and (2) Staff's continued participation in InvestSWVA's leadership and strategy development.

University of Virginia

Regional Entrepreneurship Ecosystem - SWVA StartUp Accelerator and Economic Gardening (#3743)

\$145,425.00 Requested

Project Summary: The University of Virginia's College at Wise is requesting support to match a GO Virginia application for a project that will enhance the region's entrepreneurial support activities. Approximately half the request (\$83,075) will be used to support Opportunity SWVA's StartUP Accelerator program. The nine week accelerator program will provide entrepreneurs with guidance focused on the success and growth of new businesses. The remainder of the request will support an Economic Gardening Initiative with similar activities focused on growing the entrepreneurial participation rate in the region by encouraging the creation of new businesses and supporting their growth. Commission funds are requested for a variety of operational expenses for both programs. The grant will also be used to pay a portion of the cohort participation expenses for the Accelerator Program (participants will also be asked to contribute a portion of the fee) and for a Marketing Assistance Program utilizing UVA-Wise interns to assist businesses with eCommerce, social media and website development.

Matching Funds: A pending \$145,000 GO Virginia application will match this application. Matching funds will be used to support the Regional Ecosystem Builder position for two years.

Project Outputs: If fully funded, the application estimates that 100-150 new businesses will be created through these programs and that each business will create a minimum of 1.5 jobs. *(Staff observes that these project outputs are extraordinarily high for a project of this sort and is skeptical as to whether they will materialize.)*

Staff Comments: Opportunity SWVA is a long established business launch program that has assisted the development of numerous small businesses in the region. TRRC provided \$24,000 in 2014 to assist with the program. The project presented in the UVA Wise application provides an opportunity to grow the support system for early stage entrepreneurs and ensure a higher level of success for each. The SWVA StartUp Accelerator program will be offered twice a year to cohorts of 15 businesses. It appears that the majority of the projected outcomes can be attributed to this program. A total of 90 businesses will be supported during the grant's three year period.

The Economic Gardening portion of this project was less defined and it is difficult to correlate project activities with the projected outcomes. While Staff understands that development of a supportive environment is necessary for entrepreneurial growth, the proposed activities such as networking events and conferences do not result in direct outcomes.

Staff is generally supportive of this application and believes that more tangible results will come from the Accelerator and internship programs than the Economic Gardening program. The correlation between the activities of the Accelerator program and the 90 new businesses that will be impacted was much clearer. A similar outcome can be measured through the work that interns will perform for participating businesses. The application notes that only \$70,425 of the requested amount is needed to match the GOVA application. The remainder of the TRRC request is intended to provide additional leverage for that program. A reduced award of \$83,075 for three years of support for the Accelerator program, including the internship component, will provide the full match amount needed for GOVA while providing a smaller amount of additional leverage for the application.

Financial Viability Assessment: Because it is more intuitive and plausible for the project outputs the applicant identified to result from the accelerator component of this project than the economic gardening component, staff has recommended funding only the accelerator component. The project will require ongoing grant support to continue, however, the applicant indicated it will not approach TRRC for future support. The applicant plans to seek funding from the Center for Innovative Technology's new Regional Investment Fund, corporate sponsors, and other grants available through "the economic development infrastructure." Staff is optimistic that the UVA-Wise team will implement this project successfully and convince other funders to invest in the future so the program may continue.

Staff Recommendation: Staff recommends an award of \$83,075 for the SWVA StartUp Accelerator Program, including Marketing Assistance Program internships.

Russell County Industrial Development Authority

Russell Place Project (#3746)

\$250,000.00 Requested

Project Summary: Funding is requested to assist with the redevelopment of a property in the Town of Lebanon. Over the past two years, 25 new businesses have located in Russell County and the IDA does not have any properties available for new prospects. To accommodate future demand for industrial space the IDA purchased a vacant property consisting of an existing 5,200 square foot building on a 12.6 acre site. The building has been vacant for approximately 20 years and requires renovation in order to be marketable to new industries. The site also offers the opportunity for future development of at least two new buildings on the property. The property is already served with public water, public sewer and high speed broadband. Natural gas is also available although an extension of the existing line is required to fully serve the building.

Matching Funds: \$900,000 VCEDA loan (acquisition, \$150K remaining for renovations), VA Brownfields Remediation Grant application (\$220,000) submitted on April 1, 2021 with an award to be announced in May 2021. The Brownfields funding will assist with asbestos and lead removal as well as the installation of a sediment pond. An application to CPRP submitted on April 15, 2021 for \$200,000 will be used for new construction and overall restoration to Russell Place. *(These total \$570,000 match for application but fall short of the total indicated on construction estimates.)*

Project Outputs: The existing 52,000 square foot building will be renovated. The property could potentially house up to 3 companies and/or 350 employees.

Staff Comments: While reviewing this application it was clear that this is a project that is very much still under development. The exact scope has yet to be determined and there appear to be at least two scenarios that are dependent upon the decisions of a current prospect. With this in mind Staff felt that the ultimate benefit of adding additional inventory to Russell County's site inventory was an important point of consideration. Staff is supportive of approving this award with conditions that will be met prior to disbursement of funds. These conditions reflect the natural steps that must be accomplished to proceed with development and should not hinder progress.

Financial Viability Assessment: The adaptive reuse of at least some portions of the site should result in ultimate cost savings compared to preparing a greenfield site. The applicant is considering alternative uses of the site that include blends of both redevelopment and new construction. It does not appear that the applicant has had an opportunity to clearly define the scope (and cost) of each alternative scenario. That the community is running out of inventory of suitable sites and buildings for new business prospects shows there is momentum and indicates a good likelihood that this facility will be put to use. While some aspects of the project could benefit from further refinement, the conditions Staff is recommending will ensure necessary details are obtained before Commission funds are released. In addition, allowing the project to proceed will avoid a lengthy delay that may otherwise harm the applicant's ongoing discussions with a prospect.

Staff Recommendation: Staff recommends awarding a grant of \$250,000 contingent upon the Executive Director's approval of the final project scope with associated construction cost estimates as well as documentation of the availability of matching funds required to complete the project.

Smyth County Economic Development Authority
Pathway Park Infrastructure Improvements (#3745)
\$600,000.00 Requested

Project Summary: Funding is requested to continue development of Pathway Park located in the Town of Chilhowie. The property is adjacent to Interstate 81, with approximately 2,000 feet of visibility along I-81. The 70-acre site offers the potential for a 40 acre construction project. In October 2020, the Smyth County EDA completed tasks to advance Pathway Park to a VBRSP Tier 4 site, including completing a Master Plan. The Master Plan identified six projects to elevate the competitiveness of Pathway Park to attract industry and businesses, including the projects under this request: improving Industrial Park Road and extending water and sanitary sewer service.

Matching Funds: A \$600,000 application is intended to GO Virginia to assist with infrastructure improvements. Smyth County will also be asked to contribute \$600,000 for the improvements.

Project Outputs: TRRC funds will be used for the extension of an eight inch water line (total approximately 2,000 feet) and the extension of approximately 1,600 feet of sanitary sewer line (approximately 1,600 feet). Matching funds will be used for approximately 1,700 feet of onsite road improvements.

The completed project will result in a site that can accommodate up to 3 businesses supporting 600 jobs and creating \$38M in new private capital investment.

Staff Comments: While this is a small site relative to others in the tobacco region, its location along I-81 make it an attractive addition to the region’s site portfolio. In 2012, the EDA acquired the property, and began site work and demolition of an existing industrial building with a \$5,531,000 grant from the Commission’s Megasite Program. The Commission provided the majority of the funding utilized for the 2012 project, however, the applicant is exploring new funding opportunities to implement the next phase of development. Smyth County plans to partner with Bland County through a RIFA which will allow the project to qualify for funding through the GOVA program. Additionally, a public/private partnership may be explored in the future to fund the construction of a shell building on the property.

While the goal of advancing the site beyond VBRSP Tier 4 status requires significant additional work, the overall cost of redeveloping existing industrial property is generally a more cost effective option compared to new development. The proposed partnership with Bland County will allow the project to not only access additional funding to support development work but will also allow the communities to pool their limited resources into site so they each can accrue the benefits associated with the eventual location of new employers.

Financial Viability Assessment: A preliminary engineering report and more detailed cost estimates have been delayed as of the date of this writing. At least \$1.5-2 million will be required to address all infrastructure issues at this 70-acre site (with 40 usable acres). Given that this is an existing, mid-sized site, its overall development costs are on the higher end. Although the site would remain a Tier 4 site even after this project is completed, this project will improve the marketability of this site. The applicant plans to leverage Commission funds effectively with 2:1 matching funds, including a significant local contribution. In addition, that Smyth and Bland Counties are planning to form a partnership so they may pool their investments into this site is a very promising development.

Staff Recommendation: Staff recommends an award of \$600,000 contingent upon (1) the receipt of the Preliminary Engineering Report to confirm estimated project costs, (2) receipt of a formal agreement documenting a partnership between Bland and Smyth Counties, and (3) receipt of documentation of sufficient matching funds to complete the project.

Virginia's Heritage Music Trail: The Crooked Road ***Connecting The Crooked Road Communities (#3747)*** **\$9,000.00 Requested**

Project Summary: The Crooked Road (TCR) is requesting support to complete a community signage program and to upgrade wayside exhibit radio transmitters. The community signage project will recognize supporting communities throughout TCR’s 19 county, 4 city, and 50+ town region. These signs will provide a visual reminder to tourists visiting these localities. The upgrades to the wayside exhibits will include transmitter equipment and replacement panels. There are currently 26 wayside exhibits throughout the TCR region with the majority being over 10 years old and in need of refurbishment. These exhibits are unique to each site and illustrate heritage music history for the location. The budget allocates \$1,500 for the community signage project and \$7,500 for the wayside exhibits upgrades.

Matching Funds: TCR will provide matching funds (\$9,000) for the project.

Project Outputs: Two signs will be provided to each locality that contributes annual support to The Crooked Road. Twenty six waysides will be eligible for refurbishment.

The application projects 636 net new visitors annually, however, the basis for this estimate was not provided. No additional revenue is expected.

Staff Comments: The proposed upgraders to the wayside exhibits as well as the community signage project have been a desire of TCR for several years. Both activities were previously supported under previous TRRC grants, but the grants expired and were not extended. It now appears that TCR is ready to move forward with both projects. While this is a modest request with limited associated impact, the proposed activities will enhance the visitor experience and allow TCR to provide a professional, cohesive, image within the region.

Financial Viability Assessment: This request is for a very modest grant to implement a project that TCR has planned for a significant period of time. There is clear community support and the applicant has obtained appropriate quotes from vendors. Meaningfully, TCR plans to make a cash match toward this project as opposed to the less ideal types of matching funds provided in the past.

Staff Recommendation: Staff recommends awarding a grant of \$9,000.

William King Museum of Art

William King Museum of Art Cultural Campus Phase-II Part-1 (#3741)

\$350,000.00 Requested

Project Summary: Commission funds are requested to assist with capital improvements to the William King Museum of Art's (WKMA) 22-acre campus. The project 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 current application requests funding for Part 1 that will result in a terraced museum entrance offering easier access to the museum, and construction of ADA-compliant ramps, new retaining walls, pathways, gardens, and improved parking for a total cost of \$1,102,186.

Matching Funds: The Museum has raised \$250,000 from private donations for the project. Funding requests totaling \$502,000 are pending with USDA – Rural Development, The Town of Abingdon (in-kind), Mary Morton Parsons Foundation, Dominion Resources, and various private individuals and donors.

Project Outputs: An increase of non-duplicate visitation by 2,000 each year over the base number of 14,504 (from 2018-2019). The Town of Abingdon Convention and Visitors Bureau estimates that each visitor brings approximately \$500 of sales revenue to the region.

Staff Comments: At the January 2021 meeting, the Commission did not award WKMA's previous application for this project. Staff recommended not awarding funds because the application failed to document the potential to attract significant new visitors from national and international markets as

required by the Southwest Virginia Program guidelines. The project as presented in the previous application appeared to be primarily a quality of life amenity for Town residents. That application projected only a 10% increase in visitation. The current application contains an updated Marketing Plan listing upcoming exhibits including the Bernini and the Roman Baroque (beginning October, 2021) and The Long Rifle in Virginia (April, 2022). WKMA expects each exhibit to attract different, but widespread, populations of visitors.

Accessibility is a well-known issue for the Museum. The application states that the Abingdon CVB reported 67 coach tours in 2019 with only one visiting the museum. Staff is concerned that even if this project is completed so that busses can add a stop at the museum, there will not be any meaningful additional economic impact to the region. Otherwise put, staff is concerned that busses visiting the museum will merely be diverting from other regional tourism draws in the area rather than drawing entirely new out of state visitors. The marketing plan indicates that the museum will seek to attract new visitors through the promotion of its exhibitions. While these exhibits may appeal to national and international audiences, one can argue that bringing these exhibits to the museum serves more to make them accessible to a local audience and will likely have limited potential to attract significant visitation from beyond the region.

Financial Viability Assessment: WKMA demonstrated in its application that a meaningful number of out of state tourists do in fact visit the museum. However, the application has not demonstrated that a Commission investment in this project will cause more national and/or international tourists to visit. Because it is not apparent that this project will draw additional national and international visitors, it remains outside the scope of the Southwest Virginia Program guidelines and the Commission's Strategic Plan. Nevertheless, WKMA may wish to consider applying for a loan through the Commission's Community & Business Lending Program.

Staff Recommendation: Because this project does not demonstrate that it will draw new out of state or international visitors to the region, Staff recommends no award.

* * *

EXTENSIONS & MODIFICATIONS

Southwest Virginia Higher Education Center Foundation

WireTough Phase 2 (# 2982)

Approved for \$2,000,000 in May 2014 (\$97,547 balance)

Request for extension through December 30, 2021

Wiretough Phase 2 was approved for a \$2,000,000 R&D grant in May 2015 and there is a remaining balance of \$97,547. An extension has been requested to continue progress to full scale commercialization. Wiretough has been awarded additional support from the US Department of Energy totaling \$785,000. These funds, along with the remainder of the TRRC grant, will be used to continue development of innovative high pressure gas storage for compressed natural gas, hydrogen, and nitrogen.

Over the past year, the project has seen disruptions in the supply chain which have extended timelines and hindered Wiretough's ability to meet scheduled targets and slowed the drawdown of TRRC's grant. The proposed extension will carry this project into a 6th year of support that will allow Wiretough to recapture market opportunities that were impacted by the pandemic. The company's careful usage of grant funds has resulted in a small balance that, along with the new DOE funds, will allow for continued growth and commercialization.

Staff recommends approval of an extension through December 30, 2021.