



AGENDA

SOUTHERN VIRGINIA COMMITTEE

Peaks of Otter Lodge

85554 Blue Ridge Parkway, Bedford, VA

Tuesday, September 21, 2021

3:45 P.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness this meeting electronically via a computer, phone or other electronic device by following the below link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m4d406acea73aed98454a83a113c6e4bf>

Only audio and the chat box feature will be utilized for the electronic meeting no video will be available. The meeting may be accessed via telephone by dialing: 1-408-418-9388 (toll) and utilize the access code: 132 663 7916 and password: 84875737.

If you experience problems calling in, please call Mr. David Bringman at 804-894-9659 or email at: dbringman@revitalizeva.org

Welcome and Call to Order	<i>Mr. Walter "Buddy" Shelton, Chair</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>5/27/21</u> Minutes	<i>(published on website)</i>
Public Comments	
FY22 Southern Virginia Applications	<i>Sarah Capps, Southern Regional Director</i>
Extensions and Modifications	<i>Sarah Capps, Southern Regional Director</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

**FY22 Southern Virginia Program
Pending Applications
September 21, 2021**

The Commission received eight applications by the July 8, 2021 application deadline of the FY22 Southern Virginia Program. The applications are grouped below by investment category. The Southern Virginia Committee will act on these applications at its meeting scheduled for September 21, 2021 at 3:45 p.m.

Req #	Organization	Project Title	Request Amount	Staff Rec.
Agribusiness				
3889	Brunswick County IDA	Brunswick County Produce Project	\$ 800,000	\$ 500,000
3891	Campbell County	Central Virginia Precision Agriculture & Farm Efficiency Grant	\$ 800,000	No award.
3896	West Piedmont Planning District Commission	Regional Agritourism and Agribusiness Development Program	\$ 80,000	\$ 80,000
Business Development				
3894	Longwood University Real Estate Foundation	SEED Innovation Hub	\$ 500,000	\$ 250,000
3895	Martinsville-Henry County Chambers Partnership for Economic Growth	Startup/Grow Martinsville-Henry County Expansion	\$ 106,124	Table.
Sites and Infrastructure				
3890	Martinsville-Henry County Economic Development Corp.	Commonwealth Crossing Tract 5 Site Development	\$ 357,741	\$ 357,741
3893	Sussex County	Engineering Evaluation and Design for Stony Creek WWTP Improvements	\$ 237,500	No award.
3897	Virginia's Heartland Regional Industrial Facilities Authority	Virginia's Heartland Regional Industrial Park Onsite Water Supply PER	\$ 20,000	\$ 20,000
TOTAL (8 requests):			\$ 2,901,365	\$ 1,207,741

Brunswick County Industrial Development Authority *Brunswick County Produce Project (#3889)* \$800,000 Requested

Project Summary: This project is a public-private partnership between the Brunswick County's Industrial Development Authority (IDA) and Southside Virginia Vegetable Packing, LLC (SVVP) to construct a produce aggregation and processing facility. SVVP is comprised of and owned equally by eight local farms participating in organic produce production, aggregation and distribution. Demand for its products has led to multiple expansions of its farming operations over the past five years. In order to accommodate additional expanding sales opportunities, the IDA proposes to construct a 45,000 square foot produce processing facility that it will lease to SVVP. The new facility will be constructed within IDA owned I-85 Business Park in the Town of Alberta. The site has immediate access to the interstate and east coast markets. SVVP will contract with Old Dominion Organic Farm to handle the date-to-day operations, including marketing and management of sales contracts with buyers, and coordination of logistics including aggregating produce including receiving, packing, and cooling and shipping.

Matching Funds: The project budget reflects \$4.224 million of matching funds. This includes \$400,000 state incentive funds, and \$1.9 million from US EDA toward the \$3 million estimated construction costs. Another \$90,000 is committed from local funds to support contractual A&E expenses and property & improvements and \$1.2 million of private funding will be used toward equipping costs for the new facility.

Project Outputs:

- Construction of a 45,000 square foot food aggregation facility.
- The private operator projects the creation of 60 jobs employed annually by year 5.
- Approximately 21 producers averaging of \$20,000 net new farm income are expected to benefit from the facility annually resulting in at least \$420,000 aggregate increase in annual farm income.

Staff Comments: The Commission has provided approximately \$1.77 million toward the development of the Brunswick County IDA owned I-85 Business Park plus another \$835,000 towards water and sewer utilities to serve it. Establishing an Agriculture value-added business operation fits well with strategic objectives of the county targeted to growing the agriculture sector, and the location adjacent to interstate provides convenient access to east coast markets. The IDA will hold title to the building in order to satisfy all funding agency requirements, including the Commission's security interest requirements and US EDA expectations for the IDA to own the building for its useful life (15-20 years).

A business plan for SVVP and operation of this facility was provided. A broad list of vegetables and organic vegetables are expected to be handled by the facility, allowing for diversity of product offerings and options for growers. A nonprofit Southern Virginia Organic Growers Association has been formed that will focus on training and organic certification for new producers. Building costs are based on an A&E estimate from Dewberry and Davis. The US EDA application has not been submitted, though the applicant indicates it is mostly completed and will be submitted soon with decision to be made in January 2022. The project presents an ambitious timeline for construction to be completed by October 2022.

Staff has been involved in many discussions with project and producer team members over the past several years regarding development of this market opportunity. This project has strong support from the agriculture community and Old Dominion Organics has demonstrated its ability to establish relationships with wholesale customers. The Commission's Southern Virginia Program guidelines limit grant funding for public

or nonprofit owned value-added agriculture processing facilities to \$500,000. As such, the staff recommendation is for a \$500,000 grant award. To the extent additional funds are needed to complete this facility, staff invites the IDA and SVVP to apply to the Commission's Community & Business Lending Program.

Financial Viability Assessment: This project has benefitted from extensive planning and input from a number of project partners and prospective funders. Old Dominion Organics is an established company that has a successful track record of organic farming and selling to wholesale customers. The business plan is thorough, appears to be conservative, and shows a path to sustainability. The cost estimate submitted with the application is current and thus likely to be reliable. The applicant is seeking funds from multiple funders to avoid concentrating risk in any one funder.

Staff Recommendation: Staff recommends awarding a grant of \$500,000 contingent on the applicant securing all necessary financing to complete construction of the produce handling facility and retaining ownership of the facility in accordance with the Commission's funding policies.

Campbell County

Central Virginia Precision Agriculture & Farm Efficiency Grant (#3891)

\$800,000 Requested

Project Summary: This application is for a cost share program intended to improve participating producers' efficiency and improve environmental management. The Virginia Cooperative Extension offices in 19 counties would administer the program and 8-10 producers would be supported per county. The 19 participating counties are Amelia, Appomattox, Bedford County, Brunswick, Buckingham, Campbell, Charlotte, Cumberland, Dinwiddie, Franklin County, Greensville, Halifax, Henry, Lunenburg, Mecklenburg, Nottoway, Pittsylvania, Prince Edward, Sussex. The program would provide 33% cost share of up to \$5,000 per participant for a wide range of activities in four primary areas: (1) precision and improved agricultural technology, (2) stored forage improvements, (3) livestock improvements, and (4) value-added practices.

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 \$5,000 per participant.

Project Outputs: The application estimates that each of the approximately 150-190 participating producers would realize \$2,000 of new annual sales revenue, though it did not explain the basis for this estimate.

Staff Comments: This application is for a cost share program that will support the purchase of an extremely broad array of crop and livestock management equipment and the construction of hay barns. The proposed program guidelines include the purchase of the following types of equipment: livestock handling (head gates, scales, calf catchers, etc.); sprayers, spreaders, and equipment/software to control them; mechanical and chemical weed control equipment (in-row cultivators, flame weeders, etc.); seeding and harvest equipment; hay wrappers and hay bale rotators; cold storage systems; and a variety of legal for trade/certified scales.

The application did not demonstrate how any of the proposed measures represent new best practices. It also did not include discussion of how the adoption of any of the proposed measures would cause producers to realize savings or generate new income. The Commission has funded many of the activities for which grant funds are sought over the course of seven previous grants from 2010 through 2019. Each of these grants was closed with balances that ranged from \$74,000 to \$167,000. The most recent cost share grant awarded to this applicant in 2019 (#3486) included hay barns, hay wrappers, all of the same livestock handling

equipment included in the current application, and cold storage systems, yet it was closed with a balance of more than \$80,000. Consequently, Staff is concerned that the large amount requested under this application has little bearing on actual demand.

The Commission is most interested in funding cost share projects that involve the implementation of new, advanced agricultural techniques. The Southern Virginia Program Guidelines provide that the Commission will consider cost share programs that “focus on transitioning producers into alternative agriculture enterprises or for implementing new best practices.” The application did not demonstrate that any of the proposed activities involve the implementation of new best practices.

Financial Viability Assessment: The application did not demonstrate that this cost share program involves the implementation of new best practices or explain how the activities would result in savings or new revenue for producers. Consequently, this project does not advance the Commission’s agribusiness objectives. In addition, the application did not include estimates of the costs of any of the eligible activities or an indication of regional interest, so it is impossible to assess the extent to which any of the activities will be implemented. Finally, several of the activities that would be funded under this grant have been funded under multiple previous grants, some of which were closed with balances in excess of \$167,000, suggesting that the amount requested far exceeds what is actually required.

Staff Recommendation: Because this application did not demonstrate how the project would satisfy the Commission’s agribusiness objectives, Staff recommends no award.

West Piedmont Planning District Commission

Regional Agritourism and Agribusiness Development Project (#3896)

\$80,000 Requested

Project Summary: The West Piedmont PDC is requesting grant funds to launch a regional agritourism business development and marketing program. The project is targeted to the PDC’s service area: the four counties of Patrick, Henry, Franklin and Pittsylvania, and the two cities of Martinsville and Danville. Data collected will be used to create an interactive online map that will allow users to search specific products, services or activities by location to find what is close to them. Match contributions will be used for an economic impact study, the agricultural asset data collection, agricultural asset development plan and funding strategy, and for agricultural asset mapping and creation of the online map resource. Commission funding would be used toward marketing and promotional contracts for brand/logo development, website design, and printed materials and social media campaigns.

Matching Funds:

Cash match includes \$115,000 federal EDA funding. The PDC will make an in-kind contribution with four staff persons involved with administering the project.

Project Outputs:

- Economic impact study specific to agritourism operations in the West Piedmont PDC service area will be completed with matching funds at start of project.
- Creation of a regional interactive website to serve as a regional resource for categorization and promotion of agricultural assets in four counties and two cities.
- Collective marketing of agribusiness and agritourism assets under a regional brand.
- At least 20 producers are expected to have an increase in net farm income annually. More details on targeted outcomes will be developed during the planning stage of the project.

Staff Comments: The West Piedmont PDC's program is modeled after the successful Fields of Gold program, a regional agritourism marketing initiative originating in Shenandoah Valley of Virginia. Intended outcomes of the PDC's project touch on the Commission's agribusiness, business development and tourism investment strategies. VTC will assist with the stakeholder meetings and strategic planning. Funding from the VTC marketing program and VDACS AFID planning grant will also be pursued for support sustaining the regional marketing program beyond the initial launch. The PDC estimates as many as 144 agribusiness and agritourism operations in its service area are targeted for the regional marketing program. Funding is necessary to demonstrate to the stakeholder group that resources are available to launch the initiative and so that timing allows for the EDA planning dollars to be match. Staff suggests that businesses who are directly benefiting from the regional program be required to report annually on increases to net farm income.

Financial Viability Assessment: This was a well prepared application with good program design and a plan to leverage multiple funders. The figures the PDC is budgeting for program expenses appear realistic. Marketing programs often are designed to last for only a finite period of time, so sustainability is less of a concern (as opposed to construction of a new facility with operating expenses).

Staff Recommendation:

Staff recommends awarding a grant of \$80,000 contingent on: 1) the West Piedmont PDC securing 1:1 matching funds, and 2) requiring approval of the marketing strategy and scope of contracts prior to release of grant funds.

Business Development

Longwood University Real Estate Foundation *SEED Innovation Hub (#3894)* \$500,000 Requested

Project Summary: Longwood is requesting grant funds to support a portion of the \$2,786,965 estimated renovation costs to create the SEED Innovation Hub at Midtown Landing in downtown Farmville. The Innovation Hub will serve residents of seven counties in Southern Virginia and is designed to fill identified regional gaps in facilities for entrepreneurship and innovation. Creation of the Innovation Hub is a partnership between Longwood University and Hampden-Sydney College, the primary supporters for the design, development and operation of the project. The facility will house makerspace facilities, house an SBDC office, and offer an array of entrepreneurial support programming.

Matching Funds: The project is matched with \$3,152,015 including a \$2,186,965 application to be submitted to US EDA toward construction costs, \$375,050 pledged by Longwood University's Real Estate Foundation, and a \$550,000 request to Go VA Regional 3 for equipment.

Project Outputs:

- Construction and opening of the SEED Innovation Hub at Midtown Square providing entrepreneurial services, SBDC offices, maker spaces, co-working spaces and training rooms.
- An estimated 30 new businesses started and 45 new jobs created within the first two years following opening of the Innovation Hub. New business openings will continue annually.
- At least 200 adults receiving entrepreneurial training and using the facility annually.

Staff Comments: The SEED Innovation Hub at Midtown Landing is designed as a regional center encompassing multiple aspects of entrepreneurship. The facility will provide wet and dry maker spaces areas, coworking spaces, training rooms, and offices for Longwood SBDC and Hampden Sydney staff all in one location. The need for entrepreneurship space was identified in a March 2020 report “Market Potential and Key Success Drivers of Coworking and Makerspaces in Southern Virginia” produced for Go VA Region 3. The Innovation Hub will benefit residents in Amelia, Buckingham, Charlotte, Cumberland, Nottoway, and Prince Edward Counties. The primary source of funding for renovations for creation of the SEED Innovation Hub is a \$2.18 million request to US EDA, which Longwood indicates currently has a 20% match requirement.

Architectural visioning and design concepts are completed, and final architectural design is expected to be complete by the end of September 2021. Construction is scheduled to start in January 2022 and completed by the end of September 2022. Sustainability of the facility will be accomplished through the committed partnership between the two deeply rooted higher education institutions who will lead this project. The collocation of an SBDC office will provide critical connections to resources supporting new innovation and creative business development. Longwood project team members are evaluating alternative construction plans, and considerations for value-engineering to reduce costs if there is a shortfall in funding commitments.

The Southern Virginia Program RFP and guidelines identify a limit of up to \$250,000 in grant funding for business development center projects, and the Staff recommendation is for this amount.

Financial Viability Assessment: This project has benefitted from solid planning and strong leadership teams that have the financial wherewithal to implement a project of this magnitude. Longwood’s SBDC has a strong record of supporting small businesses and the decision to bring certain SBDC services to this facility will provide important access to these services and generate additional traffic. While renovation/retrofit costs seem somewhat high for a facility that is relatively new, the project is very well leveraged and the applicant has expressed a willingness to adjust the scope based on availability of funds.

Staff Recommendation: Staff recommends awarding a grant of \$250,000 toward construction costs, contingent on either 1) the applicant securing all funding necessary for the \$2,789,965 estimated renovations, or 2) the applicant securing all funding for a project reduced in scope as approved by the Executive Director.

Martinsville-Henry County Chambers Partnership for Economic Growth ***Startup/Grow Martinsville-Henry County Expansion (#3895)*** **\$106,124 Requested**

Project Summary: The MHC Chamber of Commerce coordinates the Chamber’s Partnership for Economic Growth (CPEG) program in partnership with Patrick Henry Community College and Longwood Small Business Development Center. Grant funds are requested for expansion of the Startup MHC and Grow MHC programs to fund a portion of two existing chamber staff positions, contractual services for business and transfer payment incentives for selected entrepreneurs. Participants in the program will result from pitch competitions. The project will allow CPEG to serve additional entrepreneurs, provide additional training to entrepreneurs, and to make additional investments in viable business concepts.

Matching Funds: The project budget includes \$82,799 cash match with allocation of \$27,075 from local sources for contractual services and equipment, and \$55,724 private contributions for transfer payments. There is in-kind match from personnel service contributions (\$30,425) and waived rent for office or small scale production space within the West Piedmont Business Incubator (\$11,200).

Project Outputs:

- Increase in number of new businesses opening annually from 5 to 8.
- Target for annual outcomes of supporting 8 new businesses, leading to \$100,000 new capital investment; and support 5 existing businesses, leading to \$50,000 in new capital investment.

Staff Comments: The applicant indicates that funding will allow the CPEG program to serve additional entrepreneurs including agriculture and technology based business ventures. The project team is clearly versed in business development and currently operates a successful boot camp program. However, the application appears to be undeveloped and could benefit from further refinement. Guidelines for the business competition, eligible uses of funding, and any limit on type of companies that may be selected for assistance were not provided.

Staff suggests collaborating with the applicant to develop guidelines for the funding that address these items and that target traded sector businesses that support expansion of the region's economic base and/or specific sectors to address leakages from the regional economy. The budget for the project will also need to be revisited to focus TRRC funding to business incentives. Funding of existing chamber of commerce staff positions should be addressed from local partner contributions and existing positions in match will need to be an in-kind contribution. Staff recognizes that a project that supports expansion of a successful business support and pitch program would provide direct outputs under the business development investment category. Staff recommends this application be tabled, to allow time for the applicant to work with Tobacco Commission staff to refine the scope and budget of the proposal, to be reconsidered for funding approval in January 2022.

Financial Viability Assessment: The Martinsville-Henry County Chambers Partnership for Economic Growth has operated a successful business launch program since 2015. It has a good track record of partnering with other strong organizations in the region to deliver practical programming that supports and trains small businesses. Unfortunately, several aspects of the project were not fully fleshed out so it is difficult to assess its strength.

Staff Recommendation: Staff recommends tabling this application to give an opportunity to collaborate with the applicant to refine aspects of the project for reconsideration in January 2022.

Sites and Infrastructure

Martinsville-Henry County Economic Development Corp. *Commonwealth Crossing Tract 5 Site Development (#3890)* \$357,741 Requested

Project Summary: The EDC is requesting grant funds to cover 50% of the \$715,382 estimated costs for grading Tract 5, a 10-acre lot at the Commonwealth Crossing Business Center. This mega site property is strategically located in southern Henry County on US 220 at the border of Virginia and North Carolina. The project will result in an 8-acre shovel ready pad site with road access entrance and installation of storm sewer. This site improvement will improve the marketability of Tract 5 to prospective industrial clients. The graded site will allow for building a 50,000 to 100,000 square foot facility.

Matching Funds: Henry County has committed \$357,741 for 50% of the estimated project cost.

Project Outputs: Grading Tract 5 at Commonwealth Crossing to an 8 acre shovel ready pad site, constructing a roadway to serve Tract 5 and installation of storm sewer.

Staff Comments: Commonwealth Crossing is a successful, 720-acre mega site in Southern Virginia marketed by an experienced economic development team at the EDC in partnership with VEDP. The property is owned by the Henry County Industrial Development Authority and is a revenue sharing site between Henry County (2/3) and the City of Martinsville (1/3). Project milestones indicate targeted completion of the grading work by June 1, 2022. A letter from DEQ confirmed its review of the Stormwater Management Plan for Lot 5, indicating that the necessary permits are in place to begin construction activities.

Commonwealth Crossing is a Tier 4 business ready classification and will increase to Tier 5 when construction of natural gas line is completed by end of this year. The Commission has provided over \$16 million to develop this mega site dating back to January 2011 when it was selected for Commission's mega site program. Two companies have already committed to locating to the mega site, Crown Holdings and Press Glass, and combined they expect to create over 338 new jobs and \$189 million in capital investment. Tract 1 with a 40 acre shovel ready pad is currently being marketed and this smaller graded pad site included in this request will diversify inventory and expand marketing opportunities for attraction of new industry.

Financial Viability Assessment: This project is an excellent opportunity to bring an additional site in an attractive business park to the "finish line" and improve its marketability to economic development prospects. Plans are complete and the construction estimate is recent and was prepared by a reputable A&E. Henry County has indicated its matching funds are available, so this project is ready for immediate implementation and is likely to be very successful.

Staff Recommendation: Staff recommends approval of a \$357,741 grant for 50% of site development costs.

Sussex County

Engineering Evaluation and Design for Stony Creek WWTP Improvements (#3893) \$237,500 Requested

Project Summary: Sussex is requesting grant funds for 50% of the \$475,000 estimated costs to complete the engineering evaluation and design of a new Stony Creek Wastewater Treatment Plant (WWTP) that would provide 5.5x the capacity of the existing facility. The existing WWTP is owned and operated by the Sussex Service Authority.

Matching Funds: A cash match of \$237,500 is committed for 50% of A&E project costs, with \$162,500 from Sussex County and \$75,000 from the Sussex Service Authority.

Project Outputs:

- A Preliminary Engineering Report, environmental assessment and design will be completed for upgrade and expansion of Stony Creek Wastewater Treatment Plant.
- The scope includes completion of a bid ready design package including plans, specifications and the work required to obtain necessary permits.

Staff Comments: The existing WWTP serves the Town of Stony Creek, including a commercial travel center known as the Davis Travel Center located at I-95 and Route 301 exit and two nearby hotels. The

WWTP has reached its capacity and additional capacity is needed to accommodate new residential and commercial growth in the area and at the travel center.

The County's planning consultant anticipates new retail and commercial development (two new hotels and two new restaurants) in the near term among other potential development along the I-95 corridor. If the project proceeds, the WWTP expansion would yield approximately 225,000 gpd of additional capacity, including a modest 16,000-32,000 gpd to accommodate planned industrial growth.

The County indicated it is working with a site selection firm to conduct an assessment of marketable properties to include a significant property in the Stony Creek area adjacent to CSX and I-95 that the County anticipates prioritizing for industrial development. According to the County's GIS data, however, that area is currently zoned agricultural and appears to contain significant wetlands and floodplain.

The Southern Virginia Program guidelines specifically indicate that awards for off-site utility infrastructure projects are limited to projects that "serve clearly-defined economic development sites." The critical need for this WWTP expansion is to address what appears to be deferred capital planning for existing and planned commercial users on this system. Absent having a clearly defined economic development site for which this expansion is required, and in recognizing there are no current industrial users on the system, this project is not a priority for the Commission's funding. Furthermore, this application does nothing to advance the readiness of any of the three existing sites in the County where the Commission has invested more than \$10.5 million.

Financial Viability Assessment: This application raises several concerns. The applicant did not provide a scope of work and cost estimate for the A&E fees associated with design, so it is impossible to determine whether sufficient resources would be available to complete the project. Despite recent interest in existing sites that require additional investment, the County is proposing to begin identifying and preparing entirely new sites. The portion of the WWTP service area that the County identified for future industrial growth is privately owned and contains significant wetlands and floodplain. Finally, the application did not identify what sectors the County would target for these new sites to establish whether the modest 16,000-32,000 gpd of additional capacity would be sufficient for these prospective users. The Southern Virginia Program guidelines limit grant awards for off-site utility infrastructure to serve clearly defined economic development sites and that simply is not the case here.

Staff Recommendation: Because none of the outcomes for this project will advance the Southern Virginia Program's stated goals, Staff recommends no award.

Virginia's Heartland RIFA *Virginia's Heartland Regional Industrial Park Onsite Water Supply (#3897)* \$20,000 Requested

Project Summary: The Virginia Heartland Regional Industrial Park is a 402 acre site in Charlotte County owned by the Heartland RIFA, a regional economic development partnership of six counties. Grant funds are requested to support 50% of the \$40,000 estimated costs for a preliminary engineering report to establish an onsite water supply that is necessary to serve targeted industrial development. The objective of the PER is to identify the most favorable groundwater well locations and water system configuration. Heartland is targeted to agriculture, food processing, timber and wood products industries which align best with the resources and workforce in the community. The park is considered a strategic property for the Commonwealth, with major infrastructure requirements already in place including road and rail access, and telecommunications services via a MBC node.

Matching Funds: \$20,000 match is committed by Virginia’s Heartland RIFA.

Project Outputs:

- A Geophysical Survey and an Onsite Water Supply Preliminary Engineering Report to serve Heartland Regional Industrial Park will be completed.

Staff Comments: Agriculture and food processing are two in demand sectors that are heavy water users and would benefit from the proposed on-site water service. Addressing water supply needed for industrial development is a primary next step in order for the park to be more effectively marketed. The Keysville Water Plant is unable to accommodate the capacity requirements. The Commission has invested ~ \$4 million under five grants starting with the agency’s first grant awards in January 2001, with the last two awards invested in 2011 to support engineering studies for water and electrical utilities.

The preliminary engineering report requested for funding is the next level of due diligence in order to proceed with an onsite water supply source. In reviewing the VEDP Business Ready assessment report for Heartland, staff notes there is an estimated \$96,400 of due diligence activities needed to move the park from Tier 3 to Tier 4 status. Staff contends that these activities are of equal, if not higher, priority than this project. Charlotte County explained that the Tier 4 due-diligence is expected to be part of a region-wide funding request for Virginia’s Growth Alliance and is also a priority to complete.

- Installing onsite wells at the property has been identified as an economically feasible means of addressing additional water capacity needs.
- The Town of Keysville’s municipal system that supplies water to the Heartland Park has a current capacity of 590,000 gallons per day, and is unable to meet the water needs of potential businesses with substantial water requirements.
- Water system enhancements are expected to improve the marketability of the Heartland Park and bring new businesses to the region.

Financial Viability Assessment: Work began on this industrial park more than 20 years ago and unfortunately it has not yet seen much success. Currently, there is only one business located at the park—a logging equipment retailer, Forest Pro. Information submitted with the application indicated this park may require additional utility infrastructure somewhere in the realm of \$31.5 to \$42.75 million. The current project is a modest request that hopefully will provide important insight as to how this park’s water availability issues can be addressed cost effectively.

Staff Recommendation: Staff recommends approval of \$20,000 grant for 50% of engineering services.

(OTHER BUSINESS FOLLOWS)

OTHER BUSINESS

South Boston IDA

John Randolph Hotel Redevelopment Project (#3289)

\$600,000 Grant Award

Request for 6th Year Extension to 9/20/2023

Staff Comments: This is a \$600,000 grant award from September 2017, to support A&E and renovations costs for redevelopment of the John Randolph Hotel property located in downtown area of South Boston. There remains a balance of \$524,247 on the TRRC project account. The hotel is owned by the South Boston IDA. The project is for redevelopment into a boutique hotel with 27 rooms, a restaurant, a rooftop bar and a gift shop. A feasibility study for the project was originally completed in 2012, and updated in 2017. The grant was delayed in the second year, when the original operator/developer pulled out of the project. The Town is negotiating a new hotel operator/developer partnership. A construction estimate was provided by Blair Construction, and the Town/IDA intend to initiate the contract as soon as the partnership is finalized. The total project cost is ~ \$8 million. In addition to the \$600,000 grant from the Commission, the Town has over \$2 million in historic tax credits, a grant from the Industrial Revitalization Funds, and a loan is secured for financing. It is estimated that an additional two year extension to September 30, 2023, will be necessary to allow for hotel renovations to be completed.

Staff Recommendation: Staff recommends approval of a sixth-year extension to September 30, 2023, contingent on the IDA securing a developer/operator agreement no later than March 31, 2022.

Virginia Tech Transportation Economic Development, Inc. (VTTEDI)

Acquisition of Equipment to Expand Tire Test and research Capabilities at the Global Center for Automotive Performance Simulation (#3209)

\$500,000 Grant Approved 9/20/2017

Request for 5th Year Extension to September 30, 2022

Staff Comments: The Commission awarded this \$500,000 R&D grant in September 2017 to support the GCAPS tire testing facility located at the Virginia International Raceway (VIR) in southern Halifax County. The facility is operated by an LLC subsidiary of Virginia Tech Transportation Economic Development, Inc. (VTTEDI). Overall project objectives have been delayed due to supply chain issues related to COVID. Additional time is required to accommodate a 18-22 week build schedule for necessary retrofits to the GCAPS's LTR Tire Tester. A \$223,780 purchase order was issued to Unico, LLC on July 1, 2021. This is for equipment/component builds for retrofits to the LTR Tire Tester, the Center's primary testing asset, which are necessary to address critical components that have become obsolete. The retrofits will be for each of three inverters: AFE, roadload, and spindle. VTTEDI is requesting a full fifth year extension to September 20, 2022 to allow for unforeseen delays in delivery schedule which has been common with many suppliers due to the pandemic. The full year will allow sufficient time for the equipment to be delivered, tested and accepted.

Staff Recommendation: Staff recommends approval of a fifth year extension to September 30, 2022.

City of Danville

Improved Natural Non-Nutritive Sweetener R&D Project (#3337)

\$1,370,979 Grant Award

Request for Three-Month Extension to 12/31/2021

Staff Comments: The Commission awarded this \$1.37 million R&D grant in September 2017 to support one-year of operating expenses for Engineered Biopharmaceuticals to develop and test commercial-scale processes to improve the flavor profile of stevia. Project milestones for product and process development and sensory testing were completed by June 2019. The remaining milestone is for scale-up development. There remains a balance of \$603,736.10 on the TRRC project account.

Danville is requesting an additional three-month extension to allow time for commercial scale equipment to produce the proprietary stevia product for the commercial market to be purchased and delivered. A newly formed company, eBio Nutritional Sciences, will utilize the equipment for commercialization. eBio signed a lease with the Danville IDA on a building in the Airside Industrial Park that started August 1, 2021. According to a letter that the company sent to the Commission in August, the building “requires significant internal renovations work.” Staff has concerns that if even the short extension is approved, the building would not be ready for installation of the equipment to occur.

The company has benefited from nearly \$3.8 million of TRRC funding to date, including a \$2.98 million R&D grant in May 2011 and the \$767,242 disbursed under this grant. Staff has concerns about a last minute drawdown on the remaining grant funds for scale up commercialization that was expected to occur in September 2018 based on milestones submitted with the application. Staff requested confirmation of investor commitments and details on commercial contracts to validate the availability of capital to scale up to 30+ employees, but received no response.

The Commission continues to encourage the company to accomplish its commitments for commercialization in the Region. Recognizing that over \$3.7 million of TRRC funding has already been provided with the expectation that commercialization will occur in the Tobacco Region, Staff recommends taking no further action and allowing this grant to expire. Eligible expenses through the current end date of September 20, 2021 may be submitted for reimbursement. For any remaining grant funding, Staff recommends deobligating the balance and closing out of the grant.

Staff Recommendation: Staff recommends no further action.