



AGENDA

SOUTHWEST VIRGINIA COMMITTEE

Richmond Marriott Hotel
500 East Broad Street, Richmond, VA 23219
Thursday, January 6, 2022
3:00 P.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness this meeting electronically via telephone by dialing: **1-408-418-9388 (toll)** and utilize the access code: **2633 793 0219** and password: **95625925**. The telephone line is provided for the public to witness the meeting; no public comment shall be received via the call in number and the line will be muted to participants. If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org.

Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>The Honorable Chris Hurst, Chair</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>9/22/21</u> Minutes	<i>(published on website)</i>
Public Comments	
FY 22 Funding Applications	<i>Sara Williams, Southwest Regional Director</i>
Extensions	<i>Sara Williams, Southwest Regional Director</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

**FY22 Southwest Virginia Program
Staff Summaries and Recommendations
January 6, 2022**

The Commission received nine applications by the October 14, 2021 application deadline of the FY22 Southwest Virginia Program. The applications are grouped below by investment category. The Southwest Virginia Committee will act on these applications at its meeting scheduled for January 6, 2022 at 3:00 p.m.

Agribusiness				
Req #	Organization	Project Title	Request Amount	Staff Rec.
3928	Abingdon Feeder Cattle Association	Mechanizing Forage Research In Southwest Virginia - Phase III	\$9,000	\$9,000
3930	Floyd County EDA	Floyd County: Adding Much-Needed Meat Processing Capacity	\$8,671	\$8,671
3922	Town of Hillsville	Town of Hillsville Farmers Market Final Develop Project	\$250,000	No Award
3927	Virginia Pumpkin Growers Association	FRESH START: On-Farm Produce Safety Investments from Farm to Market	\$507,000	\$507,000
Business Development				
3932	Greater Bristol Area Chamber of Commerce	Move to Pilot Project - Workforce and Economic Development Recruitment Strategy	\$30,000	Table
Sites and Infrastructure				
3923	Lonesome Pine Regional Industrial Facilities Authority	Project Intersection - Building #1	\$500,000	\$500,000
3926	Russell County Industrial Development Authority	Russell Place Project Phase II	\$303,500	\$303,500
3929	Joint IDA of Wythe County, VA	Construction of Wastewater Line for Progress Park Lot 24	\$500,000	VRA Loan
Tourism				
3925	The Barter Foundation, Inc.	Barter Theatre Regional Marketing Campaign	\$70,000	\$70,000
TOTAL (9 requests)			\$2,178,171	\$1,398,171

Agribusiness

Abingdon Feeder Cattle Association

Mechanizing Forage Research In Southwest Virginia - Phase III (#3928)

\$9,000.00 Requested

Project Summary: This request will support the purchase of a no-till seed drill for use in seeding forage research and demonstration plots. TRRC previously supported the purchase of harvesting equipment required for forage research.

Matching Funds: Matching funds are committed from Washington County (\$8,000), First Bank and Trust (\$500), and the Virginia Beef Assessment Board (\$500).

Project Outputs: The application estimates that 55 acres of seed will be planted as a result of this project. The research will benefit 3,737 producers.

Staff Comments: The equipment to be purchased as a result of this project will complement the forage research already conducted in the region. TRRC provided \$75,539.50 in 2019 for half the cost of a CIBUS Harvester. In 2020 a grant of \$11,810 assisted with the purchase of a forage sampler. These pieces of equipment allow forage to be harvested with consistent representative samples necessary for accurate research findings. Currently the research plots are established using farm sized equipment that is cumbersome for research and demonstration plot work. This equipment is often outdated which adds to its lack of suitability for research purposes. The proposed no-till seed drill is sized for small research plots and will improve the accuracy of the data collected from the samples.

While research activities are a lower priority for this program, it is important to note that forage is the largest crop produced in the region and is a critical component of the livestock industry. The results of the forage research are disseminated across the region through producer field days and through Extension publications. This modest investment has the potential to positively benefit thousands of forage and livestock producers in the TRRC region.

Financial Viability Assessment: Forage is a critical input to livestock growth in the region, and the \$9,000 requested from the Commission will pay for itself many times over in terms of new value created for the region and the industry. That said, forage research isn't a "going concern" and the applicant will need to find a source of replacement funds when this equipment is no longer operable.

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

Floyd County EDA

Floyd County: Adding Much-Needed Meat Processing Capacity (#3930)

\$8,671.00 Requested

Project Summary: Funding is requested to assist with equipment purchases for the establishment of a new, privately owned, meat processing facility in Floyd County. While the facility will initially

offer custom-exempt processing to producers, USDA certification is anticipated within 2-3 years. The owners of Firehouse Farms have invested approximately \$40,000 for construction of the facility which has been designed to meet USDA requirements. The Floyd EDA provided a \$15,000 loan for the project. Commission funds will be used to purchase commercial-scaled equipment, such as a vacuum sealer, meat grinder/mixer, Kentmaster saw with balancer, and a meat saw.

Matching Funds: Direct match for this application will be provided from VDACS AFID funding (\$23,124) and the Floyd County EDA (\$2,889).

Project Outputs: The facility will serve 50 producers by its third year resulting in a \$10,000 increase in revenue for the producers.

Staff Comments: The need for additional meat processing capacity in the region has been well documented for many years. This modest request will help to address that need through the establishment of a small, privately owned, facility. The owners of Firehouse Farms have already shown a strong commitment to the project through participation in the Floyd County business planning program and through their financial investment in the structure. The facility has been designed to meet USDA requirements with the goal of obtaining certification within three years.

Currently only custom-exempt meat processing is available in Floyd County and the surrounding region. Custom-exempt processing allows a farmer to process meat and sell directly a buyer. The meat cannot be sold commercially. The wait list for custom-exempt processing is currently 6-12 months. There is a single USDA –certified facility approximately 90 minutes from Floyd. Processing at this type of facility allows the producer to sell the product commercially however the wait list at the existing facility is generally 12+months. Livestock producers across the region universally agree that substantial increases in meat processing capacity are needed.

Financial Viability Assessment: There is more than adequate demand for the services to be offered by the applicant meat processing facility. Absent any unforeseen costs, the operation should be profitable for both the operators of the facility as well as for those producers who make use of the facility.

Staff Recommendation: Staff recommends approval of an \$8,671 award grant contingent upon the execution of a performance agreement requiring USDA certification within three years of the award.

Town of Hillsville

Town of Hillsville Farmers Market Final Develop Project (#3922)

\$250,000.00 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. There have been no disbursements from that grant. A nearly identical application for this project was submitted to this committee's spring 2021 deadline. That application was not recommended for funding and was declined at the May, 2021 meeting. In its 2019 application, the applicant indicated that it would not

request any additional funding from TRRC, so it is surprising that the applicant has now submitted two additional requests.

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. The entire project is estimated to be complete by April 13, 2022.

Matching Funds: Matching funds will be provided from the Town of Hillsville (\$77,000) and USDA Rural Development (\$250,000). It is unclear if this is newly allocated funding for the project or if it will be required to meet the match requirement for the 2019 grant. A large portion of previously listed matching funds appear to pre-date the 2019 award and are ineligible as match for that grant.

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: The request amount has decreased from the spring 2021 application (reduced to \$250,000 from \$300,000) however little else has changed. In the previous recommendation Staff noted that the Hillsville facility, with its \$1M+ development cost, is excessively expensive compared to other markets in the region. If this application is approved, TRRC will have provided \$402,000 for the project. This amount is substantially higher compared to all other farmers markets grants provided in both the Southwest and the Southern VA regions. 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.

The expensive development cost of this “farmers market” is a reflection of the facility’s planned usage as a location for community events and performances. Both the size of the structure, and the planned amenities, were clearly designed for large crowds beyond what is typical for a farmers market. For example, the facility’s restroom is designed to accommodate crowds of up to 2,000. Given that the project outputs are already captured by the 2019 grant, TRRC has already provided a generous award to assist with the development of the market space. The other planned uses for the facility are not priorities for this program. With this in mind, there is no sound basis to justify additional funding for the project.

Financial Viability Assessment: While a farmers market in this location is likely financially viable, as laid out in their feasibility study, the regional benefit from the project, as proposed, will not support investment at the level requested by the applicant.

Staff Recommendation: Staff recommends no additional award for this project.

Virginia Pumpkin Growers Association (#3927)

FRESH START: On-Farm Produce Safety Investments from Farm to Market

\$507,000.00 Requested

Project Summary: TRRC funds will be used for cost share for producers in the SW region to assist with training and on farm infrastructure required to obtain USDA's Good Agricultural Practices (GAP) certification. This certification allows producers to verify that the farm's production and handling practices meet required safety guidelines. GAP certification is necessary to allow producers to sell products through commercial market opportunities. GAP requirements are often expensive for fresh produce growers to implement however their market opportunities are limited without the certification. This cost share program will help to address the financial barrier of GAP certification. The majority of grant (\$500,000) will be used for producer cost share payments. A small amount (\$7,000) is allocated for training materials and supplies as well as for printing and postage costs. Grant funds will reimburse 33% of eligible costs up to a \$5,000 limit.

Matching Funds: A minimum of \$1,515,151 of matching funds will be provided by the program participants.

Project Outputs: This request will support approximately 100 producers. This figure assumes that each participant receives the maximum allowable cost share payment. These participants will increase their net farm income by at least \$4,000 per year. Exact income figures are difficult to predict since participant operations will vary in size.

Staff Comments: This is a well-developed cost share program to serve fresh produce growers. While TRRC has supported many agriculture cost share programs over the past 20+ years, none have served produce growers in the SW region. GAP certification is critical for growers who wish to sell products commercially. This project directly assists fresh produce growers in the SWVA tobacco region to access new and/or expanded markets and buyers that are not currently available without the certification. It also assists current produce growers to maintain existing markets and enhance their relationships with buyers.

Projects which result in expanded, value added, market opportunities for producers are a priority investment for this grant program and this application met all requirements. The program guidelines provided for the program were very detailed however the list of eligible purchases is quite broad and somewhat open ended. A minor criticism of this proposal is that this list should be better defined to focus on the larger capital needs of operations wishing to obtain GAP certification. Smaller purchases, or those which are less directly related to GAP requirements, should be excluded. Additionally, the guidelines currently allows producers who are served during the first year to apply again during the second year. TRRC has always required that cost share programs allow a single participation in the program. The guidelines should be modified to reflect this.

Financial Viability Assessment: Cost share programs are, by their nature, co-investments between the public and private sectors. In this instance, so long as the program guidelines are tightened to more-clearly define specific needed capital costs on the part of a producer, the

operations invested in will see their financial positions improve markedly, making the grant proposal very viable from a financial standpoint.

Staff Recommendation: Staff recommends a \$507,000 grant award contingent upon the Executive Director's approval of final program guidelines.

Business Development

Greater Bristol Area Chamber of Commerce (#3932)

Move to Pilot Project – Workforce and Economic Development Recruitment Strategy

\$30,000 Requested

Project Summary: Funding is requested to implement a targeted marketing strategy to attract new residents to the region. The applicant has experience with a similar project serving the TN side of their service region. This project will focus on the TRRC region localities of Bristol VA and Washington County VA however Sullivan County TN and the City of Bristol TN will also be served. The project is presented as a pilot which could be implemented in other localities in the tobacco region and beyond.

Matching Funds: Matching funds will be provided by Eastman Credit Union (\$16,000) and by the Bristol Chamber of Commerce. The Chamber has committed \$2,500 cash to the project as well as \$7,500 of in-kind support representing a portion of salary and benefits for staff who will assist with the project.

Project Outputs: No outputs or related outcomes were provided.

Staff Comments: Without additional details for the actual scope of the project, and the activities that market the TRRC region, it is impossible to determine if the impact of the project on the VA side is in alignment with the requested investment amount. The project also benefits Bristol TN and Sullivan County however the budget, as presented, appears to be out of proportion. It would not be in the Commission's interest to fund half of the cost of a project where the majority impacts are accrued on the TN side. While it is true that SWVA/NETN can be viewed as a single cohesive region, particularly for the Cities of Bristol VA/ TN, TRRC funding must clearly support projects that primarily benefit the tobacco region.

Staff has been very supportive of the development of a "Move To" project and acknowledges the critical need to actively market the region to potential residents in an effort to reverse the severe population decline seen over the past decades. The application would be better suited for funding if it were redeveloped as a regional project benefiting multiple SWVA localities. Staff will continue to work with the applicant, and others who may wish to collaborate, to accomplish this goal.

Financial Viability Assessment: Marketing efforts are, in and of themselves, never financially sustainable, in that they require financial input but generate no outputs themselves. A successful

“move to” campaign should be narrowly targeted to Virginia while still pulling in more of the region. If done well, and combined with other incentive programs like the Talent Attraction Program, the overall net of such an effort could well generate more in public revenues than are expended. That is not what is presented today however, and this effort would not be financially viable, in staff’s estimation.

Staff Recommendation: Staff recommends this project be tabled to allow the applicant, and TRRC staff, to continue development of the project.

Sites and Infrastructure

Lonesome Pine Regional Industrial Facilities Authority

Project Intersection - Building #1 (#3923)

\$500,000.00 Requested

Project Summary: This application supports infrastructure needs at the Project Intersection industrial site in Norton. The property requires additional site development, as well as construction of a 30,000 SF building, to accommodate the recently announced EarthLink project. These improvements must be completed within a 24 month period in order to accommodate the project. Commission funds will be used for the site development work including paving, curbs and gutters, site signage, lighting, parking bumpers, etc.

Matching Funds: Matching funds are approved from DMME – AMLR (\$2.5M). An application has also been filed with US-EDA (\$5M).

Project Outputs: The application indicates that 285 jobs with average salaries of \$33,750 will be created at this site. Capital investment is estimated to be \$5.4M. These figures reflect the already announced EarthLink project which will locate on Pad #4.

Staff Comments: This is a strong request to assist with critical infrastructure required to meet a 24 month occupancy goal for the recently announced EarthLink project. The cost of this infrastructure is estimated to total over \$8M with the majority (\$5.5M) allocated for construction of the building that will eventually house 285 jobs. The positive impact of this project will be felt across the region in particular in the RIFA’s member localities of Lee, Scott, Wise, Dickenson Counties and the City of Norton. Commission funds are allocated for related onsite infrastructure needs that do not result in any additional revenue for the project or the RIFA.

Financial Viability Assessment: The return on investment to the Commonwealth from this project, even taking into account existing incentives, far exceeds this additional award amount. There is no reason to believe the finances of Earthlink are other than strong, and continued investments into sites like this show consistent positive returns over the long term.

Staff Recommendation: Staff recommends a grant award of \$500,000

Russell County Industrial Development Authority
Russell Place Project Phase II (#3926)
\$303,500.00 Requested

Project Summary: Funding is requested to continue the redevelopment of a property in the Town of Lebanon. Within the last 36 months, 30 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 site, which had been vacant for approximately 30 years, was built in stages with varying degrees of renovations needed for the sections. In 2021, the Commission provided a \$250,000 grant to assist with Phase 1 renovations which are nearly complete. An Italian manufacturer of car wash components signed a lease in fall 2021 to locate in the finished portion of the building. The current request will be used for Phase II including demolition of the oldest portion of the building and renovation of the remaining structure.

Matching Funds: A \$600,000 Industrial Revitalization Fund request intended to match TRRC funds for this phase of the project was recently declined. The applicant indicates that it will now seek funding from USDA and other sources.

Project Outputs: The additional space created as a result of Phase II can support 2 additional companies and 140 new jobs.

Staff Comments: Since the approval of the 2021 application, the applicant has worked to outline a phased approach for the total development of the Russell Place site. This approach has allowed the IDA to utilize existing funds to prioritize renovation activities to complete work on one section of the facility resulting in the location of the first tenant. There is interest in the remainder of the site however Phase II renovations must be completed before it can be actively marketed. The activities outlined in the current application will result in the addition of in-demand industrial space in Russell County. Because the intended match for this application was not approved, any TRRC award should be made contingent upon documentation of the availability of matching funds necessary to complete the project.

Financial Viability Assessment: In order to remain competitive, the county must have additional sites to offer. While a site is not revenue generating on its own, the value of new businesses on industrial sites – so long as they are high-value businesses in traded sectors – far outweighs the investment in sites necessary to attract them. Until there is a surplus of sites in a region, continued investments into sites like this show consistent positive returns over the long term.

Staff Recommendation: Staff recommends the award of a \$303,500 grant contingent upon documentation of required matching funds.

Joint IDA of Wythe County, VA
Construction of Wastewater Line for Progress Park Lot 24 (#3929)
\$500,000.00 Requested

Project Summary: This request will assist with necessary infrastructure improvements to serve Lot 24 in Progress Park which is the location of the recent Blue Star NBR and the Blue Star AGI industrial announcements. Required infrastructure improvements to accommodate the Blue Star project total approximately \$31.9M. This application focuses on the extension of wastewater service to site via construction of a force main line. Engineering and construction costs for the wastewater extension are estimated at approximately \$2.022M.

Matching Funds: Wythe County has committed \$500,000 for the wastewater extension project. Major Employment and Investment incentive funds from the Virginia General Assembly are anticipated to be used for the remaining \$1.022 million. Additional funding to support the remaining \$30M+ of required infrastructure improvements will be obtained from appropriate public (federal, state, and local) and private sources.

Project Outputs: The project will support the extension of 6350 feet of sewer line and increase capacity by 1,250,000 gallons per day. The Lot 24 site will support 1044 new jobs with average salaries of \$37,321. New private capital investment at the site will be \$446M. Over a five year period these figures will increase to 2,400+ jobs and \$714M

Staff Comments: Previous Commission investments in the development of Progress Park total \$4.15M of grant support with the majority of this (\$3.65M) directly related to Lot 24. An additional \$1M TROF grant was provided for the Blue Star projects. The IDA will utilize the TROF award for other required infrastructure improvements such as the expansion of the wastewater treatment plant.

This project is stated to be the second largest industrial announcement in Virginia over the past 20 years and the largest in Southwest Virginia in a generation. The vertically integrated manufacturing campus established as a result of Blue Star NBR and Blue Star AGI's decision to locate to Wythe County will create thousands of jobs and hundreds of millions of capital investment within a short, five year, period. The nearly immediate impact to the region will be enormous. The IDA is to be commended for successfully landing this project and for the commitment it has shown to providing the critical infrastructure still needed to serve Lot 24.

Although the applicant was clear prior to application that it did not desire loan support, and narrowed the scope of the project to infrastructure that is primarily "onsite" to avoid the program's requirement that offsite infrastructure only be considered as a loan, it is clear that this project meets the requirements of TRRC's VRA loan program. While the actual infrastructure may be located on and adjacent to Lot 24, the system it connects to is unarguably "offsite" infrastructure. This system is already revenue generating and the extension proposed in this application will immediately increase revenue due to having an immediate customer. Additional information provided during staff's review of the application show that the anticipated revenue in FY22 for the Lot 24 project is estimated at \$321, 229. By FY2025, when all six plants are in operation, the revenue increases to \$2,548,880. No information was provided for the expenses side of the cash flow and it is not possible to determine what the actual ability of Wythe to assume additional debt for this project or the other infrastructure requirements for the Lot 24 development based on the information available during review. This information can be clarified through a VRA assessment of the project to determine its suitability for funding through the loan program.

Financial Viability Assessment: While the county has not provided a full rundown of likely costs to be incurred, the revenues generated from this infrastructure far exceeds the cost of servicing this debt, particularly at a 0% interest rate.

Staff Recommendation: Staff recommends that the project be referred to VRA for a 0% loan.

Tourism

The Barter Foundation, Inc.

Barter Theatre Regional Marketing Campaign (#3925)

\$70,000.00 Requested

Project Summary: Barter Theatre proposes to hire a public relations firm to develop and implement a two year regional marketing campaign with the Theatre at the center. A strategy will be developed to appeal to urban markets. Barter wishes to increase attendance from beyond a 100 mile radius and believes there is untapped potential to recruit patrons from markets such as DC and Atlanta.

Matching Funds: Barter will contribute \$63,000 for ad buys in target markets during 2022 and 2023. Additional, in-kind, support of \$17,500 representing marketing staff hours dedicated to the project, will also be provided.

Project Outputs: Barter hopes to restore attendance from the target DC/Atlanta markets to pre-pandemic levels (1,798 in 2019) during the first year while increasing this number by 1% each year. The goal for 2022, Barter's first full post-Covid season, is 1,816 increasing to 1,834 in 2023. Annual revenue from these patrons in 2022 is projected to be \$63,500.

Staff Comments: The campaign will assist Barter in its post-Covid recovery by developing a marketing program which appeals to urban theatregoers and cultural tourists from select, densely-populated markets outside of Virginia. This plan is the first phase of a long term strategy to continue to increase market penetration beyond the theatre's immediate drive market. Pre-pandemic attendance averaged 155,000 in 2017-2019. It is important to aggressively market the theatre to restore attendance and to increase non-local visitation. The current marketing plan anticipates 25,000 net new visitors from outside a 100 mile radius by the end of 2022.

This program's guidelines require that tourism projects result in the attraction of visitors from national and international markets. The marketing campaign described in this proposal accomplishes that goal. The recruitment of visitors from urban markets within a 6 hour radius of Abingdon will increase the likelihood that these are overnight visitors who may also visit other attractions during a visit to the region. Barter's role as one of the premier tourism venues in the region provides confidence that the new marketing strategy can be successfully implemented

Financial Viability Assessment: Barter Theatre, even coming out of a pandemic that did significant damage to the tourism and entertainment industry, remains financially strong. Increasing visitorship is critical to maintaining the theatre's business and balance sheet, and this marketing effort, if successful, will do just that. While it is somewhat speculative, the likelihood of success and potential increase in revenues for the theatre make the proposed investment a wise one.

Staff Recommendation: Staff recommends a grant award of \$70,000

Other Business

**Carroll, Grayson, Galax Regional Industrial Facility
The Wired Road Connector Project (#3377)
Approved for \$300,000 on March 8, 2018 (\$300,000 balance)
Request for one year extension**

Staff overview and comments: This grant approved for the construction of a wireless internet system in Carroll and Grayson Counties. The project was delayed due to multiple factors however construction is now ongoing. The project is expected to be complete within the next year.

Staff recommends the approval of a one year extension through March 8, 2023.