



▪ *In-Person Meeting* ▪

AGENDA

SOUTHWEST VIRGINIA COMMITTEE

January 8, 2024 - 2:00 P.M.

Delta Hotels by Marriott Richmond Downtown

Kanawha Ballroom

555 East Canal Street, Richmond, VA 23219

The public may remotely participate in this meeting by accessing the following dial-in numbers: 1-434-230-0065 (toll) and enter conference ID: 885 164 502#.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Va. Freedom of Information Act. If problems are experienced calling in, please contact: **Hannah Franke-Fuller** at (804)-894-9659 or hfranke-fuller@revitalizeva.org or **Joyce Knight** at (804) 894-9651.

Welcome and Call to Order

The Honorable James "Will" Morefield, Chair

Call of the Roll

The Honorable James Campos, Acting Executive Director

Approval of the 10/12/23 Minutes

(published on website)

Public Comment

Grant Projects

Ms. Sara Williams, Southwest Regional Director

Extensions and Modifications

Ms. Sara Williams, Southwest Regional Director

Other Business

Mr. Stephen Versen, Deputy Director

Adjournment

**FY24 Southwest Virginia Program
Staff Summaries and Recommendations
January 8, 2024**

The Commission received 18 applications by the October 10, 2023, application deadline of the FY24 Southwest Virginia Program. One additional application was invited for a late submission. The applications are grouped below by investment category. The Southwest Virginia Committee will act on these applications at its meeting scheduled for January 8, 2024, at 2:00 pm.

Agribusiness				
Req #	Organization	Project Title	Requested Amount	Recommended Amount
4190	Appalachian Sustainable Development	ASD Agricultural Campus Site Development Plan	\$39,000	\$29,435
4195	Grayson County	Gold Hill Farm Cidery	\$50,000	\$50,000
4192	Lee County Livestock Association	Forage Production Initiative for Southwest Virginia	\$525,000	\$262,500
4201	Tazewell County IDA	Ponderosa 2	\$100,668	\$100,668
Business Development				
4193	City of Galax	Project Light Community Center and Business Incubator	\$74,000	\$74,000
4184	Theatre Guild of Buchanan County	Renovations and Improvements at The CAM	\$485,000	\$317,000
Other Economic Development				
4188	Appalachian Highlands Community Dental Center	Appalachian Highlands Community Dental Center: Clinic Expansion II	\$365,039	\$0
4196	Mount Rogers Regional Partnership	Mount Rogers Regional Site Identification and Evaluation Process	\$140,000	\$140,000

Sites and Infrastructure

4189	LENOWISCO Planning District Commission	Speculative Data Center Building at Project Intersection	\$656,416	Tabled
4185	LENOWISCO Planning District Commission	20,000 SF Building at Project Intersection	\$800,000	\$800,000
4197	Russell County Industrial Development Authority	Russell County Industrial Complex Due Diligence Project	\$112,750	\$112,750
4200	Scott County Economic Development Authority	Scott Conty Regional Business and Technology Park	\$97,780	\$97,780
4198	Virginia Highlands Airport	Westside Development - Phase II	\$225,000	\$225,000

Tourism

4191	Birthplace of Country Music	Birthplace of Country Music Museum Expansion: New Core Exhibit Development and Design	\$100,000	\$0
4183	City of Bristol	Bristol Downtown Connector for Mendota Trail - Feasibility Study	\$70,000	\$0
4187	Friends of Southwest Virginia	Gateways to Southwest Virginia: An Outdoor Economy Recreation Plan	\$100,000	\$55,000
4194	Scott County Economic Development Authority	Carter Fold 50th Anniversary Celebration	\$80,000	\$80,000
4186	Southwest Regional Recreation Authority	Southwest Regional Recreation Authority Multi- State Economic Impact and Marketing Initiative	Withdrawn	Withdrawn
4199	Virginia's Heritage Music Trail: The Crooked Road	The Crooked Road: Musical Milestones	\$30,000	\$30,000
Total (19 requests)			\$4,050,653	\$2,374,133

Appalachian Sustainable Development

ASD Agricultural Campus Site Development Plan (#4190)

\$39,000.00 Requested

Project Summary: Commission funds are requested to support planning activities related to the development of an agricultural campus to be located in Bristol, VA. ASD purchased the 17+ acre property in September 2022 and plans to develop a multifaceted facility to serve agricultural needs across the Southwest VA region. The campus will include a 10,000 square-foot business development hub, 8,000 square-foot food hub, multiple innovative agriculture demonstration sites, greenhouses, nurseries, etc. It will also provide space for agriculture-related workforce development and training. Commission funds will be used for contractual services for architectural and engineering services to include the development of preliminary engineering and architectural reports, detailed cost estimates, and an operating plan and financial information. The application also requests support for existing personnel (CEO, Marketing Lead, and Dir. Of Communications and Development), travel, and supplies.

Matching Funds:

- \$14,000 - National Association of State Departments of Agriculture (approved)
- \$25,000 - Go Virginia (application intended)

Project Outputs:

- Key planning tasks will be accomplished resulting in the following:
 - Phase 1 Environmental Site Assessment; Preliminary Engineering and Architectural Report
 - Line-Item Detailed Budget for construction and facility operation
 - Operating Budget and Pro Forma; Detailed Equipment List and Equipment Quotes
 - Feasibility Study (food hub) and Economic Impact Study
 - Operating Plan / Marketing Plan

Staff Comments:

The planning support requested in this application will allow ASD to develop key documents necessary to begin to fundraise the estimated \$12M of funding required for construction of the campus. The applicant plans to develop the campus in phases and will use the deliverables of this application to guide appropriate next steps. This is a reasonable approach to developing a multifaceted facility that will be used for a variety of agricultural purposes. The application indicates that a future application will likely be submitted to the Commission for assistance with the implementation phase. While there are elements of the project that may be appropriate for TRRC's investment priorities, support for this planning phase should not be seen as a guarantee of future funding.

Commission support for planning activities is generally limited to no more than 50% of third-party contractual expenses. For this reason, only \$29,435 of the total \$39,000 request should be recommended for approval. The funds requested for partial support of the three existing positions

(\$7,815) and for supplies and materials (\$1750) are not appropriate uses of TRRC funds. The Commission's Funding Policies are clear that expenses, such as salaries, already included in an organization's operating budget can only be submitted as in-kind match. They are not eligible for reimbursement.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a clear model and timeline for implementation of this planning project. The project's budget is well-detailed but needed to be right-sized to cover only eligible expenses as dictated by TRRC funding policies. The project has one commitment of match for \$14,000 from NASDA and will apply to the GoVA program for the remainder needed. As such, we add a contingency to secure the full match to qualify for the total award.

Staff Recommendation: Staff recommends an award of \$29,435 for 50% of third-party contractual expenses, contingent on securing full matching funds for the project.

Grayson County
Gold Hill Farm Cidery (#4195)
\$50,000.00 Requested

Project Summary: Funding is requested to assist Gold Hill Farm Cidery with equipment required to establish a cider production facility in Grayson County. The facility will process fruit from the owner's farm and will also purchase fruit from region-based growers. Commission funds will reimburse 25% of the cost to purchase critical equipment such as an apple press, tanks, pumps, cold storage, forklift, tractor, etc.

Matching Funds:

- \$77,900 – Private Funds (owner)
- \$50,000 – Potential AFID Infrastructure grant (application intended)
- \$50,000 – USDA Cold Storage Loan Program (application intended)

Project Outputs:

- 10 new producers will utilize the facility.
- An average of \$11,200 of new annual direct sales revenues will be earned by producers.
- The facility will increase its annual sales revenue from \$93,000 to \$130,000 (\$37,000 increase).

Staff Comments:

Under the Commission's current agribusiness investment category, privately-owned value-added processing facilities such as this cidery, are eligible to receive funding to support 25% of total equipment purchases. Although the owner of Gold Hill Farm Cidery has produced cider for several years, a permanent location in Grayson County will allow the business to expand operations. Fruit will be purchased from a variety of producers including small hobby growers, generational small family orchards, and larger orchard operations in the area. Small producers supplying 4-8 bins of apples per season (40-80 bushels) will earn an annual revenue of \$2,800-\$5,600 per producer. While

this is a modest return, it provides supplemental income for sellers who may not currently be selling their fruit. Larger orchard operations that supply 20 or more bins of fruit will earn revenues of \$14,000 or more.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a positive cost benefit supporting the manufacturing of an agricultural product that is growing in popularity. The venture also provides an additional market for apple growers in the region. The project's budget is detailed, equipment quotes are documented, and the company proprietor is well-experienced in cider manufacturing. The applicant provides evidence of a match commitment from the owner's private funds but will need to secure the remaining match to receive the full award. A third-party agreement will also be necessary to establish performance expectations to substantiate the financial commitment that will be provided.

Staff Recommendation: Staff recommends an award of \$50,000 to support up to 25% of approved equipment purchases; contingent on executive director's approval of final third-party performance agreement.

Lee County Livestock Association

Forage Production Initiative for Southwest Virginia (#4192)

\$525,000.00 Requested

Project Summary: Commission support is requested to conduct a cost-share program to serve farmers in Lee, Scott, Wise, Dickenson, Buchanan, Russell, Tazewell, Washington, Smyth, Wythe, Grayson, Carroll, and Bland Counties. The proposed program will assist participants with the purchase of eligible forage production equipment such as no-till drills, fertilizer spreaders, hay wrappers, testing equipment, etc. Additionally, the application will provide reimbursement for hay storage and permanent and temporary fencing. These programs will result in improved forage quality and storage capability for regional producers. Cost share payments will be limited to 33% of eligible expenses up to a maximum \$10,000 payment. The budget also requests \$5,000 for program administration expenses (tax form preparation, postage, and workshop supplies).

Matching Funds:

- \$10,000 – Virginia Cooperative Extension (in-kind representing agent's time administering program)
- \$1,575,757 – Program participant contribution (66% of purchases)

Project Outputs:

- A minimum of 52 producers will be served by the program.
- \$7,000 average new revenue per participant

Staff Comments:

The Commission has funded multiple agricultural cost share programs over the years including those that provided reimbursement for many of the elements included in the scope of the current application. Despite this, there continues to be a need for producers to make improvements to their practices to allow for greater efficiencies and to increase farm revenues. When evaluating past cost share applications, Staff has always worked to ensure equality across similar programs that may be underway in other parts of the region. Whenever possible, reimbursement limits for similar activities/programs are maintained. The guidelines for both the SWVA Program and the Southern VA programs limit reimbursement for cost share programs to 33%. The maximum reimbursement amount is dependent upon the program and generally reflects the cost of the eligible purchases. The program presented in this application has proposed a cost share limit of \$10,000. A similar program, currently underway in the Southern region, limits cost share reimbursement to \$5,000. A recently closed grant supporting cost share for forage production equipment in the SW region limited reimbursement to \$2,000 per participant. The approval of this application with the proposed \$10,000 limit would create a significant inequality between opportunities in each region. Similarly, the Commission has declined previous requests to support cost share for fencing. The basis for these funding recommendations has centered around the potential for duplication with other cost share programs administered by other funding agencies such as DCR and USDA. Despite this history, the scope of the proposed program is focused on improving forage quality to increase grazing days resulting in better outcomes for producers. The application estimates that a farmer who increases grazing by 60 days and increases hay storage is approximately \$15,000 annually. These methods require fencing improvements to allow for rotational grazing. A draft of the cost share program guidelines includes a requirement that fencing must be used to promote forage utilization and growth. A plan for the use of the fencing must be approved by the local Extension Office. This requirement helps to address previous concerns about overlap with other programs.

It is often difficult to estimate the popularity of new cost share programs. Previous cost share grants have closed with substantial balances remaining. Conversely, other programs have proven to be extremely popular and have quickly obligated all available funds resulting in a waitlist documenting ongoing interest. To manage the uncertainty of actual demand, and to avoid unnecessarily obligating this Committee's limited funds, previous awards have been made for a reduced amount. This award, generally half of the original request, allows the program to gauge interest. Once the initial award is fully obligated, and if there is a waitlist of potential applicants, a subsequent application may be submitted for additional funding. This approach appears to be suitable for this application.

Financial Viability Assessment:

A review of key viability criteria for this project indicates that it is highly achievable. Staff recommendations reflect a right-sizing of the project budget to stay in line with TRRC precedent, bringing the maximum payment down to \$5,000 per participant. These farmers are leveraging their own funds against this cost-share program at a rate higher than 50%. This project provides excellent benefit for the cost.

Staff Recommendation: Staff recommends an award of \$262,500 to support cost share payments for 33% of total expenditures up to a \$5,000 limit for each participant.

Tazewell County IDA
Ponderosa 2 (#4201)
\$100,668 Requested

Project Summary: Commission funds will be used to assist Blue Ridge Butchery, the operator of the soon to be constructed Tazewell County meat processing facility. Blue Ridge Butchery will lease the facility from Tazewell County through an agreement that requires the business to equip the facility. At this time equipment purchases are expected to total \$402,672. The proposed grant funds will reimburse 25% of this amount (\$100,668).

Matching Funds:

- \$302,004 – Blue Ridge Butchery (private financing)

Project Outputs:

- A new USDA inspected meat processing facility will be established.

Staff Comments:

This application was submitted after the program's October 10 deadline at the invitation of the SWVA Committee during the October 11th meeting. At this same meeting, the Committee recommended an award of \$979,000 to support 50% of the County's cost to construct the facility. The project, a public/private partnership, will result in the establishment of a new meat processing facility in Tazewell County. The 7500 SF facility will contain two processing lines and will process beef, pork, lamb, and chicken. This partnership is a unique and creative solution to increasing processing capacity in the region.

During review of the previous application, Staff noted concerns related to Blue Ridge Butchery's financial obligation to the project. In addition to equipping the facility the operator will also be responsible for all operating expenses. Although there is little doubt that the facility will quickly establish a strong customer base due to the enormous demand for additional processing capacity, the financial information provided with the application indicated that operating capital will likely be an issue during the first year.

The RFP for this program can support the establishment of both publicly/non-profit owned, as well as privately-owned, value-added processing facilities. Publicly owned facilities are eligible for grants of up to 50% of capital (facility and equipment) expenses. Support for privately owned facilities is limited to 25% of equipment purchases. The application approved in October supported only Tazewell's portion of the project. The current application presents an opportunity for the Commission to assist the private operator by reducing its start-up operating costs. Both the Commission and Tazewell County have a vested interest in the success of Blue Ridge Butchery. To further support the business's launch, Tazewell has agreed to waive lease payments for the first 6 months of operation. These efforts will help ensure that the business begins operations in a stronger financial position.

Financial Viability Assessment:

A review of key viability criteria indicates that this project involves reliable, bonafide partners with the capacity and expertise to complete and sustain the project. The project lowers the start-up costs for Blue Ridge Butchery as they get this high-demand, desperately needed facility off the ground, which will help them achieve additional potential for sustainability. A draft third-party agreement

was included with the proposal to establish expectations for performance. It is anticipated that Blue Ridge Butchery will see high demand for its services, however, they must remain cognizant of potential need for working capital/gap financing.

Staff Recommendation: Staff recommends an award of up to \$100,668 to support 25% of equipment purchases; contingent on securing the necessary matching funds, and the TRRC executive director's approval of a final third-party performance agreement.

Business Development

City of Galax

Project Light Community Center and Business Incubator (#4193)

\$74,000.00 Requested

Project Summary: The funding requested in this application will support last dollar expenses associated with the redevelopment of vacant, blighted, building located in downtown Galax. Once complete, this multipurpose facility will contain 10 incubator office spaces to support the development of new small businesses. The building will also contain a commercial kitchen and conference space which will be available for users to rent on an as needed basis. Although the Galax IDA will own the building, it will be leased to God's Storehouse Soup Kitchen. This non-profit organization will utilize the kitchen to provide meals to food insecure residents in the area. The community center will also provide space for literacy education, addiction recovery, and recovery to work training services. Commission funds will be used for property improvements including window replacement and parking/ sidewalk improvements.

Matching Funds:

- \$500,000 – Appalachian Region Commission (approved)
- \$1,000,000 – DHCD Industrial Revitalization Fund (approved)
- \$339,270 – City of Galax/ Galax Industrial Development Authority (approved)
- \$60,000 – USDA Rural Development (application pending)

Project Outputs:

- Creation of 9315 sq. ft. multipurpose space with commercial kitchen, dining facilities, and 10 business incubator spaces.
- 16 new businesses will utilize the facility.
- 4 new jobs will be created with an average wage of \$20/hour.

Staff Comments:

This request provides last dollar support for the otherwise fully funded project. The window replacement and sidewalk and parking lot improvements were removed from the project when construction bids were returned over budget. A contract for the approximately \$2M project has been signed with construction scheduled to begin in late 2023. If the project proceeds on schedule it will be completed in eight months. Although the soup kitchen, addiction, and recovery services, etc. are not priority funding areas for the Commission, the creation of new incubator space aligns well

with this program's Business Development investment category. The application provided excellent documentation of the demand for additional incubator space in the Galax area. Other facilities, such as the Crossroads Institute, are at capacity and unable to accommodate additional businesses. The application also provided letters from several potential businesses who are interested in using the newly created space.

The applicant recently contacted Staff about a potential change in scope for the application. Sections of the building's rooms need repair. These repairs are of higher priority to the overall project compared to the window replacement and sidewalk and paving improvements. Staff do not have a particular preference for the use of Commission funds since it contributes to the rehabilitation of the overall property.

Financial Viability Assessment:

A review of key financial viability assessment criteria indicates a modest request to complete a capital project that will result in business development opportunities for the community. The project's budget is detailed, reasonable, appropriately scaled to the project, and provides for sufficient capacity to implement this demonstration program. In addition, the project has over 50% match committed at the time of application. The outcomes represent a good financial investment in terms of projected cost benefit.

While the City of Galax is the applicant, it was discovered during the viability review that the potential lessee of the IDA-owned building is pending inactive/not in good standing with the State Corporation Commission, which could adversely affect the lessee's ability to conduct business in the future if not remedied.

Staff Recommendation: Staff recommends an award of \$74,000 to support property improvements for Project Light conditioned upon the Grant's Director's approval of a final project scope identifying the use of Commission funds, and God's Storehouse Soup Kitchen achieving good standing with the State Corporation Commission.

Theatre Guild of Buchanan County

Renovations and Improvements at The CAM (#4184)

\$485,000.00 Requested

Project Summary:

Commission funds are requested for property improvements to the Community Arts Mainstage (CAM) Theater in Grundy, VA. The grant will help The CAM continue to develop into a fully functioning community theater and multi-purpose venue. The Theatre, which opened in 2021, is located in a former industrial building.

Matching Funds:

- \$79,000 – Joe Gary Street (building donation – in-kind)
- \$188,000 – USDA Community Facilities grant (approved)
- \$15,000 – Buchanan County Board of Supervisors (approved)
- \$35,000 – Theatre Guild of Buchanan County, Inc. (approved)

Project Outputs:

- Unduplicated attendance will increase from 138 to 295 (157 new)
- Annual direct revenue will increase from \$81,911 to \$119,677 (\$89,000 new visitor spending in the area)
- 3 new jobs will be created.

Staff Comments:

The Theatre's impact on the Town of Grundy and surrounding areas is well documented in the application. Numerous letters of support from nearby businesses were provided, each describing how the Theatre has positively impacted their operations. These ranged from vendors such as food trucks and caterers that have provided dining opportunities for CAM visitors to local merchants who have provided goods and services to the CAM. These letters are evidence of the project's ability to serve as a catalyst for continued growth for the Grundy community. The marketing plan provided with the application includes a section focused on targeting tourists visiting the area's ATV trails. A letter of support provided by Southern Gap Outdoor Adventure describes a plan to partner with the CAM to offer discounted tickets and ticket packages to customers. This creative partnership will allow the Theatre, and its associated small businesses, to capture visitor spending. The number of tourism businesses in Buchanan County is expected to double over the next three years, creating additional opportunities for partnerships.

The Theatre, which opened in 2021, is located in a former industrial building. The building was purchased by a private owner for the purpose of establishing the CAM. Since 2021 multiple capital improvement projects, totaling \$257,739, have been completed. The building, which was recently appraised for \$246,000, has been donated to the CAM and is included in the application's matching funds. Because of the Commission's limits on in-kind match (no more than 25% of the total match can be in-kind) only a portion of this amount can be allowed. A revised budget submitted during the review process lists \$238,000 of acceptable cash match. These funds will be combined with the TRRC grant to support building renovation and equipment costs. The maximum amount of in-kind match allowed for the project is \$79,000 resulting in a maximum TRRC award recommendation of \$317,000.

Financial Viability Assessment:

A review of key viability criteria for this project revealed a well-designed proposal with the potential for drawing additional customers and investments into this small community. The project's budget is adequately detailed and documented by current quotes. It did, however, need to be right sized to limit the in-kind match percentage to 25% as dictated by TRRC funding policies. Match for the project was fully committed at time of proposal. The organization has sufficient expertise, capacity and resources to carry out the project, and the staff feels assured of its viability.

Staff Recommendation: Staff recommends an award of \$317,000.

Other Economic Development

Appalachian Highlands Community Dental Center (#4188)

Appalachian Highlands Community Dental Center: Clinic Expansion II

\$365,039.00 Requested

\$178,070 Amended Request

Project Summary: Commission support is requested to facilitate the purchase of an Ivoclar Dry Milling System (PrograMill® PM7) used to digitally produce dentures and dental veneers at a cost of \$20 per run. Currently these items cost \$200 per run to produce. The equipment is included in the scope of the approximately \$1.2M Clinic Expansion Phase II construction project. The Clinic has treated more than 13,000 uninsured and underinsured dental patients in Southwest Virginia since it opened in 2020.

Matching Funds:

- \$75,000 - Skewes Family Foundation (approved)
- \$100,000 - Thompson Charitable Trust (approved)
- \$3,070 - BF Foundation

Project Outputs:

- 14,000 patient appointment will be provided annually (5,300 increase)
- 10 dental residents will be based at the facility (increase of 5)

Staff Comments:

The original budget requested 100% support for the Ivoclar equipment. The grant was to be matched with funding for constructing an expansion to the facility. Construction is now complete. Commission policy requires that matching funds be spent concurrently with TRRC funds, within the approved grant period. For this reason, the funds used to complete construction are not eligible to match this request. As a result, the applicant submitted a modified budget amending the request to 50% of the equipment cost.

While the amended budget allows the application to meet the Commission's 1:1 match requirement, the scope of the project is outside the stated investment strategies of this program. The primary objective of the project is to offer additional dental services to the region. While this is certainly a worthy, and much needed, objective it does not align with the Commission's Strategic Plan which requires that economic development projects result in the creation of new jobs and additional capital investment. The applicant was able to provide anecdotal evidence that, upon completion of their residency, dental residents have remained in the region. Of the first fifteen dental resident graduates, two remained in the region. Three of the current classes' seven residents have been interviewed locally. While this is a positive result for a region that desperately needs additional dental care providers, the application did not provide tangible documentation that recruitment is a focus of the project or that these dentists would not have located in the region regardless of their residency. The proposed use of Commission funds does not directly result in the recruitment of new dentists to the region although an indirect link between the residencies and recruitment may exist. Ultimately this

application does not align with this program's objectives and Staff is unable to provide a positive funding recommendation.

Financial Viability Assessment:

A review of key viability criteria for this project reveals that the budget is clearly described and sources for 50% match are identified, and the deliverables of the project are achievable. However, it is the staff's opinion that the outcomes defined for this proposal will not provide an adequate return on investment for Commission funds in terms of achieving economic development objectives.

Staff Recommendation: Staff recommends no award.

Mount Rogers Regional Partnership

Mount Rogers Regional Site Identification and Evaluation Process (#4196)

\$140,000.00 Requested.

Project Summary: Mount Rogers Regional Partnership requests funding to support a regional site study to identify properties that are suitable for future economic development. The study will focus primarily on large sites of 100 acres or larger. Developable sites of this size are very limited in SWVA region. The study will examine locations in the MRRP's service area (Bland, Carroll, Grayson, Smyth, Wythe Counties and the City of Galax). Ten developable sites will be identified at the conclusion of the study.

Matching Funds:

- \$140,000 - GOVA (pending)
- \$49,250 – MRRP staff contributions (in-kind)

Project Outputs:

- Regional site study will be completed.
- 10 potential sites will be identified.

Staff Comments:

The lack of large, developable, industrial sites throughout the region is a well-documented issue. The MRRP service region is fortunate to have three industrial parks with available sites (Wildwood Commerce Park, Progress Park, and Wildwood). These parks are strategically located and provide excellent access to utilities and transportation systems. As a result, each receives significant interest from prospects. Once these sites are occupied, the MRRP region will lack site inventory and will be limited in its ability to continue to attract industries to the region. Large sites of this scale are often very difficult to develop in SWVA due to topographic constraints. Although the proposed site study will focus on identifying ten large sites of at least 100 acres it is possible that smaller sites may also need to be considered. The application states that the study will include input from utility partners, local representatives, VEDP and other economic development organizations.

This application provides a logical approach to developing new industrial sites within the MRRP service region. Due to the popularity of the existing properties, it is important that the study proceeds in a timely manner. The project team plans to issue an RFP for consulting services in January and hope to complete the selection process the following month. The study will be complete within 12 months.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a clear model and timeline for implementation of this planning project. The project's budget is well-detailed and backed up by current quotes. The applicant has an application pending with the GoVA program for the 1:1 match. As such, we add a contingency to secure the full match to qualify for the total award. It is the staff's estimation that this project is viable and an effective use of Commission funds.

Staff Recommendation: Staff recommends an award of \$140,000 to support 50% of the cost of a regional site study, contingent on securing full matching funds for the project.

Sites and Infrastructure

LENOWISCO Planning District Commission

Speculative Data Center Building at Project Intersection (#4189)

\$656,416.00 Requested

Project Summary: Commission support is requested to construct a shell building designed to support a data center operation at Project Intersection. This property is owned by the Lonesome Pine Regional Industrial Facilities Authority (LPRIFA) which includes Lee, Wise, Scott, and Dickenson Counties and the City of Norton. The proposed 40,000 SF "Spec Data Center Building" will allow regional economic development staff to offer data center prospects an option for quick occupancy and avoid the longer development times that may be a factor at competing sites.

Matching Funds:

- \$1,200,000 – Virginia Energy Abandoned Mine Land Economic Revitalization Program (AMLER) – application filed.

Project Outputs:

- A 20,000 SF building will be constructed on Pad 1B.

Staff Comments:

This request, to support the construction of a shell building on Pad 1B, will utilize site development work proposed under another application (#4185) also submitted to this funding round. Although the building will be constructed to meet the needs of data center prospects, the design and level of build out will also provide flexibility to serve a light manufacturing user. Because of the lack of available properties in the region it is probable that, if constructed, this building will successfully be marketed to prospects. During review of the application Staff learned that a decision for the AMLER funding is likely several months away. In addition to providing the majority of funding for this project, the AMLER grant will also be used for engineering and NEPA (National Environmental Protection Act) review expenses. These activities will be required early in the process before construction can begin. For this reason, it would be premature to commit Commission funds at this time. A more appropriate approach is to table this application so that it can be acted upon once a decision on the AMLER funding is available.

Financial Viability Assessment:

A review of key viability criteria for this project reveals a well-defined budget and plan for developing a speculative building in Southwest Virginia targeted for data centers. The Commission has not supported this kind of speculative building in the past, but if prospects could be identified, that would reduce the risk associated with the project. The project's budget is supported by a current cost estimate; however, the project hinges on securing the AMLER funding needed for the preliminary engineering work. It is the staff's estimation that it is too early in the process to determine the viability of this project.

Staff Recommendation: Staff recommends that this request be tabled.

LENOWISCO Planning District Commission
20,000 SF Building at Project Intersection (#4185)
\$800,000.00 Requested

Project Summary: Funding is requested to support the development of a 20,000 SF building on Pad 1A in the Project Intersection regional industrial park in Norton, VA. The PDC has submitted the application on behalf of the Lonesome Pine Regional Industrial Development Authority, the owner of the site. The proposed building is required to meet the needs of a prospective light manufacturing business that has expressed interest in locating at Project Intersection. Commission funds will be used for site development expenses including final site grading, asphalt, and concrete. The site development completed as a result of this project will also support future expansion on Pad 1B to accommodate an additional 40,000 SF building.

Matching Funds:

- \$3,160,000 – Virginia Coalfield Economic Development Authority loan (approved)

Project Outputs:

- Site Development, including the construction of an access road and other infrastructure, will be completed for Pad1 to serve Pad 1A and 1B.
- A 20,000 SF building will be constructed on Pad 1A. A second \$40,000 SF future building can also be accommodated on this site on Pad 1B.
- A current prospect will locate to the site resulting in the creation of a minimum of 60 jobs with an average salary of \$53,458. The project will result in \$3,650,000 of new private capital investment.

Staff Comments:

The development of a building on Pad 1A is critical to the successful recruitment of a current prospect to the site. A \$3,160,000 VCEDA loan has been approved and will be used for site development, building construction, and A&E fees related to site development and construction. During review of this application, Staff questioned why other state funds, such as the VDOT Access Road Program were not included in the budget. The application stated that the timeline for the VDOT funding would exceed the prospect's requirement to have the building ready for occupancy no later than January 2025. The funds requested in this application represent the final piece of project funding that, if approved, will allow site development and construction to proceed immediately.

Financial Viability Assessment:

A review of key viability criteria for this project indicates an ambitious implementation plan and timeline to land an identified imminent prospect. The project's budget is appropriately scaled and supported by a current estimate. The organization has sufficient capacity to carry out the project. The County has 50% matching funds pending at time of application. It is the staff's assessment that the project is financially viable and a sound investment for the Commission if full matching funds for the project can be secured.

Staff Recommendation: Staff recommends an award of \$800,000, contingent upon acquisition of full matching funds to support the project.

Russell County Industrial Development Authority
Russell County Industrial Complex Due Diligence Project (#4197)
\$112,750.00 Requested

Project Summary: Commission support is requested for 50% of due diligence and design costs for the Russell County Industrial Complex. An application will be submitted to VEDP's Virginia Business Ready Site Program for matching funds. VEDP's Site Characterization Program currently classifies the site as Tier 2. Completion of due diligence will result in reclassification to Tier 3.

Matching Funds:

- \$112,750 – VEDP Virginia Business Ready Sites Program (application intended)

Project Outputs:

- Reclassification of site to Tier 3
- Completion of Due Diligence Report to include preliminary geotechnical exploration & report; topographic survey; phase 1 environmental site assessment; WOUS delineation & determination; cultural resources review; threatened & endangered species review; preliminary engineering study/master plan; and flood study and letter of map change.

Staff Comments:

This is a reasonable request for due diligence work for one of the largest industrial sites in the SWVA region. The Commission has supported similar costs for numerous other sites in the region. This program requires that projects that support the development of industrial sites must result in an increase in the site's Tier classification. That requirement will be accomplished as a result of the completion of the Due Diligence Report which will allow the site to increase from Tier 2 to Tier 3.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a positive cost benefit supporting a high priority site for the region. The project's budget is detailed, reasonable, appropriately scaled to the project, and provides for sufficient capacity to carry out the planned work. The applicant intends to make a request to the VEDP's VBRSP program for the 50% match commitment. It is the staff's assessment that the project is financially viable and a sound investment for the Commission if full matching funds for the project can be secured.

Staff Recommendation: Staff recommends an award of \$112,750 for 50% of contractual expenses, contingent upon acquisition of full matching funds to support the project.

Scott County Economic Development Authority
Scott County Regional Business and Technology Park (#4200)
\$97,780.00 Requested

Project Summary: Funding is requested for 50% of due diligence costs for the Scott County Regional Business and Technology Park. This 64-acre site, located in Duffield, VA, is currently classified as Tier 2 according to VEDP's Site Characterization. Completion of due diligence will allow the site to advance to Tier 4+.

Matching Funds:

- \$97,780 – VEDP Virginia Business Ready Sites Program (application intended)

Project Outputs:

- Reclassification of site to Tier 4+
- Completion of due diligence activities to include surveying and engineering services (Boundary Survey, Topographic Survey, Phase 1 Environmental Site Assessment, Waters of the US delineation, Threatened and Endangered Species review, Preliminary Geotechnical report, and a Preliminary Engineering Report.

Staff Comments:

This request is similar to several others that have been supported by the Commission. These grants typically reimburse 50% of the contractual services related to the due diligence activities. The Completion of due diligence is a relatively low-cost activity that allows existing industrial sites to advance their VEDP Tier ranking. This particular site will advance to Tier 4+.

Financial Viability Assessment:

A review of key viability criteria for this project reveals a detailed and reasonable budget documented by a current quote. It is appropriately scaled to the project and provides for sufficient capacity to carry out the planned work. The applicant intends to make a request to the VEDP's VBRSP program for the 50% match commitment. It is the staff's assessment that the project is financially viable and a sound investment for the Commission if full matching funds for the project can be secured.

Staff Recommendation: Staff recommends an award of \$97,870 for 50% of contractual expenses, contingent upon acquisition of full matching funds to support the project.

**Virginia Highlands Airport
Westside Development - Phase II (#4198)
\$225,000.00 Requested**

Project Summary: Commission funds are requested to support engineering design services related to an expansion project for the airport. Additional taxiways and hangars, large enough to accommodate large business and corporate aircraft, are needed. Commission funds will be used to support 50% of the cost of design services including, surveying, geotechnical investigation, drainage design, pavement design, erosion and sediment control design, lighting and electrical design construction phasing, and review agency coordination. This information will be used to prepare construction documents needed to bid the construction phase of the project.

Matching Funds:

- \$225,000 – Washington County (approved)

Project Outputs:

- Design services will be completed resulting in construction documents including project plans and specifications.

Staff Comments:

Although the Commission has historically listed airports under its “low priority” funding category, one previous award (\$300,000) was approved in 2015 to support a runway extension at VJI (Virginia Highlands Airport). This request will support the engineering/ design phase of the project which is a critical first step that must be completed before the larger, more expensive, construction phase can begin. The current Westside Expansion project is estimated to cost ~\$10M to construct.

The application notes that the airport has experienced significant growth over the past 20 years and has received \$45M in investments over the past decade. It serves a critical role for the local business community. There are currently 67 aircraft based at the airport. This includes 8 jets which contribute \$371,000 in annual property tax revenue for the County. The proposed expansion will increase the availability of large hangar sites for business and corporate aircraft which, in turn, increases the economic impact of the airport for Washington County and the surrounding region. Each new corporate aircraft generates a minimum of \$120,000 in annual sales revenue and \$50,000 in annual property tax revenue. Current users may decide to upgrade to larger aircraft which will also result in increased tax revenue and fuel sales. These are impressive figures that document the Airport’s important role in meeting a supportive, but critical, infrastructure need for regional businesses and industries.

Financial Viability Assessment:

A review of key viability criteria for this project reveals a detailed and reasonable budget documented by a current quote. It provides for sufficient capacity to carry out the design and planning work. The applicant has fully committed matching funds in hand. It is the staff’s assessment that the project is financially viable and a sound investment for the Commission.

Staff Recommendation: Staff recommends an award of \$225,000 to support 50% of contracted design services.

Tourism

Birthplace of Country Music (#4191)

Birthplace of Country Music Museum Expansion: New Core Exhibit Development and Design

\$100,000.00 Requested

Project Summary: Commission funds are requested to support the content development and design of the new core exhibit to be installed in the Birthplace of Country Music Museum Expansion. The expansion will increase the size of the overall museum property to 41,000 SF and will add 3,000 SF of new core exhibit space. BCM will contract with Hillmann & Carr for the design phase (\$190,000). An additional \$35,000 will be spent on content development including stipends and travel for members working on the project. In January 2023, the project received a \$500,000 award from the Commission for renovation of the expansion.

Matching Funds:

- \$50,000 -- Genan Foundation (approved)
- \$75,000 -- Virginia Museum (application filed)

Project Outputs:

- Core exhibit design will be completed.

Staff Comments:

Since 2004 the Commission has provided nearly \$4.6M to support the development of the Birthplace of Country Music Museum. The majority of this amount (\$4.1 M) assisted with the establishment and construction of the existing Museum space. Over the past 10 years the Museum has attracted thousands of visitors, including an impressive total of guests from national and international markets. The expansion of the Museum will ensure that visitors continue to experience compelling and engaging content through the addition of new exhibits. The current total project cost, including exhibits, is approximately \$4.3M. Several private foundations have committed funding for the project and approximately \$3M of Historic Tax Credits and New Market Tax Credits will be used for renovation activities. A portion of the tax credits are still pending.

The design of exhibits appears to be a logical next step and is necessary to move the project forward. The application notes it is important to complete exhibit design to ensure the exhibit space is built out with the appropriate infrastructure to support the design. The application estimates that exhibit development and design will take a year to complete.

The \$500,000 grant approved a year ago is evidence of the Commission's strong support for the expansion project and is a significant award given this Committee's limited funds. It appears that the 2023 grant, approved for renovation expenses, may not be utilized for quite some time. Commission grants are intended to be spent within three years of the award date. Because the timeframe for spending the existing award is unclear, the most suitable approach is to allow BCMM to repurpose up to \$100K of the existing award for exhibit design. This will allow the project to move forward in a tangible way within the approved grant period.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a well-designed implementation plan and timeline for implementation for a key regional tourism asset. The project's budget is supported by a current estimate. Half of the required 50% matching funds are in hand, and an application for the remainder has been filed with another granting organization. While this situation would normally result in a positive financial viability assessment, we are also considering that the applicant has a recent award that is still unspent after one year. It is the staff's assessment that a more viable approach to completing the project would be to repurpose a portion of the existing award to ensure timely usage of the applicant's current Commission award.

Staff Recommendation: Staff recommends no award.

City of Bristol

Bristol Downtown Connector for Mendota Trail - Feasibility Study (#4183)

\$70,000.00 Requested

Project Summary: Funding is requested to support approximately 50% of the cost of a Feasibility Study for the Bristol Connector project which will connect the Mendota Trail to Downtown Bristol. The study is expected to identify existing conditions and to provide a phasing/ funding strategy for implantation, develop connector alternative routes, and suggest crossing improvements. The applicant will utilize this information to pursue funding for the implementation (construction) phase of the project. The total cost of the feasibility study is approximately \$160K.

Matching Funds:

- \$70,000 – Appalachian Regional Commission (application intended for spring 2024)
- \$10,000 – Dr. and Mrs. Bob Mueller (approved)
- \$10,000 – Bristol Chamber of Commerce (approved)

Project Outputs:

- A feasibility study, with an implementation plan, will be completed.

Staff Comments:

The Mendota Trail Master Plan, completed in 2021, identifies the need for a feasibility study to explore the development of a multimodal (pedestrian/ bicycle) corridor to connect the Bristol Trailhead of the Mendota Trail to downtown Bristol. When complete, the approximately 2.7-mile trail extension will allow users to access lodging, dining, and retail amenities available in the downtown area. The connection of the trail to these amenities is critical to the project's potential to attract visitors. Despite this potential, it is difficult to determine the true likelihood that the Connector will result in the attraction of new visitors from national or international markets which is a requirement for tourism projects under this program's current RFP. The project seems more likely to serve local residents or tourists who are already visiting the region for other reasons. Additionally, matching funds are largely uncommitted. A decision on the intended ARC application will be several months away. Given the uncertain outcome of this application, which serves as direct match to the TRRC request, it is premature to commit Commission resources to the project.

Financial Viability Assessment:

A review of key viability criteria for this project reveals a budget supported by a current estimate that gives a range of potential study cost. The bulk of the required 1:1 matching funds must be requested from ARC in Spring 2024, which will considerably delay the proposed timeline included in the proposal as a decision is anticipated. It is unknown as to whether the applicant has approached other funding sources for trails and tourism projects. It is the staff's assessment that the financial viability of the project can be better assessed once the major matching funding source has come to a decision, and the applicant can research and identify additional sources to approach for funding.

Staff Recommendation: Staff recommends no award.

Friends of Southwest Virginia (#4187)

Gateways to Southwest Virginia: An Outdoor Economy Recreation Plan

\$100,000.00 Requested

Project Summary: Funds are requested to develop the Lenowisco Outdoor Recreation Master Plan. This effort will build upon previous outdoor recreation initiatives, including the High Knob Master Plan, but will specifically focus on communities near to the Tennessee and Kentucky state lines. A portion (\$200,000) of a recent Appalachian Regional Commission Area Development Award (total award \$300,000) will provide match for the project. The scope of the TRRC application is limited to only the Lenowisco Outdoor Recreation Master Plan element of the project. Commission funds are proposed to be used for Personal Services (\$43,000) to provide partial support for three positions, the Director of Marketing, Director of Finance and Administration, and the Director of Partnership and Outreach, over a 15-month period. Matching funds for these positions, as well as the Executive Director's salary, total \$70,300 with much of this amount provided by the applicant as an in-kind match. Contractual services, including the development of the strategic (\$40,000) and marketing and publication of the plan (\$15,000) and travel (\$2,000) will also be supported under the TRRC grant. These elements are matched entirely with ARC funds.
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Matching Funds:

- \$200,000 – portion of Appalachian Regional Commission multi-state award (approved)
- \$37,000 – Friends of Southwest Virginia (in-kind)

Project Outputs:

- The Lenowisco Outdoor Recreation Master Plan will be completed.

Staff Comments:

Since 2014 the Commission has awarded nearly \$1M to support the growth of the Friends of SWVA organization and to facilitate the development of numerous initiatives focused on developing the region's tourism economy. These initiatives have often included the development and promotion of outdoor recreation opportunities. The current request builds upon these previous investments by creating a master plan that will allow localities adjacent to the Tennessee and Kentucky borders, Lee

Scott, and Wise Counties, to explore multi-state projects. The potential for cross-border tourism development fits well with this program's requirement that tourism projects result in visitation from national markets. The creation of this master plan will ensure that these projects are developed with the goal of drawing visitors across state lines resulting in a positive economic impact for the region.

Several previous TRRC grants have provided funding for operating expenses including salary support for various positions. The budget presented with the current application requests reimbursement for three existing staff positions. Commission policy limits support for salaries to only newly created positions, during a start-up period of no more than three years. Both the Marketing Director and the Director of Partnership and Outreach salaries have been reimbursed under previous TRRC awards, while the salary of the Director of Finance has been submitted as match for these grants. At this time, it is no longer appropriate for these positions, and other related operating costs, to be supported by a TRRC grant. Commission support for this application should be limited to only the third-party contractual expenses related to the development of the Master Plan.

Financial Viability Assessment:

A review of key viability criteria for this project indicates that it is achievable. Staff recommendations reflect a right-sizing of the project budget to stay in line with TRRC funding policies. Required 1:1 match is in hand. It is the staff's assessment that the project is financially viable and a sound investment for the Commission, as it will identify outdoor recreational assets and opportunities as a strategy to expand the tourism economy in the region.

Staff Recommendation: Staff recommends an award of \$55,000 to support third party contractual expenses related to the development, marketing, and publication of the Lenowisco Outdoor Recreation Master Plan.

**Scott County Economic Development Authority
Carter Fold 50th Anniversary Celebration (#4194)
\$80,000.00 Requested**

Project Summary: The applicant requests Commission support for the Carter Family Fold, a well-known music venue in Scott County which will celebrate its 50th anniversary this year. The requested grant will be used to support performance fees (\$40,000) for special performances to be held monthly between April and November 2024. The remainder of the request (\$40,000) will be used for marketing efforts. Matching funds from private sponsors and Virginia Tourism Corporation will fund the remainder of the cost of the performance fees and other expenses. These efforts, in addition to celebrating the 50th anniversary, are intended to introduce the venue to new audiences and to increase visitation, which declined during the pandemic.

Matching Funds:

- \$60,000 – Private Business Donations (\$21,000 currently committed, remainder to be raised)
- \$20,000 – Virginia Tourism Corporation grant (to be submitted January 2024)

Project Outputs:

- 29,440 visitors are expected to visit as a result of the special performances and additional marketing efforts. This is an increase of 8,840 over current visitation.
- Visitor spending in the region will increase by \$690,000.

Staff Comments:

The Carter Family Fold is one of the most well-known music venues in the region. Over the past 50 years the venue has grown both its facility, which now seats over 800 attendees, and its popularity. Thousands of visitors, including those from multiple states and countries, have attended performances at the venue. The proposed project celebrates the success of the Carter Family Fold while presenting an opportunity to increase visitation. Like many other live performance venues, attendance decreased as a result of the Covid-19 pandemic. The lack of performance revenues negatively impacted the Fold's financial situation and attendance remains below pre-pandemic numbers.

The \$40,000 budgeted for performance fees will ensure that special performances and events are held monthly during 2024. No details, such as a list of potential bands, were provided with the application. Supplemental information provided during the application review period included some possibilities but stated that nothing has been finalized. The application also did not provide details for the use of the \$40,000 requested for marketing the events. The supplemental information noted that Friends of Southwest Virginia and Virginia Tourism will collaborate with the applicant to assist with marketing efforts. If the application is approved it is important that, prior to the release of any Commission funds, a comprehensive marketing plan that documents a focus on the recruitment of visitors from outside the region be provided. This requirement will ensure that the scope of the project aligns with this program's requirements for tourism projects. Because of the time sensitive nature of the 2024 celebration, which requires that planning efforts be underway immediately, these conditions are included in the funding recommendation.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a rapidly approaching deadline for a set of events celebrating a key milestone for a well-known regional tourism asset. A general budget was supplied without cost estimates, which will require that a plan for marketing and estimates for event production will eventually need to be provided. 25% of the required 1:1 matching funds is in hand, with the remainder to be raised in short order. It is staff's assessment that the financial viability of the project will be dependent on the ability to raise the matching funds and implementation of detailed plans that will more adequately demonstrate the effective use of the funding to support the events to honor this important asset.

Staff Recommendation: Staff recommends an award of \$80,000 contingent upon acquisition of full matching funds to support the project, provision of cost estimates/quotes and the Grant Director's approval of a detailed marketing plan.

**Virginia's Heritage Music Trail: The Crooked Road
The Crooked Road: Musical Milestones (#4199)
\$30,000.00 Requested.**

Project Summary: The Musical Milestones in Southwest Virginia project will celebrate the 20th anniversary of The Crooked Road: Virginia's Heritage Music Trail, the 50th anniversary of The Carter Family Fold, and the 40th anniversary of the Floyd Country Store's Friday Night Jamboree. A one-day celebration will be hosted at each venue to celebrate each location's anniversary in conjunction with The Crooked Road's 20th Anniversary. Commission funds will be used for performance fees and marketing expenses.

Matching Funds:

- \$30,000 – Appalachian Regional Commission (application filed)

Project Outputs:

- The Crooked Road will increase visitation to the region by 10% in 2024.
- The Floyd Country Store and the Carter Family Fold will each increase visitation by 5%.

Staff Comments:

Although the co-celebration of these multiple milestones will provide a marketing opportunity for The Crooked Road, the Carter Fold, and the Floyd Country Store there is little evidence that the celebrations will have a sustained impact on visitation to the region. For this reason, a funding request such as this is not an ideal fit for this program's tourism investment strategy. The project could be more appropriately supported through a one-time sponsorship, however TRRC does not currently have a formal procedure for requesting this type of funding. Despite the short-term impact of these events, each will celebrate significant milestone anniversaries for some of Southwest Virginia's best known tourism venues and initiatives. The creation of the Crooked Road helped spur a new focus on the region's traditional music which has continued to grow over the past 20 years. The initiative contributed to the development of a regional tourism mindset which has resulted in the development of other trail systems and destinations focused on the area's cultural heritage and natural assets. Since 2004 the Commission has provided over \$2M in support of the development and expansion of The Crooked Road and is considered to be one of TRRC's legacy tourism investments. For this reason, it is important that assistance is provided to support these events. As a condition of this support, the Commission should be included in all marketing materials associated with the event.

Financial Viability Assessment:

A review of key viability criteria for this project indicates a rapidly approaching deadline for a set of events celebrating a key milestone for a well-known regional tourism asset. A detailed budget and marketing plan was provided with the proposal. The required 1:1 matching funds have been requested from ARC. It is staff's assessment that the financial viability of the project will be dependent on the ability to obtain the matching funds.

Staff Recommendation: Staff recommends an award of \$30,000, contingent upon acquisition of full matching funds to support the project.

Extensions and Modifications

Blue Ridge Public Television, Inc.

Digital Media Content and Delivery System – Sights, Sounds, and Stories (#3602)

Approved for \$325,000 in January 2020 (\$97,211 balance)

Request for final extension

Staff Overview & Comments: This grant was approved four years ago to support the development of video content highlighting the TRRC region. The award provided support for start up operating expenses including salaries, travel, and equipment. Last year the scope of the project expanded as a result of the creation of the PBS Appalachia station. The balance of the grant is primarily budgeted for equipment purchases for the station. The requested extension will allow the grantee to complete these purchases under the current approved budget. No budget amendments, including the shifting of funds between approved line items, will be allowed.

Staff recommends the approval of a final extension through July 30, 2024.

