

FY24 Southwest Virginia Program (2nd Round)
Staff Summaries and Recommendations
March 14, 2024

The Commission received 15 applications by the March 14th, 2024, application deadline of the FY24 Southwest Virginia Program. Two additional applications, which were tabled at previous meetings, are also included in this report. The applications are grouped below by investment category. The Southwest Virginia Committee will act on these applications at its meeting scheduled for May 21, 2024, at 12:00 pm.

Agribusiness				
Req#	Organization	Project Title	Requested Amount	Recommended Amount
4153	Blue Ridge Plateau Initiative	Blue Ridge Plateau Meat Processing Facility	\$2,500,000	No Award
4238	Abingdon Feeder Cattle Association	New Beef Builder initiative	\$400,000	\$300,000
4236	Carroll County	Vacuum Cooler-Phase 2 Processing Expansion	\$204,430	\$204,430
4243	Carroll County	Webb Farms Meat Processing Facility	\$139,520	No Award
4240	Josephine Porter Institute for Applied Biodynamics	Biodynamic Production & Farmer Education Center	\$43,875	No Award
4246	Washington County	Anderson & Sons Meats and Processing	\$141,377	141,377
Business Development				
4239	Town of Pennington Gap	Pennington Gap Multi-Purpose Building Kitchen Incubator	\$515,000	Table
4245	St. Paul Tomorrow, Inc.	Deen Building Redevelopment Project	\$639,730	\$639,730
4233	Tazewell Community Foundation	Medical Office Building development and construction	\$700,000	\$450,000
Sites and Infrastructure				
4189	LENOWISCO Planning District Commission	Speculative Data Center Building at Project Intersection	\$656,416	\$656,416

4244	Industrial Development Authority of Dickenson County	Red Onion Industrial Park Development	\$848,420	\$848,420
Tourism				
4232	City of Bristol	Pre-engineering/Feasibility Study for Mendota Trail - Downtown Bristol Connector	\$70,000	No Award
4235	Friends of Southwest Virginia	Southwest Virginia Creative Economy and Tourism Development Initiative	\$250,000	\$150,000
4241	City of Galax	The Rex Theater Revitalization	\$50,000	\$50,000
4242	City of Galax	2024 TCG Galax Small Convention Center Study	\$50,000	No Award
4234	Mountain Empire Community College	Mountain Empire Community College Outdoor Amphitheater	\$250,000	No Award
4237	Round the Mountain: Southwest Virginia's Artisan Network	Southwest Virginia Artisan Marketing & Development Initiative	\$100,000	\$100,000
Total (17 requests)			\$4,402,352	\$3,540,343

Agribusiness

Blue Ridge Plateau Initiative ***Blue Ridge Plateau Meat Processing Facility (#4153)*** **\$2,500,000.00 Requested**

Project Summary: Commission funds are requested to support 50% of the estimated \$5M cost to develop a new USDA inspected meat processing facility in Carroll County. TRRC support is requested for land preparation, building design and construction, holding pen construction, slaughter and processing equipment. The Carroll County Economic Development Authority (EDA) will provide a site for the facility.

Matching Funds:

- \$275,000 - Carroll County EDA (property purchase)
- \$1,398,576 – Blue Ridge Plateau Initiative (to be provided from unnamed private and/ or government lenders)
- \$820,187 – AFID Facilities and Infrastructure Programs (application intended)

Project Outputs:

- Establishment of new, non-profit owned meat processing facility
- The facility will serve 1400 producers annually with each earning an additional \$24,000 in annual sales revenue.

Staff Comments:

This application was submitted to last year's special funding round focused on the establishment of new meat processing facilities. Staff did not recommend the project for funding however it was tabled by this committee at its October 2023 meeting. Since that time there appears to have been no substantial progress towards the development of the facility.

The October 2023 staff recommendation was based upon several factors. Although the county has committed to purchasing a site for the facility, the commitment is contingent upon BRPI having committed funds to construct the facility. This condition was documented in an updated letter of support provided in March 2024 which states that a suitable amount of acreage will be leased to BRPI if they receive full funding to develop the facility within the next 24 months. Until a site is identified, final design of the facility cannot be completed. The cost estimates provided in the 2023 application were based upon a general design completed in 2011 with cost estimates developed at that time. The application stated that the amounts had been modified "after consulting with experts in the construction field." The modified amounts appear to be the basis for the application's budget, however no documentation from third party "experts" was provided to corroborate the figures. The same approach was applied to the quotes for equipment. These quotes are from 2018. The application states that the 2011 floor plan is for reference only. A new building design, and associated cost estimates, will be required for the development of the selected site.

Because current estimates have not been provided it is not possible to calculate an accurate total project cost. Commission support for publicly or non-profit owned value-added processing facilities such as the one described in this application is limited to no more than 50% of capital (facility and equipment) costs. The \$5M total project cost presented in this application was clearly designed to justify the maximum possible award for the special funding round (\$2.5M). The special funding round was a one-time opportunity for this Committee to commit substantial funding for projects of this nature. The funding allocated for the special round has been de-obligated and added back to the Committee's general available balance. Based on the current budget, and competitive nature of the SWVA Program, it is no longer reasonable to expect that a request of this size could be accommodated for any single project. This further exacerbates the lack of any committed matching funds for the project. Should the project develop to the point that all application requirements, including final facility design, current cost estimates, and committed matching funds sufficient to complete the project, can be provided a new application may be submitted.

Financial Viability Assessment:

A review of key viability criteria indicates that while this applicant is passionate about the project, the proposal does not demonstrate that the capacity and expertise currently exists to move the project forward. There is not a meat processing provider identified for the facility, nor is there sufficient information regarding how they will obtain sufficient match to leverage the project. The budget is not appropriately scaled so that all partners are assuming equal or similar levels of risk. It is also not supported by current construction or equipment quotes. While the effort is supported by an

adequate business plan, the project is not at a stage that staff would consider viable for investment at this time.

Staff Recommendation: Staff recommends no award.

Abingdon Feeder Cattle Association
New Beef Builder Initiative (#4238)
\$400,000.00 Requested

Project Summary: Commission support is requested to conduct a cost share program to serve producers in the counties of Bland, Buchanan, Carroll, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe. The program will assist participants with the purchase of cattle handling and management equipment including chutes, scales, and alleys. These improvements ensure the safe and humane handling of beef cattle while increasing efficiencies for producers resulting in increased revenues. Commission funds will reimburse 33% of eligible expenses up to a \$5,000 per producer limit.

Matching Funds:

- \$1,204,000 – Program participant contribution (66% of purchases)
- Virginia Cooperative Extension (in-kind for grant administration and related costs)

Project Outputs:

- A minimum of 78 producers will be served by the program.
- \$3,706 average new revenue per participant

Staff Comments:

This project revisits one of TRRC's signature Agribusiness cost share programs. Between 2005 and 2014 the Commission invested over \$2M in SWVA with a goal of increasing the number of Beef Quality Assured (BQA) producers in the region. The impact of these investments continues to be realized through the Abingdon Feeder Cattle Association's VQA (Virginia Quality Assured) Marketing Program. Since 2005, 1,300 tractor trailer loads of feeder calves have been marketed, resulting in over \$10.4 million in added value. The estimated added value per calf is estimated at \$102.93. The application notes that equipping producers with appropriate infrastructure allows them to produce a value-added product. Through the proposed cost share program, region producers will be provided the opportunity to update, renew, or obtain the training required to be a BQA certified producer.

Despite the evidence that appropriate animal handling infrastructure results in a positive economic impact for producers, the cost of implementing these practices continues to be a barrier for many. According to data provided in the application, the cost of handling equipment has increased 84% since 2005. This is compelling evidence of an ongoing need for cost share assistance to decrease financial barriers to implementation. The Commission has always maintained a strong preference for not allowing producers, who have previously been served under a similar TRRC cost share program, to continue to participate in subsequent programs. Considering that some producers may have benefited from programs that were initiated nearly 20 years ago, it may be difficult to verify previous

participation although Staff believes these records do exist. Commission cost share programs are intended to encourage the implementation of new practices/ technologies rather than to subsidize current operations. The best way to ensure that the program serves as an incentive, rather than a subsidy, is to limit participation to only those producers who have not benefitted from similar programs in the past. Limiting participation to only first-time participants will likely decrease the applicant pool for this program which is able to be adequately served through a reduced award. Staff suggests an initial award of \$300K for this program. If demand exceeds available funding, a follow-up application may be submitted.

Financial Viability Assessment:

A review of key viability criteria for this indicates a viable project by an applicant with a successful history of implementing cost share programs. The required match will be fulfilled by the private investment of participants. Sustainability will be driven by the additional capacity provided by increased farm revenues. It is the staff's conclusion that this project would be a good investment for the Commission, creating positive economic impact for the participating farmers.

Staff Recommendation: Staff recommends a grant award of \$300,000. Program participation will be limited to only those producers who have not received similar cost share support through previous TRRC grants.

Carroll County

Vacuum Cooler-Phase 2 Processing Expansion (#4236)

\$204,430.00 Requested

Project Summary: Commission funds are requested to assist the private beneficiary, Virginia Produce Company, with the purchase of critical equipment required to meet the demand of a lucrative new contract. Grant funds will reimburse 25% of the cost to purchase pallet trucks, switcher truck, forklift, cooler panels, refrigeration units, and a cob saw and husker. The equipment must be on-site and operational by July 1, 2024, in order to provide adequate cooling and processing capacity for VPC.

Matching Funds:

- \$204,426 – Virginia Produce Company
- \$102,215 – AFID (application intended)
- \$102,215 – Carroll County (application intended)

Project Outputs:

- Additional cooling and processing equipment will be required.
- 2 additional region-based producers will benefit from the project.
- \$679,028 of additional direct sales revenue will be earned.
- VPC will add 12 new jobs.

Staff Comments:

This project builds upon the success of grant #4128 approved in January 2023 that assisted Virginia Produce with the installation of hydro coolers. These coolers significantly reduce cooling time and extend the shelf life of produce by an additional 5-7 days. The current application (Phase II) will result in the construction of additional coolers and the purchase of related equipment required to meet increased vendor demand from retailers such as Food Lion. The expansion of VPC's operation will result in the creation of 12 new jobs. Southwest Virginia produce growers will see an average revenue increase of 20%.

This project must be implemented within a very short window in order to be operational in time to serve the summer 2024 growing season. Commission staff first became aware of the project in early winter 2023, several weeks after this program's deadline for applications considered at the January 2024 meeting. The applicant was advised that the next opportunity to apply would likely be spring 2024, with grant approvals to be made in late May. Carroll County, VPC, and TRRC Staff have spoken several times to identify the best approach to assist this project within the Commission's funding policies. Commission funds cannot be used to reimburse expenses incurred prior to the grant's approval date (the "grant period"). Although projects such as this are best suited for fast moving incentive programs, the Commission does not currently operate an incentive program that can assist private agricultural businesses in these circumstances. In order to accommodate a July 1 completion date, VPC has already placed orders for several items to be covered within the scope of the project. In some cases, deposits have been paid to secure the orders. VPC has also begun physical improvements to their facility to accommodate the installation of the coolers and other equipment once it arrives. While Staff is very understanding of the need to proceed with these steps during the grant review period, it is critical that TRRC's policies, which require expenditures to occur within the approved grant period, be followed. Staff recommends that reimbursement be limited to 25% of payments made during the grant period. Deposits and other fees incurred prior to this date will not be included in the total of eligible expenses.

Financial Viability Assessment:

A review of key viability criteria for this indicates an exciting opportunity for an established entity with ample expertise in wholesale produce. A detailed, reasonable budget was provided with documentation of equipment costs. The required match is only partially committed at time of application, with requests intended for the VDACS AFID program and Carroll County. Sustainability will be driven by the additional capacity provided by increased revenues. It is the staff's conclusion that this project would be a good investment for the Commission for both job creation and increased competitiveness in agribusiness for Carroll County.

Staff Recommendation: Staff recommends a grant award of up to \$204,430. Reimbursement will be limited to 25% of payments made during the approved grant period.

Carroll County
Webb Farms Meat Processing Facility (#4243)
\$139,520.00 Requested

Project Summary: Commission funds are requested to assist a private beneficiary, Webb Farms, LLC, with the purchase of meat processing equipment for a proposed multifaceted business operation in Hillsville. Webb Farms plans to construct a 10,625 S.F. retail store and restaurant with the capability to process meat products on-site. The facility will provide a new market opportunity for Webb Farms to market their products and establish a new farm to table dining experience. The total development cost, including building construction, is estimated at \$4.5M. Commission funds would be used to support 25% (\$139,520) of equipment purchases (\$558,081) for the meat processing component of the project.

Matching Funds:

- \$418,561 – private funding

Project Outputs:

- A multifaceted business operation with retail, dining, and processing businesses will be established.
- 117 tobacco region producers will benefit from the facility.
- The facility will earn an estimated \$911,152 in annual sales revenue.

Staff Comments:

This is a multifaceted proposal that will result in the establishment of a new business in the Hillsville area. The proposed location is adjacent to I-77 and is well positioned to attract diners and other customers who are traveling through the area. Commission funds are requested to support 25% of finishing equipment for the yet to be established facility. For several years, Webb Farms has operated a truck-based retail operation selling beef, pork, and seafood. Sales are generated through an online website, home deliveries, farmers markets, etc. The proposed facility would provide a permanent space to allow expansion of the business.

Construction of the facility will be funded primarily through a loan from Skyline National Bank. The bank has provided a commitment to provide any funding not obtained from grant sources. An application was submitted with the USDA MPPEP (Meat and Poultry Processing Expansion Program) however a decision on that application has not been made. Until there is confidence that adequate funding is in place to construct this \$4.5M facility, it is premature for TRRC to consider a request for equipment.

Initially, Webb Farms will continue to use a slaughter facility in NC and will transport the beef to the new facility for finishing. Once the primary facility is established, the business intends to purchase a mobile processing unit intended to allow them to slaughter their own animals. The application indicates that a second application will be submitted to TRRC for assistance with the purchase of the mobile unit. It is too soon to determine if this is a feasible option that is likely to result in any measurable increase to slaughter capacity in the region. Limited information is available to document the practicality or sustainability of using a mobile unit for purposes such as this. The current application did not document how the project, during the initial stage, will result in the expansion of

slaughter and finishing capacity for the region. The application indicates that 117 new producers (baseline 0) will benefit from this project with annual direct sales revenue of over \$1M. These numbers seem generous considering the scale of the project. It appears more likely that this project will primarily benefit Webb Farms by providing a permanent location to expand their current business. Without strong evidence that the project will increase processing capacity, from slaughter to finishing, benefiting multiple producers across the region Staff is not able to determine if this project fits the objectives and outcomes required for the Agribusiness investment category.

Financial Viability Assessment:

A review of key viability criteria indicates that this project is in its very early stages for considering expansion. While appropriate match sources have been identified, no matching funds have been committed at the time of application. The outcomes of this project as proposed do not appear to increase the amount of processing capacity in the region, as the animals will, at least at this stage, continue to be processed in North Carolina. The restaurant/market concept tilts the project more toward retail. A lending solution may be a more suitable alternative for this project phase.

Staff Recommendation: Staff recommends no award.

Josephine Porter Institute for Applied Biodynamics
Biodynamic Production & Farmer Education Center (#4240)
\$43,875.00 Requested

Project Summary: Commission funds are requested to construct the Biodynamic Production & Farmer Education Center in Floyd, VA. The facility, to be owned and operated by the applicant non-profit organization Josephine Porter Institute for Applied Biodynamics. The building will consist of a 430 sq ft classroom to be used to conduct workshops and similar events onsite in Floyd. These events provide the opportunity for producers from all United States, to visit the Institute and learn about the creation and use of organic and biodynamic amendments for agricultural practices. These include soil building and compost, weed and pest control, and the ecological life of the farm. The total estimated cost for the classroom is \$87,750 with 50% requested from TRRC. A separate portion of the building will be developed for lodging to house one farm worker. This expense is not included in the scope of the TRRC application.

Matching Funds:

- \$43,875 – The Josephine Porter Institute for Applied Biodynamics (in-hand)

Project Outputs:

- A 430S.F. ft classroom will be constructed.
- 400 Virginia farmers will be served by JPI (Increase of 30 over baseline 370).
- Participants will earn an estimated \$5,000 annually in additional income (baseline 0).
- The facility owner (JPI) will earn an additional \$40,129 of sales revenue (baseline is \$309,871).

Staff Comments:

The scope of this application, to create a permanent classroom space and attached lodging, will allow the applicant to continue to host workshops and events onsite in Floyd. Due to the Institute's widespread client base, which travels to Floyd to participate in the two annual onsite conferences, there may be very modest tourism outcomes associated with this project. Because of the limited event schedule, this visitation is not sufficient to allow those outcomes to be considered in the evaluation of this project. Last year's fall and spring workshops hosted over 60 attendees each. The Institute serves 2100 clients across North America and states that 370 of those clients are in Virginia. Only 16% of the Virginia clients are based in the SWVA Tobacco Region although the percentage will increase slightly if Southern VA based clients are included. The outcomes figures that were provided, showing an increase of 30 clients, were based upon participation across Virginia. If participation follows the 16% TRRC SW region trend, only 4-5 new region-based clients will be impacted by this project. Additionally, the financial benefit to participants appears quite modest. The application estimates that participants will earn an additional \$5,000 annually, however the basis for this figure was not provided. The application noted that biodynamic farms can expect to spend less than half as much for fertilizers but will often pay more in labor costs. The primary benefit resulting from the project appears to be to JPI who will increase annual sales by \$40,000 (from baseline \$309,871 to \$350,000). Based on these factors, it does not appear that this project will positively impact a large number of region-based producers, which is a primary objective of the Commission's Agribusiness category.

Financial Viability Assessment:

A review of key viability criteria for this project indicates that is a financially viable project, with sufficient match in hand. While that is a positive attribute, the projected outcomes for regional activity do not represent an impactful return on investment by the Commission.

Staff Recommendation: Staff recommends no award.

Washington County
Anderson & Sons Meats and Processing (#4246)
\$141,377.00 Requested

Project Summary: Commission assistance is requested to support 25% of equipment purchases for a recently established Washington County, VA meat processing facility. Anderson & Son's Meats and Processing processes beef, pork, lambs, and goats in a 6,400 S.F. facility which opened approximately one year ago. The equipment requested in this application would allow the company to expand its processing capacity and to offer additional products. Doubling production capabilities from 1,500 pounds to 3,500-4,000 pounds per day would help to serve the livestock producers in Southwest Virginia. The ultimate goal is to expand the Farm to School lunch program by providing beef and pork to additional schools in Southwest Virginia.

Matching Funds:

- \$424,132 – Anderson & Sons

Project Outputs:

- Production capacity will be increased.
- Increased production of value added products.
- 3-4 new employees will be hired.

Staff Comments:

The purchase of additional equipment will allow Anderson & Sons to increase production capacity and to produce several new items such as jerkies, meat sticks, summer sausages, etc. The items will allow the business to increase its customer base while offering products with a longer shelf life. The increased capacity will allow A&S to expand participation in the Farm to School lunch program and to provide beef and pork to additional schools in the region.

While Staff is generally supportive this project and recognizes that project scope presented in the application is likely to result in a positive impact on the business's operations, there are concerns that the information provided in the application does not include the level of detail required by this program. The business plan, and related outcomes and financial information, submitted in the application lacked historical and supporting data to justify the proposed outcomes. Staff believes that the project will benefit from a formal business planning process to define both the present status of the business and to provide reliable projections for the proposed expansion. At the same time, it is important to recognize A&S's efforts to establish, and to successfully operate, the business to this point. The funds requested in this application will be the first grant assistance received by this facility which was developed entirely with private funding. The development of a formal business plan can only help this business as it continues to grow.

Financial Viability Assessment:

A review of key viability criteria indicates an established meat processing operation that is seeking growth opportunities. Match is appropriate and sufficient to leverage the project. The budget is appropriately scaled and supported by current equipment quotes. However, the project outcomes appear to be overstated in terms of the level of capacity the new equipment would provide. As such, staff recommends that a contingency be placed to require a more extensive business planning exercise to project the increased productivity's effect more accurately on company revenues.

***Staff Recommendation:* Staff recommends a grant award of \$141,377 to support 25% of new equipment purchases. This award is contingent upon the development of a formal business plan prior to disbursement of any funds.**

Business Development

Town of Pennington Gap

Pennington Gap Multi-Purpose Building Kitchen Incubator (#4239)

\$515,000.00 Requested

Project Summary: Commission funds are requested for 50% of the cost to construct and equip a new commercial kitchen space located in a multipurpose facility under development within the existing town hall building. The shared commercial kitchen space will serve as an incubator for local food entrepreneurs and related small businesses. A convention center is also planned to be developed within the facility.

Matching Funds:

- \$515,160 – USDA Rural Development (Application Intended)

Project Outputs:

- A new shared commercial kitchen space will be constructed and equipped.
- 16 businesses will benefit from the project resulting in the creation of 25 jobs.

Staff Comments:

The total cost for the multipurpose facility is \$3,950,000 which includes the kitchen space (\$1,030,000) and the associated convention area (\$2,050,000). Improvements will also be made to the Police area and Deck area. No matching funds are committed at this time however the applicant plans to make a request to USDA Rural Development for loan funding to complete the total project. This will include \$515,160 required as match to the TRRC application for 50% of the kitchen space.

This appears to be a project that is still very much under development. Until the outcome of the intended USDA-RD application is known, there are no matching funds available to complete the project. Additionally, the application did not provide evidence that the feasibility of the convention space, and related commercial kitchen, have been evaluated. A feasibility study and preliminary architectural report for a related project was provided with the application. While this report does include mention of the convention center and other work to be performed at the town hall site, it did not examine the demand for such a space. Without evidence of adequate demand for the shared kitchen space and related convention facility, it is not possible to determine the likelihood that these ventures will be sustainable. The attached operating budget indicates that revenue from rental fees (\$50,000) and support services (\$20,000) will be required to cover the estimated \$63,000 of annual expenses. The anticipated USDA-RD loan payment was not included in the operating budget.

Staff supports the Town's revitalization efforts but feel that additional information is required before a funding decision can be made. Staff suggests that this application be tabled to allow the Town to provide documentation of the demand for this facility and evidence that this demand is sufficient to sustain operations. Once this information is provided, and the outcome of the intended USDA-RD application is known, the application can be reevaluated.

Financial Viability Assessment:

A review of key viability criteria reveals a laudable idea that would appear to generate opportunities for entrepreneurship in the area. Appropriate sources have been identified for match; however, no funding is yet committed. The budget is supported by current construction and equipment quotes. At this early stage of project development, staff is unable to determine the viability of the project without additional information on funding commitments and market demand.

Staff Recommendation: Staff recommends that this application be tabled.

St. Paul Tomorrow, Inc.

Deen Building Redevelopment Project (#4245)

\$639,730.00 Requested

Project Summary: Commission funds will be used to complete funding needed to proceed with the renovation of the Deen Building located in St. Paul. The structure, built in 1921, has not occupied by an active commercial venture since the 1970s. The nonprofit applicant owns the building and plans to redevelop the space for lease to a distillery business. The project scope calls for the renovation of the original 2,550 sq ft space along with the addition of 2,700 sq ft of new space to accommodate the distillery business. A new outdoor porch/ entertainment venue (610 sq ft) will also be added.

Matching Funds:

- \$990,000 – DHCD Industrial Revitalization Fund

Project Outputs:

- Rehabilitation of 2,550 sq ft of existing business space, expansion of approximately 2,700 sq ft of new space, addition of 610 sq ft of open porch/ entertainment space.
- Location of one new business resulting in the creation of 2 new jobs and \$80,000 of new private capital investment.

Staff Comments:

The Deen Building was purchased by St. Paul Tomorrow, Inc. in 2019 with a goal of creating a leasable commercial space. In 2021, a report completed by VA Tech’s Community Design Assistance Program completed a conceptual redevelopment Plan for the property and identified the potential use for a distillery business. The project successfully secured a planning grant from the IRF (Industrial Revitalization Fund) in 2022. These funds were used to evaluate any structural issues, lead and asbestos, updated floor plans suitable to accommodate the proposed end use, as built drawings, property survey and to secure the proposed end user. In February 2023, the project was awarded a \$990,000 grant from IRF.

This project has been vetted at multiple levels since 2019. An enormous amount of planning has been conducted to reach the point where construction should be eminent. Soon after the receipt of the second IRF award, the project was bid on a design-build basis and Quesenberry’s Construction,

in partnership with Spectrum Design, was selected in May 2023. After completing design work and building stabilization in December 2023, the estimated cost to complete the project as envisioned, had risen significantly. Commission funds will be used to close the gap. Providing “last dollar” support in situations such as this, is an excellent position for this grant program. As a result of the substantial planning, and funding investments, already made in the project there is confidence that this project can be successfully completed quickly. The application estimates that the project will be complete by late 2024/ early 2025.

While this program prefers to support the redevelopment of multiuse properties, the decision to redevelop this space to serve the needs of a single business will also have the potential to have a distributed benefit to others in the region. The future tenant, C&H Solutions LLC specializes in the production and sale of high-quality distilling grains and already ships products to multiple states. The company is working closely with Appalachian Grains and plans to craft locally grown grains into a finished product. C&H has also been selected as the operator of the grain terminal under development in Norton, VA. The terminal, known as “Project Thoroughbred,” received a \$500,000 grant from the Commission in 2021.

Financial Viability Assessment:

A review of key viability criteria indicates a well-studied redevelopment project in the final stages of capital planning. Match is appropriate and in-hand. The budget is appropriately scaled and supported by current construction quotes. A prospective tenant has been identified for the building. Staff feels that this project is financially viable given its advanced development and will be a positive investment for the Commission.

Staff Recommendation: Staff recommends a grant award of \$639,730.

Tazewell Community Foundation

Medical Office Building development and construction (#4233)

\$700,000.00 Requested

Project Summary: Funding is requested to assist with the construction of a new medical office building in North Tazewell. The approximately 10,000 S.F. facility will provide space for newly recruited medical professionals to practice. Total construction is expected to cost \$4M not including A&E fees. Commission funds will contribute to the overall project cost. Upon completion, the Foundation will continue to own the building but will enter into a long-term lease arrangement with Carilion to operate the facility. When operational, the facility will house 35 employees, including six new providers.

Matching Funds:

- \$2,500,000 – USDA- Congressionally Funded Spending – application filed (decision unknown)
- \$500,000 – Town of Tazewell – application filed
- \$50,000 – Tazewell County IDA – approved
- \$750,000 – Appalachian Regional Commission – application filed
- \$50,000 – VCEDA – application intended (telemedicine equipment)

- \$50,000 – Thompson Charitable Foundation – intended
- Tazewell Community Foundation – potential loan (amount and status unknown)

Project Outputs:

- A new ~10,000 S.F. medical clinic will be constructed.
- 35 new jobs will be created with a \$2M payroll.

Staff Comments:

This application is focused on meeting a desperate need for health care providers in the Tazewell area. Twenty years ago, there were eight primary care providers in Tazewell. Currently there is one family practitioner, one pediatrician and a few nurse practitioners/ physician assistants in private practice in the community. The lack of access to local primary care providers forces residents to travel distances of an hour or more for health services. Several years ago, the Tazewell Community Foundation (TCF) partnered with Carilion Clinic to develop a strategy to recruit medical providers back to the area. Part of this long-term strategy included offering scholarships to students attending a post graduate school in a medical field with a promise that the student would practice in Tazewell upon graduation. This has created a pipeline of potential providers including 3-4 physicians and one physician's assistant who will soon be ready to locate to the community. At this time there are no suitable buildings that can house these new providers. Former physician offices have all been repurposed and are occupied by other tenants. A survey of other commercial spaces revealed none that were suitable for use as a future medical office.

The Business Development investment category is intended to support projects that focus on the implementation of strategies resulting in the creation of higher paying jobs and the attraction of skilled workers to rural localities. The Foundation's efforts to develop and implement this long-term strategy to meet a critical healthcare need appears to have been successful. The creation of 35+ jobs will add \$2M to the local economy while adding to the tax bases for both the Town and County. There is no doubt that this project will have a positive impact on the Tazewell community and could become a model for similar localities working to close similar healthcare access gaps. Although this project meets the objectives of the Business Development investment strategy, it can also be viewed as a healthcare project. Healthcare is not a stated funding priority in the Commission's Strategic Plan. Providing support for this project could create a funding precedent that will encourage future applications from similar projects. Further clarification is needed from the Commission, likely as a result of the Strategic Planning process, to determine if healthcare related projects should be supported under TRRC grant programs.

The project is proceeding on an aggressive timeline necessary to have the facility ready for occupancy by the new providers. The site was acquired in late 2023 and site work, including demolition, has already begun. These activities were paid for using the applicant Foundation's own funding. TCF has also engaged Thompson and Litton to complete A&E work necessary to begin construction. TCF is in the process of securing a construction loan which will allow construction to begin while fundraising is completed. The applicant noted that any grants received will be used to pay off the loan. Any funds not raised through grant applications can be covered using the Foundation's own assets. The lease agreement with Carilion cannot be drafted until fundraising is complete and will be based, in part, on any remaining debt. While it is understandable that TCF would like to proceed with construction as quickly as possible, this funding strategy could prove problematic for TRRC and other funders. The Commission's General Non-Eligible Uses of Funds

prohibit the use of funds for debt retirement. It is likely that other funders may have similar requirements. If this application is approved for funding, care will be needed to ensure that Commission funds are used within the limits of our Funding Policies.

Finally, the \$700K request amount is very large given the other demands of this program. The RFP for this funding round advertised an available balance of \$3M. This request, while not the largest received, represents 23% of the advertised available balance. Although there are a few requests with similar request amounts, those applications represent “last dollar” funding for the associated project. In those cases, all other funding required to complete the project is in place. In two of these examples, the Commission funding will be used to fill funding gaps which resulted from higher than expected bid results. Because this project is still in the early stages of fundraising, a smaller award that is more aligned with this Committee’s current budget and funding abilities is advised. Additionally, once operational, the facility will be revenue generating. A reduced award will be helpful in reducing the amount of debt incurred by the project with the goal of allowing TCF to develop a lease agreement with Carillion that is manageable and sustainable for both organizations.

Financial Viability Assessment:

A review of key viability criteria reveals an exceptional opportunity to support a development that would facilitate access to health care in an underserved community. Matching funds are largely uncommitted with requests pending from several potential funders. Project leader has ample experience in establishing and operating clinical facilities. The budget is supported by current construction and equipment quotes. A feasibility study performed by a leading economic analytics firm supports concludes that there is sufficient demand for the services intended to be provided. While the TCF is currently in the early stages of fundraising, staff recommends a smaller award of \$450,000, with contingencies on matching requirements and fund usage.

Staff Recommendation: Staff recommends a grant award of \$450,000, with a contingency that appropriate 1:1 match is acquired, and that grant funds may not be used for debt retirement in accordance with TRRC funding policies.

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 approved.

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, was tabled in January 2024 to allow time for AMLER to complete the review process and to issue a decision for the application that was pending with that program. The AMLER grant was approved, and the applicant is in the process of getting the award under contract. Although the contract process with AMLER can take as long as twelve months, a positive decision from TRRC would allow the applicant to begin to market the facility during the development period. There are no available sites within the LENOWISCO or the larger Lonesome Pine RIFA area that could quickly accommodate a data center project. The promise of a developed building could be a valuable recruitment tool when speaking to potential companies. The inclusion of a condition requiring the commitment of a prospect to the site prior to the release of funds will protect the Commission’s investment and ensure that the projected outcomes are achieved in a timely manner.

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 hinged on securing the AMLER funding needed for the preliminary engineering work. The viability of the project is greatly enhanced by the receipt of the AMLER support.

Staff Recommendation: Staff recommends a grant award of \$656,416 on the condition that no funds are disbursed until a prospect has committed to the site.

Industrial Development Authority of Dickenson County

Red Onion Industrial Park Development (#4244)

\$848,420.00 Requested

Project Summary: Funding is requested to assist with the development of a new 30-acre site, resulting in the creation of 3 build ready pads, each between 5 and 15 acres. Dickenson County does not currently have any available sites. Commission funds (\$848,420) will be used to close a funding gap resulting from a substantial cost increase for the project. The grant will assist with access road improvements, water line extension, gravity sewer line extension, and other related costs and contingencies. Matching funds are committed from a variety of sources.

Matching Funds:

- \$1,117,472 - Virginia Coalfield Economic Development Authority – approved
- \$859,584 – AMLER – approved
- \$1,000,000 – Appalachian Regional Commission – two \$500,000 awards have been approved

Project Outputs:

- Development of 30 acre site with 3 build ready pads.
- 3 new businesses will locate at the site creating up to 50 new jobs.

Staff Comments:

This is a well-developed project that has successfully secured multiple grants from other funding sources. The Commission is the last viable source of funding to support the development of this much needed industrial park in Dickenson County. Unfortunately, the project does not qualify for the VEDP Business Ready Sites Program due to the size of the site. The pads, while small compared to those under development in other parts of the tobacco region, are a logical fit for this locality. Despite the County’s diligent and successful fundraising efforts, rising cost estimates have presented need for additional funds in order to allow this project to proceed as planned. This “last dollar” funding position is ideal for TRRC as it guarantees that funds will be spent and the project completed within the approved grant period. The timeline presented in the application shows bidding to occur during summer 2024 with construction underway by spring 2025. Project close out is estimated for summer 2025.

Financial Viability Assessment:

A review of key viability criteria indicates a well-developed project plan in the final stages of capital planning. Match is appropriate, from varied sources, and is in-hand. The budget is appropriately scaled. Staff feels that this project is financially viable given its advanced development, secured funding and high level of community support, and a positive investment for the Commission and the region.

Staff Recommendation: Staff recommends a grant award of \$848,420.

Tourism

City of Bristol (#4232)

Pre-engineering/Feasibility Study for Mendota Trail - Downtown Bristol Connector

\$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 filed)
- \$20,000 – Dr. and Mrs. Bob Mueller (approved)
- \$4,000 – City of Bristol staff time (in-kind)

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.

A previous application for this project was submitted to this program's fall deadline. The project was not recommended for funding and was formally declined at the January 2024 meeting. Commission staff was unaware of the applicant's intent to resubmit the project to the current funding round and the current application appears to be almost identical to the first. Staff's previous evaluation of the project and staff recommendation has not changed.

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 source of the major match funding 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 (#4235)

Southwest Virginia Creative Economy and Tourism Development Initiative **\$250,000.00 Requested**

Project Summary: The funding requested in this application will support the implementation of three separate, but related, initiatives. These initiatives complement funding received through the ARC POWER 23 initiative. The funding requested for the first initiative, the Creative Economy Asset Inventory (\$50,000), will be used to support consulting services for conducting a comprehensive evaluation and assessment of the creative economy assets across the region. The second initiative will utilize funds for contractual services to develop a Digital Marketing Asset Platform (\$50,000). When complete, the platform will enable partners to access professional photographs and videography resources. The largest portion of the request is allocated to the development of the Southwest Virginia Group Tour Initiative (\$150,000). Grant funds will support a Group Tour and Sales Manager position for two years (\$80,000) as well as group tour related marketing expenses (\$70,000) including marketing materials and tradeshow booth and for registration expenses for attending national and regional motorcoach shows.

Matching Funds:

- \$290,000 – Appalachian Regional Commission (approved)
- \$40,000 – Virginia Tourism Corporation (application filed)
- \$102,000 – Friends of Southwest Virginia (approved)
- \$48,000 – Southwest Virginia Cultural Heritage Foundation/ Friends of SWVA – in-kind project management and administration support

Project Outputs:

- Development of a Creative Economy Asset Inventory & Report
- Development of a Digital Asset Platform Database
- Implementation of the SWVA Group Tour Initiative
- These activities are expected to result in 14,000 new visitors to the region with \$244,100 of associated spending.

Staff Comments:

Over the past 25 years the Commission has provided millions of dollars to support the development of a vibrant tourism economy in SWVA. As the tourism industry has grown it has become more difficult to evaluate which projects will result in meaningful outcomes for the region. Friends of Southwest Virginia is an excellent partner with a history of developing resources and programs that serve our region. Previous Commission grants have provided support for staff positions as well as funding necessary to provide those staff with the resources needed to effectively implement their

roles. TRRC grants, often matched with ARC funds, have supported previous studies to identify the region's assets. Similarly, Grant #3969, approved in 2022 allocated \$65,000 for the creation of videography and photography files which could be shared with partners across the region. While the study and digital platform proposed in the current application are new, these elements of the proposal do not appear to result in outcomes that are significantly different from those achieved under previous grants. At this point in time, and with this program's limited budget in mind, it is critical that discretion be used when evaluating projects to ensure that Commission funds are focused on new initiatives which have the highest potential to have a positive economic impact across the region.

When reviewing multifaceted proposals, it can be difficult to determine which are the most likely to result in new, measurable, project outcomes. While two of the three initiatives enhance the work that Friends of SWVA provides on behalf of the region, only one of the proposed activities appears to directly result in the attraction of new visitors to the region. The Southwest Virginia Group Tour Initiative will develop relationships with a previously underserved market. The attraction of Group Tours offers an opportunity to provide coordinated and immersive travel experience for those who may be interested in visiting the area but prefer to allow someone else to manage the arrangements. Commission support can be critical to this venture by providing the resources necessary to quickly implement a plan to attract group tours to the region. Further, the recruitment of new visitors through a Group Tour opportunity can also facilitate the development of itineraries which may include multiple stops across the region. Projects with the potential to create a regional impact are a priority for this program.

Financial Viability Assessment:

A review of key viability criteria reveals the potential to develop group tour travel to the Southwest region, which, to our knowledge, has not been undertaken in the past. Matching funds are largely committed with a request pending from Virginia Tourism for \$40,000. Project leaders have ample experience in tourism initiatives. The group tour project has the most potential to be impactful by bringing in new money from outside the region. Sustainability will be driven by the market for such travel.

Staff Recommendation: Staff recommends an award of \$150,000 to support the development of the Southwest Virginia Group Tour Initiative.

City of Galax

The Rex Theater Revitalization (#4241)

\$50,000.00 Requested

Project Summary: Commission funds will support the development of a preliminary architectural report and a business and operating plan for the Rex Theater. The Theater, a former movie theater constructed in 1940, was purchased and renovated by the Galax Downtown Association approximately 20 years ago. It is currently owned by the City of Galax and requires additional facility upgrades including expanded seating, elevator, and ADA accessible bathrooms. The facility also requires an updated business and operating plan to guide future programming and equipment needs. An economic impact study will document direct and indirect income potential for the renovated building and expanded programming.

Matching Funds:

- \$50,000 – Appalachian Regional Commission (application filed)

Project Outputs:

- A Business and Operation plan will be developed.
- A Preliminary Architectural Report will be developed.

Staff Comments:

The Rex Theater is a well-known venue that has been associated with the Crooked Road since the earliest days of the initiative. While there are over 50 “affiliate” venues along the Crooked Road’s 333 mile span, only nine can claim “major” venue status. This status provides strong evidence of the importance of the Rex Theater to not only the City of Galax, but to the larger SWVA region. Projects supported under the Commission’s tourism investment strategy must document the potential to attract visitors from national and international markets. Additionally, priority is given to projects which will result in a regional, rather than local, impact. Through its association and significance to The Crooked Road, these conditions have been met.

Although the Theater has a 20+ year track record of serving visitors to the region, it is important that both the venue, and the programming offered there, continue to provide a high level of experience for visitors. The development of a preliminary architectural report will guide decision making for facility upgrades required for the Rex to accommodate larger audiences as well as to provide a more comfortable and accessible space for visitors. Additionally, the development of an updated business and operation plan will allow the Theater to evaluate current practices and ensure that the venue continues to operate as a sustainable operation. Like numerous other live performance venues, the Rex has seen a decline in attendance over the past several years, likely the result of the Covid-19 pandemic. The completion of these plans will allow the Theater to evaluate current market conditions and develop a strategy for attracting and retaining visitors.

Financial Viability Assessment:

A review of key viability criteria reveals a few issues; however, they are surmountable. While Staff is generally supportive of this application, there is minor concern that the scope and related cost of the business and operating plan is somewhat undefined. The contractor quotes that were provided with the application are very general and lack details which describe the scope of the work or how the related estimated cost has been determined. Because Commission funds can reimburse no more than 50% of eligible third-party expenses, this concern can be addressed by adding a requirement that the TRRC Grants Director must review and approve the scope of the formal contracts to ensure that TRRC’s funding requirements, as well as proposed project deliverables, will be achieved.

Staff Recommendation: Staff recommends a grant award of \$50,000 to support up to 50% of contractual expenses. This award is contingent upon the Grant Director’s approval of the final consultant contract to ensure that the scope and associated budget are reasonable and will result in the outcomes expected from the project.

City of Galax

2024 TCG Galax Small Convention Center Study (#4242)

\$50,000.00 Requested

Project Summary: Funding is requested to conduct a market study to determine the feasibility of locating a convention center in Galax. A private developer is working with the City to redevelop the vacant and blighted Vaughan Factory complex. A 32,942 S.F. building in the complex could be redeveloped to house a small convention center. Commission funds are requested to support 100% of the cost of the market study. Matching funds from the City will be used to develop a PER for water, sewer, and roadway infrastructure for the complex. The developer will be asked to contribute \$25,000 to the project however details of that contribution were not provided.

Matching Funds:

- \$25,000 – City of Galax
- \$25,000 – Vaughan Restoration Group

Project Outputs:

- A marketing study, exploring the feasibility of a convention center, will be developed.

Staff Comments:

The redevelopment of vacant and blighted structures such as the Vaughan Complex is a positive step to revitalizing the region's towns and cities. These structures have potential to serve a variety of community needs and the public/ private partnership presented in this application is a strong indication of a shared commitment to determine the most appropriate uses for this massive complex in Galax. The development of a market study to explore one potential use of the property is a reasonable first step towards the eventual redevelopment of this particular building. Unfortunately, the project as presented in the application is not a strong candidate for Commission support.

Under this program's RFP reimbursement for planning activities is limited to no more than 50% of third-party contractual expenses. The budget presented in this application allocates 100% of the estimated cost of the market study (\$48,700) to the TRRC grant. The matching funds listed in the application are unrelated to the scope of the TRRC project. The proposed match from the City of Galax will be used for a preliminary engineering report for water, sewer, and road infrastructure needs, presumably to support the redevelopment of the entire Vaughn complex. While this information is essential to the overall project, it does not relate to the scope of the marketing study project. The private developer, Vaughn Restoration Group, will be asked to contribute \$25,000 for "marketing study additional services" although no details were provided for what these additional services are.

The application identifies this as a "public-private" partnership however it is important to note that the property is privately owned by the development group. Because the City will certainly continue to be involved in the development of the project, it is acceptable for Commission funds to be requested at this early stage to support planning activities. Commission grant funds, such as those provided through this program, may not be used to construct or renovate privately owned property. The City and the developer are aware that, due to the private ownership of the property, TRRC grant funds will not be able to support future construction phases.

Commission funding during the planning stage of projects are most approximately used for projects whose total scope result in the development of a project that fits within the limits of the Strategic Plan and funding priorities. The eventual development of a convention center does not fit TRRC's requirements for tourism projects which must document a regional impact.

Financial Viability Assessment:

A review of key viability criteria reveals a laudable idea for repurposing a building into a convention center. However, the proposal raised some concerns. Match funding is not fully secured and is not allocated toward the purpose of performing a feasibility study for a convention center. While the redevelopment of the Vaughn property and the creation of a convention center is a positive direction for the City, the impact of this project will be primarily to the local market. Staff believes this will affect the sustainability of the project going forward.

Staff Recommendation: Staff recommends no award.

Mountain Empire Community College
Mountain Empire Community College Outdoor Amphitheater (#4234)
\$250,000.00 Requested

Project Summary: Commission funds are requested to support the construction of an 1,800+ outdoor amphitheater on the College's main campus in Big Stone Gap, Virginia. The facility will provide a permanent space for large attendance events including music festivals and cultural heritage events held on the MECC campus each year. Grant funds are allocated for Phase I activities including the installation of site walls, site railing, and control booth and cable trench. Matching funds will be used to complete Phase I which is estimated to cost approximately \$2M. The project will be developed in three phases with an estimated total cost of approximately \$5.5M.

Matching Funds:

- \$1,500,000 – The Slemph Foundation - in hand
- \$407,082 – Rapha Foundation - in hand

Project Outputs:

- Completion of Phase I. Amphitheater seating and wall structures will be constructed.
- 10,000 new visitors are anticipated (baseline 10,000) resulting in \$2,500 additional revenue from ticket sales.

Staff Comments:

The development of a permanent amphitheater on MECC's campus will create a space for the College, and the Town of Big Stone Gap to hold a variety of events. These events, include the Home Craft Days Festival, Mountain Music School, and the Big Stone Gap Blue Highway Festival. Each of these events bring thousands of visitors to the campus and to the Town. Set up expenses, including staging, for these events can range in the tens of thousands per event. MECC estimated the cost of staging, tents, etc. for graduation and other large events to exceed \$50,000 per event. A

permanent location while offering better accessibility and comfort for visitors will also result in cost savings for the College and Town.

Tourism projects supported under this program's RFP must document the potential to attract visitors from national and international locations. Events such as Home Craft Days, and the Blue Highway Festival have documented visitation from multiple states and countries. While these events certainly meet the program's requirements for target markets, these events are held once annually which limits the impact of the project. Other groups and events may use the amphitheater but are less likely to result in the tourism outcomes required by this project. Projects which demonstrate the potential to attract visitors from outside the region on a regular and ongoing basis offer a higher ROI for TRRC tourism investments. The location of the venue, on MECC's campus, could also be a limiting factor as the primary outcomes, such as ticket sales and visitor spending, will be largely limited to the local market and are unlikely to have a regional impact. When considering these factors, this does not appear to be a project that is well suited to this funding program.

Financial Viability Assessment:

A review of key viability criteria reveals an exciting opportunity to add a campus amenity that could also be used by government and citizens. The proposal raised some concerns, however. While sufficient match funding has been identified, dispensation is staggered over 5 years, which could create some cash flow issues for the project. The impact of this project will be limited, as it appeals primarily to the local market for a few events per year. Staff believes this will affect the sustainability and maintenance of the amphitheater going forward.

Staff Recommendation: Staff recommends no award.

Round the Mountain: Southwest Virginia's Artisan Network
Southwest Virginia Artisan Marketing & Development Initiative (#4237)
\$100,000.00 Requested

Project Summary: Funding is requested to support the implementation of the Southwest Virginia Artisan Marketing & Development Initiative including the development of an Artisan Storytelling Marketing Campaign, the expansion of artisan galleries with pop-up displays at regional visitor centers, and the addition of an Artisan Engagement Specialist. Commission funds will be used to support the newly created Artisan Engagement Specialist position (\$50,000) for two years and for contractual services for a marketing and branding campaign (\$30,000). Activities related to the gallery expansion (\$20,000) such as prototyping, branding displays, and digital technology logistics will also be supported.

Matching Funds:

- \$77,000 – Appalachian Regional Commission – approved
- \$5,000 – Virginia Commission for the Arts – approved
- \$20,000 – Virginia Tourism Corporation – approved
- \$100,000 – Friends of Southwest Virginia/ Round the Mountain – approved
- \$19,500 – Friends of Southwest Virginia (in-kind for administration and staffing support)

Project Outputs:

- The project will result in the creation of an Artisan Engagement Specialist, the development of the Artisan Storytelling Marketing Campaign, and the development of expanded RTM market locations.
- 14,000 new visitors are expected to visit the region resulting in an increase of \$244,100 of related spending.

Staff Comments:

Since 2005 TRRC has provided approximately \$370K to support start up and expansion opportunities for RTM. The last grant closed in 2014. The organization now operates under the umbrella of Friends of Southwest Virginia and does not appear to have any dedicated staff at this time. Friends of SWVA has successfully managed the organization for several years to ensure that regional artisans have viable and lucrative opportunities to market their products. The current request will allow RTM to build upon these efforts with a renewed focus on reaching and supporting artisans while providing updated resources needed to market all that RTM offers. The project will also establish RTM affiliated artisan galleries at 2-3 regional visitor centers which will provide opportunities for artisans to display their products to new audiences. The newly created Artisan Engagement Specialist will lead these efforts.

Although TRRC provided similar types of operating support during RTM's early days, it is not reasonable to expect that marketing materials or similar assets that were developed more than a decade ago can effectively reach today's markets. Additionally, RTM and the artisans served through its network will certainly benefit from a dedicated staff member. The most compelling element of this proposal is the development of satellite RTM artisan galleries around the region. These galleries will allow artisans to sell products at multiple locations under the same system. If this initiative proves successful it could be expanded to launch satellite locations outside the immediate region.

If approved, the project will need to be closely monitored to ensure that appropriate outcomes are tracked. The potential outcomes provided in the application are general tourism outcomes and were not specific to the scope of the project. The budget may also require some editing to remove items currently listed under the marketing and promotion line item which are ineligible for reimbursement according to TRRC's funding policies. These are minor adjustments which can be approved by the Grants Director.

Financial Viability Assessment:

A review of key viability criteria bring to light an opportunity to create a more robust merchandising opportunity for area artisans. Sufficient match funding has been identified and is in hand. The project is being led by a group with ample experience in the industry. The project's sustainability will be dependent on the organization developing new markets and expanding the RTM brand beyond Southwest Virginia. It will be important for RTM to develop specific performance measures to achieve a strong return on investment for this effort.

Staff Recommendation: The Commission recommends a grant award of \$100,000 contingent upon the Grant Director's approval of an updated line-item detail budget and the development of project specific outcomes.

OTHER BUSINESS

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

Staff Overview & Comments: This grant was approved for the construction of a wireless internet System in Carroll and Grayson Counties. This system will connect to other projects underway in both counties. The grantee was confident that the project could be completed within the past year and a “final” extension through May 31, 2024, was approved last year. Commission funds were allocated for the purchase of towers which has been completed. Matching funds will pay for tower installation/ construction and that activity is not yet complete. The grantee estimates that an additional 60-90 days will be sufficient to complete installation. Allowing this small addition of time will ensure that all project activities are completed within the defined grant period.

Staff recommends a final extension until August 31, 2024.

**Grayson County
Connect Grayson (#3530)
Approved for \$325,000 in June 2019 (\$316,533 balance)
Request for extension**

Staff Overview & Comments: *This* project was approved in 2019 with a goal to serve over 5,000 premises across Grayson County through wireless services provided by Gigabeam Networks. Although Gigabeam was able to complete work in other areas of the county, the western area remained unserved due to challenging terrain and other challenges. To better address these challenges, the grantee requested, and was granted, permission to add a second last-mile vendor to deploy 5G wireless broadband services determined to be more suitable to effectively serve this portion of the County. Over the past year, the County has successfully negotiated a contract with US Cellular to design and build three high rise towers which will be owned by the county for the deployment of 5G cellular internet services. The towers will also support new 911 radio equipment. The project is underway, however site preparation at the first tower site has been delayed due to weather. The target for completion of the first tower is October 2024 with the other two sites to be developed sequentially. The updated total development cost for the three towers is \$2,145,600. The Commission grant will reimburse \$325,000 of this amount and the remainder will be paid by Grayson County. Much progress has been made over the past year and the approval of an additional extension is reasonable.

Staff recommends the approval of a one-year extension through May 31, 2025.