

Southside Economic Development Committee

May 2020

OTHER BUSINESS

Town of Brodnax

Brodnax Depot Renovation Project (#2975)

Request for budget modification and increased award amount

Staff Overview & Comments: The Commission approved a \$121,030 grant in January 2015 for acquisition and renovations to the historic 1860's railroad depot in the Town of Brodnax, located along US 58 on the western edge of Brunswick County. The Town is requesting a modification to the original grant to provide an additional \$67,000 in funding to support revised construction estimates. This project reclaims the vacant depot, renovating the 1,754 square foot facility to serve as a trailhead/restroom facility for users of the Tobacco Heritage Trail. The original award was contingent on approval of VDOT funding, which was required to be split into two phases with an amended contract for a total of \$389,139 finalized in early 2019. The Commission approved a fifth year extension in January 2019 revising the grant end date to January 12, 2021. A total of ~ \$13,223 of grant funds have been used for acquisition of the depot and for architectural design fees. There remains a balance of \$107,807 on the TRRC project account to support the renovations. During a January 2020 site visit the Town's public works staff person indicated a shortfall in the construction budget explaining that it was a near impossible amount for the Town to cover from their ~ \$100K annual operating budget. The depot is a remarkable historic property at a prominent location and the primary focus for bringing economic revitalization to this former railroad town. On the same day of the site visit, staff met with a member of the Brunswick County IDA who indicated that the Tobacco Heritage Trail parking lots near Brodnax were full every weekend. This section of trail connects to the Town of Lawrenceville only there are no bathroom facilities for 5+ miles, a common complaint of the trail users. During dialogue regarding how to proceed with the construction contract, staff suggested the Town could request an increase to the current grant, and if approved this would allow for construction of the exterior and interior to be completed. Staff notes that this is the only grant in the history of the Commission awarded to, and that directly benefits the Town of Brodnax. Detailed architectural design schematics were provided by Hill Studio. The architect made efforts to reduce the scope of work to fit available budget funding, but was never able to arrive at a functional or suitable design. The additional \$67,000 is necessary to complete the depot renovations. Given the prominent location of the historic depot and utilization of the trail by visitors, and ability of this landmark to bring economic renewal to this community, staff supports this request to complete the renovations but suggests it would be better policy to consider it during a competitive cycle, which is currently scheduled for a mid-July due date and consideration at the September Commission meeting. The current balance in the Brunswick County allocation is over \$2.6 million.

Staff recommends this request for budget modification and increasing the grant by an additional \$67,000 (for a total grant award of \$188,030) be tabled until the planned SSED round in July-September 2020.

Halifax County

Tobacco Heritage Trail - Halifax Co Ext. Phase 1 (#3148)

Current end date of May 24, 2020 – request for six month extension to Nov 24, 2020

Staff Overview & Comments: This \$200,000 grant was approved by the SSED committee in May 2016 for the Tobacco Heritage Trail extension in Halifax County. This is for the first of three phases of trail design and construction for a 3 mile trail segment from Berry Hill Plantation to Rogers Island on the Dan River. TRRC funding was approved for construction of the 1.6 miles of trail from Berry Hill Plantation to Mirey Creek. This segment connects to the existing 2.6 mile THT segment that runs from Cotton Mill Park in the Town of South Boston west to Berry Hill Plantation. A fourth year extension was approved for the May 24, 2020 end date. With the fourth year extension, delays were due to the engineering, review and approval process with the VDOT funding where two federal MAP-21 grants totaling \$394,798 are the primary source of Match for the TRRC grant. Further delays have been associated with negotiations between VDOT and the project engineer, regarding design approval and challenges meeting a minimum width requirements for a 1,600 linear foot section of trail closest to Mirey Creek. These requirements resulted in the budget exceeding available funds. At the recommendation of the VDOT program manager, a construction contract not including the 1,600 linear feet was awarded in January 2020, with construction scheduled to be completed by July 20, 2020. Staff notes the reduction in linear feet of trail is ~ one-third of the original 1.6 mile segment proposed to be completed. At the end of April 2020 construction was reported to be ~ 50% completed. The County is requesting a six month extension to November 24, 2020 to allow sufficient time for remaining construction work to be completed.

Staff recommends approval of a six month extension to November 24, 2020.

Town of Alberta

Tobacco Heritage Trail – Alberta to Danielstown – Phase 1 (#3149)

5th year extension request

Staff Overview & Comments: A \$104,066 grant was approved in May 2016 to support the minimum amount necessary to meet the Match requirement for two VDOT grants, a FY16 award for \$211,250 that had been secured and a second grant later awarded for \$185,145. The scope of the original project approved for TRRC funding provided for design of a 5.2 mile trail segment of the Tobacco Heritage Trail within Brunswick County from the Town of Alberta to the community of Danielstown, and for construction of a 0.6 mile trail segment within the Town of Alberta. The approval by the Commission was in recognizing that the focus was on advancing the larger 5.2 mile trail segment in readiness for being competitive for construction funding, with an accompanying focus on outcomes that were targeted to attracting visitors from outside the region (supporting tourism outcomes); as opposed to only a small 0.6 mile trail segment which would likely primarily serve as a local community recreational amenity (a low funding priority for the Commission). A fourth year extension was approved to May 24, 2020. Initial project delays were related to the split funding by VDOT with the second award approved in June 2018. At the time of the fourth year extension in 2019, the project administrator reported that 90% of engineering design/plans had been submitted to VDOT for review, with the Environmental Assessment underway and one of the required easements for public access also under review. In April 2020, the project administrator reported that they will have to rebid the project per discussion with the VDOT program manager,

which required the engineer to revise the bid docs/plans/estimates and send to VDOT for concurrence before they can proceed. The requirement to rebid was due to the lowest bid for the 0.6 mile trail construction being \$361,968 (26% over the \$287,420 cost estimate from the engineer). The revised bid solicitation will be for a base bid to construct a 0.6 mile gravel trail with a bid additive for paving of the 0.6 mile trail. It is estimated that the authorization from VDOT to re-advertise will be received by the end of May, with notice to proceed on the construction contract expected in August 2020. The construction is scheduled to be completed by March 1, 2021. The town is requesting a 5th year extension to May 24, 2021 to allow additional time for construction of the trail. In dialogue regarding this extension, staff inquired about the status of the two VDOT awards and whether the original scope of the TRRC project would still be accomplished. The project administrator indicated while the \$396,395 of VDOT funding was committed, that full engineering design on the 5.2 mile section was replaced with conceptual plans only in order for funding priority to be given to construction of the 0.6 mile segment. A total of \$14,690 of grant funds have been disbursed for engineering design with a balance of \$89,375 remaining on the TRRC project account. There remains \$15,212 in the approved project budget to support additional design engineering costs; with the full \$74,163.40 allocated for construction remaining. The original approval by the Commission was based on outcomes for design engineering of the larger 5.2 mile trail segment, which will no longer be accomplished as a result of this project. Previous applications to the Commission that were only for the smaller trail construction did not receive a recommendation. With these key points considered and in recognizing the apparent substantial costs for only minimal trail distance to be designed and constructed following the VDOT design protocols, staff has concerns that the tourism outcomes for which the project was originally approved are unlikely to be accomplished.

Staff recommends no further action with rescission of remaining grant funds due to outcomes not being achieved.

Prince Edward County

Industrial Access Road Phase 2 (#3145)

Current end date is May 24, 2020 -- Request for 6th year extension to May 24, 2022

Staff Overview & Comments: This \$194,485 grant from SSED was approved in May 2016 to support access road construction and site development at the Prince Edward County Business Park. A fourth year extension was approved to May 24, 2020; and the full balance remains on the TRRC project account. This funding is combined with a \$328,395 Special Projects award from September 2015, and a second SSED grant of \$49,080, for a total of \$571,960 of Tobacco Commission funding for the access road. While the plan was always for VDOT Access Road Funds to be Match for the TRRC grants, it was discovered in early 2019, that those funds had never been pursued. This has now occurred and the Commonwealth Transportation Board approved a \$650,000 award from the Economic Development Access Program in January 2020. As of May 2020, the County reports that they are bidding the engineering work and construction is expected to take eighteen months. The County is requesting an additional two years extending the grant to May 24, 2022.

Staff recommends approval of an extension to May 24, 2022.

Pittsylvania County

SVMP Site Enhancements (#3580)

Revise end date to October 10, 2026, to include the 4-year performance period

Staff Overview & Comments: This \$500,000 award approved October 10, 2019 is for site improvement costs at the privately owned Southern Virginia Multimodal Park (the former Burlington Industrials site) in the Town of Hurt on the northern border of Pittsylvania County. The award was subject to the commitment of Project Emotion to this site, and required a TROF-like performance agreement between all parties and adequate protection for the Commission's security interest. This funding commitment was included in the Commonwealth's financial incentive package offered to the company in March 2020. The project outcomes increased to 200 jobs with an average salary of \$37,000, and \$34 million private capital investment. While the grant funds will reimburse a portion of the necessary site development costs to be incurred by a private developer, who will enter into a lease agreement with the company, the County proposed that the Commission funds be disbursed in arrears following performance by Project Emotion. This provides the necessary protections of Commissions funding and assures public outcomes are accomplished. It also requires that the end date of the grant be adjusted to 2026 to include the 48-month performance period negotiated by VEDP. This project was announced on May 8, 2020 with an agreement approved by the Staunton River Regional Industrial Facilities Authority that allows Staunton River Plastics, LLC to locate to the 250,000 square foot plant to be constructed. Stanton River Plastics is a subsidiary of Rage Corporation, which operates a plant in nearby Altavista and sited the proximity to that plant, access to rail and to the area's high quality workforce as impacting their location decision.

Staff recommends approval of an extension to October 10, 2026.

Lunenburg County

Acquisition and Development New Industrial Park (#3035)

Progress report required by SSED committee

Staff Overview & Comments: This \$555,000 grant was awarded May 2015 from the Lunenburg County allocation. With the approval of a 6th year extension in June 2019, the SSED committee made the extension contingent on the award sun-setting on May 21, 2021, and with the grantee being required to report back to the committee in May 2020 with a progress update. The staff recommendation for the 6th year extension also required the County to provide a revised project budget for the balance of \$483,000 that remains on the TRRC project account. The original approval by the Commission allowed for property acquisition and site assessment, with the balance of funding allocated for site redevelopment and contractual services contingent on an end use that aligns with the Commission's Strategic Plan and program objectives. The county completed acquisition in 2016 with \$72,000 of grant funds paid for 90% of the \$80,000 purchase price. (Note: during administration of the grant and after funds were advanced, staff learned that the property was sold at public auction under a court ordered decree and purchased by the County for \$80,000 from Concept 1 Academics. The Lunenburg County IDA had given this property to this company as part of an incentive package. A previously recorded lien related to a TROF incentive had to be removed for the transfer to proceed, and all revenues from the sale were paid to Lunenburg County for delinquent taxes owed on the property, that the County IDA have given to the company.) An

implementation plan provided by the County in April 2019, indicated a desire to demolish the majority of the structures and to develop the site for small scale business and light industrial use. In February 2020, the County presented a plan to staff during a phone meeting for a parcel exchange for 5-acres at the rear of the IDA owned property to be transferred to Clark Properties, in exchange for a 3.6 acre parcel with road frontage at the front of the property that includes another old school building and is adjacent to the front of the current property owned by the IDA. At the conclusion of the February 2020 meeting, TRRC staff requested a clear delineation of the boundary for the 20.95 acres acquired with grant funds; a drawing showing the property parcels for the IRS 1031 Exchange; a conceptual layout for the proposed business park that includes the Clark parcel. This was in addition to the cost estimates for the demolition plan; and evaluation of any remediation requirements associated with the new parcel proposed for acquisition, which the County indicated they were working with Timmons on a cost estimate. None of these details have been provided to staff. The progress report required by the SSED committee is in the May 5, 2020 memo from the Lunenburg County Economic Development Director. An April 2020 email from Timmons suggests a company for sub-contracting with for certifying asbestos abatement on the new parcel proposed to be acquired (through exchange), which would be necessary for certifying the site as “clean” and ready for demolition. However, staff notes that no specific dollar amount is identified or included in the project budget for these professional services. In preparing for this update to the SSED committee, the County also shared with staff a plan and proposal dated February 27, 2020, from the Town of Victoria for a fixed price contract of \$402,000 for the site demolition work and requiring a minimum of 18 months to complete, a time frame that exceeds the May 2021 final sunset date on the grant award. Staff notes that there is not a precedent for grant funds to be used to pay locality staff for construction activities that would otherwise be contracted with a private-certified construction contractor selected through a competitive bidding process and specializing in this type of work. Such consideration for a contract with the Town is viewed as contrary to the Commission’s funding policies whereby TRRC funds cannot be used to supplant local funds; and appears to be arbitrary as there is no evidence of the Town’s qualifications to do demolition work satisfactory to meeting the specifications under a demolition plan provided by the engineer. Staff contends that any construction or demolition contract supported with grant funds is expected to be selected through a competitive bidding process managed by the A&E firm working on the project, as is the standard process for selection of a qualified contractor, and in compliance with the Virginia Public Procurement Act. Staff continues to wait for items requested during the February 2020 meeting to be provided, and for details on the scope of contracted work proposed for use of the balance of grant funds which requires approval prior to disbursement of funds.

This provides a summary required by the Committee for a progress update from the county on the current status of the grant. No Committee action is required at this time.