

SOUTHWEST VIRGINIA COMMITTEE



·In-Person Meeting·

A G E N D A

SOUTHWEST VIRGINIA COMMITTEE

**Hilton Downtown Richmond
Miller-Rhoads-Gerhart Rooms
501 East Broad Street, Richmond, VA 23219**

**Tuesday, January 7, 2025
9:00 A.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **328 396 15#**.

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 Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Suzette Patterson** at **(804) 894-9662**, **spatterson@revitalizeva.org** or **Roz Stein** at **(804) 894-9651**.

Welcome and Call to Order	<i>The Honorable James “Will” Morefield, Chair</i>
Call of the Roll	<i>The Honorable James Campos, Executive Director</i>
Approval of the <u>9/25/2024</u> Minutes (published on website)	<i>The Honorable James “Will” Morefield, Chair</i>
Public Comment	
Grant Projects	<i>The Honorable James Campos, Executive Director Ms. Sara Williams, Southwest Regional Director</i>
Extensions and Modifications	<i>Ms. Sara Williams, Southwest Regional Director</i>
Other Business	<i>Mr. Stephen Versen, Deputy Director</i>
Adjournment	

**FY25 Southwest Virginia Program
Staff Summaries and Recommendations
January 6, 2025**

The Virginia Tobacco Region Revitalization Commission received twelve applications for the September 12, 2024, application deadline for the FY25 Southwest Virginia Program, two of which were later withdrawn and will not be considered at this time. One application was tabled at the May 2024 meeting. The applications are grouped according to investment category. The Tobacco Commission’s Southwest Virginia Committee will act on these funding requests at its meeting on January 7, 2025, at 9:00 am.

Agribusiness				
Req #	Organization	Project Title	Request Amount	Staff Recommendation
4293	Appalachian Sustainable Development	ASD Agricultural Campus Phase I: Food Hub Expansion	\$610,000	\$610,000
4298	Bland County	Bland County Fairground Arena Improvement Project Phase One	Withdrawn	Withdrawn
4294	Lee County Livestock Association	Round Two: Forage Improvement Initiative for Southwest Virginia	\$145,000 \$240,000	\$240,000
Business Development				
4291	Mount Rogers Regional Partnership	Mount Rogers Region Sites and Talent Marketing	Withdrawn	Withdrawn
4239	Town of Pennington Gap	Pennington Gap Multi-Purpose Building Kitchen Incubator	\$515,000	\$515,000
4296	Tazewell County - Tourism Department	Route 16 Billboard	\$65,709	No Award
Other Economic Development				
4292	LENOWISCO Planning District Commission	SCTC / Verizon Wireless 5G Initiative	\$405,480	\$405,480 loan
4288	Virginia Coalfield Coalition, Inc.	Buchanan/Tazewell Wireless Communication Job Growth Corridor Project (460 Wireless)	\$1,401,335	\$1,401,335

Sites and Infrastructure				
4295	Lee County	Western Lee Sewer Phase I-A	\$1,000,000	\$1,000,000
4297	Smyth County Economic Development Authority	Groseclose Sewer/General Shale Infrastructure Improvements Design	\$257,450	No Award
Tourism				
4290	Town of Abingdon	Abingdon Cultural Heritage Tourism Strategic Plan: Abingdon's History is America's History	\$50,000 \$30,000	\$30,000
4299	Tazewell County - Tourism Department	Northwestern District Campground	\$25,000	\$25,000
4289	Virginia Department of Wildlife Resources	Cumberland Outdoor Access Legacy	\$500,000	\$500,000
Total (13 requests)			\$5,049,974	\$4,726,815

Appalachian Sustainable Development
ASD Agricultural Campus Phase I: Food Hub Expansion (#4293)
\$610,000.00 Requested

Project Summary: Commission funds are requested to assist with site preparation for the ASD Agricultural Campus currently under development in Bristol. The request will also support the construction of a new, 8,000 sq ft food hub facility which will serve as an additional node on ASD's distribution network.

Matching Funds:

The application lists a total of \$4,414,637 of matching funds from the following sources:

- \$2,250,000 – Wellspring Foundation - Approved
- \$75,000 – Environmental Protection Agency - Approved
- \$50,000 – Just Trust Fund - Approved
- \$1,203,137 – Anne & Gene Worrell Foundation - Filed
- \$690,000 – USDA Resilient Food System Infrastructure - Filed
- \$146,500 – Private Donors – Money in Hand

Project Outputs:

- An 8,000 sq ft food hub facility will be constructed.
- 20-30 new farmers will utilize the food hub.
- The facility will generate \$2,000,000 in annual revenue.

Staff Comments:

In January 2024, the Commission awarded \$29,435 to support planning activities associated with the development of a 17+ acre, multifaceted, agricultural campus. Those funds supported the development of preliminary engineering and architectural reports, cost estimates, and an operating/business plan. These planning activities are now complete, and the project is ready to move to the next phase of development.

Although the campus will provide space for a variety of agriculture related purposes, this request is focused on the space which is best suited to the Commission's funding priorities. The construction of a new food hub will provide new wholesaling opportunities for region farmers, many of whom do not currently have access to this type of facility. For many years ASD has successfully operated a similar facility in Duffield, VA however it is at capacity and, due to its location may not be accessible for farmers in other parts of the region. Additional nodes in ASD's supply chain include the SWVA Regional Farmers Market in Hillsville, VA as well as locations in Huntington, WV, and a pickup site in eastern KY. The proposed hub will be centrally located within the region and in close proximity to I-81. Although the hub will primarily be used for produce aggregation, the basement will provide a controlled environment for the production of high value medicinal herbs. The Commission provided two grants, totaling \$275,000 to support the development of the medicinal herb initiative.

The total development cost for the entire campus is estimated at approximately \$14M. Phase I, which includes site development for the entire property and the construction of the food hub, is estimated at approximately \$5M. A significant amount of matching funds has already been committed although these are focused primarily on the sitework element of the project. Applications are pending for the funding required to complete construction of the food hub facility. The approval of this request will add to the successes of the project's aggressive fundraising campaign and will move the project closer to completion. Under the timeline proposed in the application, Phase I can be completed in just over a year (February 2026).

Financial Viability Assessment:

The project's key strengths lie in ASD's established organizational capacity and experience operating existing food hubs. The implementation plan includes detailed milestones and comprehensive planning documents, such as a feasibility study and architectural report. Notably, the project has secured significant financial support, with 88% of the total budget coming from diverse matching funds, including federal grants and private foundations. This strong financial backing demonstrates confidence in the project's potential from multiple funding partners. It will produce positive returns on investment in less than five years, as the expansion is projected to generate \$1.4 million in new sales revenue annually for producers and agricultural businesses.

Staff Recommendation: Staff recommends a grant award of \$610,000.

Lee County Livestock Association

Round Two: Forage Improvement Initiative for Southwest Virginia (#4294)
~~\$145,000.00 Requested~~ (\$240,000 Revised Request)

Project Summary: Commission support is requested to continue a cost-share program serving farmers in Lee, Scott, Wise, Dickenson, Buchanan, Russell, Tazewell, Washington, Smyth, Wythe, Grayson, Carroll, and Bland Counties. The program assists 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 \$5,000 payment.

Matching Funds:

A total of \$737,273 of matching funds will be contributed from the following sources:

- \$10,000 – Virginia Cooperative Extension
- \$727,273 – Program participant contribution (66% of purchases)

Project Outputs:

- 48 producers will be served by the program.
- \$7,000 average new revenue per participant

Staff Comments:

In January 2024, the Commission approved \$262,000 to support the implementation of this new cost share program. The 2024 application requested \$525,000 however only half of that amount was recommended for funding. This recommendation was based on the difficulty of predicting the actual demand for new cost share programs. A reduced award was made with the understanding that, should demand for the program exceed the available funding, a subsequent application could be submitted to serve waitlisted applicants. When the current application was submitted, 29 producers were on the waitlist. Since that time, the waitlist has continued to increase. The amount of funding needed to serve those currently on the waitlist is now estimated to be \$240,000 and, with the Grant Director's permission, the application has been adjusted to reflect the increase. The strong demand for this program is an indication that cost share funding is an important resource for regional producers.

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. The equipment and infrastructure improvements associated with this cost share program result in increased profitability while increasing soil health and animal nutrition. The application estimates that the economic benefit for a farmer who increases grazing by 60 days and increases hay storage is approximately \$15,000 annually.

The funding requested in this application will allow the program to serve the 48 participants currently on the waitlist. This will be the final round of funding provided for this particular cost share program.

Financial Viability Assessment:

The initiative demonstrates strong financial viability with a 3:1 match ratio, leveraging \$727,273 in farmer contributions against \$240,000 requested from TRRC. This significant buy-in from beneficiaries enhances the program's sustainability and impact. Demand for this program is evidenced by full allocation of initial funding for the first program by August 13, 2024, with a waitlist of 29 producers. Farmers benefit through estimated annual savings of \$7,000-\$15,000 per farmer through increased grazing days and improved hay storage. The program's structure, combining financial assistance with required educational sessions, promotes long-term adoption of improved practices and positions it as a sustainable model for agricultural development in Southwest Virginia.

Staff Recommendation: Staff recommends a grant award of \$240,000.

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:

This application was submitted to the Spring 2024 funding round and was tabled at the May 2024 meeting. The recommendation to table this proposal was based on concerns related to the availability of matching funds as well as a lack of evidence for sufficient demand for this type of facility in Pennington Gap and the surrounding community. A recent project update, provided in November 2024, addresses both of these concerns. The update stated that the original total project cost, which represents the development of the multipurpose facility has been decreased from the \$3,950,000 figure presented in the application, to \$2,552,600. This reduction reflects decreases to the convention center and storage areas. The cost of the kitchen incubator remains unchanged (\$1,030,000) which includes renovation (\$780,000) and equipment (\$250,000). Commission funds will support 50% of the total cost.

The budget submitted with the application shows only \$515,000 in matching funds, which reflects the remainder of the cost to develop the kitchen space. At that time, the Town planned to submit a loan request to USDA for funding to develop the entire multipurpose facility, including the \$515,000 allocated as match to the TRRC request. A very positive update was provided regarding the availability of matching funds. A request for a congressional appropriation through the USDA Community Facilities program was submitted through Congressman Griffith's office. The Town was recently notified that these funds have been secured and will be available by August. This will leave only a balance of \$37,000 which will be covered by the Town's general budget.

Multiple letters of support from community members, organizations, and businesses were provided to document the need for the incubator. The wide range of potential users is an indication that the facility will be used consistently. Staff is satisfied with this information and believes that a positive funding recommendation is appropriate.

Financial Viability Assessment:

A review of key viability criteria reveals significant progress on securing match commitments since the May 2024 meeting. The budget is supported by current construction and equipment quotes. The proposal efficiently repurposes part of the existing town hall building, leveraging available resources. Financial sustainability is a concern, with modest projected net income in the first three years (\$6,500, \$21,500, and \$31,500 respectively), providing limited buffer for unexpected expenses. It would be prudent for the Town to include contingencies for lower-than-expected usage in its financial planning to maintain long-term viability.

Staff Recommendation: Staff recommends a grant award of \$515,000 to support 50% of direct project expenses related to the development of the kitchen incubator space.

Tazewell County - Tourism Department
Route 16 Billboard (#4296)
\$65,709.00 Requested

Project Summary: Commission funds are requested to support the installation of a billboard along Route 16. Commission funds will be used for the design, landscaping, construction, and installation of the billboard. The billboard will be used to direct travelers and tourists to the Town of Tazewell. The total cost of the billboard is estimated to be \$131,418. Commission funds are requested for 50% of this cost.

Matching Funds:

A total of \$65,709 of matching funds will be contributed from the following sources:

- \$50,000 – Shott Foundation
- \$11,855 – Tazewell County

Project Outputs:

- A billboard will be constructed along Route 16
- The project will result in a 5% increase in visitation to the Town of Tazewell
- Visitor spending will result in a 3-5% revenue increase for businesses
- The Town of Tazewell will receive an additional 3-5% in tax revenue.

Staff Comments:

The Back of the Dragon attracts thousands of motor enthusiasts to Tazewell County each year. The proposed project is intended to draw more of these visitors into the downtown Tazewell area, resulting in increased spending in local businesses. While this is a reasonable goal, the outcomes presented in the application are extremely modest. Only a 5% increase in visitation is anticipated because of this project. Under this scenario, only an additional 50 visitors per every 1,000 would visit downtown Tazewell. The increased patronage is estimated to result in only a 3-5% revenue increase for businesses. The same increase (3-5%) will apply to tax revenues. This project was submitted under the Business Development investment category likely due to its stated goal of increasing revenue for these businesses however, these estimates indicate that the project is not a strong candidate for funding under this investment category.

This project does not qualify under the Commission’s tourism investment category because it does not directly result in an increase of visitors from national or international markets. The proposed billboard will provide information to those visitors who have already decided to visit the region. These visitors have likely already researched the shopping and dining options along the Back of the Dragon route and are already aware of the associated shopping and dining opportunities. This information is readily available on websites such as Backofthedragon.com which contains a “Plan Your Trip” page.

The County plans to construct the billboard on property owned by Foxtail Orchards. Generally, projects which result in the construction or renovation of privately owned property are not eligible for support under this program’s current RFP. This project is unique in that the billboard will be owned by the County but will be located on a privately owned site. During review of the proposal, Staff requested copies of the agreements between Tazewell County, Foxtail Orchards, and Back of the Dragon related to the project. An agreement is in place between the County and Foxtail Orchards for the placement of the billboard while a separate agreement exists between the County and Back of the Dragon related to maintenance responsibilities. At the time the staff report was drafted, neither agreement had been provided for Staff’s review. Without the opportunity to review these agreements it is not possible to determine if the structure of the project, specifically the location of the structure on privately owned property, is appropriate for Commission support. With an estimated total cost of over \$131,000, this appears to be a very expensive structure that will benefit only a handful of businesses. The large project cost is due, in part, to expensive site development costs, which could indicate that this is not the optimal location for the billboard. No information was provided to explain how this site was selected or if other, perhaps publicly owned, locations were explored. Approximately \$30,000 of the total cost is required for electrical work to allow the billboard to be illuminated. Staff questions if this is a necessary component for a project given that it is assumed that the majority of tourists along this route likely travel during daytime hours. The limited economic impact described in this does not indicate that the project will generate adequate returns to justify the relatively large project cost.

Financial Viability Assessment:

The financial viability of the Route 16 Billboard project shows promise with secured matching funds, demonstrating strong local support and financial commitment. Billboards generally offer a cost-effective advertising solution with lower cost per impression compared to other media. However, the project's reliance on a single billboard may limit its overall impact and return on investment. The proposal lacks information on funding for future maintenance and updates, which could affect long-term financial sustainability. It is staff's conclusion that as presented, the project would not be a sound investment for the Commission. To enhance the project's effectiveness and address potential challenges, several recommendations can be made:

- Develop specific metrics and methods for measuring a billboard's impact on visitor numbers and local economic activity.
- Integrate the billboard into a broader, comprehensive tourism marketing strategy for greater impact.
- Create a plan for ongoing maintenance and future updates to ensure long-term sustainability.
- Explore additional low-cost, high-impact marketing tactics to complement a billboard.

Staff Recommendation: Staff recommends no award.

Other Economic Development

LENOWISCO Planning District Commission SCTC / Verizon Wireless 5G Initiative (#4292) \$405,480.00 Requested

Project Summary: Commission funds are requested for 50% of the cost for equipment required to upgrade Scott County Telephone Cooperative owned equipment located on Verizon Wireless cell towers. This equipment is necessary to facilitate the deployment of 5G cell service throughout the region. The equipment is estimated to cost \$810,960.

Matching Funds:

A total of \$405,480 of matching funds will be contributed from the following sources:

- \$100,480 - LENOWISCO PDC – Money in Hand
- \$295,000 – Verizon Wireless – Money in Hand
- \$10,000 – Scott County Telephone Cooperative – Money in Hand

Project Outputs:

- System infrastructure will be upgraded from 1G to 10G at 56 sites enabling the deployment of 5G service.

Staff Comments:

This request to upgrade SCTC equipment located on 56 Verizon Wireless cell towers will allow for the deployment of 5G coverage throughout the region. To accomplish this, the backhaul infrastructure must be upgraded from 1GB to 10GB. The 5G platform will increase the quality and reliability of the cellular network allowing for better call quality, higher download speeds, and more accurate location and emergency services. The platform will also provide a service option for locations that are not served with fiber. These locations will be able to access broadband internet speeds Verizon Wireless mobile hotspots. The towers affected by this project are located in Wise, Russell, Lee, Buchanan, Dickenson, Scott and Washington Counties

The list of eligible investment categories provided in the SWVA Program RFP no longer includes broadband as a stated funding priority. This category was removed several years ago due to the increase in funding opportunities from other state and federal programs. Unfortunately, wireless projects such as the one presented in this application, typically do not qualify for these programs. This program's RFP contains language which can allow projects that do not fit under an eligible investment category but are critical to addressing other barriers to economic growth in the region. These applications must be allowed by the Grants Director. Including this project there were two applications submitted to this funding round that are focused on increasing and improving wireless coverage in the region. Adequate cell service is generally considered to be basic infrastructure needed to serve residents, visitors, and business prospects. The installation of the equipment requested in this application will allow these areas of the region to be served with 5G, industry standard, service.

While there is little doubt that these upgrades are necessary to ensure that quality cell service is available in large portions of the region, the suitability of the project for grant support is less clear. Longstanding Commission policy requires that projects with the potential to generate revenue must be considered for loan support. The financial information presented in the application, and during the review process, indicates that these upgrades will result in significant revenues for SCTC. The estimated total annual revenue, after backhaul costs, electronics maintenance costs, and revenue sharing commitments are considered is \$811,125. Of this amount, approximately 40% is estimated to be needed for network expenses implying that as much as \$486,000 of annual revenue could be available to service a loan. Under this scenario, the portion of the equipment cost requested from TRRC could be repaid in as little as 1 year. Further analysis of this project, by a qualified loan provider, is required to determine appropriate loan terms. In this case, a referral to VRA for loan evaluation is appropriate.

Financial Viability Assessment:

The project's viability hinges on its potential to catalyze economic development in Southwest Virginia. With a proposed budget of \$810,960, including \$405,480 in matching funds, the initiative demonstrates significant financial commitment. The 24-month project timeline, spanning from October 1, 2024, to October 1, 2026, allows for a comprehensive implementation of the 5G infrastructure upgrades. However, the lack of specific economic impact metrics and job creation targets makes it challenging to fully assess the return on investment. Concerns remain about its long-term sustainability and the potential overlap with private sector investments that Verizon might be expected to make independently. Given the revenue-generating potential and private sector involvement, this project may be more suitable for loan funding rather than a grant. The improved 5G infrastructure is likely to generate ongoing revenue for telecommunications providers, potentially enabling loan repayment through future earnings.

Staff Recommendation: Staff recommends a loan of \$405,480 from the Virginia Resources Authority, contingent on loan approval.

Virginia Coalfield Coalition, Inc.

***Buchanan/Tazewell Wireless Communication Job Growth Corridor Project
(460 Wireless) (#4288)***

\$1,401,335.00 Requested

Project Summary: Commission funds are requested to support the installation of 6 new towers on VA Highway 460 which will provide continuous coverage from Grundy to Cedar Bluff. There are currently large sections that do not have service. Commission funds will be used to close a funding gap created as a result of required changes in project scope as well as the increased cost of materials.

Matching Funds:

A total of \$3,003,111 of matching funds will be contributed from the following sources:

- \$1,115,866 – Abandoned Mine Land Economic Revitalization (AMLER) Program - Approved
- \$1,000,000 - ARC - POWER - Approved
- \$250,000 –Thompson Charitable Foundation - Approved

- \$249,017 – VCEDA - Approved
- \$391,228 – VCC- In-Kind

Project Outputs:

- Installation of 6 new cell towers
- Continuous wireless coverage on Highway 460 from Grundy to Cedar Bluff

Staff Comments:

This request builds upon \$15M of previous Commission investments, provided between 2011 and 2015, which assisted with the construction of wireless towers and related fiber infrastructure in the region. The scope of the current application will result in the construction of 6 additional towers along a major transportation corridor between Tazewell and Buchanan Counties. The 460 corridor is traveled by an average of 9,600 vehicles daily although, at times, this number can nearly double. Although some sections along 460 have service there are large sections, including a 19 mile stretch between the Appalachian College of Pharmacy and the Town of Richlands. When complete, the project will provide continuous coverage between two major industrial parks, Bluestone in Tazewell County, and Southern Gap, in Buchanan County. Economic prospects visiting these sites expect to have reliable wireless service and may be deterred by the lack of coverage.

The estimated project cost was originally just over \$3M and was fully funded by the committed matching funds. Since that time, the redesign of two tower sites and the rising cost of steel and other project costs have resulted in a significant budget increase for the project. The funding requested in this application will close the funding gap and will allow the project to proceed. Under the timeline presented in the application the project will be complete in approximately one year.

Similar to the projects supported by the Commission’s previous wireless investments, there is no economic case under which a private carrier is likely to make these investments on their own. This is due to the low market demand in the affected areas. Under the structure described in the application, VCC will build the towers while the wireless carrier will be responsible for installing the radio equipment. Although utility projects are typically revenue generating, this structure does not result in significant revenues that would allow the project to be accomplished with loan funds. The carrier has agreed to locate on the tower in exchange for rent abatement for a 10-year period. This will allow the carrier to recover costs incurred for installation of their equipment on the tower. The incentive, while necessary to attract the carrier, will greatly limit revenue potential during this time. As additional carriers are recruited revenues will increase, however the success of this is difficult to predict. In this case grant funding, rather than loan, is appropriate.

Financial Viability Assessment:

Overall, the 460 Wireless project appears to be a well-conceived and financially viable initiative that addresses a critical infrastructure need in the region. The project demonstrates strong financial viability through diverse funding sources and significant matching funds. A total of \$3,006,111 in matching funds has been secured, exceeding the requested TRRC funding of \$1,401,335. The unique operating model, involving a partnership with a major wireless operator who will invest in radio equipment in exchange for rent abatement, addresses the challenge of commercial viability in a low-demand market.

Staff Recommendation: Staff recommends a \$1,401,335 grant award.

Sites & Infrastructure

Lee County

Western Lee Sewer Phase I-A (#4295)

\$1,000,000.00 Requested

Project Summary: Commission funds are requested to support the construction of a new 0.3 MGD wastewater treatment plant and to install 171,000 LF (32.4 miles) of new gravity and force main sewer lines in Western Lee County. This project will provide public wastewater service in a 20-mile economic development corridor; this includes the nation's largest vet school, 17 30+ acre parcels adjacent to US 58, and over 2,000 acres of potential industrial, agricultural, commercial, residential, and mixed-use developable lands.

Matching Funds:

The application lists matching funds totaling \$39M.

- \$4,573,313 – ARC – partial approval (includes multi-year applications)
- \$30,000,000 – United States Army Corps of Engineers – (includes multi-year applications)
- \$3,000,000 – Virginia DHCD – Pending
- \$700,000 – Go Virginia – tabled
- \$726,687 - Local

Project Outputs:

- New public wastewater system and treatment plant in western Lee County
- Increases the public infrastructure for further development

Staff Comments:

The funding requested in this application will be used to construct a public wastewater collection and treatment system in western Lee County. Commission funds will be combined with \$39M of matching funds, including \$30M from the US Army Corps of Engineers. This project has been identified as a high priority in Governor Youngkin's Accelerate Southwest Virginia initiative as well as LENOWISCO's Comprehensive Economic Development Strategy (CEDS).

The Sites and Infrastructure investment category is intended to support the projects which support the development of new and existing industrial sites. Applications submitted under this category are expected to result in the creation of new businesses and new jobs. While this project does not serve an industrial site, the application provided substantial information documenting potential growth opportunities associated with its implementation. Many of these opportunities are associated with the Lincoln Memorial University DeBusk Veterinary Teaching Center (DVTC) which will be the largest customer of the new system. The school, now the largest in the country, has proven to be an economic driver for Lee County. However additional residential, commercial, and industrial development cannot be achieved without the installation of a public wastewater system. A 115 unit housing development, to serve DVTC students and faculty, is in the planning stages. Neither this

project, nor associated new commercial and industrial development, can move forward without public wastewater service.

The program RFP states that requests which result in the construction of this type of infrastructure will only be recommended for loan funding. Generally, a grant will only be considered when there is compelling evidence that the resulting revenue will not be adequate to service the debt. This application notes that the wastewater system will be over 90% grant funded. Without commitments from all reasonable funding sources, including the Commission, this project cannot be completed. This is well documented in the Preliminary Engineering Report provided with the application. The financial information provided in the PER, which does not include any debt service, illustrates the project's dependence upon serving not only the DVTC campus but also LMU's main campus in Harrogate, TN. These campuses are expected to supply approximately 80% of the water flow to the treatment plant. The revenue associated with these two customers is essential to the project's ability to meet the financial demands of the system. This further illustrates the DVTC's critical role in promoting economic growth in western Lee County. Due to the very unique nature of this project, which is essential to allow continued educational, residential, agricultural, commercial, and industrial growth in one of the most rural parts of the region, a positive recommendation for grant funding must be provided.

Financial Viability Assessment:

The project's total budget of \$40 million relies heavily on a diverse funding structure, with the Tobacco Region Revitalization Commission (TRRC) request of \$1 million representing only 2.5% of the total cost. While this high leverage ratio is impressive, with \$39 in matching funds for every \$1 requested from TRRC, some financial uncertainties remain. The U.S. Army Corps of Engineers has committed \$30 million (75% of the budget) to be authorized over three federal fiscal years, demonstrating strong federal support. However, several other funding are still pending approval, which may delay immediate financial viability until those decisions are known. As far as match is concerned for TRRC funding, the match from the federal source more than meets the 1:1 requirement, and the outlook for moving forward with the project is good.

Staff Recommendation: Staff recommends a \$1,000,000 grant award.

Smyth County Economic Development Authority
Groseclose Sewer/General Shale Infrastructure Improvements Design (#4297)
\$257,450.00 Requested

Project Summary: Commission funds are requested to support 50% of the cost associated with engineering and design services for a sewer line extension to serve the former General Shale site and the adjacent Route 11/I-81 Exit 54 interchange area. Funds would be used to fund preparation of plans and specifications and securing regulatory permits needed prior to construction of the sewer improvements.

Matching Funds:

- \$257,450 – Smyth County - Approved

Project Outputs:

- Engineering and design will be completed.
- Regulatory permits will be secured.

Staff Comments:

This request, to assist with engineering and design services related to a future sewer line extension for the Groseclose area of Smyth County, will serve 72 existing residences and 8 existing businesses. This location was identified as a high priority area in the 2023 Southwest Virginia Comprehensive Sewer Study. The total estimated project cost, including the construction phase, is \$6,337,600. Smyth County has received a funding commitment from Virginia Department of Environmental Quality's VWFRRF funding program for the full project amount. This funding offer would consist of a \$4,436,320 loan and \$1,901,280 of principal forgiveness. The application noted that a future application is anticipated to the Commission for assistance with construction in order to reduce the amount of the DEQ loan.

In the SWVA Program RFP, infrastructure projects are eligible to receive grant assistance for up to 50% of planning related expenses. Assistance during the construction phase of the project is limited to loan funding, due to the revenue generating nature of these projects. Additionally, infrastructure projects should support the development of industrial sites with the goal of increasing the marketability of these sites for future economic development prospects. All projects submitted under this investment category should document the potential to result in the creation of new jobs and private investment. Because this project will serve primarily residential users, the potential for the project to result in new private investment is limited. The preliminary engineering report submitted with the application estimates that the total potential sewer flow for this service area is 30,590 GPD. Of this amount, 18,000 is attributed to residential users. Commercial customers, including a restaurant, motel, gas stations, vehicle service centers, and a church will use 11,865 GPD. The application notes that these users are not able to expand due to the lack of public sewer however, no documentation describing any specific or immediate expansion plans was provided. Only two percent (625 GPD) of the anticipated flow can be attributed to an industrial user, the current tenant of the former General Shale property, Musser Biomass and Wood Products, LLC. No documentation was provided to indicate that this business needs additional sewer capacity or plans to expand operations at that location. Additionally, no information was provided to describe an active effort to market this site, which is presumed to be privately owned and not under the control of the County, to other industrial users. Without compelling evidence that this project will result in new business opportunities or related jobs within the service area, this project does not meet the RFP's criteria for the Sites and Infrastructure investment category and cannot be recommended for funding.

Financial Viability Assessment:

The project faces significant financial hurdles, with its \$6,337,600 cost requiring substantial grant funding to be viable. Initial projections indicate customer revenues will not cover operating expenses and debt service without either 82.6% grant funding or significant new customer growth. The financial model's heavy reliance on future growth creates uncertainty, as the projected revenue stream depends on attracting new customers to the service area. These challenges underscore the need for a robust funding strategy and careful financial planning to ensure the project's long-term sustainability.

To enhance the project's viability, several key recommendations should be considered:

- Aggressively pursue maximum grant funding from sources like USDA-RD and DEQ-CWSRF to address the high initial cost and operating revenue shortfall.
- Implement a phased approach to reduce upfront expenses and allow for revenue growth before expansion.
- Secure commitments from potential commercial/industrial customers, particularly at the former General Shale site, to strengthen the case for economic development-related funding.
- Conduct a detailed analysis of the proposed rate structure to ensure it covers costs while remaining affordable for residents.
- Explore additional funding sources, such as the Appalachian Regional Commission, to further reduce the loan burden and improve long-term financial sustainability.

Staff Recommendation: Staff recommends no award.

Tourism

Town of Abingdon (#4290)

Abingdon Cultural Heritage Tourism Strategic Plan: Abingdon's History is America's History

~~\$50,000.00 Requested~~ (\$30,000 Revised Request)

Project Summary: Commission funds are requested for contractual expenses associated with development of the Abingdon Cultural Heritage Tourism Strategic Plan. This plan will address historical sites in Abingdon that have influenced local and national history but are currently underutilized. The plan will prioritize necessary repairs, upgrades, and long-term stewardship for these structures.

Matching Funds:

- \$30,000 – Town of Abingdon (cash)

Project Outputs:

- The Abingdon Cultural Heritage Tourism Strategic Plan will be developed.

Staff Comments:

The Town of Abingdon is well known for its numerous cultural and historic assets. Due to its well-known attractions such as Barter Theater, the Creeper Trail, numerous restaurants, etc. the Town is already a tourism hub for the greater Southwest Virginia region. The proposed plan will build upon that reputation and success to outline a comprehensive strategy focused on historical assets including the Abingdon Muster Grounds, The Meadows White House, Sinking Spring Cemetery, Field's Penn (Visitor Center), Depot Square, and the Historic District. This plan will be used to capitalize on the upcoming 250 Anniversary national celebration and highlight Town locations related to the Revolutionary War. Additionally, the Town currently owns several historical structures which are in disrepair. The strategic plan will provide a site analysis to determine the best path forward for these locations.

Given the large number of historical assets in and around the Town, the development of a strategic plan is a reasonable step towards a comprehensive development strategy. A quote from Hargrove International provided with the application estimates describes a scope of work that includes the strategic plan (Phase 1) as well as related feasibility study, economic impact analysis, and a business and operating plan (Phase 2). The Hargrove quote estimated that Phase 1 would cost \$35,000-\$60,000 and Phase 2 \$50,000-\$75,000. These estimates are quite broad and are difficult to align with the \$100,000 total project cost presented in the application. The applicant clarified that the total project cost represented a mixture of Phase 1 and Phase 2 activities and that a procurement process would be followed to select the consultant for the study.

Commission support for planning grants is limited to no more than 50% of third-party contractual expenses. Only half of the matching funds presented in the application are budgeted for the consultant fee while the remainder were budgeted for a variety of in-kind expenses including Town staff time, volunteer time, space rental, etc. The total of these expenses exceeded the Commission's

strict policy which requires that no more than 25% of matching funds be “in-kind”. During review of the proposal, TRRC Staff reminded the applicant of the funding limits outlined in the RFP and requested a revised budget. In response, the Town agreed to reduce the request amount to \$30,000. This reflects a total project cost of \$60,000 for third party contractual expenses.

Financial Viability Assessment:

The financial structure of the project demonstrates a solid foundation, with a total budget of \$60,000 equally split between the requested grant and matching funds. The town's commitment is evident through its cash contribution, creating a 1:1 match with the requested funds from TRRC. This balanced funding approach not only showcases local investment but also potentially increases the project's appeal to grantors. The phased approach allows for financial flexibility and reassessment, potentially mitigating risks associated with larger, upfront investments. The application could benefit from more detailed projections on the expected economic impact and a clearer plan for funding the implementation of strategies developed through this planning process.

Staff Recommendation: Staff recommends a grant award of \$30,000 for no more than 50% of third-party contractual expenses related to the development of the Abingdon Cultural Heritage Tourism Strategic Plan.

Tazewell County - Tourism Department
Northwestern District Campground (#4299)
\$25,000.00 Requested

Project Summary: Commission funds are requested to support a feasibility that will assess potential locations for a new, County owned, campground. The Northwestern District Campground Site Selection Feasibility Study will evaluate site viability based on factors such as accessibility, environmental impact, and infrastructure needs. The estimated total cost of the study is \$50,000 with this amount to be split evenly between TRRC and matching funds.

Matching Funds:

- \$25,000 – Tazewell County, money in hand

Project Outputs:

- The Northwestern District Campground Site Selection Feasibility Study will be completed.

Staff Comments:

Tazewell County, among other localities in the region, has seen tremendous increases in tourist visitation as a result of Spearhead Trails and other outdoor recreation opportunities. Although some privately owned lodging options have been developed, some areas of the County remain unserved. The feasibility study proposed in this application will examine the potential for a campground located adjacent to the Jawbone Jeep Trail. This trail, which also connects to Buchanan County, is expected to result in significant tourism related economic growth for the area. This potential is limited due to the lack of lodging options required for overnight visits and extended stays. The study will be used to determine the optimal location for the campground and guide its future development.

Financial Viability Assessment:

The \$50,000 budget for the feasibility study is evenly split between TRRC and Tazewell County, with each contributing \$25,000. This equal distribution demonstrates strong local commitment and financial support. The entire budget is allocated to contractual services for the site selection and feasibility study, with a detailed scope of work provided by Thompson & Litton, Inc. justifying the expenditure. The project's timeline is relatively short, spanning from February 1, 2025, to March 31, 2025, which suggests an efficient use of resources and a focused approach to completing the study

Staff Recommendation: Staff recommends a grant award of \$25,000.

**Virginia Department of Wildlife Resources
Cumberland Outdoor Access Legacy (#4289)
\$500,000.00 Requested**

Project Summary: Commission funds are requested to help secure a public access easement in Buchanan, Dickenson, Russell and Wise Counties. This will be the largest open space conservation easement ever recorded in Virginia. Cumberland Forest Limited Partnership (CFLP) owns more than 150,000 acres and offered DWR a public access easement across all this acreage. The DWR identified about one third of this surface estate as high priority. These parcels offer a variety of outdoor recreational opportunities including hunting, fishing, wildlife viewing, boating (paddling), hiking and trail riding.

Matching Funds:

The application lists matching funds totaling \$11,125,000.

- \$1,000,000 – Virginia Land Conservation Fund - Approved
- \$2,750,000 – AMLER Grant - Approved
- \$5,250,000 – U.S. Fish and Wildlife Service – Approved
- \$1,000,000 – CNX Foundation – Filed
- \$25,000 – On X – Filed
- \$500,000 – R.K. Mellon Foundation – Application Intended
- \$600,000 – National Fish and Wildlife Foundation (NFWF) – Application Intended

Project Outputs:

- A perpetual public access easement will be secured for 150,000 acres.
- Visitation will increase from 250,000 to 275,000 annually (25,000 increase).
- Direct revenues will increase from \$2,400,000 annually to \$2,640,000 (\$240,000 increase).
- Visitor spending will increase from \$30,000,000 to \$33,000,000 (\$3,000,000 increase).

Staff Comments:

The funds requested in this application will be matched with over \$11M of other federal, state, and private funding to secure a permanent public access easement for over 150,000 acres in Buchanan, Dickenson, Russell, and Wise Counties, in collaboration with Cumberland Forest Limited Partnership (CFLP). This easement will be the largest open space conservation easement in Virginia. The territory will be equal to or larger than approximately 25 percent of US National Parks and will effectively triple the acreage available at Breaks Interstate Park. The acquisition will ensure that this acreage remains available for usage for a variety of outdoor recreation opportunities including hunting, fishing, hiking, paddling, and wildlife viewing.

The Southwest Virginia RFP requires that projects supported under the Tourism investment category document the potential to attract new visitors from national and international markets. The application strongly documented this potential and provided very impressive data to support both the current and future economic impact of these opportunities. Among these is the growing interest in elk viewing tours offered by Breaks. Since 2021, visitors from 33 states and 2 foreign countries have participated in these tours. The area also includes the Pound and Russell Fork Rivers, which provide world-class paddling and fishing opportunities. Multiple motorized and multi-use trails for hiking, biking, and horseback riding are available under the management of Spearhead Trails. These trails are already available for public use through management agreements with CFLP.

Although it is unusual for the Commission to provide grants to other agencies, VDWR is an eligible applicant. The acquisition of this public easement is a positive step towards the establishment of the region as a premier outdoor recreation destination. These opportunities already draw over 250,000 visitors to the region each year, resulting in a \$30M economic impact. This impact is likely to continue to grow through DWR's acquisition and management of this public access.

Financial Viability Assessment:

The project demonstrates impressive financial leverage, with \$11,125,000 in matching funds against a \$500,000 TRRC request, resulting in a favorable 22:1 match ratio. This substantial buy-in from other funding sources is further enhanced by the potential to leverage additional federal funds at a 3:1 match. Long-term sustainability is supported by existing revenue streams, such as the \$2.4 million in annual direct revenue from Breaks Interstate Park and \$11.2 million spent by Spearhead Trail users in FY2017-2018. The perpetual nature of the proposed easement, combined with established funding sources for ongoing management, indicates strong potential for long-term financial viability.

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

OTHER BUSINESS

Lee County Livestock Association

Grain Production Initiative for Far Southwest Virginia (#3689)

Approved for \$127,500 in January 2021 (\$127,500 balance)

Request for one-year extension

Staff Overview & Comments:

This grant was approved in 2021 to support a cost share program to support the development of a grower network to supply the Project Thoroughbred grain terminal project. The approval contained a contingency which prevented the cost share program from accepting applications until a contract for the construction of the grain terminal was awarded. The contingency also required a written confirmation that the scope of Project Thoroughbred had not changed in a manner that would affect the demand for barley. Several months ago, TRRC staff learned that construction of the terminal would not proceed and that a mobile option would be explored. As a result, the cost share program is no longer needed.

A change in scope for this grant was approved in November 2024 to allow these funds to be used to support costs associated with transporting donated hay to the region to assist farmers impacted by Hurricane Helene. Due to the immediate need for funding, the best avenue through which TRRC could assist was through the modification of an existing grant. Commission funds will reimburse the Lee County Livestock Association for transportation costs. The grant will be matched with funding provided by Farm Bureau, Virginia Cattleman's Association, and private donors. The value of the donated hay will also be documented as in-kind match.

Staff recommends the approval of a five-month extension through June 1, 2025.

Blue Ridge Discovery Center, Inc.

Blue Ridge Discover Center Visitor Center (#3696)

Approved for \$175,000 in January 2021 (\$175,000 balance)

Request for one-year extension

Staff Overview & Comments:

Commission funds are approved to support the renovation of the Visitors Center located at the Blue Ridge Discovery Center. The project has been delayed because of additional requirements associated with federal funding. Once the required environmental and architectural reviews have been completed, the project will be bid and a contractor selected.

Staff recommends the approval of a one-year extension through January 2026.

Lonesome Pine Regional Industrial Facilities Authority
Project Thoroughbred (#3737)
Approved for \$500,000 in May 2021 (\$487,000 balance)
Request for change in scope and extension.

Staff Overview & Comments:

Commission funds were approved to support the purchase of processing equipment for the Project Thoroughbred grain terminal project. When the grant was approved the estimated total cost was \$2.5M with the majority of construction funding supported through an AMLER grant. Since that time project costs have increased substantially resulting in a revised construction estimate of \$3M. As a result, the RIFA has determined that a permanent facility is no longer feasible. A mobile processing system is now proposed. The system is designed to provide on-site processing of small grains scaled to serve approximately 10 growers each growing 10 acres during the first year. An additional 10 growers could be added each year. The RIFA plans to lease the system to a local small grain operator, C&H Milling. No details were provided about the terms of this lease although the project update does acknowledge TRRC's security interest in the equipment.

The mobile system, including a flat bed truck, auger/belt lines, hammer mill, cleaning and bagging units, and solar-powered aerators, is expected to cost \$734,000. Commission funds will continue to be used for 50% of equipment costs. Matching funds will be requested from GOVA and ARC. The balance of Commission funds not required for equipment purchases are requested to support start up operating costs however no details were provided for this expense. If the change in scope is granted, an updated line-item budget, with budget narrative, will be required for Staff's approval.

The modification of this project from a permanent processing center to a mobile system represents a significant change to the project scope approved in 2021. Despite this the intent of the project, to develop a network of small grain growers in the region, has not changed. Although additional information including an updated operating plan, draft lease agreement, and detailed budget must be approved prior to disbursement of funds Staff is supportive of this change. A grant extension, through January 2026 will provide adequate time for matching funds to be acquired.

Staff recommends the approval of the proposed change in project scope to support up to 50% of the cost of a mobile grain processing system contingent upon Staff's approval of a detailed budget, updated operating plan, and lease agreement. The grant will also be extended through January 1, 2026.