

**SOUTHWEST VIRGINIA
COMMITTEE**



• *In-Person Meeting* •

AGENDA

SOUTHWEST VIRGINIA COMMITTEE

The Bristol Hotel

115 Country Music Way, Bristol, VA 24201

Tuesday, May 20, 2025

11:00 A.M.

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **800 384 124#**.

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: **Warren Bryson** at (804) 894-9659, wbryson@revitalizeva.org or **Roz Stein** at (804) 894-9651.

Welcome and Call to Order

The Honorable James “Will” Morefield, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Approval of the 1/7/2025 Minutes
(published on website)

The Honorable James “Will” Morefield, Chair

Public Comment

Grant Projects

The Honorable James Campos, Executive Director
Ms. Sara Williams, Southwest Regional Director

Extensions and Modifications

Ms. Sara Williams, Southwest Regional Director

Other Business

Mr. Stephen Versen, Deputy Director

Adjournment

**FY25 Southwest Virginia Program – 2nd Round
Staff Summaries and Recommendations
May 20, 2025**

The Virginia Tobacco Region Revitalization Commission received thirteen applications for the February 27, 2025, application deadline for the FY25 Southwest Virginia Program – 2nd Round. One application was tabled at the January 2025 meeting. The 14 applications are grouped according to investment category. The Tobacco Commission’s Southwest Virginia Committee will act on these funding requests at its meeting on May 20, 2025, at 11:00 am.

Req #	Organization	Project Title	Request Amount	Staff Recommends
Agribusiness				
4337	Abingdon Feeder Cattle Association	New Beef Builder Initiative Phase 2	\$500,000	\$500,000
4340	Lee County Livestock Association	Virtual Fencing Systems: Pilot for Southwest Virginia	\$107,000	\$107,000
4336	Russell County Industrial Development Authority	Planning Grant for Large Animal Veterinarians in Southwest Virginia Incentive Program	\$20,000	\$20,000
4341	Tazewell County IDA	Ponderosa Revision	\$350,000	\$350,000
4349	Town of Tazewell	Clinch River Pavilion and Farmers Market (Phase 1)	\$296,500	Table
Business Development				
4351	Carilion Tazewell Community Hospital	Ensuring access: Preventive care for a healthier workforce and economy	\$287,745	No Award
4334	Mount Rogers Regional Partnership	Reaching New Foreign and Domestic Markets	\$104,200	\$104,200
4296	Tazewell County - Tourism Department	Route 16 Billboard	\$65,709	No Award

Sites and Infrastructure				
4350	Scott County Economic Development Authority	Pioneer Center Roof Replacement	\$140,000	\$140,000
4328	Virginia Highlands Airport	Westside Development - Phase II (Additional Funding)	\$25,000	No Award
4343	Washington County	Lots 6 & 7 - Highlands Business Park	\$60,854	\$60,854
Tourism				
4352	Blue Ridge Parkway Foundation	Enhancing Tourism Infrastructure at the Blue Ridge Music Center	\$130,000	\$130,000
4353	City of Galax	Rex Theater Lighting, Sound, and Accessibility Improvements	\$300,000	\$300,000
4332	Town of Hillsville	Town of Hillsville Annual Flea Market and Antique Show	\$750,000	\$325,000
Total (14 requests)			\$3,137,008	\$2,037,054

Agribusiness

Abingdon Feeder Cattle Association New Beef Builder Initiative Phase 2 (#4337) \$500,000.00 Requested

Project Summary: Commission funding is requested to continue a cost share program to serve beef producers in the counties of Bland, Buchanan, Carroll, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe. This program will be used to help fund 100 producer applications with the purchases of chutes, scales, alleys, and other equipment to assist the producers in the safe and humane handling of beef cattle. Commission funds will reimburse 33% of eligible expenses up to a \$5,000 per producer limit.

Matching Funds:

- \$1,470,000 – Program participant contribution (66% of purchases)
- \$10,000 – Virginia Cooperative Extension (in-kind for grant administration and related costs)

Project Outputs:

- 100 producers will be served by the program.
- \$3,706 average new revenue per participant

Staff Comments: In May 2024, the Commission approved grant # 4238 to support the implementation of this cost share program. That application, which requested \$400,000, was approved for a smaller amount (\$300,000) which has now been allocated. The current request will allow the 100 producers currently on the program’s waiting list, to be serviced. This cost share program revisits similar cost share programs implemented in the SW region over the past 20 years. The reduced award recognized the Commission’s long-standing policy of supporting cost share programs with the potential to incentivize the implementation of new practices/ technologies. As a result, participation in the current program was limited to only those producers who had not previously received similar cost share support through prior TRRC grants. The first round of funding supported 78 cost share applications

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 continuation of this program, additional regional producers will be provided the opportunity to update, renew, or obtain the training required to be a BQA certified producer.

Financial Viability Assessment: A review of key viability criteria for this project indicates a viable project managed by an applicant with a successful history of implementing cost share programs. The required match will be fulfilled by the private investment of participants. The Commission investment will be matched 3:1.

Staff Recommendation: **Staff recommends a grant award of \$500,000 to support a second, and final, funding round for this cost share program. Participation will be limited to only those producers who have not received similar cost share support through previous TRRC grants.**

Lee County Livestock Association

Virtual Fencing Systems: Pilot for Southwest Virginia (#4340)

\$107,000.00 Requested

Project Summary: Commission funds are requested to support the implementation of a virtual fencing demonstration program. The demonstration program will allow region farmers to

determine if the new technology can benefit their practices. Virtual fencing enables farmers to increase their profitability through intensive grazing strategies and better land management. With limited to no research or utilization of virtual fencing currently in the region, Extension agents will monitor the project to determine any potential issues and provide workable solutions. Eight units will be purchased with demonstration projects to be implemented in eight counties (Lee, Wise, Scott, Russell, Bland, Wythe, Grayson, and Carroll).

Matching Funds:

- \$12,000 – In-Kind - Committed
- \$30,000 – Slemp Foundation – Filed
- \$30,000 – Matthews Foundation – Approved
- \$50,000 – Soil & Water Conservation Districts, Farm Bureaus, and County Governments – Filed
- \$15,000 – Lee County Community Foundation - Filed
- \$40,000 – Virginia Cooperative Extension - Approved

Project Outputs:

- Implementation of virtual fencing demonstration project
- 20 regional farmers will participate.
- \$9,500 of additional revenue will be earned per participant.

Staff Comments: Commission funds are requested to support a demonstration project validating the use of virtual fencing systems in the region. Virtual fencing is a new technology that allows for more flexible land management, reduced infrastructure, and labor costs compared to traditional fencing. Virtual systems can replace interior fencing used for rotational grazing. They do not replace perimeter fencing. Although these systems are relatively low cost compared to traditional fencing, the technology is fairly new. The proposed pilot project will demonstrate the use of these systems within the SWVA region and will provide farmers with the opportunity to determine if it could be beneficial to their practices.

Although new to Virginia, virtual fencing has been successfully implemented in other parts of the nation and world including Oregon, South Dakota, New Mexico, Australia, and New Zealand. In those cases, the efficiency of the systems' usage for management on large tracts of land was documented. The technology is expected to be very effective in this region's mountainous terrain which often make traditional fencing challenging and expensive. The application notes that traditional fences for rotational grazing systems in SWVA typically cost between \$25K-\$100K. Traditional systems also require regular maintenance and are prone to damage by weather events. The demonstration project will allow producers to see the technology at use in the region.

The demonstration project will include two types of fencing systems, Base station (GPS) and cellular. Both types of systems use collars to warn the animal that it is approaching a unit. Initially a warning sound is emitted. If the animal continues towards the boundary, a mild shock (about 1/10 the strength of a traditional electric fence) is given. Livestock typically adapt to the system within 2-4 days. Base station systems are used when cell service is not available or is not sufficient. These GPS based units are mounted on small trailers and allow for 50 acres of coverage. The trailer allows the units to be moved as needed, to support rotational grazing.

Cellular systems do not require a base station but instead use available cellular networks to communicate with collars. Collars can use either solar charging systems or lithium batteries.

Commission funds will be used to purchase a trailer and base station for a GPS system. These systems require that collars are leased. Collars will be purchased for cellular based systems. At the end of the demonstration project the units may be leased to producers for short periods of time to help them make a final determination about investing in a system. The details of this are not fully developed. Commission Staff will monitor these plans throughout the grant process to ensure that TRRC's asset management policy is followed.

Financial Viability Assessment: A review of key viability criteria for this project indicates a viable project managed by an applicant with a history of implementing cost share programs. Matching funds are not fully committed however applications are outstanding with multiple organizations which provides confidence that the match requirement will be successfully met.

Staff Recommendation: Staff recommends a grant award of \$107,000. This award is contingent upon documentation of the availability of are required matching funds prior to the disbursement of the grant.

Russell County Industrial Development Authority (#4336)
Planning Grant for Large Animal Veterinarians in Southwest Virginia Incentive Program
\$20,000.00 Requested

Project Summary: Commission funds are requested to support 50% of the cost to design a facility intended to house a large animal veterinary practice. The publicly owned facility will be used to attract new large animal veterinarians to Russell County.

Matching Funds:

- \$20,000 – AFID – Application Intended

Project Outputs:

- Design of potential large animal veterinary facility

Staff Comments: This application presents a creative approach to addressing the critical shortage of large animal veterinarians serving the region. The planning grant will be used for design and planning expenses for the development and construction of a large new “haul-in” large animal veterinary facility. It will be constructed on a small parcel of available land in a County owned industrial park with good road frontage. Locating the facility on this site reduces the overall development cost due to the large amount of existing infrastructure already in place, while also making good use of a parcel likely too small to host a manufacturer.

This project is part of a larger effort underway to address the shortage of large animal veterinarians serving the region. The planned facility directly addresses major barriers faced by new vets coming to the area. Since it will be publicly owned, prospective vets will benefit from

affordable lease rates and not have to deal with the major debt and time commitment it would take to build their own facility. Additionally, the facility is being purpose built to enable producers to haul their animals in to the facility for treatment, rather than requiring vets to make the often long and costly visit to their farm. While farm visits will remain an important part of a vets business, this “haul-in” option can help small producers get vet service quickly. Many vets also prefer working from such facilities because they can make more efficient use of their time, see more clients, and importantly, do this work in a safer environment.

Because the structure must be suitable for veterinary use, it is important that proper planning and design occur to ensure that all facility requirements are considered. Once complete, the facility will be used to attract one or more veterinarians to use the facility, as it will serve as an excellent training ground for new veterinarians, helping them get established in the region where they may eventually open up a practice of their own. The IDA will maintain ownership of the facilities, building and equipment. Participating veterinarians will lease the facilities through a triple net lease.

A follow-up application, requesting assistance with construction and equipment costs is expected. Staff is very supportive of this innovative and needed effort and recognizes that for a need this important to the livestock industry, a public-private model is worth exploring. If successful, a similar approach could be used to increase the number of practices in other parts of the Commission footprint. It is important to note that this project will be coming on-line just as the state’s new Large Animal Veterinary Incentive Program is underway, potentially alongside a complimentary program funded by the Commission. Taken together, these initiatives could make major improvements to the availability of large animal veterinary care in the region.

The SWVA Program RFP limits support for planning projects to no more than 50% of third-party contractual expenses. Matching funds are currently uncommitted and must be in place before the project can proceed. A contingency requiring documentation of the availability of matching funds should be added to the staff recommendation.

Financial Viability Assessment: A review of the financial viability criteria for this project found that, although this appears to be a reasonable step toward the development of a new veterinary practice, caution must be used to ensure that adequate resources are available to complete both the planning and construction phases. It is also important that, in addition to the design of the facility, careful consideration is given to the development of a business and operating plan outlining how the facility will be managed. This information will guide future funding decisions related to the construction or equipping of the facility.

Staff Recommendation: Staff recommends a \$20,000 grant award to support 50% of third party contractual expenses. This award is contingent upon documentation of the availability of all matching funds required to complete the project.

Tazewell County IDA
Ponderosa Revision (#4341)
\$350,000.00 Requested

Project Summary: Commission support is requested to continue the development of a new meat processing facility in Tazewell County. These funds will support 50% of new land acquisition and construction costs.

Matching Funds:

- \$350,000 – VCEDA – Application Intended

Project Outputs:

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

Staff Comments: This request seeks additional funding to support the development of a new meat processing facility in Tazewell County. Two previous grants have been provided for the project. The first grant, approved in October 2023, provided \$979,000 to support 50% of the estimated cost to construct the facility. When complete, the 7500 SF facility will be leased to a private operator. Blue Ridge Butchery. In January, 2024 TRRC approved a \$100,688 grant to support 25% of equipment purchases. public/ private partnership is a unique and creative solution to increasing processing capacity in the region. The facility will contain two processing lines and will process beef, pork, lamb, and chicken.

Several issues were identified with the original project site which led the IDA to explore new locations in the County. The newly selected site is ideal. The site, adjacent to U.S. Hwy. 460, is already prepared for construction with utilities in place. This will significantly reduce the construction timeline as well as the overall project cost.

Although the cost to develop the project at the new site is less than the current estimated cost to develop at the original site, additional funding is needed. Funding is needed to acquire the new site, which is currently privately owned. Commission funds will support 50% of the \$350,000 acquisition cost. The remainder of the request will support construction expenses. Design of the building is underway with plans to move into the construction phase as quickly as possible following property acquisition.

During review of each of the three Ponderosa applications, including the current request, Staff has provided strong support for this project which addresses a deficit in regional meat processing capacity. The public/ private design of the project reduces the risk, and start up costs, for private operators while also ensuring that the primary asset (the building) remains under public ownership. If successful, this is a model that could be duplicated in other parts of the region.

Financial Viability Assessment: A review of financial viability criteria for this project indicates that the Commission's previous investments in the project, as well as the approval of the additional funding requested in the current application, are appropriate. Although meat processing facilities typically operate on very tight margins, the public/ private partnership model used in the development of this project provides safeguards that protect the interests of all involved parties and funders. The IDA's ownership of the facility ensures that the asset, developed entirely with Commission and VCEDA funds, will lower the start up costs associated

with new processing facilities. The private operator will benefit from generous lease terms that will allow the business to launch successfully.

Staff Recommendation: Staff recommends a grant award of \$350,000.

Town of Tazewell

Clinch River Pavilion and Farmers Market (Phase I) (#4349)

\$296,500.00 Requested

Project Summary: Commission funds are requested to support 50% of the cost to construct a new, permanent, farmers market in Town of Tazewell. The market will be constructed at the site of a former brownfield property on Riverside Drive. The Town worked with Virginia DEQ to obtain a Virginia Brownfields Assistance Fund (VBAF) Restoration and Economic Development Assistance grant. The completed structural assessment revealed that the best option was to demolish the structure. This work is complete, and the site is available for redevelopment.

Matching Funds:

- \$74,125 – Town of Tazewell (in-kind)
- \$222,375 – Town of Tazewell (cash)

Project Outputs:

- Construction of a permanent Farmers Market Pavillion
- Increased market opportunities for local producers

Staff Comments: The redevelopment of this former brownfields site into a permanent farmers market will result in an attractive and useable space for town residents. Although a mobile farmers market has operated around Tazewell for several years, a dedicated space will provide consistency as well as shelter from weather events. Project organizers would like to add a second market day each week and are also interested in the development of a winter market. A permanent location will greatly increase the likelihood that these can be successfully implemented.

The SWVA Program RFP requires applicants to submit third party cost estimates and design documents with all applications requesting support for the construction of new facilities. After meeting with Commission Staff in fall 2024, the Town worked with Thompson and Litton to develop a preliminary architectural report for the project. The completed PAR shows the estimated cost to complete Phase I is \$593,000. This Phase will construct the main market pavilion. Additional phases will add restroom facilities and other amenities. This program's RFP limits support for projects such as this to 50% of capital (construction) expenses. The \$296,500 request amount is half the total project cost estimated in the PAR. The Town has pledged matching funds of \$296,500 however \$74,125 of this amount is "in kind" representing the contributions of several Town employees. Staff advised the applicant that, while in-kind match is acceptable, it must be limited to only those employees performing work directly related to the construction of the project (performing tasks identified in the PAR). The in-kind amount is 25% of the applicant's total match which aligns with the Commission's 25% limit on non-cash match.

Commission Staff also advised the applicant that the project appeared to be eligible for funding from USDA and possibly AFID. In addition to providing contact information for these programs, Commission Staff also used the monthly funders meeting (TRIAD) to present the project to the agencies. Despite these efforts, the Town chose not to proceed with applications to these potential funders. The Commission's longstanding preference is that applicants utilize all appropriate funding sources for which a project is eligible. This reduces the investment required by all parties, including the Town. In April 2025 the Town was invited to join the TRIAD meeting to discuss the project directly with potential funders. Based on the discussion from that meeting, the project remains eligible for USDA funding. Staff suggests that this application be tabled to allow the Town to complete the USDA application process.

Financial Viability Assessment: A review of financial viability criteria indicates that, although the Commission's match requirement has been met, the project could benefit from additional financial resources. Additional funding would reduce the investment required by the Commission and the Town.

Staff Recommendation: Staff recommends that this application be tabled to allow the applicant to apply to USDA [and potentially AFID Infrastructure] and other programs for which the project may qualify.

Business Development

Carilion Tazewell Community Hospital (#4351)

Ensuring access: Preventive care for a healthier workforce and economy

\$287,745.00 Requested

Project Summary: Commission funds are requested to purchase an upgraded computed tomography (CT) scanner for Carilion Tazewell Community Hospital. This equipment will provide advanced diagnostic capabilities and result in earlier detection of colorectal, breast, lung, and cervical cancers.

Matching Funds:

- \$287,745 – Carilion Clinic – application intended

Project Outputs:

- Upgraded CT scanner with advanced diagnostic capabilities
- Enable early detection and treatment
- Improve overall healthcare outcomes

Staff Comments: The funding requested in this application will fund 50% of the cost for an upgraded CT scanner for Tazewell Community Hospital. The scanner will allow the Hospital to improve early detection rates for colorectal, breast, lung, and cervical cancers.

This application was submitted under this program's Business Development investment category which is intended to support the recruitment of higher paying jobs to the region. Although the

application notes ongoing recruitment efforts to increase the number of healthcare providers, these efforts do not appear to be directly related to the replacement of the CT scanner. The application was not able to document the potential for any Business Development outcomes, the recruitment of new businesses and the creation of new jobs, as a result of the project. The primary deliverables (advanced diagnostic capabilities, early detection and treatment, and the improvement of overall healthcare outcomes) while critical to the quality of life of residents who rely on the hospital for medical diagnosis and treatment, are better aligned with a healthcare investment strategy. Although the Commission supported healthcare projects under previous strategic plans, it was removed in 2020. The Commission has supported two healthcare projects, a dental lab and a new medical building, in recent years however those projects were able to provide documentation of associated recruitment strategies to meet the requirements of the Business Development investment category.

When healthcare was included in the Commission's list of eligible investment strategies, funding was limited to only projects that could demonstrate the ability to increase access to healthcare services. The funding requested in this application replaces existing equipment. A review of the Hospital's website indicates that CT lung cancer screening is already provided. Purchasing equipment for existing medical facilities is a dangerous precedent. Medical care is revenue generating and, according to the Commission's policy for revenue generating projects should only be supported through loan support. The application did not contain any financial information related to the Hospital or Carilion Health System's ability to acquire this equipment on their own. Without a clearly identified funding gap that cannot be filled through other funding sources, there is no justification that Commission funds are necessary.

Financial Viability Assessment: A review of the financial criteria for this application shows that, despite committed matching funds, it is not possible to evaluate the true viability of this project. Projects that document the potential to generate revenues must be considered under the Commission's loan programs. The application did not contain any financial information, including operating budgets, pro forma, etc. that would allow Staff to determine if Commission funds are required to implement the project.

Staff Recommendation: Staff recommends no award.

Mount Rogers Regional Partnership
Reaching New Foreign and Domestic Markets (#4334)
\$104,200.00 Requested

Project Summary: Commission funds are requested to support Mount Rogers Regional Partnership with its economic development marketing initiative, Reaching New Foreign and Domestic Markets. Commission funds will support MRRP's strategic priorities surrounding new business attraction through both foreign direct investment (FDI) and courting domestic businesses. MRRP will also undertake lead generation activities, including attending call trips, consultant meetings, and other business and industry events, as well as engage in targeted content creation and advertising efforts.

Matching Funds:

- \$78,150 – Local (in-hand)
- \$26,050 – In-Kind

Project Outputs:

- 3 new business
- 120 new jobs
- \$34,272,000 in private capital investment

Staff Comments: The Mount Rogers Regional Partnership is a regional marketing organization serving Bland, Carroll, Grayson, Smyth, and Wythe Counties as well as the City of Galax. Commission support for regional marketing organizations (RMOs) is described under the SWVA Program’s Business Development investment category. The Commission has provided assistance to regional marketing organizations for several years, including a grant in 2018 which provided funding to each organization that serves TRRC region localities. In 2022, a \$300,000 award was provided to MRRP for regional marketing and lead generation activities which are the primary activities eligible for support under this investment category. The current application will continue to fund these activities which include travel for industry recruitment meetings and events, lead generation contracts, and certification as an FDI- Qualified Community. Matching funds will be provided by the applicant through funds provided by member localities. A portion of the match (\$26,050) is “in-kind” representing the Executive Director’s contribution to the implementation of the project.

Funding is requested to support 25% of the Marketing and Communications salary. This position was created approximately three years ago through grants provided by a local foundation. Unfortunately, in 2024, the foundation decided to close the grant leaving the third year of support unfunded. A portion of TRRC grant 3973 was repurposed to support this grant through the end of the grant period (June 30, 2025). The funding requested in the current application is intended to support the position beginning July 1, 2025, and continue for the two year grant period. The application states that the additional funding will allow MRRP to continue to raise local funds to support the position at the end of the grant period. The Commission’s Funding Policies state that operating support, such as salaries for newly created positions, will be limited to a three-year start-up period. The decision to limit support to a three-year period was largely based on funding requests from education partners. In these cases, three years is typically what is required to build sufficient tuition revenues to cover program operating costs. During the Commission’s recent strategic planning listening sessions, the “three year” rule was frequently mentioned by focus group participants. While these participants were overall supportive of limiting operating support to a project’s start up period, many felt that a longer start up period may offer a greater likelihood of sustainability beyond the grant period. The MRRP request is a good example of one of these cases. At time local funds can support only 75% of the salary. Allowing Commission funds to provide the remaining 25% for the two-year period will ensure continuity for the position which is critical to MRRP’s operations.

The Mount Rogers Regional Partnership is an important asset that is critical to the economic recruitment efforts of its member localities. Ongoing support for MRRP, and other regional marketing organizations, helps to ensure that these groups have adequate resources to effectively market the region.

Financial Viability Assessment: A review of financial viability criteria for this project indicates that matching funds are in place to proceed with the project. The organization, which relies heavily on contributions from its member localities, indicates that additional funding will be requested to increase organizational sustainability. The current request is less than half the amount awarded in the previous grant. The applicant indicates that this trend is expected to continue with future requests as the organization weans itself from Commission support.

Staff Recommendation: Staff recommends a grant award of **\$104,200**

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
- \$10,709 – Tazewell County
- \$5,000 – Smyth 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 Recommendation: This project was tabled at the January 2025 meeting due to a lack of required agreements between the County and the private landowner. These documents were received in late February.

The project update included an executed MOU between the Tazewell County Board of Supervisors and Dragon Fire, LLC. Under the terms of this agreement, the County will maintain ownership of the billboard and will be responsible for the construction of the billboard and the related electric infrastructure. The County and Dragon Fire, LLC will split ongoing maintenance costs. The LLC, in exchange for its contribution to the maintenance and upkeep of the billboard, will receive a billboard panel on the Marion side (viewed as one travels toward Tazewell). Additionally, a deed of conveyance between the County and the owner of Foxtail Orchards grants Tazewell ownership of the piece of property where the billboard will be placed for 30 years. These agreements address concerns related to the construction of a public asset on privately owned property since Commission funds cannot be used for the construction or renovation of privately owned property. The Commission will maintain a security interest in the

billboard which prohibits the asset from being sold, leased, disposed of, hypothecated, mortgaged or encumbered without prior written permission of the Executive Director. Foxtail Orchards will receive a billboard panel facing toward Tazewell (viewed as one travels towards Marion) as well as the placement of their logo atop the billboard and visible from both directions.

The update also contained a letter of commitment from Smyth County who will contribute \$5,000 for the construction of the billboard. This will reduce Tazewell County's local match by an equal amount. The County will receive a panel facing Tazewell (viewed as one travels toward Marion). The addition of Smyth County is a positive development that illustrates the importance of The Back of the Dragon to the two localities. Current data indicates that the majority of visitor spending occurs on the Marion end of the route. The proposed billboard 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 visits 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.

Despite the positive developments which have improved the organization of the project, the applicant has not been able to address the primary reason for Staff's previous recommendation of no award. 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. It lacks integration with an identified comprehensive, and regional, marketing strategy which could increase the potential economic impact. As presented, this application does not appear to 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. It is Staff's conclusion that as presented, the project would not be a sound investment for the Commission.

Staff Recommendation: Staff recommends no award.

Sites & Infrastructure

Scott County Economic Development Authority

Pioneer Center Roof Replacement (#4350)

\$140,000.00 Requested

Project Summary: Commission funds are requested for the construction of a new roof for the Pioneer Center. The Pioneer Center is a business incubator located in the Duffield Regional Industrial Park in Scott County. The business incubator assists new and emerging small businesses with lower startup costs.

Matching Funds:

- \$110,000 – Scott County Economic Development Authority (pending)
- \$30,000 – Scott County Economic Development Authority (approved)

Project Outputs:

- Construction of a new roof for the Pioneer Center
- Attraction of 4 new businesses creating 8 new jobs

Staff Comments: This request supports the replacement of the roof of the Pioneer Center, a business incubator located in Duffield. The building, constructed in the 1980s, originally housed a grocery and hardware store before the EDA's acquisition in 2003. At that time, the facility was redeveloped into a business incubator. The 46,000 sq. ft. space currently houses nine businesses and is also used to provide space for a variety of business and community events. The application states that the Center's roof was completed in the 1980's with at least one roof replacement and multiple repairs since that time. The date of the last replacement was not provided, however, in April 2006 the Commission approved \$114,000 to support the replacement of the roof. Upon review of the documentation associated with that grant it appears that the use of funds was changed and, rather than replace the roof, repairs were made. The application submitted in 2006 noted that only patchwork repairs had been performed on the roof and that a replacement was needed to provide a long-term solution. Changing the use of funds to repair, rather than replace the roof, was a cost-effective option that provided a partial solution for nearly 20 years. Unfortunately, recent winds and heavy rains have further deteriorated the existing roof. Water has leaked inside the building, damaging ceiling tiles, walls, etc. Several tenant spaces are not available until the roof is replaced and the damage repaired.

The EDA leases the facility to the Mountain Empire Regional Business Incubator for \$1 a year. Under the terms of that lease agreement, MERBI is required to "at its own cost and expense to repair, replace, and maintain in good, safe, and substantial condition all buildings". The Incubator's operating budget does not include funding in the Capital Improvements/ Reserve line item. According to a letter provided by the EDA, only \$30,000 of the \$140,000 match is available at this time. Additional funding will be allocated once the final project cost is known. During discussions prior to the submission of the application, Staff learned that the contractor who provided the quote to replace the roof was also working to determine if a repair could be performed which would lower the overall project cost. While Staff is supportive of this project,

due to the long history of roof repairs to the Center, any Commission funds awarded to support this project should only be used for replacement.

Financial Viability Assessment: A review of the financial viability of this project reveals an issue of minor concern. Currently, only \$30,000 of the required \$140,000 match has been committed. The project appears to qualify for additional federal and state funding opportunities which the grantee can explore. This approach to meeting TRRC's match requirement could delay the project, resulting in cost increases. This concern can be mitigated by adding a contingency to the recommendation requiring documentation that all funds sufficient to complete the roof replacement, are in place within one year of the award date. This language also appears in the Commission's standard Letter of Agreement. Most importantly, the facility's long history of successful operations is a strong indicator of its future sustainability. Once complete, additional tenant space will become available for lease which will result in increased rental revenue for MERBI.

Staff Recommendation: Staff recommends an award of \$140,000 contingent upon the documentation of all funding sufficient to complete the project, within one year of the award. Additionally, Commission funds may only be used for the replacement, not repair, of the roof.

Virginia Highlands Airport

Westside Development - Phase II (Additional Funding) (#4328)

\$25,000.00 Requested

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

Matching Funds:

- \$240,000 – Approved

Project Outputs:

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

Staff Comments: In January 2024 the Commission approved \$225,000 to assist with 50% of the cost of engineering design services related to a future expansion for the airport. This amount was based upon the cost estimate provided by the applicant during our review of the application. The cost estimate provided by Delta Airport Consultants, Inc. dated November 2, 2023, was accurate at the time of the Commission's approval of the grant. Unfortunately, Washington County did not include the \$225,000 matching funds in their FY24-25 budget. This prevented the Airport from executing the contract with Delta and delayed the project. In August 2024, Delta notified

the applicant that due to delays executing the original contract, the cost had increased by \$50,000. The increase is the result of new FAA requirements and inflationary costs. According to an email from the applicant in August, the County planned to approve \$250,000 reflecting the initial 50% cost plus 50% of the additional cost. An application to the Commission was expected to be submitted to cover the remaining \$25,000.

Although originally receptive to the plan to submit a second application to cover the cost overage, during review Staff learned critical information about the reason for the cost increase. The application that was submitted was very poorly developed. The documents provided in the current application were identical to those provided in the first application. The budget documents, project narrative etc. all reflected only the original project scope and costs. It was clear that the old information was simply reused in the new application. The need for additional funding was not explained in any section of the application. Staff repeatedly reached out to the applicant to request updated information including an updated budget document and project narrative. On March 13 this information was received with only minor changes including a sentence describing the project delay and an updated timeline changing the project start date from 2024 to 2025.

Applications requesting support for contractual services must include a current estimate from a contractor. No cost estimate was provided with the application. This information was especially important for this application because it was needed to document when the increased project cost was first communicated to the Airport and to describe any changes in scope that contributed to the cost increase. The updated contract was finally provided to Commission Staff in late March. The email contained communication from Delta describing the project timeline since 2023. Delta notified the Airport in August 2024 that, due to delays in securing the required funding, the cost would increase. The revised contract, documenting a \$500,000 project cost, was sent to the Airport in late September 2024.

The Budget Worksheet provided with the 2024 application described the status of the Washington County matching funds as “Money in Hand”. This status indicated that, once TRRC funds were approved, the project was fully funded and ready to proceed. The increased project cost is due entirely to Washington’s County failure to approve match in a timely manner. Had matching funds been committed, as described in the application, the original contract (with original project cost) was ready to be executed. Based on this information, an additional award by the Commission is not appropriate.

Financial Viability Assessment: A review of financial viability criteria reveals concerns. The financial viability assessment of the previous application noted that the applicant had fully committed matching funds in hand. This information, along with the detailed cost estimate, provided assurance that the project was ready to proceed as described and had a high likelihood of reaching a successful conclusion. The recent discovery that matching funds were actually not committed is alarming. The delay in the commitment of matching funds directly resulted in the increased project cost. As a result, additional investment by the Commission is not merited.

Staff Recommendation: Staff recommends no award.

Washington County
Lots 6 & 7 - Highlands Business Park (#4343)
\$60,854.00 Requested

Project Summary: Commission funds are requested to support 50% of the cost of planning activities related to the potential development of Lots 6 & 7 at Highlands Business Park. These lots were previously determined to be cost prohibitive to develop, however, with the potential arrival of an inland port in Washington County, there is an increased need for new industrial sites.

Matching Funds:

- \$60,854 – Washington County IDA (approved)

Project Outputs:

- Completion of engineering activities including a geotechnical report, civil engineering design, and development of construction documents

Staff Comments: If the potential Inland Port is successfully developed in Washington County there will be a need for additional sites across the region. Additionally, Washington County's inventory of sites will be very limited. The proposed planning and engineering for lots 6 & 7 of the Highlands Business Park will allow the County to determine if the development of these sites is possible. These are the only remaining sites at the otherwise fully developed industrial park. Due to the large amount of rock, further development of these lots will likely be very costly. As a result, these locations were previously determined to be unfeasible for development.

Because of the limited number of developed and available sites, it is understandable that the County would like to revisit the potential of this location. The Commission's involvement in the planning phase of this process is reasonable, however concerns remain about the future cost to fully develop these lots. Due to this program's limited funds, it is unlikely that TRRC will be able to provide significant funding during the next phase of the project. At 24.25 acres, these sites do not qualify for VEDP's Business Ready Sites Program. Because the current application notes that a future request for additional TRRC funding is anticipated, it is important that the applicant is aware of these funding limitations. The current RFP for the SWVA Program places a funding limit of \$750K for project supporting the development of industrial sites and infrastructure. This limit is not fixed and could change depending on future SWVA Program budgets. Despite these concerns, Staff recognizes that completion of the proposed planning activities is critical and will allow both the applicant, and potential funders, to make an informed decision regarding the developability of this site.

Financial Viability Assessment: A review of financial viability criteria, including cost estimates, shows that the scope of the project proposed in the application is likely to be completed successfully. A letter from the Washington County IDA was provided with the application to document that the required matching funds are committed. The information provided as a result of this project will be crucial to determining if development of these sites should proceed.

Staff Recommendation: Staff recommends a \$60,854 grant award to support 50% of third party contractual services.

Tourism

Blue Ridge Parkway Foundation

Enhancing Tourism Infrastructure at the Blue Ridge Music Center (#4352)

\$130,000.00 Requested

Project Summary: Commission funds are requested to enhance the outdoor facilities and infrastructure at the Blue Ridge Music Center in Galax. Infrastructure to be addressed includes visitor use areas/walkways, stone walls, and flagstone patios that play a central role in hosting visitors and supporting programming and other facility operations. The requested funds will support critical repairs to the outdoor infrastructure, including masonry seating and retaining walls, walking areas, and curbs.

Matching Funds:

- \$134,210.62 – National Park Foundation
- \$4,210.61 – Blue Ridge Parkway Foundation

Project Outputs:

- Repairs of outdoor infrastructure
- Improve visitor and staff safety
- Extend the operational life by 20 or more years

Staff Comments: The Blue Ridge Music Center is one of only nine of the Crooked Road's major venues. The Center, located at milepost 213 on the Blue Ridge Parkway, attracts more than 25,000 visitors to Carroll and Grayson counties each year. The economic impact of these visitors, from regional, national, and international markets, is significant. According to the outcomes information provided with the application, these visitors spend over \$225,000 for ticket sales with total visitor spending estimated at over \$2.4M. The application estimates that 79% of daytime visitors and 63% of advance ticket buyers are non-local and out of state. The Blue Ridge Parkway is an internationally known tourism destination. To increase the Parkway's impact on communities along the route, the Blue Ridge Rising Action Plan was developed. While this plan addresses growth opportunities for the entire Parkway, a separate strategic plan has been developed for the Music Center. This plan calls for additional facilities, programs, amenities and events that will continue to attract visitors resulting increased economic impact.

Despite a very successful track record of attracting visitors for over 20 years, the Center requires several facility improvements. The primary areas of concern include the parking lot, visitor center complex, and the outdoor amphitheater. These areas are affected by mortar and grout and loose stones in the stone walls and curbs as well as numerous cracks and tripping hazards in the paved walkways and patios. Substantial stonework is required to repair these areas. Delaying repairs could not only lead to additional damage but will also impact visitor safety. Providing a safe and attractive venue is critical to maintaining current visitation. The application provided detailed cost estimates as well as a plan to proceed the project immediately following the approval of the grant. The project is expected to be complete by the end of 2025.

Financial Viability Assessment: A review of key financial viability criteria for this application provides assurance that the project has a high likelihood of successful implementation. Matching funds are committed, and the project is ready to proceed following the approval of Commission funding. Detail cost estimates were provided describing the scope of work and associated costs for the various elements of the project. This information, along with the Center’s 20+ year track record of successfully attracting thousands of visitors to the region is strong indication that the venue will continue to create a strong economic impact in the region.

Staff Recommendation: Staff recommends the approval of a \$130,000 grant award.

City of Galax

Rex Theater Lighting, Sound, and Accessibility Improvements (#4353)

\$300,000.00 Requested

Project Summary: Commission funds are requested to assist with the renovation of the Rex Theatre in the City of Galax. These improvements are necessary to modernize the facility, allowing it remain competitive with growing competition in the performance venue marketplace. The renovations will include improving accessibility and upgrading sound and lighting equipment.

Matching Funds:

- \$145,000 – City of Galax (approved)
- \$5,000 – Twin County Community Foundation (approved)
- \$225,000 - Department of Historic Resources (approved)

Project Outputs:

- Installation of updated sound and lighting equipment
- Addition of 100 new seats
- Renovation of 2 restrooms and addition of 2 new restrooms (all ADA accessible)

Staff Comments: In May 2005 the Commission approved a \$50,000 grant to support 50% of the cost to develop a preliminary architectural report and an updated business and operating plan for the Theater. The Theater, which was purchased and renovated by the Galax Downtown Association approximately 20 years ago, is currently owned by the City of Galax. Additional facility upgrades are required to meet current needs. These include expanded seating, ADA accessible bathrooms, and other renovations. The upgrades will ensure that the Rex is able to offer comfortable, accessible, and high quality, visitor experience. The creation of additional seats, as well as expanded programming, will allow the Theater to sell more tickets for more shows. The additional revenue will result in a more sustainable organization.

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 final versions of the business/ operating plan and the PAR are not complete, well-developed drafts of each document were provided during the review period. The PAR indicates that the complete renovation project will cost approximately \$4M. The City intends to complete the project in phases with the current TRRC application reflecting the first phase of improvements. Matching funds are committed from the City, the Twin County Community Foundation, and the Department of Historic Resources. Funding for future phases will be requested from the Appalachian Regional Commission (pending) and Historic Tax Credits. The application also indicates that a future \$300,000 request will be submitted to the Commission. Staff is supportive of the phased approach to funding this project.

The single point of concern during review of this application is the very ambitious outcomes projections which appear to be based on the maximum attendance and associated revenue resulting from multiple sold out shows every week. Increasing both the number of shows and attendance is the overall goal of the project however Staff would like to see more realistic projections that reflect the true break even point for the Theater. This information could be provided in the final business/ operating plan. A positive recommendation for funding should contain a contingency requiring Commission Staff's review and approval of the final business/ operating plan and PAR documents prior to the release of funds.

Financial Viability Assessment: A review of key viability criteria indicates that the project described in the application has a high likelihood of successful implementation. Matching funds for the current phase of the project are in place and a funding plan to support future phases has been identified. Although there are concerns related to the development of realistic outcome projections, Staff is confident these can be addressed during the finalization of the business/ operating plan. Including a contingency requiring Staff's approval of the final planning documents will ensure that all concerns are addressed prior to the release of funds.

Staff Recommendation: Staff recommends the approval of a \$300,000 grant award contingent upon the Southwest Regional Director's review and approval of the final business/ operating and PAR documents prior to the release of funds.

Town of Hillsville

Town of Hillsville Annual Flea Market and Antique Show (#4332)

\$750,000.00 Requested

Project Summary: Commission funds are requested to support the Town's purchase of property currently owned by the Grover King Post 1115 Veterans of Foreign Wars. The property is the site of the VFW's annual Labor Day and Memorial Day Flea Markets. Due to aging membership, the VFW is ready to sell the property. The Town's acquisition of the site will ensure the continuation of the Labor Day and Memorial Day Flea Markets as well as other events that result in significant economic impacts for the locality.

Matching Funds:

- \$625,000 Town of Hillsville (combination of cash and potential loan funds)

Project Outputs:

- Acquisition of the 49.166 acre property
- Continuation of the annual Labor Day and Memorial Day Flea Market events
- Implementation of marketing campaign
- 100,000 new visitors
- \$42,500 additional ticket sales
- \$300,000 increased associated spending

Staff Comments: Since 1967 the annual Labor Day and Memorial Day Flea Markets have attracted hundreds of thousands of visitors to the area. The event is marketed as the largest flea market east of the Mississippi and attracts over 300,000 visitors each year. The Markets create a significant economic impact on the Town of Hillsville and Carroll and Grayson Counties. Due to its aging membership, the VFW is planning to sell the property. Depending on who purchases the property, there is a strong likelihood that these events, and their associated economic impact, will disappear. Although others have shown interest in purchasing the property, VFW has offered to sell it to the Town at a reduced price. The appraised value of the property is \$1,172,700, however the price quoted to the Town is \$950,000. A letter of support from the VFW notes that, although a higher offer has been received from an interested party, the organization's priority is to see the property continue to benefit the community. Hillsville is under a very tight timeframe as the purchase offer extends only through August 2025.

If the property moves to private ownership, it is extremely unlikely that the Flea Markets will continue. The Commission's tourism investment category focuses on projects with the likelihood of attracting significant visitation from national and international events. The Labor Day and Memorial Day events have a nearly 60-year history of successfully accomplishing this goal. The loss of these events would be devastating to the communities and the businesses that depend on the revenue earned over these two weekends to sustain their operations through slower times of the year. Additionally, the Town plans to implement an aggressive marketing campaign for the facility that will increase tourism throughout the year while maintaining visitation rates for the Labor Day and Memorial Day events. A list of possible events include a music and arts festival, the Southwest Outdoor Adventure Expo, East Coast Renaissance Faire, Storytelling & Literary Festival in partnership with PBS. These events, spread over the calendar year, appear to have potential to attract a wide variety of audiences.

When submitted, the application requested \$750,000 with only a \$200,000 match. Due to the Commission's strict match policy which requires a 1:1 match, the project was ineligible for consideration. Staff worked with the Town to revise the application through the commitment of additional matching funds. The Town quickly responded with a firm commitment to provide all necessary local support, including financial resources, to ensure the project's success. After careful review, the Town was comfortable committing ½ of the purchase price (\$475,000) to the project. Unfortunately, the SWVA Program's limited budget, with only \$2M available for this funding round, cannot accommodate a \$475,000 award. Staff suggests a smaller amount of \$325,000 would support approximately 1/3 of the purchase price. The Town is agreeable to this amount and also expressed interest in the Commission's lending programs which could assist with some, or all of the funding needed to complete the purchase. Due to the very time sensitive nature of this request, and the potential for the tremendous negative economic impact that could result if the Town is unable to complete the purchase, a recommendation for Commission

support must require a contingency requiring the documentation that all funding sufficient to complete the purchase is in place prior to the release of the grant.

Financial Viability Assessment: A review of key financial viability information indicates that this project, while overall a strong candidate for Commission support, contains some risk due to the unknown status of remaining matching funds required to complete the purchase. The proposed contingency will reduce this risk by ensuring that grant funds are not released until all funding is in place to complete the purchase.

Staff Recommendation: Staff recommends the approval of a \$325,000 grant award contingent upon the grantee's documentation of the availability of all required matching funds prior to the disbursement of the grant.

OTHER BUSINESS

Extensions

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 which were determined to be more suitable to effectively serve this portion of the County. A contract was negotiated with US Cellular to design and build three high rise towers to be owned by the county for the deployment of 5G cellular internet services.

When the last extension was approved a year ago, the project update was very promising. Construction on the first tower was scheduled for October 2024 with the remaining two towers to be developed over the following months. Unfortunately, just before construction could begin on the first tower, Hurricane Helene caused massive destruction to Grayson County. The tower sites were inaccessible for many months. The updated timeline shows construction of the first tower to begin in July with completion of the third tower in late March 2026. Despite the extremely long grant period already provided to this grant (6 years), given the extenuating circumstances that prevented the project from proceeding as planned during the last year, one final extension is justified.

Staff recommends the approval of a one-year extension through May 31, 2026.

Special Funding Round

Commission staff have been in discussions with GOVA and DHCD staff about a potential funding round to be held prior to the September 2025 Commission meeting. After June 30, 2025, applicants to GOVA will no longer be able to use Commission funds to meet GOVA's match requirements. Additionally, GOVA has allocated \$1.5 million for a special funding program focused on Hurricane Helene relief. This program requires only a 2:1 match. To help applicants meet this match requirement staff suggests that the SWVA Program hold a special funding round focused only on projects that will be applying to the GOVA program and require TRRC funds to meet the match requirement. The maximum amount of Commission funds that could be awarded is \$750,000. These funds will come from any remaining carryover funding from this fiscal year as well as new funding provided to the program in the FY26 budget. Two regular funding rounds are also planned ahead of the January 2026 and May 2026 meetings.