

FY08 Special Projects

Staff Summaries and Recommendations

October 2007

Staff received 22 requests for Special Projects grant funds by the announced deadline of August 15, 2007 totaling \$13,738,611. The Committee has an available balance of \$5,081,000 in unrestricted funds.

City of Danville – Request #1427

Building a World Class Manufacturing Center to meet the Challenges of a Global Economy

\$1,000,000

Funds requested for the construction of approximately 27,000 square feet of manufacturing space to allow for the first phase installation of \$72.8 million of new machinery for a confidential business prospect. The new space will be part of a project that will result in \$542 million dollars in private investment over the next 10 years in construction, up-fits, renovations and new machinery, and the retraining of 705 existing positions on the new technology.

Total project cost is \$542,629,000. Other funds include: \$2,000,000 unannounced TROF for construction; \$17,500,000 GOF and other sources for construction and training; \$1,847,954 from City of Danville for construction and training; \$542,629,000 from company for equipment.

Prior Funding History: none specific to this project.

Staff comments and recommendation: Project is eligible for SSED - Danville has a current available allocation balance of \$252,004 and an allocation of \$505,971 in the SSED reserve account, all of which could be used towards this effort. **Staff recommends award of \$500,000 with balance to be requested from the City's next Southside Economic Development allocation.**

Dan River Basin Association – Request #1416

Dan River Nature and Heritage Tourism Initiative

\$148,169

Funds are requested by the nonprofit conservation/recreation organization for the design and production of water trail and river guides, heritage driving guides and trip planners, and market research for the promotion of the Dan River basin, which includes the counties of Patrick, Henry, Pittsylvania, Halifax and a portion of North Carolina (for which funding is being requested from the Golden Leaf Foundation). Visitor outcomes will be measured by canoe and kayak business, new business start-ups, vehicle counts at river access points, web hits, inquiries, response cards, and business/visitor surveys. Project activities would assist in generating data needed for the Association's funding request for a feasibility study for a National Heritage Area designation.

Total project cost is \$375,333. Other funds include: \$150,044 pending request to Golden Leaf, Inc. for matching funds; \$69,620 in-kind from Dan River Basin Association for project management.

Prior Funding History: none.

Staff comments and recommendation: The applicant has a solid plan for developing materials and regional asset-based programs for “blueways” that will complement development of hiking/biking trails, and will eventually seek national heritage area designation. However, the request is primarily a for staff and development of river guidebooks, portions of which could possibly come from DCR outdoor recreation grants, VTC marketing grants, and/or VDOT transportation enhancement grants, none of which have yet been tapped for funding; recommend further development and integration of this effort with the new Drive 58 Southern VA tourism coalition that has been supported by TICR grants. **Staff recommends no award.**

**Danville-Pittsylvania County Regional Industrial Facilities Authority-Request #1462
Sustainable Energy Technology Center (SENTEC) Planning Initiative
\$400,000**

Planning funds requested in support of the establishment of a Sustainable Energy Technology Center (SENTEC) at Institute for Advanced Learning and Research in Danville that will develop, test and commercialize advancements in sustainable energy technologies, including bio-based fuels. The center will be one of multiple industry-focused regional research and development centers to be developed in Virginia, in partnership with universities and federal programs. Project activities include the development of a business plan, travel to similar center facilities, working group consulting fees, and A&E for construction drawings.

Total project cost is \$715,457. Other funds include: \$73,161 from IALR for project management; \$242,296 from Department of Energy for architecture and engineering.

Prior Funding History: none specific to this project. Prior IALR funding includes establishment of IALR (\$24 million), construction of Annex (\$2 million FY03 Special Projects), and research projects in Bio-energy (\$1.2 million FY06 Special Projects), Innovation Center (\$893,856 FY05 Special Projects), VIPER establishment/equipment (\$2.8 million Special Projects FY03-06).

Staff comments and recommendation: Travel expenses for the planning taskforce should be absorbed by the applicant. Request would build on established higher education presence and partnerships at IALR and foster growth of an emerging area industry cluster. Travel expenses for committee members and other non-contractual planning costs should be absorbed by applicant. **Staff recommends award of \$400,000 for contracted services to develop business plan and architecture/engineering, contingent on submission of business plan prior to contracting of design services.**

Greensville County – Request #1417
Southside Virginia Workforce Development Center Phase IB
\$250,000

Funds requested for the addition of an 8,800 square foot multi-use training and conference hall to connect with the under-construction Southside Virginia Workforce Development Center. The assembly hall was bid as an alternate to the Phase IA Center and construction costs would reportedly be lower if both phases are constructed simultaneously. The assembly commons would be used for workforce training and other conference events. An economic impact study conducted by Magnum Consulting estimates that \$80,000 per year will be generated in user fees. The commons facility would be leased to and operated by the regional 501(c)(3) non-profit foundation that has been created to lease and operate the workforce center and its programs.

Total project cost is \$1,830,000. Other funds include: \$500,000 General Assembly award for construction; \$993,200 pending USDA loan for construction, equipment and architectural design; \$15,000 in material donated by Georgia Pacific for OSB; \$86,800 spent by Greensville County for architectural design and engineering.

Prior Funding History: A total of \$864,140 awarded in past rounds for the construction of the workforce training facility portion (Phase IA). \$189,404 FY08 SSED; \$94,063 FY07 SSED; \$115,699 FY07 Education; \$120,022 FY06 SSED; \$344,952 FY05 SSED.

Staff comments and recommendation: Support letters from local employers proffer potential use of the facility for employee training and meetings, though a wide array of community/social uses are also likely. The request is well matched by 60% loan financing which is not yet confirmed; a balance of \$189,404 is potentially available in SSED reserve account.

Staff recommends no award.

Halifax Educational Foundation, Inc. – Request #1451
Center for Nursing Excellence
\$511,885

Funds requested for the build-out of 4,175 square feet of existing unfinished space at the Southern Virginia Higher Education Center in South Boston. The space will house the start-up of a Center for Nursing Excellence which will provide a one-stop location for training and retraining for several levels of nursing (from nursing assistant to Masters degree). The Center will house a nursing skills lab, simulation lab, computer resource center and classrooms. Construction would be completed for fall 2008 training and is projected to double the current enrollment (90+) in SVHED nursing programs annually by offering additional classrooms, labs and simulation opportunities. A separate request for equipment and operation funding has been submitted to Education Committee and provides additional detail on current nursing offerings at SVHED and implementation of this expansion.

Total project cost is \$661,885. Other funds include: \$150,000 from Halifax Educational Foundation for renovation.

Prior Funding History: A total of \$3,300,146 awarded in past rounds for renovation and build-out activities at SVHED, and the purchase of equipment and furniture (\$1,702,659 FY01 SSED; \$84,910 FY03 Education; \$175,000 FY03 Education; \$750,000 FY04 SSED; \$180,000 FY05 Education; \$407,577 FY07 SSED).

Staff comments and recommendation: SVHED is a regional facility that has several nursing programs already in place in partnership with community colleges and Old Dominion University, but these are constrained by lack of classroom, lab space and equipment. Request would build on existing programs and expand the nursing education pathway in conjunction with local clinical sites such as hospitals. Facility expansion could potentially lead to additional future partnerships with other in-state schools of nursing, focusing on areas of specializations.

Staff recommends award of \$511,885.

Halifax County Service Authority – Request #1418

Halifax County Service Authority – Phase II

\$332,697

Funds requested for replacement of residential waterlines and residential meters along Canterbury Drive and Maple Avenue in the Town of Halifax to address pressure issues that could potentially impair the interconnection of the Towns of Halifax and South Boston systems. The Authority reports that the proposed area currently suffers from line leaks and has the potential for water pressure fluctuations which would impact service in the downtown business area and industrial area at Sunshine Mills.

Total project cost is \$614,211. Other funds include: \$281,514 from federal EPA for water distribution system improvements.

Prior Funding History: FY07 Special Projects award of \$132,300 for waterline construction to interconnect the Towns of Halifax and South Boston, as well as areas served by Halifax County. No funds have been drawdown to-date.

Staff comments and recommendation: While the requested improvements would address potential failures that could impact the overall regional system, they solely serve residential users and are a low priority for TICR funding. **Staff recommends no award.**

Halifax County Historical Society Inc – Request #1300

Crossing of the Dan Regional Tourism Initiative

\$100,000

Unrestricted funds requested by non-profit applicant for construction and installation of permanent interpretive exhibit to be housed at the Prizery Arts Center, depicting the Colonial Army's strategic Revolutionary War retreat from a battle at Guilford Courthouse NC.

Total project cost is \$269,843. Other funds include: \$19,700 Small Business Administration; \$25,000 Town of South Boston; \$5,000 Tawani Foundation; \$10,000 Gwathmey Foundation; \$16,600 private individuals; \$100,000 National Endowment for the Humanities (pending).

Prior Funding History: \$27,000 FY06 Southside Economic Development for project design.

Staff comments and recommendation: The applicant has provided updated information that indicates: \$92,000 has been raised for construction; visitor spending in the county would increase by \$775,000 annually due to visitors to the exhibit, and; the site is considered of national historic significance and is being promoted in a driving tour of Revolutionary War sites stretching from Greensboro NC to Yorktown VA. Request could be funded from pending NEH proposal.

Staff recommends no award.

Martinsville-Henry County Economic Development Corporation – Request #1463

Carlisle International Motorsports Academy

\$147,000

Funds requested by the Martinsville-Henry EDC to update the Carlisle International Motorsports Academy (CIMA) business plan to build and operate a facility for a proposed nonprofit high school at Virginia International Raceway (VIR) that would accommodate 100 students. Funds also requested to hire a project leader to coordinate marketing to students and sponsors through development of a website and other electronic marketing efforts. Additionally, funds would be used to conduct a feasibility study and prepare an implementation and curriculum plans leading to enrollment of 10 students for the 2008 school year. Construction funds are anticipated to come from a \$12.9 million USDA loan.

Total project cost is \$213,000. Other funds include: \$50,000 from VIR for personal services and supplies, and \$16,000 in-kind from VIR for rent and office furniture.

Prior Funding History: none specific to this project.

Staff comments and recommendation: Though this would be a secondary (high) school, it builds upon the region's motorsports assets such as VIR, VIPER, stockcar tracks and community college programs. According to the 2005 business plan (which will be updated) the school has the potential to bring more than \$7.7 million annually of new tuition and sponsorship revenues to the region at full operation in year 4. **Staff recommends award of \$107,000 for contracted services to develop curriculum/boarding plans, business plan and marketing materials, and excluding any travel.**

New River Regional Water Authority – Request #1341

New River Regional Water System – Austinville Water Treatment Plant

\$2,000,000

Request was referred from the FY07 Southwest Economic Development cycle due to the project's regional participation. Funds are requested to construct the Austinville Water Treatment Plant, with an initial 4.0 MGD capacity (expandable to 16 MGD capacity), and the installation of 24" water line between the treatment plant (which is currently under construction) and Route 619 to connect to the northern section of the water system. This plant and water system provide water to serve Progress Park as well as other current and potential industrial and commercial developments at I-81 and I-77 interchanges.

Total project cost is \$19,610,281. Other funds include: \$17,229,281 obtained by applicant and \$381,000 Mt Rogers PDC.

Prior Funding History: \$261,250 FY06 SWED grant for project design.

Staff comments and recommendation: Project clearly meets regional criteria for participation. Existing source (Town of Wytheville water plant) is operating at 95% capacity, and this project will allow planned expansions of two big water users – Gatorade and Pepsi that would not be possible from existing plant. Project construction is already well underway using loan funds, with scheduled completion for spring 2009. Staff has requested service agreement describing allocation of capacity, cash flow analysis and budget justification for funding need, and is still awaiting those materials to determine impact of grant award (if any) on project debt service and net cash flow. **Staff recommends no award.**

Future of the Piedmont Foundation – Request #1464

The Virginia Institute for Performance Engineering and Research (VIPER) **\$1,009,300**

Funds requested for the purchase, installation and 1-year of utility costs for a Multi-Discipline Simulator (an enhanced driving stimulator) for virtual prototyping and driver development to be used in conjunction with the existing 8-post test rig at the VIPER facility located at VIR. Tire manufacturers and race teams would be prime users of the simulator.

Total project cost is \$2,631,473. Other funds include: \$597,700 NASA grant (approved); \$600,000 VA Higher Ed Equipment Trust Fund (requested); \$200,000 Moog-FCS software donation (proposed); \$100,000 VIPER revenue (projected); \$24,473 State of VA faculty salary.

Prior Funding History: A total of \$2,808,750 has been awarded by TICR Special Projects in three earlier rounds for marketing, start-up support and the purchase of an 8-post shaker rig and chassis dynamometer (\$141,000 FY04 to Halifax IDA, \$1,305,250 FY05 to IALR, and \$1,362,500 FY06 to IALR/ODU). A total balance of approximately \$1.44 million remains to be drawn down and grantee has requested an extension.

Staff comments and recommendation: FY06 grant already has \$200,000 budgeted toward purchase of an “off the shelf” simulator, and grantee is requesting additional funds to purchase enhanced equipment (to place the simulator on a motorized rotary table and linear guide rails). Applicant has provided additional revenue projections that indicate the enhanced simulator would generate an additional \$128,000 of VIPER revenue in the first year of full operation, growing to \$272,000 of additional annual revenue in year 10 (a total of approx \$2 million in net revenues over the initial decade of operation). **Applicant has requested that this proposal be tabled in order to submit it for consideration in Southside Economic Development.**

Pittsylvania County Economic Development – Request #1453

Scaled-up Production of recombinant vaccine and therapeutic proteins in tobacco **\$350,000**

Operating funds requested for one year of support to PlantVax Inc. for biopharmaceutical and high-nutrient foods research projects at Ringgold Industrial Park in Pittsylvania County. Research is intended to build on previous lab studies by assessing how proteins (from tobacco) and nutrients (in strawberries) can be produced on larger scales under defined growing conditions. Transgenic tobacco leaves will be grown for extraction of two kinds of recombinant proteins for biopharmaceutical applications (proteins will then be used for ongoing animal testing of vaccines, to be funded by PlantVax). The edible anti-oxidant fruits project will be conducted by PlantVax as a joint venture in greenhouses built by eTC Holdings. TCR funds would be used to: hire and train up to 30 workers by the end of Phase I to grow the required plants; for extraction and purification contractual services with Virginia Tech; and for supplies and materials, insurance and office/lab equipment. Workers would be employees of eTc with an average full-time wage of \$12/hour.

Total project cost is unclear. Other funds include: \$180,000 National Institutes of Health for transgenic plants (approved); \$15,000 PlantVax Inc. animal testing.

Prior Funding History: \$1.5 million FY01 grant for establishing the Ringgold East park.

Staff comments and recommendation: Private investment and job creation is a subset of a separate project by eTc under terms of a performance agreement with the County (eTc's financing is not yet finalized). While lab research to date may have yielded promising results, the prospect of moving into full scale commercial production with the cited 100 jobs and \$7 million investment is speculative until these phases of testing are complete and further phases of clinical tests in animals and humans lead to FDA licensing of the bio-pharma products. **Staff recommends no award.**

Prince Edward County – Request #1448

Phase I of the Prince Edward County Industrial Park Expansion **\$396,000**

Funds requested to begin engineering and construction of three sites totaling 25 acres that are currently undeveloped in the County Industrial Park. Funds would be used for engineering and construction to include clearing/grading of sites, property ingress, water/sewer, communications lines and power service.

Total project cost is \$762,000. Other funds include \$366,000 County funds on hand.

Prior Funding History: A \$600,000 FY06 SSED award and TROF funds (\$300,000) for the interior build-out of the existing 53,100 square foot shell building in the County Industrial Park to attract Paris Ceramics.

Staff comments and recommendation: Project was submitted to Southside Economic Development in June/July and was passed by. It was resubmitted to Special Projects due to lack of available SSED allocation. While the project meets Commission objectives of having fully-served sites available for industrial prospects, it is not a regional participation project, and the County has adequate funds to complete this project, using \$1.3 million it received this year from sale of property in the Park to commercial developers. **Staff recommends no award.**

Radford University - Request #1421

Preparing Tobacco Region Communities for Global Success

\$32,000

Funds requested to conduct a pilot study in Pittsylvania and Wythe counties to develop a replicable tool for assessing a locality's 'international assets' that support attraction of major international employers to the tobacco region. TICR funds would be used to pay for travel of the university faculty and student research teams to visit localities and perform the assessment. Additional activities include the development of a plan to outline assessment findings and implementation steps, providing implementation support/counseling, and conducting a workshop on cultural training and appreciation.

Total project cost is \$40,502. Other funds include: \$2,250 pledged by Pittsylvania County for personnel and project support; \$2,000 pledged by Wythe County JIDA for personnel and project support.

Prior Funding History: A FY06 Special Projects award of \$35,000 to provide training on international trade and exporting through conferences held in Danville and Abingdon, to host a tour of the Virginia Port Authority, and to provide multi-media materials on trade.

Staff comments and recommendation: This is a novel focus, but essentially a subset of strategic planning (community asset/weakness assessment and implementation strategies) that delve into cultural and sociological issues where direct outcomes become very difficult to measure. A small portion of the previous grant was redirected to help develop this assessment tool, but further funding would be another round of operating support for a university outside the region. TICR's role in attracting international companies remains best focused on TROF incentives, site readiness and workforce training. **Staff recommends no award.**

Region 2000 Institute – Request #1415
Region 2000 Center for Advanced Engineering Research
\$411,660

Planning funds requested by the nonprofit regional organization to support establishment of a research center to support innovation in the existing nuclear and wireless industry clusters within Region 2000, which comprises the counties of Appomattox, Bedford, Campbell, Amherst, and the cities of Bedford and Lynchburg. The applicant was previously established as the Center for Advanced Engineering and Research with support from TICR. The center is one of multiple industry-focused regional research and development centers – to be developed in partnership with universities and federal programs – that are additionally supported by a 2007 General Assembly appropriation. Project activities include site selection and analysis, A&E construction plans, business and operations plan development (percentage of Executive Director’s salary, travel to similar center facilities, and the purchase of resource supplies such as case studies).

Total project cost is \$872,460. Other funds include: \$600,000 over 5 years by Region 2000 EDC through pledges for operating costs; \$340,800 local TBD for donation of lot for facility.

Prior Funding History: A total of \$495,000 has been awarded by TICR in two past rounds for CAER start-up funding, wireless test lab and equipment, and computer lab (\$395,000 FY07 Special Projects – current balance of \$247,000; \$100,000 FY06 Special Projects).

Staff comments and recommendation: Travel expenses for the planning taskforce should be absorbed by the applicant. Request builds on earlier Commission investments to support establishment of CAER and create a university research presence that did not previously exist in Region 2000, as well as fostering growth of dominant area industry clusters in conjunction with major private employers. **Staff recommends award of \$400,000 for contracted services to develop business plan and architecture/engineering, contingent on submission of business plan prior to contracting of design services.**

‘Round the Mountain: Southwest Virginia’s Artisan Network - Request #1428
Round the Mountain Regional Trail Network
\$487,900

Funds are requested to support the further development of the regional Artisan’s Network through the creation of community “loops” connecting the traveler to artisan studios, farms, craft venues and points of interest throughout Southwest and portions of Southern Virginia. These loops will be highlighted on the organization’s website and will assist the potential traveler with planning their visit. Funds are also requested for the creation of 2-3 minute videos showcasing artisans at work, to be streamed on the ‘Round the Mountain website, member websites, and future Southwest Virginia Artisan Center website.

Total project cost is \$574,000. Other funds include: \$18,667 VA Tourism Corp (approved); \$45,000 ARC (pending); \$25,000 Round the Mountain member fees (pending).

Prior Funding History: \$85,185 FY06 Special Projects award for start-up operations.

Staff comments and recommendation: Marketing the region's trails is the primary objective of the Network as well as the Artisan Center that is planned for Abingdon, in order to direct travelers to visit artisan sites in tobacco region localities and create stimulate tourism spending. **Staff recommends award of \$200,000 based on \$10,000 per loop for each of the 19 tobacco localities for contracted expenses for development of trail marketing materials (e.g. videos, print, and web) and \$10,000 for overall organizational video.**

Russell County Industrial Development Authority - Request #1423
Southwest Virginia Technology Development Center
\$1,000,000

Funds are requested to complete construction costs associated with the renovation of a former retail facility into a training center to help meet the information technology training needs brought about by the location of CGI-AMS and Northrup Grumman in Lebanon.

Total project cost is \$2,500,000. Other funds include: \$975,000 TIC-awarded, \$525,000 Governor's Budget-awarded

Prior Fund History: \$975,000 in two SWED grants for Center construction; \$1.2 million for company incentives (TROF); \$600,000 for Fast-Track training of company employees; \$66,000 for park improvements (broadband).

Staff comments and recommendation: This request would raise TICR's share of the facility construction to 80 percent. Construction was completed in August, making this a request for retirement of the County's debt service and/or a retro-active reimbursement, which are inconsistent with the Strategic Plan's General Funding Policies. **Staff recommends no award.**

Southwest Virginia Community Development Financing, Inc. – Request #1455
Enterprise Fund for Southwest Virginia
\$2,000,000

Southwest Virginia Community Development Financing, Inc. requests funds in the form of a zero percent, 15-year term loan to capitalize an unrestricted loan fund to meet the growing demand for capital for small and emerging enterprises in Southwest Virginia. These loan funds will be deployed to start or expand existing businesses, and may be applied toward working capital, equipment, inventory, real estate and improvements. The loan funds will offer financing at the prime interest rate minus 1%, with repayment terms not to exceed 10 years. At the conclusion of the requested 15-year loan term, the organization will return the original investment capital to the Commission. The loan program is estimated to generate the creation of at least 135 jobs during the loan period and leverage an additional \$500,000 in private/ public investment to support small business development in the region. The applicant has also submitted a \$300,000 request to Southwest Economic Development to administer these funds.

Total project cost is \$2,653,030. Other funds include: \$300,000 TICRC Economic Development-Application (pending), \$53,000 U.S. Treasury CDFI fund (pending).

Prior Funding History: \$1 million Special Projects award in FY03, with a \$184,000 available balance (plus any loan repayments the applicants has accrued) - status report has been requested by staff.

Staff comments and recommendation: Request would allow an established regional lending organization to expand its service to small businesses, but comes with a substantial operating request and would only leverage a 25 percent federal match (if approved). The demand or current unmet need for these loan products is not quantified, and results from TICR's earlier funding are being assessed. **Staff recommends no award.**

Southwest Virginia Higher Education Center - Request #1452
Southwest Virginia Energy Research and Development Planning Project
\$400,000

Planning funds requested to support the establishment of an Energy Research and Deployment Facility that will focus on harnessing the benefits of clean coal technology. The center is one of multiple industry-focused regional research and development centers to be developed in Virginia in partnership with universities and federal programs. Funds will be used to conduct site selection and analysis, develop architectural and engineering construction plans, and to develop a detailed business and operations plan for the facility.

Total project cost is \$500,000. Other funds include: \$100,000 Southwest VA Higher Education Center

Prior Funding History: none specific to this project.

Staff comments and recommendation: Travel expenses for the planning taskforce should be absorbed by the applicant. Request would build on established higher education presence and partnerships at SwVHEC, and foster growth of a dominant area industry cluster in conjunction with major private employers. **Staff recommends award of \$400,000 for contracted services to develop business plan and architecture/engineering, contingent on submission of business plan prior to contracting of design services.**

Tazewell County - Request #1362
Bluestone Regional Business & Technology Center, Phase IB Dev. Project
\$2,000,000

Funds are requested for site preparation and construction of a 32,000 square foot workforce training facility which will be part of a 680-acre mixed-use development on U.S. Route 460 between the towns of Bluefield and Tazewell. The County purchased the site based on a countywide industrial site study, and TICR funding assisted in completion of a conceptual development plan for the site. The plan calls for 180 acres of business and technology sites, including the workforce facility. An operating plan is being drafted for the facility using a CDBG planning grant, and the County is applying for \$1.8 million of Southwest Economic Development funds for Phase 1A, which will provide initial development of the overall park infrastructure.

Total project cost is \$8,176,245. Other funds include: \$700,000 DHCD (pending), \$4,286,900 USDA (to be submitted), \$939,345 Tazewell County (approved), \$250,000 Hugh I. Shott, Jr. Foundation (received).

Prior Funding History: \$67,500 FY06 SWED grant for park master planning.

Staff comments and recommendation: Operations and curriculum planning is still being assessed using CDBG grants, other grant requests to funding sources won't be submitted until early 2008, and construction isn't likely to begin until late 2008. **Staff recommends application be tabled for consideration in the Committee's next grant cycle.**

Virginia Community Capital, Inc. – Request #1460
Rural Small Business Loan Fund
\$500,000

VCCI proposes to develop, launch, market and deliver a new Rural Small Business Loan Fund for Southside and Southwest Virginia that will serve ongoing small business debt capital needs. Funds are requested to provide a loan loss reserve for the loan program that, leveraged with other VCC's resources, will create a \$1.5 million loan fund. Initial project outcomes include the creation of 15 new loans with 5 new loans each year thereafter and 75 new jobs with 25 new jobs thereafter.

Total project cost is \$2,150,000. Other funds include: \$1,650,000 in capital from VCCI to create \$1.5 million dollar loan fund.

Prior Funding History: \$2 million FY06 Technology grant to VCCI for Mid-Atlantic Broadband operating loan.

Staff comments and recommendation: TICR grant VCCI of \$2 million in FY06 will be available for restructuring as a revolving loan fund after MBC loans are repaid.
Staff recommends no award.

The Virginia Electronic Commerce Technology Center at Christopher Newport University-Request #1407
Promote e-commerce implementation through a matching grant program for Southside & Southwest VA
\$150,000

Funds are requested to replicate within Southwest and Southside Virginia an existing matching grant program currently established in the Hampton Roads area. The program would offer matching grants of up to \$2,500 per business for e-commerce technical assistance to private firms and entrepreneurs for activities to include web site design & development, online shopping systems and search engine optimization. Business would have to match the grant on a dollar-for dollar basis, and agree to report on result metrics to VECTEC.

Total project cost is \$270,000. Other funds include: \$150,000 matching funds from private business participants.

Prior Funding History: A FY06 Technology award of \$400,000 for expansion of VECTEC presence in Southwest VA and start-up of VECTEC office in Southern VA (\$204,000 balance).

Staff comments and recommendation: The request provides a regional solution to assist small business development and e-commerce through an experienced service provider, and provides a tangible product that can be marketed by VECTEC regional offices that are supported by the previous TICR grant. Marketing element of request can be accomplished using previous TICR grant. **Staff recommends award of \$150,000 to be used for matching grant funds.**

VNA Horticulture Research Foundation, Inc. – Request #1459
Beautiful Gardens Plant Introduction Program
\$112,000

Funds are requested to continue the Virginia Plant Introduction Program (PIP) for a fourth year. Commission funds will be used to recruit a tissue culture specialist located in Danville, as a first step in establishing a spin-off enterprise for in-vitro propagation. Funds will also be used for tissue culture, plant evaluation, and nursery propagation and production research, marketing and promotion, technical reports and educational materials and regional outreach programs, and for logistics and coordination of the research sites during the start up phase. The program proposes to become self sustained within 3-4 years.

Total project cost is \$465,659. Other funds include: \$57,500 VNLA and VNA Foundation cash and in-kind; \$43,500 VDACS cash and in-kind; \$102,863 IALR in-kind; \$75,000 VA Tech Horticulture in-kind; \$57,500 VA Master Gardeners in-kind; \$18,046 private nurseries in-kind.

Prior Funding History: \$271,000 FY04 Agribusiness for project start-up, \$145,000 FY06 Special Projects for project continuation (majority still available).

Staff comments and recommendation: FY04 grant was only recently closed and FY06 grant has \$100k balance available. Danville greenhouse facility will not be ready until late-2008, so position could be housed outside tobacco region in the interim, or funds to be tied up for 1 year. **Staff recommends no award.**

NOTE: at the direction of the Committee Chairmen, the Special Projects Committee will be asked to consider the following proposal that was submitted to Southwest Economic Development, but has been funded twice previously by Special Projects. The Southwest Committee meets immediately prior to Special Projects on October 4 and will consider a motion to move this request to Special Projects. The Executive Committee will meet October 18 and will consider a motion to move funds from Southwest Economic Development to Special Projects, in an amount sufficient to fund this and any other recommended projects. A copy of this proposal is enclosed.

Virginia/North Carolina Regional Water Authority – Request #1446
Virginia/North Carolina Regional Water System
\$2,500,000

Funds are requested by the recently-formed regional authority for the construction of a 1 million gallon per day (MGD) water treatment plant, distribution lines, storage tank and pump station serving the needs of Grayson County and the Town of Independence, as well as Alleghany County, NC and the Town of Sparta, NC. The plant will be located on the New River and will provide water to all residents and 80 businesses within the Town of Independence including the Grayson County Industrial Park. The plant will also enable Independence to provide water to a proposed prison to be built in Grayson County. The prison project will directly create 350-400 new jobs with an annual payroll of \$11 million.

Total project cost is \$7,507,888. Other funds include: \$950,000 EPA (received), \$4,057,888 VDH and USDA loans (pending).

Staff comments & recommendation: Previous TICR grants totaling \$400,000 in FY04 and FY06 have assisted in creation of the authority and design of the plant. The current request constitutes a 2 to 1 match from other funds, and will directly assist water needs of the new prison, plus any future water-using industry prospects. **Staff recommends award of \$2,500,000.**