

FY09 Southside Economic Development Staff Recommendations

Request #	Organization Name	Project Title	Request Amount	Recommend Amount
1730	Brunswick County IDA	Small Business Incubator Feasibility Study Phase II: Business Feasibility Study and Business Plan for a Proposed Wood Industry Incubator in Brunswick County	33,300	33,300
1738	Danville Community College (Danville City)	Addressing the Current & Emerging Workforce Skills Shortage in Southside Virginia	443,000	0
1729	Danville-Pittsylvania Regional Industrial Facility Authority (Danville City and Pittsylvania County)	Berry Hill Regional Mega Park	3,370,726	3,370,726
1726	Greensville County	Southside Virginia Education Center Phase II	102,876	102,876
1734	Halifax County IDA	Riverstone Technology Park - Ready Site Development	2,000,000	2,000,000
1731	Lunenburg County	Entrance and Site Development Project	95,000	withdrawn
1732	Lunenburg County	Custom Hangar and Office Building Project	215,000	0
1733	Lunenburg County	T-Hangars Leased Spaces	240,000	withdrawn
1725	Blackstone, Town of (Nottoway County)	Blackstone Medical Center Project	300,000	300,000
1727	Patrick County	Route 58 Patrick Springs Water/Sewer Expansion Project	1,436,013	1,436,013
1737	Pittsylvania County	Olde Dominion Agriculture Complex - Water and Sewer Extension	900,000	0
1735	Robert Russa Moton Museum (Prince Edward County)	Moton Museum: Facility Renovation	116,679	116,679
Totals (12 items)			\$9,252,594	\$7,359,594

FY09 Southside Economic Development
Revised Staff Summaries and Recommendations
October 2008

Brunswick County Industrial Development Authority
Small Business Incubator Feasibility Study Phase II: Business Feasibility Study and Business Plan for a Proposed Wood Industry Incubator in Brunswick County (#1730)
\$33,300

Funds requested to conduct a second phase of a feasibility study, market analysis, site selection and operational planning for the possible creation of a small business incubator to be located in or near Lawrenceville (phase one was funded by TICR in FY07 for \$31,500). This phase is intended to be focused specifically on an incubator facility that would assist start-up companies and entrepreneurs involved in wood-related businesses. Virginia Tech's Office of Economic Development and the Southside Business Technology Center have preliminarily agreed to conduct the study on behalf of the County.

Total project cost is \$52,800. Other funding: \$3,500-Brunswick County (committed); \$16,000-Virginia Tech OED in kind contribution of staff time (pending TICR grant Award).

Staff comments & recommendation: County has balances in open grants of \$1.3 million (FY03-08, extensions have been requested for 03-06 grants). VT-OED and SBTC agreement to perform study to capitalize on local forest products opportunities and R&D for biomass-to-fuels, etc. Wood products are identified in phase 1 study as area of opportunity. In this study phase economic outcomes can not yet be estimated, but should be a product of the study. **Staff recommends award of \$33,300.**

Danville Community College (Danville City)
Addressing the current & Emerging Workforce Skills Shortage in Southside Virginia (#1738)
\$443,000

Allocation for projects in City of Danville (and/or Pittsylvania County) requested to conduct two training certification programs for industrial trainees in DCC's existing Industrial Maintenance lab, and to establish a new Wood Products Advanced Manufacturing lab at a site to be determined. The 10-week Manufacturing Technician Certificate program was established in 2007 and the entire first cohort was hired by Swedwood – funds are requested to cover costs of tuition, skills assessments, books, supplies etc. for four cohorts of 20 students each. An Industrial Maintenance program was established eight years ago and requests funds to train 120 students.

Total project cost is \$2,652,000. Other funding: \$190,000- DCC for program administrator salaries, costs for furniture and additional equipment necessary to support programs (committed); \$4,000-Leadership Southside (Danville/Pitts Co. Chamber of Commerce) to cover fees to conduct random drug test on program participants; \$15,000-Goodyear Tire & Rubber Company to provide scholarship funds for the Industrial Maintenance program (committed).

Staff comments & recommendation: DCC has balances in open FY05-08 grants of \$1.2 million (DCC has de-obligated several older balances this month). Employment outcomes are related to hundreds of announced job openings in local industries such as Swedwood (which hired the entire first cohort of Manufacturing Technician graduates), however there are no specific hiring commitments from companies. The two training programs are existing programs established in recent years in conjunction with local employers and Virginia Manufacturing Association. Full program costs are requested for one year of costs for the two training programs and the wood lab, but future-year funding is not addressed. Specifics have been requested on site leasing and retrofitting costs for the wood lab, for plans to use other potential sources of training funds (such as WIA) and future year sustainability. Pending receipt of that information, **Staff recommends no award.**

Danville-Pittsylvania Regional Industrial Facility Authority (Danville City and Pittsylvania County)

Berry Hill Regional Mega Park (#1729)

\$3,370,726

Equal amounts of funds requested from Danville and Pittsylvania allocations (\$1,685,363 each) to purchase land for a 3,200 mega-project site that will be jointly developed under a pending revenue-sharing agreement between the two localities. Funds also requested for unspecified costs to develop a master plan for the site, engineering costs, environmental mitigation and to construct infrastructure improvements. The localities have secured a bank letter of credit in anticipation of issuing \$13 million of bonds to acquire and develop the property. The localities have also engaged the firm of McCallum Sweeney to begin the process of certifying the property as a mega-site. If the site is successfully chosen for an automotive assembly project, direct private capital investment of a billion dollars and creation of 2,000 new jobs would be consistent with recent OEM announcements in neighboring states. Tier One suppliers locating in close proximity would further and substantially increase investment and job creation impacts.

Total project cost is \$16,514,691. Other funds: 71,982-Pittsylvania County for surveying and consulting services (received); \$71,982-City of Danville for surveying and consulting services (received); \$13,000,000 (Bond)-Danville-Pittsylvania Regional Industrial Facility Authority for development expenses (approved).

Staff comments & recommendation: RIFA has balances in two FY06 grants of \$823,747. The two localities have balances of \$16.2 million (the majority in FY06-08 grants). The cooperation of the two governments to bring a tobacco region mega-site closer to reality is an exemplary effort that is already supported by the Commission (a FY08 grant of \$3.55 million was awarded in April 2008 for water/sewer service to this site and an adjacent privately-owned industrial property). The governments are currently moving toward approval of bond financing for a portion of land acquisition and development costs. Staff suggests the revenue sharing agreement should be presented to Martinsville and Henry governments to invite their participation, and has requested detailed cost estimates for the specific requested activities and a timetable for critical next steps. Mega-site certification review by McCallum Sweeney continues through June 2009, at which time the site's attributes, opportunities and constraints will be better known. **Staff recommends award of \$3,370,726 (split equally from Danville and Pittsylvania allocations), contingent on applicant submitting a detailed project budget to be approved by Staff prior to release of funds.**

Greensville County

Southside Virginia Education Center Phase II (#1726)

\$102,876

Funds requested for construction and internal electronic equipment for the Center's Phase II assembly hall, an 8,800 square foot multi-purpose facility that is under construction and adjoins the new regional workforce education center that received TCR funding of just under \$1 million (from FY05-08 allocations). The assembly hall is intended to fill a need in the community to host up to 1,700 people at conferences, events, trade shows, training meetings and social gatherings. A feasibility and impact study estimates the facility would be used by 16,000 individuals annually, generating \$80,000 per year in revenues, with a regional economic impact of \$131,000 annually (direct and indirect) from events.

Total project cost is \$2,031,611. Other funding: \$500,000 – General Assembly for construction (in hand); \$1,345,648 – USDA for construction/equipment/architectural (loan to be closed 9-15-08); \$86,800 - Greensville County for architectural/engineering (spent); \$15,000 Georgia Pacific donated materials for Phase II (awarded).

Staff comments & recommendation: The County has balances in open grants of \$1.8 million (the majority in TROF). The workforce center has been exemplary regional participation project which already is showing substantial increases in community college enrollments in its first semester of operation. The assembly hall has been an additional county priority, evidenced by the County's substantial loan obligation, and by the private sector in letters committing to periodic use by major local employers. Greensville has some obvious locational advantage (e.g. at the intersection of I-95 and Route 58) and support facilities (hotels, restaurants) to serve as a regional meeting site. Multi-use meetings spaces that accommodate a wide array of community social uses are a Low Priority community amenity. However, the co-location of this facility with the workforce training center, the use commitments provided by local industries, and the potential to create revenues generated by outside visitors attending meetings (in this case, \$131,000 annually) argue for consideration of this as more than a typical community center multi-function space. **Staff recommends award of \$102,876.**

Halifax County – Industrial Development Authority

Riverstone Technology Park – Ready Sites Development (#1734)

\$2,000,000

IDA requests funds to conduct engineering studies and construct infrastructure improvements that will better position Riverstone Technology Park for attracting information technology projects such as data centers. The park's current infrastructure lacks 1,000 linear feet of sewer service to two prime lots fronting U.S. Route 58. Grading of a pad on the front lot and a pad for a proposed new electrical substation in the park are also requested. Funds are also requested to construct 34.5 kV electrical lines (3,000 linear feet) that would complete the inner power loop onsite. Engineering of these improvements, in addition to design of a 60,000 square foot expandable virtual building, are also requested. A ten percent local match (\$200,000) has been approved for design of the virtual building. The IDA cites a prospective developer that is considering investing \$86 million to construct a 100,000 square foot building to attract projects such as data centers and "technical manufacturing."

Total project cost is \$2,270,000. Other funding: \$220,000 – County for design of sitework, engineering, virtual building (approved); \$50,000 MBC fiber buildout (committed).

Staff comments & recommendation: TICR funding for Riverstone to date totals just over \$11 million. The County has open grants balances of \$3.1 million, almost entirely set-aside for future annual debt service on Riverstone Building One. This proposal requests 88% of project costs, to potentially attract 76 jobs in data center and technical manufacturing projects, with an expressed interest by one prospect in building at least one \$86 million speculative facility to attract government data center contracts. All requested activities are consistent with providing fully-served sites that are ready for recruitment of targeted industry clusters. **Staff recommends award of \$2,000,000, contingent on the HIDA executing a development agreement with private partner(s) for site development at Riverstone, prior to release of funds.**

Lunenburg County

Entrance and Site Development Project (#1731) - Withdrawn by applicant

Lunenburg County

Custom Hangar and Office Building Project (#1732)

\$215,000

Funds requested for 96% of project costs to construct a 2,400 square foot hangar at the County airport for a prospective tenant that is considering a 20-year lease of the space to establish a skydiving business. The business would invest \$1 million in equipment and hire 20 workers at \$15 per hour. VA Department of Aviation grant funds will be requested to construct a taxiway to the hangar. The project will generate lease revenues and additional fuel sales for the County.

Total project cost is \$225,000. Other funding: \$10,000-Lunenburg County (budgeted).

Staff comments & recommendation: Staff has suggested to County that this prospect may be TROF-eligible, which could defray a portion of project costs. Some site development costs for hangars are eligible for VA Department of Aviation grants (grading, drainage, parking but not hangar construction) although use to conduct a private business may render this ineligible for DOAV funds. The terms of lease and use of lease revenues are not discussed in the project budget, and the County is exploring the possibility of VA Resource Authority financing. **Staff recommends no award.**

Lunenburg County

T-Hangars Leased Spaces (#1733) - Withdrawn by applicant

Town of Blackstone (Nottoway County)

Blackstone Medical Center Project (#1725)

\$300,000

Town is requesting 11% of project cost to construct a 10,000 square foot, \$2.8 million family practice medical center on property the Town acquired. The facility will be leased to and operated by

Bon Secours Health Systems, which currently operates a smaller facility in town and expressed its intent to close that clinic if a replacement facility was not available. Bon Secours has stated its intent to hire two additional doctors, plus two additional support staff and rotating visiting specialists for the new facility. A construction contract was awarded this summer, Bon Secours has signed a ten year lease with renewal options, and construction has begun on the site, which is scheduled to be completed in May 2009. Telemedicine services affiliated with UVA Hospital will be available.

Total project cost is \$2,808,151. Other funding: \$700,000 – VA Dept. of Housing and Community Development for facility construction (confirmed); \$18,740 – DHCD for telemedicine equipment (confirmed); \$2,089,411 – Town of Blackstone for construction, acquisition, and site work (confirmed, borrowed from loan sources).

Staff comments & recommendation: The Town has a balance in one open grant of \$19,521. Medical centers are arguably a Low Priority (not a basic economic development project), however the project has merit and obvious need, given that the Town was notified of the potential loss of facility. Low job creation (three) but significant private capital investment (\$760,000 for medical equipment) and the Town has its own substantial commitment of more than \$2 million in borrowed construction financing, in addition to a sizable DHCD grant. The center will be supported by TICR-funded MBC fiber loop and UVA telemedicine services. Staff has requested cash flow to show debt and other annual operating costs vs. lease payments. County Board endorses the application. **Staff recommends award of \$300,000.**

Patrick County

Route 58 Patrick Springs Water/Sewer Expansion Project (#1727)

\$1,436,013

Funds requested for 27% of project costs to construct six-plus miles of water and sewer lines to extend service along Route 58 to the Patrick Springs area. Lines will be owned and operated by the County Service Authority and will connect to existing service provided by the Town of Stuart. Mandatory hookups will provide service to 200 residential and commercial customers, and a commitment to reserve 70,000 gallons per day of non-residential capacity will be paid for and controlled by the County's Economic Development Authority for business prospects in the service corridor, which is a state-designated Enterprise Zone. The EDA has two active prospects in the service area (75 jobs), and three Patrick Springs sites are under consideration for construction of a new state prison (300+ jobs).

Total project cost \$5,284,600. Other funding: \$2,381,587-USDA Rural Development loans for capital build out of expansion (pending); \$1,476,000-USDA Rural Development grants for capital build out (approved – pending disbursement); \$216,000 per annum-County EDA for operating cost shortfalls for two years (approved); \$342,763-Patrick County for phase one (paid).

Staff comments & recommendation: The County has a balance in two open grants of \$190,000. This proposal requests 27% of system expansion costs, with the balance partially pending from USDA-RD and local funds. Immediate beneficiaries appear to be predominantly residential along with a small number of commercial/retail users, however, per agreement a 70,000 gallon per day non-residential reserve is set aside for business prospects and controlled by PCEDA. The estimated 375 potential jobs hinge on two current industrial prospects (75 jobs) and nearby sites for state prison project (300 jobs). A system cash flow projection has been requested. **Staff recommends award of \$1,436,013.**

Pittsylvania County

Olde Dominion Agriculture Complex - Water and Sewer Extension (#1737)

\$900,000

County requests 90% of project costs to construct up to two miles of water and sewer service from Chatham north on Route 29 to the site of the proposed Olde Dominion Agricultural Foundation complex. The lines would be owned/operated by the County PSA under a service agreement with Town of Chatham, and could potentially be extended in the future to the Town of Gretna and the Gretna Industrial Park.

Total project cost is \$1,000,000. Other funding: \$100,000-Pittsylvania County (budgeted).

Staff comments & recommendation: The County has balances in open FY02-08 grants of \$9.4 million (the majority in grants from the past two years – some de-obligation from older grants has occurred and several extensions are requested). This request proffers a 10% match for a water/sewer project that has several other possible funders and revenue-generating capability. PER and cash flow analysis have been requested to show projected demand and revenues from the agriculture complex and other properties in the service area and to show ability to finance a portion of the costs. Staff has also requested evidence the applicant has discussed the project with other sources of water/sewer loan or grant funds, and information on opportunities to serve other developable properties. The Agriculture Complex is supported by an FY08 Agribusiness grant (\$84,000) and a request is pending in FY09 Agribusiness for \$2 million of construction funds, although the project shows no net new job creation beyond facility manager(s). The complex site was acquired by the Foundation in September 2008. The County currently has open grants with SSED balances from FY02-06 of more than \$1.36 million, and \$8.1 million from FY07-08. **Staff recommends no award.**

Robert Russa Moton Museum (Prince Edward County)

Moton Museum: Facility Renovation (#1735)

\$116,679

Nonprofit museum foundation requests Prince Edward allocation to continue improvements to a national historic site, including window repair/replacement and attic insulation. To date \$630,000 has been invested toward the \$1.1 million renovation of the historic schoolhouse where a student walkout in 1951 led to the era of Massive Resistance and Virginia's participation in the *Brown vs. Board of Education* Supreme Court ruling. The Moton Museum currently attracts approximately 5,000 visitors per year and is an anchor attraction on the Civil Rights in Education Heritage Trail. Ultimately, renovations to the building and new exhibits in five former classrooms are estimated to cost \$4.5 million and planned to be completed by the 60th anniversary of the walkout in 2011.

Total project cost is \$162,800. Other funding: \$46,121- RR Moton Museum (on-hand).

Staff comments & recommendation: The nonprofit applicant has not received TICR funding to date. It proffers a 28% match from funds on hand (raised from private and corporate foundations, federal grants etc.). Preliminary economic impact using the IMPLAN econometric model assumes annual visitation of 35,000 and from that, estimates an additional half million dollars of direct annual visitor spending in Southern VA after the opening of new exhibits in 2011 (the study uses VA

Tourism Corp. data as the basis for estimating per visitor daily spending of \$61, pro-rated for the length of time spent in the museum and adjusted for inflation). Including multipliers for indirect/induced spending the overall impact is an additional \$830,000 annually across the region. Three-fourths of those impacts will be felt in tobacco localities, and the balance beyond. Revenue benefits for local governments are substantially more modest (an additional \$15,000 per year) principally because the nonprofit site is not subject to local real estate taxes, and Prince Edward County does not charge meals or lodging taxes. The study is based on the extremely conservative assumption that none of the visitors come primarily for the museum. Small incremental increases in the percentage of visitors who come to the region primarily to see the museum (e.g. 5-10% of all visitors) substantially increases the economic impacts (by 35-70% respectively). Special events such as conferences and lectures sponsored by the museum would also dramatically increase the projected impacts. Prince Edward County Board endorses this application. **Staff recommends award of \$116,679, contingent upon applicant agreeing to provide estimated operating budgets and funding sources, and to implement visitor tracking measures to demonstrate economic impact. ■**