

**FY11 2nd Round Southside Economic Development
Staff Summaries and Recommendations
May 2011**

The Commission received 15 applications for unobligated FY11 balances of Southside Economic Development grant funds by the published deadline of April 1, 2011. Funds budgeted in FY11 and local allocations carried forward from previous fiscal years are available. Balances available by jurisdiction are broken out on the following spreadsheet.

Req#	City/County	Organization Name	Project Title	Allocation Available	Request Amount	Staff recommendation
2314	<i>Brunswick</i>	Town of Lawrenceville	Lawrenceville Water / Wastewater Improvement Project	\$2,699,633	\$72,000	\$72,000
2315	<i>Charlotte</i>	Town of Keysville	Drinking Water System Improvements	\$1,573,740	\$1,212,200	\$647,200
2312		Charlotte County	Heartland Park Electricity Engineering Study		\$300,000	\$270,000
2313		Charlotte County	Appomattox River Manufacturing Expansion Project		\$100,000	\$100,000
2309	<i>Cumberland</i>	Cumberland IDA	Cumberland Business / Industrial Park - Wetland Permitting and Water Supply Plan	\$87,673	\$87,673	\$87,673
2318	<i>Franklin</i>	Town of Rocky Mount	Rocky Mount-Franklin County Industrial Park Phase II Rough Grading & Drainage	\$490,027	\$812,500	table
2308		Town of Boones Mill	Industrial Development Project		\$490,000	\$100,000
2316	<i>Lunenburg</i>	Lunenburg County	Equipment for Project Safety	\$1,244,100	\$630,000	\$630,000
2307	<i>Mecklenburg</i>	Mecklenburg County	Route 92 Water Improvement Project	\$411,751	\$400,482	\$400,482
2310	<i>Pittsylvania</i>	Gretna Little Theatre	Gretna Center for the Arts Building Renovation	\$3,409,303	\$209,000	\$0
2306		Town of Hurt	Drinking Water Booster Pumping Station Modernization		\$80,000	\$0

Staff comments and recommendation: The Commission recently granted funds to Brunswick County to construct a new waterline to serve this area (\$900,000), where growth is expected due to regional jail construction and future employers in the I-85 park (SVCC's Alberta campus is also adjacent and served by Town of Alberta). Any discussion of replacing the Town's current waterline in the Rt 46 corridor seems to duplicate the County's new waterline to serve the jail, whereas a cooperative effort to increase storage capacity may be the better use of funds in the future. Lawrenceville is the supplier of both water and wastewater treatment for this area, and is asking herein for a modest amount of funds to begin the planning process for this anticipated strain on its water and sewer capacity, which it is providing in cooperation with the County and Town of Alberta. While Lawrenceville's systems are currently operating under their designed capacity, any growth that includes a high volume water/sewer user in the I-85 Park and/or commercial development near the I-85/Rt 1 interchange would begin to push the systems to their capacity. As there is not a county-wide public service authority in Brunswick, this study may offer Alberta the option of abandoning its failing wastewater treatment plant rather than incurring the cost of building a separate new plant for Alberta's 300 residents. **Staff recommends award of \$72,000 for Town water/sewer study.**

CHARLOTTE

Town of Keysville

Drinking Water System Improvements (#2315)

\$1,212,200 requested

Funds are requested for the cost to construct 16,000 feet of 12-inch waterline that would connect two existing lines and create a loop that would better serve the Heartland Regional Business and Industrial Park and SVCC's Keysville campus. A VDH grant/loan package of \$920,300 has been awarded for the larger project of Town water system improvements, and TICR funds are requested for the majority of cost to construct the proposed loop. The new line would connect an existing line and storage tank that serve the County's Industrial Park and lines that currently serve the SVCC campus.

Staff comments and recommendation: Stated job creation of 180 is excerpted from a previous TICR grant proposal to develop a data storage center in Heartland Park. The proposal indicates the project benefits include improved flow and fire protection to Heartland and County industrial parks, with evidence from a PER that the data center project could not be adequately served with current water pressure from the existing lines serving Heartland Park. This waterline loop is proposed to ensure better flows and redundant service to the Park, as well as the SVCC Keysville campus. A lesser-cost option was initially identified by the Town's engineers for construction over a shorter distance along the Route 360 bypass (the Town's original resolution sought \$647,200 for an 8,000+ foot extension). The Town and engineers subsequently identified a longer 16,000 foot route as proposed here that extends further east of Heartland Park, although no other new users (e.g. residential) are stated as beneficiaries of this longer loop and no evidence is provided that the longer line is more functionally effective. The existing storage tank in the County Industrial Park is not owned by the Town, so a cooperative agreement between the Town and County to tie the proposed line into the existing tank and lines would be advisable. TICR has invested more than \$5 million to date to create the Heartland Park and improve Keysville's water and sewer service to the Park, in addition to a \$1.5 million grant to assist the current data center prospect. **Staff recommends award of \$647,200 for the shorter loop path, contingent on an executed agreement between the Town and County to tie the proposed line into existing County-owned water facilities.**

Charlotte County

Heartland Park Electricity Engineering Study (#2312)

\$300,000 requested

Funds will be used to pay Dominion Power to provide an engineering study for a transmission line extension and substation construction on a site in the Heartland Regional GigaPark Park located on Hwy. 360 in Keysville, VA. An active prospect is working with the County to acquire 144 acres in Heartland Park to develop a data storage facility that would serve federal clients and require 25MW of electric supply. The data facility is stated to be a \$47.5 million capital investment in Phase 1 with 100 new jobs. Dominion's study would also plan for permitting, route selection and right of way acquisition.

Staff comments and recommendation: Dominion's estimate to conduct this work is \$300,000. The application states the County will provide 10% of project costs, making an award of \$270,000 appear adequate to complete the work and comply with the TICR matching fund policy. At such time as the power infrastructure is built for a customer, Dominion would construct the improvements at its own expense and reimburse the County for engineering costs. TICR has invested more than \$5 million to date in site acquisition, development and infrastructure costs to create the Heartland Park, in addition to a \$1.5 million grant to assist the data center development and a pending \$1.2 million proposal to improve water service to the Park. If successful, this would be the first significant private project to realize Heartland Park's original intention of benefitting the six participating counties that are part of a revenue-sharing agreement for machine and tools taxes, and benefit Mid-Atlantic Broadband by creating substantial long-haul traffic and revenues for the MBC network. **Staff recommends award of \$270,000 for 90% of Dominion Power engineering costs contingent on County fully reimbursing TICR in the event Dominion reimburses the County in the future for this engineering expense.**

Charlotte County

Appomattox River Manufacturing Expansion Project (#2313)

\$100,000 requested

Funds are requested for a portion of costs to make improvements to the exterior facade of the existing Appomattox River furniture components manufacturing facility in downtown Keysville. The ARM facility was the subject of a recent announcement that Indiana-based Genesis Products Inc. will acquire the business, retaining 50+ jobs and expanding the product lines while adding 150 jobs (a \$300,000 TROF was approved and announced for the project). Contractor estimates have been provided to remove a portion of the existing complex, enclose the remaining structure by constructing a new exterior wall where the demolition occurs, add metal siding to the existing cinder block walls and replace the existing metal frame windows. Total costs exceed \$300,000.

Staff comments and recommendation: The ARM facility was built as a textile plant and expanded over several decades. While functional and structurally sound, improving the sprawling facility's blighted exterior was a condition of securing the Genesis acquisition. The improvements will enhance downtown Keysville at a key intersection of Routes 40 and Business 15/360. The County IDA has committed \$100,000 as a dollar-for-dollar match, pending approval of this request. The expansion will benefit an unquantified number of timber owners and truck drivers across a multi-county regional area. **Staff recommends award of \$100,000 contingent on this amount being added to the performance terms of the existing TROF award (#2299) and agreement.**

CUMBERLAND

Cumberland IDA

Cumberland Business / Industrial Park – Wetland Permitting and Water Supply Plan (#2309)

\$87,673 requested

Funds are requested to conduct environmental assessment to obtain a wetlands permit needed to construct an access road and develop lots in the County's 70-acre Business/Industrial Park, as well as conduct a study of options to extend the County's existing public water service one mile to the Park (which is currently served by wells). The Park currently has one occupant, Ag-Renewable Resources LLC, whose facility is being constructed with assistance from previous TICR grants totaling \$1.5 million (Agribusiness & Special Projects).

Staff comments and recommendation: Earlier TICR grants have assisted with development of the County water system in the Rt 60 corridor and Park development (\$238,303 in SSED FY05-09). The County's only other publicly-owned industrial park is a joint effort with Farmville IDA (Riverside Park in the southern County). ARR's \$7.5 million anaerobic methane digester will be fed with poultry litter, which will require substantial truck traffic on the proposed access road. The modest requested amount and activities appear essential to secure ARR's operational success as well as any future private investment and job creation in the Park's other lots. **Staff recommends award of \$87,673.**

FRANKLIN

Town of Rocky Mount

Rocky Mount-Franklin County Industrial Park Phase II Rough Grading & Drainage (#2318)

\$812,500 requested

Funds are requested to complete the rough grading of three new pads in the Rocky Mount-Franklin County Industrial Park. The rail-served site is adjacent to a Norfolk-Southern line and four-lane highways. Previous TICR grants have been used for engineering and access road construction, which is complete. The requested funds would allow rough-grading of a 15-acre rail-served pad and two adjacent four-acre pads (one of which could be used to expand the 15-acre pad). The application states that the overall site could accommodate 300,000 to 400,000 square feet of floor space and estimates up to 700 new jobs therein, although a recent RFI by VEDP and Roanoke Partnership identified six projects seeking similar sites that involved from 60-300 jobs and \$60-\$250 million of private capital investment.

Staff comments and recommendation: The Town request greatly exceeds the \$490,027 that is currently available for projects in Franklin County. A partial award could be made to obligate the current funds, although it is unlikely and perhaps undesirable that the grading contract could be broken out for the smaller amount. This project has been the subject of multi-year development and marketing efforts by the Town, the County, Norfolk-Southern, VEDP and the Roanoke Regional Partnership, so there is a high probability the site will be thoroughly marketed until an occupant is secured. A request to federal EDA is pending, and the two local governments are stated to be contributing \$150,000 each for

construction costs. **Staff recommends this application be table until additional funds are available in the FY12 Southside cycle.**

Town of Boones Mill
Industrial Development Project (#2308)
\$812,500 requested

Funds are requested to begin revitalization of former modular home manufacturing plant that is being acquired by the Town. The multi-building, rail-served 60-acre property will house the Town's offices and operations, and according to a preliminary architectural report completed for the Town, allows for potential development of several buildings and spaces to accommodate private industrial users. Funds would be used to complete a concept feasibility and master plan (\$14,400), demolish unstable buildings (\$180,600) and renovate 8,300 square feet of office and industrial space to house a current prospect that is planning to lease the space to begin a spring water bottling business (\$295,000). The bottling business would create 8-12 new jobs with average salary of \$41,600 and private capital investment of \$500,000.

Staff comments and recommendation: The potential uses of the property are not yet known and would be clarified by the concept feasibility and master plan study, and the Town has already enlisted assistance from VEDP, Norfolk-Southern and Roanoke Regional Partnership in assessing the site's industrial development potential. The demolition work is needed to remove collapsed structures and allow adjoining structures to be used for private industry, and the Town has subsequently received a significantly lower quote for demolition than the requested \$180,600. The requested level of assistance to house the bottling business equates to \$35.60 per square foot of renovation/upfit costs, which appears a reasonable cost to make the space usable, but is high for the jobs and investment promised. However, the bottling operation appears to be a significant business opportunity (the Town, which currently dumps millions of gallons of unused high quality spring water annually, has been approached by an interested private operator but has not yet completed an independently-verified business plan). TCR staff has suggested to the Town that assistance with completing a feasibility study and business plan for the bottling operation could lead to a better understanding of the ability to finance some or all of the requested renovations from bottling revenues and/or lease payments. All proposed matching funds are in the form of a \$400,000 approved bank loan for the Town to acquire the site. The Town has not received TCR funds to date. **Staff recommends award of \$100,000 to complete the requested site master plan, to complete a feasibility study and business plan for the bottling operation, and to fund demolition costs at a reduced level.**

LUNENBURG

Lunenburg County
Equipment for Project Safety (#2316)
\$630,000 requested

Funds are requested to purchase manufacturing equipment that will be made available to a private company (Safety Technologies Inc.) that announced a decision on May 10th to locate in the County's shell building. The company has exclusive U.S. rights to manufacture and sell a trademarked product currently being produced in Europe which protects fuel storage tanks from explosions and fire. Grant

funds will be used to purchase one Reelmatic machine for one line of production. The County will execute a lease-to-purchase with the company acquiring the equipment within three years. The company will also lease the shell building with an agreement to purchase for \$890,000 within five years. Forty-six jobs will be created within three years with an average salary of \$39,315, and total private investment in real estate and equipment will be \$5.89 million. TCR grant #1915 (\$800,000 in SSED FY10) will be used to complete the buildout of the shell building, and TROF funds (\$160,000) along with GOF (\$100,000) will be part of the incentive package. The County proposes that funds returning to the County through the company's purchase of the building and equipment "will be used only for economic development purposes in the future."

Staff comments and recommendation: This represents a significant employment and investment project in the County's long-vacant shell building, supported additionally by TROF and a previous Southside grant for building upfit. The project is well-constructed to provide near-term incentives but ultimately result in the building and equipment becoming taxable property. Given the proposed terms of a three year lease-to-purchase agreement for providing use of the IDA-owned equipment to the company, an award should require the County to return funds to TCR Southside allocation when company completes the acquisition of the equipment. **Staff recommends award of \$630,000 contingent on the County IDA retaining ownership of the equipment until such time as the company completes the purchase of the equipment, at which time the County must return to the Commission and the Lunenburg Southside allocation the proceeds from sale of the equipment.**

MECKLENBURG

Mecklenburg County

Route 92 Water Improvement Project (#2307)

\$400,482 requested

Funds are requested for approximately half of the cost to construct a 700,000 gallon ground water storage reservoir and bubble aeration system as part of the water system currently under construction in the Route 92 corridor from Boydton to Chase City. Water in the system will be supplied by the Roanoke River Service Authority to serve as a new surface water source for 1,276 current customers in the Town of Chase City, as a redundant supply of water for the Microsoft data center which is under construction in Boydton, and a potential source of water for the 600-acre Butler Farm property that is being marketed by the County as an industrial site near Chase City

Staff comments and recommendation: An FY08 Southside grant of \$1 million is being used to construct the water line that was originally approved to serve a proposed Osage Bioenergy ethanol plant at Butler Farm (that project now appears unlikely to be developed). Construction of the ten-mile waterline is also being funded by federal EDA (\$1.25 million) and DHCD-CDBG (\$1 million). Subsequent engineering after the Microsoft announcement in mid-2010 revealed the need for the water storage tank to be added to the system (Microsoft will use 670,000 gallons per day, and the tank will provide storage for a redundant supply). This request was initially presented to the Reserve program as match for the 2008 EDA grant, and was declined (with a staff recommendation to seek Southside funds instead of Reserve). The storage tank will cost approximately \$800,000, plus contingencies. Local funds are committed for \$180,000 toward construction and the \$68,000 contingency, in addition to EDA funds for construction (\$98,500). Total County investment in the system is more than \$875,000. Chase City's current system draws water from nine wells and has received ten Notices of Violation from VDH

since 2000 (mostly for coliform bacteria levels). Per existing agreements, RRSA will sell water to Chase City at a bulk rate, and the Town will bill its customers at retail rates. The County will own the tank and waterline but will not generate revenue as all users will be customers of RRSA and Chase City. **Staff recommends award of \$400,482.**

PITTSYLVANIA

Gretna Little Theatre

Gretna Center for the Arts Building Renovations (#2310)

\$209,000 requested

Nonprofit arts organization established in 2008 requests funds for Phase I repairs and renovations of three-story warehouse building on Main Street in downtown Gretna it purchased in 2010 for \$30,300. Funds are requested for repairs to roof, foundation, flooring, exterior facade, hazardous materials abatement and site drainage. The overall costs to renovate the building to house theatre rehearsals and storage, 3-4 artists in rented spaces, performances, arts classes and shows, receptions and other events is more than \$1 million.

Staff comments and recommendation: This is one of several positive community and economic development projects underway in Gretna, but "particular uses of the renovated space are undefined at this early stage of development," all matching funds are pending, future operating funds are not quantified, outcomes are not quantified and the ability of this three year old nonprofit arts organization to raise funds for the overall \$1 million project is not clear. This will not be the primary performance venue for the GLT, which currently stages shows at the Gretna Theatre. Town is seeking historic designation and project should be developed in a manner that allows use of historic tax credits. Ultimately, housing performing and visual artists and providing arts education for school age students is not a basic economic development strategy. **Staff recommends no award.**

Town of Hurt

Drinking Water Booster Pumping Station Modernization (#2306)

\$80,000 requested

Funds are requested to allow modernization of the Town's drinking water booster pumping station, including new automatic controls, a dialer, pump and motor. The Town states these improvements will allow the system to function more reliably and better serve potential users of the Klopman Mills (former Burlington) site for which Pittsylvania County has secured a \$886,500 FY11 TCR grant for improvements to water and sewer service.

Staff comments and recommendation: These modernization costs appear to be normal operational equipment upgrades that could be funded from operating, maintenance and replacement reserves. It can not be ascertained if these improvements will significantly address the water needs of any prospective user of the Klopman Mills site and/or the Town's adjacent Key Industrial Park. **Staff recommends no award, with the stipulation that the requested improvements be reviewed by the County for inclusion as a potential change order in the project scope for the water/sewer project to serve Klopman Mills under grant #2199.**

Pittsylvania County

Ringgold East Industrial Park – Development Ready Sites (#2311)

\$2,464,640 requested

The proposed project involves clearing and grading the existing Ringgold East Industrial Park to create "development ready" pad sites. Funds are requested for design (\$231,000) and site development (\$2.2+ million) to create one 30.5-acre and one 13.2-acre pad, including a natural gas line extension and stormwater facilities. Water, sewer, electric, fiber, rail and natural gas are all located at the outer edges of the park, which has a water storage tank, sewer pump station and a 70,000 square foot shell building where a current prospect is planning to start a manufacturing operation. The County estimates the 30-acre pad could accommodate two 70-100,000 sq.ft. buildings, and the 13-acre pad could fit one 100,000 sq. ft. building. Estimated job creation is 250-300, with estimated private investment of \$20 million. The County will use local funds to obtain three small residential properties that abut the Park, enabling creation of the 30-acre pad and lot.

Staff comments and recommendation: The project has been preliminarily engineered. The request is highly consistent with TICR priorities on developing fully-served sites that are marketed by VEDP and have high potential to generate significant new job creation and private investment. The Park is in a state-designated Enterprise Zone and enjoys good proximity to Route 58, rail and the adjacent Cane Creek Centre. **Staff recommends award of \$2,429,431.**

Town of Chatham

Chatham Water Treatment Plant Improvements (#2303)

\$489,872 requested

This project requests engineering and construction funds for improvements to the Town of Chatham's Water Treatment Plant (WTP) to increase the reliability and safety of the treatment process, address compliance issues, and promote economic growth in the area. The WTP currently operates well below its permitted capacity but the Town water system suffered two major shutdowns in 2008 which impacted its residents and nine industrial users (industrial/commercial accounts for 75% of usage). These businesses currently employ 850 people, and a new 300-acre industrial park (Cherrystone) is under development in the WTP's service area with projected employment of 700 and investment of \$460 million. Funds would allow replacement of filter valves, residual basin mixers and an emergency backup generator.

Staff comments and recommendation: The Town has proffered a 17% match from its reserve funds, and the proposal states VA Resources Authority will be approached for construction financing, which could reduce the need for TICR funds. However, the Town carries substantial water system debt through 2033 and currently operates on a very small annual surplus (although rates are currently somewhat below statewide averages). The proposal includes several letters from area employers whose operations have been impacted by the system shutdowns in 2008, including a manufacturer, a service industry, a state correctional facility and a boarding school. There appears to be ample evidence these system improvements are critical to retaining and creating jobs in the central Pittsylvania area served by this system. **Staff recommends award of \$489,872.**

Town of Gretna

Piedmont BioProducts Gretna Bioenergy Process Optimization (#2317)

\$490,000 requested

Funds are requested to continue optimizing the fast pyrolysis process that is being developed at the Piedmont Bioproducts demonstration site in Gretna to convert perennial cellulosic plant feedstocks such as miscanthus into value-added petroleum replacement products including bio-oil, syngas and carbon char. Funding will be used to complete the optimization of the conversion process and for testing, including the addition of a hot gas filter and post production bio-oil filter. The bulk of funds will be used for process improvements and the associated parts and labor for equipment installation and testing. The contractual labor is paid to the contractors performing plant modifications and improvements as well as to vendors for parts and equipment. Some money will be used to pay the utilities and insurance. These improvements will lead to development of Piedmont's first commercial bio-refinery to be located in the Gretna Industrial Park. The bio-refinery will be a 50-ton-per-day facility employing 8-10 people, with capacity to produce 2.1 million gallons of bio-oil and 2,400 tons of bio-char annually, using feedstocks produced on approximately 2,000 acres of farmland, supplied by 40-60 local farmers. Piedmont is partnering with Pall Corp. to use filters previously tested at a National Renewable Energy Laboratory, with technologies developed by State University of New York, Mississippi State University, CANMET and Virginia Tech faculty, and with Sweet Briar College for test burns of fuel. The work is supported by Virginia's CIT, Dan River Business Development Center and other state and local partners. Matching funds are in-kind operational expenses including project personnel salaries, consulting services and land/equipment rent.

Staff comments and recommendation: The Piedmont Bioproducts research and demonstration has been a signature renewable energy project supported by the Commission since 2006 with Special Projects and Agribusiness grants totaling more than \$1.7 million. This request is represented as a final process improvement phase before moving into construction of the first commercial-scale biorefinery. Gretna represents the fourth organization to partner as a TICR grant applicant with Piedmont Bioproducts, and to date the issue of a granting equipment funds to a private for-profit have not been adequately addressed. Staff therefore suggests that any award herein be conditioned on Piedmont Bioproducts seeking written Commission approval before disposing of (by sale, lease etc) TICR-funded equipment and physical assets or relocating such equipment/assets outside the Tobacco Region. **Staff recommends award of \$490,000 contingent on Piedmont Bioproducts seeking written Commission approval before disposing of (by sale, lease etc) TICR-funded equipment and physical assets or relocating such equipment/assets outside Virginia's Tobacco Region.**

SUSSEX

Sussex County

Route 602 (Cabin Point Road) Industrial Park (#2304)

\$552,293 requested

Commission funds are requested to assist with the site development of Phase I of the proposed industrial park at US Route 460 and Route 602. The 156-acre property was obtained by the County in 2006 for development as the first County-owned industrial site in Sussex. It will be marketed by both VEDP and Virginia's Gateway Region as a manufacturing site (e.g. for suppliers of Rolls-Royce, which is located less than 30 minutes away) and for warehousing/distribution/logistics firms needing direct

access to the Port of VA via Route 460. The site contains 134 developable acres, with all needed utilities in close proximity. Funds would assist in clearing and rough grading a 20-acre site and constructing 1,100 feet of 16-inch water line, 700-foot wastewater line and stormwater facilities within the property. VDOT funds will be sought for a construction of a 1,000-foot access road. Water and sewer facilities would be turned over to the Sussex Service Authority for ownership, operation and maintenance (the County does not have a public utilities department)

Staff comments and recommendation: There are nine Sussex properties listed on VEDP sites database, only one of which is under public control (Town of Waverly) and most do not possess the locational, infrastructure and readiness attributes of this property. A FY11 Southside grant of \$50,000 assisted with engineering of this site. The TICR-funded Sussex megasite is located across Rt 460 adjacent to this site (TICR Megasite funds are assisting with engineering of that larger site). The requested improvements would allow the Route 602 Park to offer fully-served rough-graded parcels of 10-20 acres to a variety of prospects that could constitute significant new employment and investment opportunities in the County. **Staff recommends award of \$552,293.**

OTHER BUSINESS

Staff is still gathering information on the following requested changes to existing grants and will report more fully to the Committee at the meeting on Wednesday May 18 on the following:

Pittsylvania County

Berry Hill Road Industrial Project (#1581)

The County was awarded \$3,548,925 in FY08 for water/sewer construction to serve a brick mining/manufacturing operation that was considering a site on Berry Hill Road. That operation did not materialize, but the property later became part of the Berry Hill megasite, and the Commission authorized using grant #1581 to begin to provide water and sewer service to the megasite. The County has used a portion of the grant funds for engineering costs, and has awarded a \$1.7 million dollar contract to construct a waterline. The County now requests that a \$1 million balance of funds originally budgeted for construction now be authorized for use in providing additional engineering for the megasite. An unspecified amount of time extension is also requested for this grant (the Executive Director is authorized to allow an extension for a fourth year for this three year old grant). However, the scope of budget change (28% of the grant amount) rises to the level of requiring Committee action. It should be noted that the Commission has awarded more than \$17.7 million for the Berry Hill megasite to date, including engineering, land acquisition, infrastructure improvements etc.. A more complete overview of megasite engineering and status has been requested of the County.

Mecklenburg County IDA

Kinderton Technology Campus (#1779)

The Mecklenburg IDA was granted \$3,523,334 in FY 09 for site acquisition/development of property in Clarksville for further development of a data center campus adjacent to the data center THAT currently occupies the former Russell-Stover plant. Funds have been used to acquire the site (\$1 million) and for some additional engineering (\$257,000). A balance of more than \$2.2 million remains in this two year old grant, and the IDA is now requesting a change of use for \$935,723.23 of that balance to be used for

Town sewer system upgrades (specifically to improve the pump station that serves Kinderton and adjacent residential communities). A preliminary PER has been provided that raises questions about the residential areas served by the pump station improvements that are proposed herein, and staff is seeking information on the remaining activities and uses of funds to make the Kinderton Technology Campus a fully-served shovel-ready site.

NEW BUSINESS

Staff met with the City of Danville recently re: challenges in implementing a significant project the Southside Committee has previously supported, and invited the following proposal under the scenario described below:

City of Danville

Center for High Performance Computing (#2328)

\$1,400,000 requested

The Commission approved \$1.6 million of Southside Economic Development funds in October 2010 for the City to contract for the purchase of a \$3 million Cray XMT supercomputer, to be placed in the City and operated by its nonprofit partner Noblis Inc.. The Center for High Performance Computing will provide free access to this unique resource for tobacco region entities for two years, and discounted access for years three through five. It will also result in the creation of several high-paying positions in the region. That grant clearly stated that the City would request that FY12 Southside allocation also be dedicated to the purchase price. However, the computer manufacturer (Cray) will not commence construction until all funds for construction are committed. After briefing TICR staff about this challenge, the City was invited to request funds from the Commission's Reserve account balance, with the understanding that when FY12 Danville Southside allocation becomes available July 1 the entire allocation would be used to reimburse the Reserve fund. The Executive Committee will be asked on Monday, May 16 to consider authorizing the use of \$1.4 million of Reserve funds under this scenario, and the Southside Committee will be asked to consider authorizing the FY12 Danville allocation (and FY13 allocation, if needed) be obligated to promptly replenish the Reserve account on July 1 for the entire \$1.4 million requested herein. Staff fully supports this scenario in order to facilitate and expedite the construction and availability of this unique supercomputer resource to tobacco region businesses and research organizations. ■