

FY12 Southside Economic Development Staff Summaries and Recommendations May 2012

The Commission received 12 applications for FY12 2nd Round Southside Economic Development grant funds by the published deadline of March 30, 2012. Balances available by jurisdiction are shown below.

Req #	City/ County	Organization Name	Project Title	Allocation Available	Request Amount	Staff recommendation
2508	<i>Bedford</i>	Bedford County	MRT Manufacturing; Forest Equipment of VA Weld Shop Expansion Project	<i>\$96,081</i>	\$96,081	\$96,081
2536		National D-Day Memorial Foundation, Ltd.	Education Center Economic Feasibility and Preliminary Design		\$30,000	0
2533		TRAX International	Development of high fidelity online energy modeling and simulation		\$96,000	Ineligible applicant
2532	<i>Brunswick</i>	Brunswick County IDA	Route 58 East Water and Wastewater System Phase I Construction Project	<i>\$2,067,191</i>	\$2,000,000	\$456,042
2525		Brunswick County IDA	58 East Industrial Site II Acquisition		\$720,000	\$27,000
2534		Saint Paul's College	Restoration, Repair and Renovation of the Educational Buildings of Saint Paul's College		\$3,136,500	\$310,000
2527	<i>Greensville</i>	Greensville County	Skippers WWTP	<i>\$85,730</i>	\$35,730	\$35,730
2526		Greensville County	Economic Development Assessment		\$50,000	\$50,000
2535	<i>Halifax</i>	Halifax County IDA	Project Colt for Green View Advanced Manufacturing Center Area A	<i>\$537,302</i>	\$535,000	\$535,000
2528	<i>Mecklenburg</i>	Mecklenburg County	Mecklenburg Correctional Center Feasibility Study	<i>\$1,339,679</i>	\$180,000	\$180,000
2529	<i>Prince Edward</i>	Robert Russa Moton Museum	Civil Rights in Education Heritage Trail Tourist Center	<i>\$97,232</i>	\$76,000	\$76,000
2537	<i>Sussex</i>	Sussex County	Henry Technology Park and Commerce Center	<i>\$245,887</i>	\$135,000	\$135,000
		Total Requested/Recommended:			\$7,090,311	\$1,900,853

BEDFORD

Bedford County

MRT Manufacturing: Forest Equipment of VA Weld Shop Expansion Project (#2508)

\$96,081.40 requested

Project description provided by applicant: MRT Manufacturing, traded as Forestry Equipment of Virginia (FEVA, see: www.feva.net), is positioned to expand its custom truck assembly business into a new area that includes a Weld Shop operation. FEVA is located in Forest, VA, along U.S. 460 on the east end of Bedford County. This location is just over the boundary line for Campbell County and draws the bulk of its employees from both counties, as well as others from the City of Lynchburg, Appomattox, and other surrounding localities. The primary focus of the company is to build the best aerial lift truck for the independent tree trimming and vegetative management markets. FEVA is the largest up-fitter of Terex XT lifts in the world today and prides itself on quality, dependability and low cost of ownership of its units. This Weld Shop expansion will allow the company to manufacture \$2.8 million worth of product (components from raw steel) in house rather than purchasing it from out of state and assembling on the forestry trucks. It will also result in increased revenue through lower component unit cost and increased market share through in-house manufacturing flexibility. By producing the components in-house, the company will reduce its shipping costs by \$100,000 annually.

Staff comments and recommendation: Economic development outcomes within three years are estimated at 35 new positions averaging \$32,302 and over \$3.5 million private capital investment. TICR approved an \$80,000 TROF for this company 12/31/2011 and the County has committed a \$50,000 local incentive package to the company. All construction costs requested in this application are necessary on-site utility and parking/loading improvements to FEVA's privately owned property. **Staff recommends \$96,081.40 award to be combined with the TROF award and performance agreement.**

National D-Day Memorial Foundation, Ltd.

Education Center Economic Feasibility and Preliminary Design (#2536)

\$30,000.00 requested

Project description provided by applicant: The Foundation is pursuing an Education Center building. Two components are essential prior to moving further forward: 1. An economic impact study; 2. Renderings and plans to share with potential major donors to determine financial feasibility. Commission funds will be used to hire a firm to conduct the economic impact study and to hire an artist and "staff architect" to do basic promotional drawings that will ultimately be used as a template for the final design.

Staff comments and recommendation: This is the first grant proposal to the Commission from the nonprofit D-Day Memorial Foundation. Economic impact assessments are generally required for funding consideration of applications where outcomes are tied to tourism and the potential for increased visitor spending. Funding for this assessment is typically paid for by the organization prior to a request being made to TICR since this often becomes a critical part of the argument to TICR for funding consideration. While the D-Day Memorial meets the criteria of being a nationally- and

internationally-recognized visitor destination, the applicant identifies private funding which should allow them to begin the study and renderings. **Staff recommends no award.**

TRAX International

Development of high fidelity online energy modeling and simulation (#2533) **\$96,000.00 requested**

Project description provided by applicant: Today, electrical generating power plants face unprecedented challenges. New EPA regulatory standards require the addition of expensive new clean air processes. At the same time, an aging workforce means that more new operators need training to safely operate complex power stations. Historically, simulator-based training has been shown to be the best method for developing operator skills. Unfortunately, not every utility can afford the \$750,000 approximate cost of a traditional simulator system. The TRAX goal is to address this critical industry need: to provide new ways to expose more trainees to simulations at a more reasonable cost. TRAX, LLC is a Virginia-based power plant training company that will develop and commercialize ProTRAX Cloud™ as a solution. This product will deploy physics-based, real-time power plant simulations to the newest generation of personal computers and wireless mobile devices. The TRAX grant request is focused on two key areas of the Commonwealth Strategic Roadmap--Modeling and Simulation and Energy. If successful, the \$96,000 grant award will provide additional resources to develop the delivery method, training content, and hardware purchases to accelerate commercialized success. Recent natural and man-made disasters, such as the Japanese tsunami and STUXNET, drive home the urgency of power plant operator training and awareness. ProTRAX Cloud™ will be a significant Virginia industry response to better prepare today's power plant operators for tomorrow's challenges.

Staff comments and recommendation: This application was submitted by a private company, an ineligible applicant, and therefore is not eligible for funding consideration. The company has been notified of this and is seeking an eligible applicant on its behalf for future resubmission. **Staff recommends no award.**

BRUNSWICK

Brunswick County IDA

Route 58 East Water and Wastewater System Phase I Construction Project ***(#2532)*** **\$2,000,000.00 requested**

Project description provided by applicant: The Brunswick County IDA is developing plans to construct a water and wastewater system to support economic development in the far eastern area of the US Route 58 corridor in which the proposed \$1.1 Billion Dominion project will serve as the anchor industry. This phase of the project is required to deliver water and wastewater service to the Dominion project. The IDA has completed negotiations to acquire an additional 428 acres tract adjacent to the Dominion site. These funds will be used to construct water and wastewater infrastructure extended from where it now ends on Route 58.

Staff comments and recommendation: This funding request is identified as a portion of the estimated \$5.159 million costs for Phase I water and wastewater system construction for extension of a
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12” water main and 10” force main approximately 19,000 linear feet along Route 58 from the Lawrenceville Brick to the Dominion site. TICR is providing funding for two Preliminary Engineering Reports that are not yet completed that will include estimated costs for expansion of water and wastewater treatment plant facilities in Lawrenceville, and for the county’s Phase 2 construction for a water line from their permitted withdrawal location on the Meherrin River from the east to provide dual water to the site. Consequently, the total costs for provision of this commitment of water and wastewater to the Dominion site are not entirely known at this time. The source(s) for the balance of funding for this and later phases of the project are not yet known and may come from one or more other agencies, based on further evaluation of the potential revenues from user fees to finance the project (particularly the primary user Dominion which is expected to use over one million gallons per day in peak season - Staff has requested a complete cash flow analysis which is a standard requirement for water and sewer projects). Assisting the design of the water/sewer lines at this time will allow the project to move forward in a sufficient timeframe to complete construction of lines by 2015 as required, while allowing consideration of all costs associated with financing new or existing infrastructure upgrades and the potential for other funding sources and revenue from new users as part of the total financing for the project. **Staff recommends award of \$456,042 for 90% of project engineering prior to construction.**

Brunswick County IDA

58 East Industrial Site II Acquisition (#2525)

\$720,000.00 requested

Project description provided by applicant: Negotiations have been completed to acquire 428 acres of land located adjacent to the site on which Dominion Virginia Power is proposing to invest \$1.1 million to construct a Power Station. The 428 acres tract will be developed to attract new industry. A portion of the land will be used initially as an access point and a "lay-down" area during Dominion construction; thereby this area will be cleared and grubbed by Dominion at no cost to the IDA. The funds from the Commission will be used to acquire the land.

Staff comments and recommendation: The county has indicated that “acquisition of the property is necessary to give a transportation access point to Dominion near a US Route 58 crossover and to provide them a “lay-down” area for construction. DVP would need only a portion of one parcel (up to 30 acres) for DVP’s access and a potential third “laydown” area (two primary laydowns sites are on DVP’s property). The County’s engineers indicate the construction access across a 250 foot corner of one parcel is clearly needed, but the actual need for a third laydown area will be determined in June when construction bids are received and reviewed. The County states that the seller is unwilling to subdivide the property, sell individual parcels or grant a temporary construction easement. However, the parcels to be acquired appear to have an irregular shape, significant slopes and water features that could make development challenging (usable acreage is estimated at 282 of the 428 acres, but potential building pads have not yet been identified and could be difficult to site). While the proposed purchase price of less than \$1,900 per acre for property fronting Route 58 and adjacent to DVP power supply is certainly reasonable, the lack of supporting information on development concepts/potential for this property makes it uncertain where the acquisition of the property stands as a priority use for the county allocation versus other sites such as the former Brunswick prison property. Staff therefore suggests that further assessment be conducted to evaluate the potential for industrial development of the property.

Staff recommends award of \$27,000 for 90% of the master planning and preliminary engineering of the property that is proposed for acquisition.

Saint Paul's College

Restoration, Repair and Renovation of the Educational Buildings of Saint Paul's College in order to retain higher education options and provide access and improve knowledge for regional revitalization and global competitiveness in Southside VA. (#2534)

\$3,136,500.00 requested

Project description as provided by applicant: Saint Paul's College requests \$3,136,500 for capital renovations and maintenance to four (4) academic buildings, the Russell Library, Letcher Building, Brown Hall and Russell Hall on its Lawrenceville campus.

Staff comments and recommendation: Saint Paul's College was founded in 1888 as a four-year liberal arts institution of higher learning offering baccalaureate degrees in arts and sciences with a current student body of approximately 400 at its Lawrenceville campus in Brunswick County. The request to TICR represents a portion of an estimated \$16.8 million of capital needs for renovations to the majority of the college's buildings that have seen years of deferred maintenance. The priority use of the TICR funds is for the academic buildings serving the Bachelor of Science degree candidates in Biology, Business Administration, Computer Science, and General Studies. In July 2010 the college was denied reaffirmation of accreditation and was placed on probation by the Southern Association of Colleges and Schools (SACS) for failure to meet compliance standards for the Principles of Accreditation. The College must submit details of its improvement plan regarding institutional effectiveness and financial resources/stability by May 17 in advance of a June 21 hearing on SACS reaccreditation. The college is conducting a capital campaign with a goal of \$5 million to demonstrate financial stability, with a reported \$3.7 million committed to date (see www.saintpauls.edu). Similar albeit smaller funding requests have been assisted by the Commission on multiple occasions in recent years, with consistent focus on improvement of science instruction facilities (i.e. Averett, Emory & Henry, Ferrum, King, Liberty, Longwood, Lynchburg and Virginia Intermont). Those previous grants have been funded by the Education, Economic Development, Special Projects and Reserve programs. The parallel opportunity here is to fund a portion of the estimated \$620,000 cost to renovate Brown Hall (circa-1951), the College's science instruction building, and thereby better prepare its students for employment in technical fields. Outcomes have been requested regarding student enrollment and degree granting in science disciplines, and absent that data the College is requesting support as a means to demonstrate readiness for reaccreditation and to continue the College's role in the regional economy as an employer and purchaser of goods and services. Due to risk associated with potential loss of accreditation, any funding consideration by TICR should be contingent on SACS accreditation. **Staff recommends award of \$310,000 to be matched dollar-for-dollar as a challenge grant for the renovation of Brown Hall, contingent on SACS reaccreditation.**

GREENSVILLE

Greensville County

Skippers WWTP (#2527)

\$35,730.00 requested

Project description as provided by applicant: Economic development around Interstate 95's Exit 4 is stagnant due to the limited sewer capacity for potential clients. WilcoHess has signed performance agreements to develop a new commercial business at the interchange. Unfortunately, at this time meeting their sewer needs will put the treatment facility at its maximum and risk not being able to meet their needs on high usage days. Completion of this project will ensure the County's ability to meet their sewer needs without fail. The Skippers wastewater treatment plant does not have return activated sludge, so the purpose of the upgrade is to provide return activated sludge. The project consists of piping from the clarifiers to the existing pump station through a telescopic valve and parshall flume, and replacing the existing pumps in the current pump station with variable speed suction lift pumps.

Staff comments and recommendation: TICR provided a previous award of \$100,595 under grant #2053 to address water supply needs at this Exit in order for the company to locate a facility at this site. This proposal combined with TICR funding made available through a \$140,000 TROF award (#1964) will be used to address the wastewater needs. The company signed a performance agreement for creation of 47 new jobs and \$5 million private capital investment. In order to satisfy the minimum of 10% match requirement, **Staff recommends a \$35,730 award not to exceed 90% of project costs excluding costs supported from the TROF award.**

Greensville County

Economic Development Assessment (#2526)

\$50,000.00 requested

Project description as provided by applicant: Greensville County has one 25 acre parcel left in its industrial park. There are several parcels in the county that present opportunities to develop a new park. The County wishes to assess six sites for economic development to determine which site should be pursued as the next industrial park. An engineering firm will be contracted with to assess the sites for transportation access, utility availability, environmental mapping and site constraints. The engineering firm will also oversee the development of an economic development website for Greensville County. This site will specifically speak to potential clients that may be interested in Greensville County for their next project.

Staff comments and recommendation: This request includes two components each at \$25,000: assessments of six sites for economic development potential include two existing industrial parks to compliment the Greensville County mega site and development of an economic development website for the county. Use of TICR funding for development of the local website is a County priority because no site currently exists, but is a lesser priority for TICR due to the potential precedent of funding websites for localities across the tobacco region. The County does not currently host an economic development website and requests consideration of that project cost. The County has subsequently provided an expanded scope for the site assessment project that includes additional public meetings, marketing materials and analysis. **Staff recommends a \$50,000 award for 90% of the cost of the expanded scope of work for site assessments.**

HALIFAX

Halifax County IDA

Project Colt for Green View Advanced Manufacturing Center Area A (#2535)

\$535,000.00 requested

Project description as provided by applicant: Project Colt is a code name for a manufacturer of luxury custom designed and finished kitchen cabinetry committing to locate in Halifax County. The company is headquartered in Indianapolis, Indiana and manufactures in West Virginia. The proposed manufacturing operation will be an expansion to meet product demand and to introduce a new product to the market. The company will invest approximately \$2.2 million in machinery and tools in 100,000 sq. ft. of space.

Staff comments and recommendation: This request builds upon previous TICR investments under TICR #2195 (\$2.7 million) for acquisitions of the former Daystrom Building now being marketed as the Green View Manufacturing Center and for roof replacement and other improvements to the section of this property being marketed to this prospect. The IDA lists \$180,000-210,000 of local match for contractual services and property improvements, in addition to an intended GOF request. The IDA request was in excess of the amount available in Halifax County allocation but local and TICR staff have since identified two projects where available balances were de-obligated providing for sufficient funds in the allocation to support this request in full. TICR is awaiting receipt of performance reports for older closed grants previously awarded to Halifax IDA. **Staff recommends \$535,000 award contingent on the use of competitive bidding for all construction activities in accordance with the Virginia Public Procurement Act, and receipt of required grant reports prior to disbursement.**

MECKLENBURG

Mecklenburg County

Mecklenburg Correctional Center Feasibility Study (#2528)

\$180,000.00 requested

Project description as provided by applicant: Recent developments in the Virginia Department of Corrections have resulted in a decision to move prisoners to facilities in other areas of the state, and close the Mecklenburg Correctional Center, located at 960 Prison Rd., Boydton, VA. The County of Mecklenburg and the Town of Boydton have a difficult task in replacing the 300 jobs, and \$200K+ in water/sewer fee revenues the prison generated for the community. Nonetheless, the closing of the prison may offer an opportunity to repurpose the existing infrastructure at the site for other development purposes. The site is near Route 58 and Interstate 85, and the facilities have undergone recent renovations. In order to decide whether to invest in redevelopment of the site, local stakeholders need to understand the types of uses that are appropriate for the site, the local and regional market demand in industry sectors that may make use of the site, and the costs for various redevelopment options. As a result, the County of Mecklenburg is requesting assistance from the Southside Economic Development Program to partner with the Virginia Tech Office of Economic Development (OED) to complete a feasibility study. The Virginia Tech Office of Economic Development (OED) proposes to lead a team of Virginia Tech faculty and partner organizations to

collect and analyze the information necessary to allow stakeholders in Mecklenburg County to make reasoned decisions on the reuse of the Mecklenburg Correctional Center (MCC) facility and site.

Staff comments and recommendation: The budget bill that passed this year by the General Assembly included language to provide for transfer of ownership of the correction center property back to Mecklenburg County, which had originally donated it to the Commonwealth. A tour of the site in early April with County, Corrections, TICR and Governor's Office staff revealed that the existing facility is outdated and very limited in terms of marketing the existing structures and will likely need to be torn down in order to market the property for future economic development opportunities. Demolition would render much of the scope of the proposed study unnecessary. Based on that the County now asks that the requested funds be approved for environmental studies and engineering of the site when the prison has been demolished and the property deeded back to the County. **Staff recommends award of \$180,000 for 90% of environmental assessment and engineering of the cleared prison site when property title has been returned to the County.**

PRINCE EDWARD

Robert Russa Moton Museum

Civil Rights in Education Heritage Trail Tourist Center (#2529)

\$76,000.00 requested

Project description as provided by applicant: The project will construct a 2,000 square-foot pavilion (kiosk, wall maps, water fountains, restrooms, etc.) integrally connected to a previously-funded VDOT Enhancement project for a multipurpose parking area of approximately 9,000 square-foot with amenities (trashcans, benches, bollards, lights, etc.). The applicant is requesting the required 20% match of \$76,000 (rounded) for anticipated VDOT Enhancement award of \$303,000 (rounded). A copy of the pending VDOT Enhancement grant application is attached.

Staff comments and recommendation: TICR funding to the Moton Museum to date totals more than \$1.3 million. This request is to provide the required 20% non-federal match to a VDOT Enhancement Grant proposal submitted last November to construct a pavilion on the Moton property (Moton has been advised that the pavilion is on VDOT's tentative funding approval list). The Moton Museum has identified the pavilion as a critical part of their facility needs in order to accommodate larger groups including the need for additional restroom facilities. While an overall economic impact study was done for the Moton Museum in 2009 the study does not assign a specific number of new visitors directly attributable to the pavilion. However, the pavilion will also be used to provide additional interpretive areas including kiosk and wall maps for the museum as well as accommodating large group events that will have clear measurable impact when implemented. **Staff recommends \$76,000 award contingent on VDOT funding approval.**

SUSSEX

Sussex County

Henry Technology Park and Commerce Center (#2537)

\$135,000.00 requested

Project description as provided by applicant: In April of 2011, Sussex County purchased 537.29 +/- acres of land for \$1,075,000.00 that it wishes to develop and market as a shovel-ready industrial park along the I-95/U.S. Route 301 corridor. The 537.29 acres in question are located in close proximity to the Greenville/Sussex County line and consists of three (3) separate tracts of land (Parcel A contains 77.15 acres, Parcel B contains 36.51 acres and Parcel C contains 423.63 acres). The affected site has extensive road frontage along U.S. Route 301 (approximately 3,148 feet) and has frontage on Routes 609 (Lebanon Church Road) and 612 (Proctor Road). The amenities of the site include its location (excellent interstate access with close proximity to Interstate 95-Exit 17, extensive frontage along U.S. Route 301 and frontage along two (2) secondary roads with limited traffic), public water is located on-site along U.S. Route 301, public sewer is located across U.S. Route 301 (Blue Star Highway), natural gas is located on the site, rail (CSX) access is in close proximity, and Greenville County's Megasite is located only a few miles south of the proposed industrial park. Tobacco Commission funds will be used to assist Sussex County with conducting due diligence on the site by contracting an engineering/consulting firm to perform the following services: Phase I Environmental Site Assessment, Preliminary Engineering Report (PER), Wetland Delineations, Property Boundary/Topographic Survey, Preliminary Geotechnical Analysis and Master Planning (Infrastructure Plans, Erosion and Sediment Control Plan, Stormwater Management Plan and Traffic Impact Analysis).

Staff comments and recommendation: This new development site is the third in the County supported by Commission funds (along with the 156-acre Cabin Point Road industrial park and the 600+ acre megasite property, both of which are on US Route 460). Staff visited the property with County staff in March and recommended this request for preliminary engineering funds based on the property's economic development potential (e.g. flat topography, minimal wetlands, location at exit on I-95, proximity to the Greenville mega site and the availability of existing infrastructure to serve the park). The County invested over \$1 million in acquisition of the property and requests that the value of this investment one year ago serve as the required match. **Staff recommends \$135,000 award, with the recognition that the cost of acquisition in 2011 serve as the required match.**

Other Business – Previous Grants

#1734, Halifax County IDA, Riverstone Technology Park Ready Site Development – Originally awarded in October 2008 for \$2 million for pad grading, sewer and electrical utilities, the IDA is requesting an extension of this grant through six years (2014) to use the remaining balance of \$670,335 of which \$400,000 is contracted with Dominion due to delays with the Corps of Engineers for the component of the project related to the electrical transmission line. Dominion has provided a new estimated project timeline that identifies the engineering design package and permits being presented to the IDA in Fall 2014. The involvement of the Corps is due to the proposed location of the line through federally owned lands associated with the Kerr Dam and Reservoir. **Staff recommends a one year extension to October 30, 2014 with the grantee to report on progress achieved at that time.**

#1790 Halifax County IDA, Day Site Prospect Ready Development – This \$99,456 grant was awarded in April 2009 “contingent on VDOT funding for construction of industrial access road.” The award budgeted included \$51,300 for engineering and design. Staff approved \$17,538.50 in payment requests for invoices for wetland delineation and plans and specs for access road that were required for VDOT, under the assumption that the county would accept the \$500,000 award from VDOT. Staff has now learned that the County chose to decline the VDOT award due to potential delays in getting a prospect and running the risk of having to repay the money and therefore the contingency of the award has not been met. The access road is still an eligible project with VDOT, and the County has invested nearly \$45,000 of its own funds on the project including costs for the access road that were never drawn down from VDOT. There is a current reimbursement request for \$6,419.40 that staff is holding which would bring the total requested to date to \$23,957.90, and beyond this the IDA requested that the balance on the grant be de-obligated. **Staff recommends the committee remove the contingency pertaining to the VDOT access road funds and allow the County to retain the reimbursements received to date, contingent on all other remaining grant funds being de-obligated.**