

FY13 Southside Economic Development Committee Recommendations – December 2012

The Commission received 10 applications for FY13 and carried-forward balances of Southside Economic Development grant funds by the deadline of October 15th. These requests are listed below, along with one project that was tabled in the previous round (#2528), one that was received in mid-November (#2646), and one that would enhance a recently-announced TROF (#2647). Balances available by jurisdiction are broken out on the following spreadsheet. Other Business is also included in the report. The Committee met December 13 in Roanoke and adopted the following funding recommendations:

Req #	Locality	Organization Name	Project Title	Allocation available	Request Amount	Committee recommendations
2646	<i>Amelia County</i>	Amelia County IDA	Amelia County Industrial Park Expansion, Phase I	\$883,421	\$608,449	\$608,449
2625	<i>City of Danville</i>	City of Danville	Commonwealth Machine Co.	\$670,512	\$600,000	\$488,100
2627	<i>Franklin County</i>	County of Franklin	Franklin County Commerce Center Site D Development	\$417,188	\$359,883	\$359,883
2605	<i>Greensville County</i>	Greensville County	MAMaC Site Readiness Services	\$73,584	\$73,584	\$73,584
2628	<i>Halifax County</i>	Halifax County IDA	Phase II Rehab for Reuse of Green View Advanced Manufacturing Center	\$1,406,098	\$1,300,000	\$1,300,000
2620	<i>Lunenburg County</i>	Lunenburg County	Victoria IDA Roofing Project	\$800,908	\$225,000	\$225,000
2528	<i>Mecklenburg County</i>	Mecklenburg County	Mecklenburg Correctional Center Facility Study	\$2,716,763	\$180,000	\$180,000
2626		Mecklenburg County	Company XYZ Expansion Project		\$900,000	\$900,000
2647	<i>Patrick County</i>	Patrick County EDA	Hanesbrands Inc.	\$856,055	\$250,000	\$250,000
2624	<i>Pittsylvania County</i>	Town of Gretna	Gretna Industrial Site Development - Piedmont BioProducts	\$3,021,339	\$1,333,179	\$1,333,179
2623	<i>Prince Edward County</i>	Prince Edward County	Prospect Depot	\$99,019	\$99,018	\$99,018

Total (13 requests, 11 funding recommendations)

\$7,343,363

\$5,208,765

AMELIA

Amelia County

Amelia County Industrial Park Expansion, Phase I (#2646)

\$608,449 requested (late-filed application, received 11.16.12)

Project description provided by applicant: The opportunity allows the locating of a wooden floor finishing manufacturer in the County's Industrial Park. The Park is of adequate size and of prime location for this customer, however, the interior access and unimproved topography is not conducive for immediate construction. Employment base growth is paramount to the continued prosperity of the County. This opportunity was recognized during the impromptu meeting of an entrepreneur with a need to locate, and a public servant with a need to be located; each party satisfies the others need.

Staff comments: This is the County's first SSED request in five years, and was accepted after the application deadline to assist an active prospect company. Funds would be used for on-site water and sewer extensions and roadway development to accommodate a new manufacturing prospect at the Amelia County Industrial Park. Previous awards to park and its occupants include just over \$1 million of SSED grants to create and expand the park, and \$1.7 million of TROF for two current occupants. A Nottoway based wood products company with sales offices in Chesterfield County is interested in establishing a new manufacturing line in the Amelia. A parcel at the Amelia County Industrial Park is identified to meet the client's needs with additional parcel options available for future expansions. The Amelia County IDA is moving forward with procedures for issuance of \$4.1 million bond to finance construction of the building. The company will invest \$750,000 initially to equip the building and there are plans for future investments with contracts for additional manufacturing lines in discussion, however at this time the private investment does not meet the threshold for TROF eligibility.

Committee recommends award of \$608,449.

DANVILLE

City of Danville

Commonwealth Machine Co. (#2625)

\$600,000 requested

Project description provided by applicant: Commonwealth Machine is going out of business due to retirement of its owner. The opportunity presented by this project is to retain and expand the business in Danville; provide critical services to Hybrid Vehicles of Danville, a start up company being assisted through a TROF grant; and preserve and maintain an important historical structure which will benefit the revitalized River District of Danville. Without financial help from the Commission, the business will be lost, the synergistic opportunity with HVOD of disappear, and we risk the loss of the last standing Confederate Prison in Danville. This project will provide funding for the City through its IDA to purchase the real estate, the equipment, and maintain an ongoing business operation. Hybrid Vehicles will be enabled to grow its business at a faster pace than otherwise, and the business will become more profitable as the lessee of this property. A numerically controlled, five-axis milling machine will be up fitted and made state-of-the-art at a fraction of the cost of a new machine. By structuring a lease/purchase arrangement, the City will ultimately get the property transferred to the private sector. This project avoids a loss of existing jobs, adds new jobs, and provides an opportunity for synergy between an existing business (Hybrid Vehicles of Danville) and its need for machined parts. The possibility of additional jobs being generated in the community is large, and other projects,

including GSO Aviation which is a TROF funded project, can reasonably anticipate more competitive parts availability and therefore more successful business operations. An historical building being demolished by neglect is definitely avoided, and the River District of Danville will be the beneficiary.

Staff comments: Grant funds would be used to acquire and improve three independent properties, two owned by Commonwealth Machine Company and the third owned by a related party, which is a historic confederate prison. Tax assessed value of the two used by CMC is \$92,300 and the third (\$111,900) is the confederate prison building. The two would be leased to Hybrid Vehicle of Danville which is interested in expanding the machine shop that most recently has operated out of the facility and transition it to target automotive electric vehicle production and development. The company is expected to immediately retain five machinists and hire five new machinists to be expanded to 20 jobs with \$40,000 average salary within three years. A TROF grant of \$420,000 has been approved to assist Hybrid Vehicles. It appears that the City intends for the confederate prison building to be renovated for a restaurant and other use that may not be consistent with priority uses of TICR funds. Staff has requested appraisals of the buildings, equipment and business, and has corresponded with City project leaders regarding a reduced award by deleting the \$111,900 assessed value of the prison building.

Committee recommends award of \$488,100 for the two buildings and equipment used for machining/manufacturing purposes.

[FRANKLIN](#)

County of Franklin

Franklin County Commerce Center Site D Development (#2627)

\$359,883 requested

Project description provided by applicant: Franklin County currently has only one publicly-owned graded pad available for new or expanding businesses. This existing site has been reviewed by a number of potential businesses and negotiations are now underway with one firm to take over the site for a new manufacturing facility. Once this site is sold, the community will have no developed sites to market to prospects and the length of time needed to prepare another pad would easily take six months to a year. During this time, the County would have no way to effectively pursue new economic development prospects. Franklin County proposes to solve the above-mentioned problem by proactively beginning the process of developing the next graded pad at the Franklin County Commerce Center now so as to minimize the length of time that the community may be without marketable sites. By grading a new 8.5 acre pad and installing the required public utilities, the County will ensure that the local economic development office will have an attractive site to market to new and expanding businesses. The proposed pad will be similar in size to the currently available site that has been successful at attracting interest from growing businesses. The project is extremely important to not only Franklin County, but to the surrounding region. By having an available site to market to new and expanding businesses, the County has an opportunity to attract a firm that will provide numerous jobs and significant investment to the area. Residents of not only Franklin, but surrounding communities as well, will have the opportunity to work at the new company that locates on the pad. Local government services can be increased or at least protected from cuts with the new taxes collected from any new firm and the state will enjoy additional revenue.

Staff comments: Funds are requested for on-site water and sewer extension and grading of 8.5 acre pad as Site D in the Commerce Center industrial park. A previous site development grant of \$1.2 million from SSED was used to grade an adjacent lot that is currently available, and the Park houses two significant employers previously assisted with \$650,000 of TROF funds (McAirlaids and Solution Matrix). The County's economic

development office has limited additional public sites available to market to prospective companies, including the other graded pad at the Commerce Center. Development of this parcel is projected to creation at much as 100 new jobs averaging \$31,120 per year and \$10 million private capital investment.

Committee recommends \$359,883 award.

GREENSVILLE

Greensville County

MAMaC Site Readiness Services (#2605)

\$73,584 requested

Project description provided by applicant: Greensville County is a distressed area. The unemployment rate continues to soar above the state average. Wage and education statistics are well below the state average. The locality needs investment and higher wage jobs in the area. Currently two potential clients with large investment and job opportunities are evaluating the MAMaC property for their development. The site is heavily wooded and difficult to show. The County will enter into a contract to begin mulching a buildable area of MAMaC for better "curbside appeal" and to allow the potential clients to study the property more accurately. The development of the either or both of these projects would be a large financial win for the community. At this point the clients are very confidential as are the details of their projects. However, Greensville County will do everything possible to convince the clients this is the place to locate.

Staff comments: Grant funds will be used to mulch 80 acres as a developable lot for showing to prospects. Previous TCR grants to acquire and develop MAMaC total more than \$12.8 million, primarily from the first two rounds of the Megasite program (an additional request of \$6.1 million is recommended for funding in the current Megasite round). The site remains the only CSX-certified megasite in Virginia, has been visited by Toyota and Volkswagen among other prospects, and is currently being considered by two active megaproject prospects. The property to be mulched is within the MAMaC mega site with projected potential for job creation at 500 with \$25,000 average salary and \$250 million private capital investment.

Committee recommends award of \$73,584.

HALIFAX

Halifax County IDA

Phase II Rehab for Reuse of Green View Advanced Manufacturing Center (#2628)

\$1,300,000 requested

Project description provided by applicant: Halifax needs to increase its employment in advanced manufacturing sectors. It lacks ready space for the next large-scale manufacturers currently showing interest in moving or expanding into Halifax. SVHEC, Halifax County's workforce development entity has used most of its space at its core campus, and needs more space. Our business incubator's assets are well used, but needs a place to send start-ups once concept, business plan and start-up financing are ready. These needs grow out of Halifax's decade-long investments to place itself on the threshold of the Advanced, Additive and Composite Manufacturing Economy, with much help from the TIC. By sealing and readying portions of Green View in targeted ways, Halifax will be able to attract the interested industries which will bring increased employment and economic growth; while at the same time providing space to train those employees in the

skills needed by these new industries. The commercial revenues generated by leasing space to manufacturers provides the operating capital for the training, R&D, and start-up commercialization spaces. By coalescing the building's users: Industries, Educator/Trainers, and Researchers under one roof, they can combine their best thinking to identify next best steps and future needs to help each other's missions. Green View is a repurposing of the Daystrom Furniture facility, one of Halifax's largest and most respected operations. Bringing life back to the building and grounds in ways that increase employment and economic growth, and provide training to a waiting and willing workforce will better Halifax in tangible and intangible ways. Tangibly: Green View has the capacity to employ hundreds of workers and generate real and property taxes, as Daystrom once did, through leaseable space, machinery and tools. Having ready product with easily accessible services will reduce the timeline of potential projects, thus helping Halifax County and region win projects.

Staff comments: Funds are requested for water sealing 391,000 square feet and renovations to 140,000 square feet as dried-in industrial and commercial space in the Green View Manufacturing Center. A previous SSED grant of \$2.7 million enabled acquisition and an initial phase of renovation of the 400,000+ square foot complex of former Daystrom buildings, which is envisioned as multi-tenant space. Future requests to complete the site improvements are planned as the IDA's budget for the building includes further capital improvements totaling more than \$3 million over the next three years. The IDA plans to make the additional improved space available to the SVHEC for workforce development programs and also identifies space allocated for research and development as well as wood products manufacturing and business incubation.

Committee recommends award of \$1,300,000.

LUNENBURG

Lunenburg County

Victoria IDA Roofing Project (#2620)

\$225,000 requested

Project description provided by applicant: The roof of the building currently owned by the IDA on the corner of Court Street and Tidewater Avenue is in such a bad state that less than 1/3 of the building can be used at this time. The building has been owned by 2 private owners and the IDA, with the IDA taking ownership in March 2012. The private owners failed to maintain the roof properly and the IDA has a potential leasee for the entire building. Therefore, the roof and other problems caused by the deterioration needs to be fixed as soon as possible. Replacement of the roof will make the entire building 104,000 sf able to be used by a company that is very interested in leasing this building. Roofing estimates have been gathered for full replacement, as well as replacement of damaged HVAC unit roofing connections and other openings that will need to be replaced. Currently, only 1/3 of the building is able to be used for distribution. This project is significant to the community because it is the first step in a 3 step project. Step 1 is to make Building 1 104,000 sf water-tight so that Company A can move into it. Step 2 is to acquire and renovate Building 2, \$65,000 sf that is currently owned by Company A). Lunenburg County was awarded a grant in 2012 for the purpose of fulfilling Step 2. Step 3 is for Company B to move into renovated Building 2 vacating Building 3 (18,000 sf). Several companies have been interested in the smaller sized building.

Staff comments: Funds are requested to replace 104,000 square foot roof and HVAC openings on the vacant "Caddis" building owned by the Victoria IDA and located at the corner of Court Street and Tidewater Avenue. All TICR funding would be used for construction expenses and is potentially matched in excess of 50% at \$500,000 total match including funding from the VDHCD (\$250,000, not yet committed) and local match (\$25,000 from Victoria IDA). The DHCD funds are expected to be intensely competitive, and the

County IDA has alternative plans to fully re-roof a portion of the building while patching the remainder, at an expected cost of \$240,000. The Lunenburg County IDA is working with an active prospect (“company A”) which is interested in leasing the entire 104,000 square feet. The company is promising ten new jobs with \$25,000 average salary and \$600,000 private capital investment. Additional outcomes include allowing a second company (“B”) to move into the 65,000 square foot space that would be vacated by company A, thereby making company B’s current 18,000 square foot building available for further companies that have reportedly expressed interest in that smaller structure. Given the competitive nature of the DHCD IRF grant, staff does not recommend making a TICR award contingent on DHCD funds.

Committee recommends \$225,000 award contingent on “Company A” signing a multi-year lease for “Building 1”.

MECKLENBURG

Mecklenburg County

Mecklenburg Correctional Center Feasibility Study (#2528, tabled in previous cycle)

\$180,000 requested

Project description 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: This request was tabled in the previous Southside cycle at the County’s request. 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 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 original scope of the study unnecessary (it was largely focused on reuse potential of the existing prison structures). 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.

Committee 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.

Mecklenburg County
Company XYZ Expansion Project (#2626)
\$900,000 requested

Project description provided by applicant: Mecklenburg County must position itself to accommodate the continuing expansion needs identified by Company XYZ (the project is confidential and has not yet been announced publicly). The County has identified a 125-acre tract that would accommodate the future plans proposed by Company XYZ. A one-year option agreement is being prepared to secure the property. The company has also identified its future expansion plans being dependent upon the proper amount of water supply and pressure. As a result, a \$3,256,250 water system upgrade is being developed by the County. This project will provide the funds needed to purchase the 125-acre tract and to upgrade the water system as required by the company to proceed with the company's proposed future expansion plans. A one-year option agreement is being prepared and will soon be signed to secure the property. B & B Consultants, Inc. has provided the cost estimates and are preparing a PER to proceed with the upgrade and improvements to the water system. The company original location created 50 jobs for the local citizens with a substantial private investment. The company's upcoming expansion will result in an additional 30 jobs at an average annual salary of \$44,311 over the next 3 years with substantial additional private investment. This project will permit the company to continue with its proposed future expansion plans facilitated by the purchase of additional land and a water system upgrade to meet the company's demand for additional water supply and pressure.

Staff comments: Grant funds are requested for acquisition of 125 acres at \$5,800 per acre (\$650,000 for land and legal) and \$250,000 towards water system upgrades in order to accommodate future growth expansion of the company in a County-owned Industrial Park. Previous SSED grants date back to a \$1.2 million award in 2001 to develop the Park, a more recent \$400,482 grant to build a water storage tank to support the company, a substantial TROF for initial company commitment and an unannounced TROF that serves as the majority of matching funds listed in this application. Local funds of \$100,000 will primarily be used to match the land acquisition, while a proposed federal EDA grant and TROF will be used to complete the water system upgrades. TICR staff has some concern that EDA resources will be directed to post-hurricane recovery elsewhere in the Mid-Atlantic and may not become available, which would leave a funding shortfall for the water improvements. Consequently staff suggests the County be allowed to proceed with using the requested \$250,000 for water system design and bidding rather than construction.

Committee recommends \$900,000 award for land acquisition and water system engineering.

PITTSYLVANIA

Town of Gretna
Gretna Industrial Site Development - Piedmont BioProducts (#2624)
\$1,333,179 requested

Project description provided by applicant: The demonstration site for the bioenergy project is located near the Gretna Industrial Park. Gretna is geographically located in a prime location for the production of feedstocks to supply the refinery from farmers and land owners that are eager to participate in the project. The need is great for alternative crops for farmers, well paying jobs and clean alternative energy. The Gretna Industrial Park is an ideal location to begin operation of the first refinery due to the items already mentioned and the park itself is currently under utilized. Building the first refinery in the Gretna Industrial Park is ideal for the overall project due to the proximity to the demonstration site, the availability of feedstocks, the need for jobs, the need to utilize the Park itself and the geographic location for distribution of the value added products produced at the refinery. The project will create 16 good paying jobs at the refinery and an

additional 8-10 jobs for the feedstock suppliers. As the project expands the job creation will be exponential. The pay scale is \$20 per hour for hourly plus benefits and \$30 per hour plus benefits for management. The pay level for feedstocks is \$70 per dry ton which allows a good profit level for the producers. Spin off opportunities will develop adding to overall economic improvement of the region. This is a high tech process which offers opportunity for young people to return to the region.

Staff comments: Funds are requested for grading of five acres and construction of an 80' by 125' building with paved entrance, concrete loading area, and paved parking lot. The building would be leased to the Gretna based biofuel refinery business, Piedmont BioProducts which has developed technology to be scaled to a replicable 50 ton per day biomass processing unit. The operation is expected to create sixteen jobs for operations (\$20 per hour) and management (\$30 per hour) of the facility plus 8 – 10 transport jobs for delivery of feedstock. The feedstock will be purchased at an estimated \$70 per dry ton from area farmers. The Town will receive lease payments and it is reasonable to expect local match. Previous TICR grants include more than \$4.3 million from SSED to the Town and County to develop the Gretna Park, as well as more than \$2.2 million from three TICR programs to four different grantees wherein Piedmont Bio was the beneficiary. Pittsylvania County is also currently requesting \$4 million of TICR R&D funds to equip and operate the refinery. Absent an approval from R&D for equipment there would be no need to construct a building. On December 13 the R&D Committee recommended full funding of that \$4 million proposal.

Committee recommends award of \$1,333,179 for capital construction expenses contingent on grant approval from the R&D program for equipment.

PRINCE EDWARD

Prince Edward County *Prospect Depot (#2623)* \$99,018 requested

Project description provided by applicant: The Prospect Depot was the community hub for the Prospect Village. Construction of better highways led to the decline of railroad usage causing a loss of jobs and vitality in the village. Norfolk Southern abandoned rail service through the village resulting in businesses failing and empty store fronts. Norfolk Southern gave the railroad to DCR to develop the new High Bridge Trail State Park. Since the commitment to restore the Depot had already been made through VDOT Enhancement Grants, the railroad and DCR agreed to work with the Historical Society who had started the project in 2000. The TRIC grant award of \$99,018.57 will be the final funding piece for the Depot project of \$668,000. VDOT has already committed \$501,000 in Enhancement Funds, DCR site value is \$44,958, the Prospect Historical Society is donating \$16,047 in donations and in-kind match, and Prince Edward County is providing \$7,050 in management and accounting services. A favorable decision will allow the project to be bid and construction to commence spring 2013 with completion by October 2013. The Depot will function as a major Trail Head for Park encouraging tourists to the village. DCR has agreed to operate the facility. The Depot will provide multiple facility components that are lacking at the trail access point. The large site size will accommodate trailers for tourists who want to horseback the trail and public facilities will attract tourists to the village. Currently only empty store fronts are adjacent to village. From January to September 2012, Park attendance has topped 146,000 with economic impact of \$2,336,000. Due to the lack of facilities only 7,500 visitors with an economic impact of \$120,000 had used the Prospect trail head. Completion of this project will greatly increase visitors to the village, thus spurring investments and jobs.

Staff comments: Applicant provides five times the TICR request in match through the approved VDOT Enhancement program grants for acquisition of the Prospect Depot as a central visitor point on the state's

High Bridge Trail. The visitor center, which will be owned by the non-profit Prospect Historical Society, will mark the entrance to this historic trail and will be operated by the Virginia State Parks division of the Department of Conservation and Recreation. Aside from regional projects such as broadband and financial aid, this is the first request to benefit a specific site in western Prince Edward, and would arguably drive additional tourism to that portion of the County for years to come in exchange for a relatively modest one-time, well-leveraged investment.

Committee recommends \$99,018 award.

OTHER BUSINESS

Patrick County Economic Development Authority *TROF enhancement for Hanesbrands Inc. (#2647)* \$250,000 requested

In November, Patrick County's EDA applied to the Commission's TROF program for \$550,000 to assist Hanesbrands Inc. with an expansion involving 50 new jobs and a \$1.6 million capital investment (the expansion project has been announced by the Governor's office). The TROF formula generated an award amount of \$305,000, however \$550,000 was approved subject to the County's agreement to use \$250,000 of its Southside allocation to cover the over-line. The available allocation for Patrick County projects is currently at \$856,055. This is the first SSED or TROF requests from Patrick County in three years.

Committee recommends that \$250,000 of the current allocation for Patrick County be transferred to the TROF fund to meet the contingency placed upon the original award under grant #2647 to Patrick County Economic Development Authority for Hanebrands Inc., subject to a standard performance agreement for the full \$550,000 award.

Patrick County *Fifth Year Extension for Route 58 Patrick Springs Water/Sewer Expansion Project* (#1727)

Patrick County seeks permission to extend the grant above, which was approved for \$1,436,013 in October 2008, in order to complete sewer construction that was delayed by a decision from USDA Rural Development but has now been bid. USDA-RD has extended the project to September 31, 2013 to allow additional construction in the Rt 58 commercial corridor on the west side of Town of Stuart serving several commercial businesses and employers in that corridor that was not part of the original project area. This added area can be served due to lower than expected construction bids for the original project area that extends east of Stuart.

Committee recommends extension through September 31, 2013.