

# FY08 Southwest Economic Development Staff Summaries & Recommendations October 2007

*Staff received 33 grant requests by the announced application deadline of August 31. A total of \$37.9 million is requested. The Committee has the following available balances:*

*\$3,651,660 of Restricted funds*

*\$12,388,994 of Unrestricted funds*

## **Town of Abingdon - Request #1338**

### ***Acquisition of Dunn's Meadow Properties, A Cultural Heritage Tourism Resource \$150,000***

The town seeks funding to purchase the historic nine-acre Dunn's Meadow property from private owners to protect it from potential development. The property, which includes a historic home and outbuildings, is recognized by the National Park Service and is the trail head for the Overmountain Victory National Historic Trail stretching from Abingdon to Kings Mountain Battlegrounds in South Carolina. The Town would place a permanent conservation easement on the historic site and make it available periodically for community events.

Total project cost is \$1,000,000. Other funds include: \$500,000 State Funds-pending, \$200,000 Dept of Conservation (pending), \$60,000 Preserve America Historic Preservation Fund (submitted), \$500,000 Town of Abingdon (committed), \$75,000 McGlothlin Foundation (pending), \$5,000 Over Mountain Victory Trail Association (commitment).

**Staff comments and recommendation:** Well-matched proposal, and conservation objective is consistent with heritage tourism development, but plans for year-round use and economic outcomes are vague. Project was tabled in April Committee meeting due to lack of detail on plans for future use of the property. **Staff recommends no award.**

## **Appalachian Sustainable Development – Request #1429**

### ***Building a Sustainable Farm and Forest Economy \$500,000***

Funds are requested by the 501(c)3 nonprofit to rebuild the Appalachian Harvest Packing and Grading Facility which was completely destroyed by a fire in May 2007. Funds are also requested to complete expansion of the Sustainable Woods Processing Center in Castlewood to add a millworks facility.

Total project cost is \$1,325,000. Other funds include: \$5,000 VA Dept. of Agriculture (received), \$125,000 USDA Risk Management Agency (secured), \$30,000 ARC (pending), \$62,000 Russell County (received), \$150,000 Blue Moon Fund (secured), \$40,000 donations (received).

**Staff comments & recommendation:** Applicant has subsequently requested that a portion of the available balance of \$111,372.58 remaining in its FY07 Agribusiness grant be redirected to begin the design of the new App Harvest facility (\$50,000 of this will also be used for millworks project). Applicant agrees to use insurance proceeds to begin site prep at Sticklebyville and then request balance of funds from Agribusiness Committee (applications due November 1). **Staff recommends request be resubmitted to Agribusiness Committee.**

### **University of Appalachia – Request #1443**

#### ***College of Pharmacy Addition Phase II***

**\$1,650,000**

Funds are requested by the non-profit organization to construct a new building which will allow the University to house all classes at the same location. Currently two campuses are necessary to meet the demand for the Pharmacy program, which is Virginia's only three year Doctor of Pharmacy program. By consolidating locations, the University will be able to reduce operation costs, retain 30 jobs and create 15 new faculty positions.

Total project cost is \$4,400,000. Other funds include: \$2,000,000 University of Appalachia College of Pharmacy (confirmed), \$750,000 private donations (confirmed).

**Staff comments & recommendation:** Project primarily exhibits Education outcomes. **Staff recommends no award.**

### **Blue Ridge Travel Association – Request #1461**

#### ***Southwest Virginia Web Portal and Enhanced Marketing Campaign***

**\$347,100**

Funds are requested by the non profit travel association to develop a general web portal page to drive visitors to regional websites maintained by other regional tourism related groups. Funds are also requested to purchase optimization for this website to ensure it ranks high in search engines. The site will consist of only one home page with links, and many optimized background pages. The administrative section of the site will include a full traffic reporting component as well as a conversion study forms function.

Total project cost is \$616,100. Other funds include: \$50,000 Virginia Tourism Corporation (available), \$219,000 Blue Ridge Travel Association of VA.

**Staff comments & recommendation:** While this is a thorough plan by a regional organization to use technology for marketing purposes, three previous TCR grants totaling \$111,900 supported website and e-commerce development for BRTA, whose service region includes several non-tobacco localities. **Staff recommends no award.**

**City of Bristol – Request #1432**  
***Necessary Oil Processing Expansion Program***  
**\$750,000**

Funds are requested by the City of Bristol on behalf of the for-profit company, Necessary Oil, to assist with the relocation of a portion of their operations from Bristol, TN. Necessary Oil manages waste oils, waters, antifreeze and other non-hazardous materials. The new location would allow the company to expand its product line to accept and process “off-spec” oil which will give it a capability that no other regional private company currently offers.

Total project cost is \$3,340,000. Other funds include: \$1,200,000 Bank Loan, \$1,390,000 company operational monies (available).

**Staff comments & recommendation:** The company fills an admirable market niche by taking waste products and adding value to them. However the net new job creation does not justify a \$750,000 award (the request equates to \$37,500 per new job created for low skill production jobs). Banks and regional loan pools are better suited to address this type of corporate project. **Staff recommends no award.**

**Bristol Train Station Foundation – Request #1444**  
***Bristol Train Station Economic Revitalization Project Phase II***  
**\$700,000**

Funds are requested by the non profit foundation to eliminate a shortfall in funding which has stalled the renovation of the Bristol Train Station. At completion, the renovated station will provide space to small commercial/ professional businesses.

Total project cost is \$2,235,000. Other funds include: \$50,000 TIC (approved FY02), \$875,000 VDOT (approved 2002-2005), \$400,000 City of Bristol (secured), \$210,000 (secured).

**Staff comments & recommendation:** The applicant continues its long term commitment to restore this historical landmark, which received a \$50,000 TICR award in FY02, yet this request does not make a clear case for the need for – or use of – TICR funds (e.g. no construction budget provided). Future use(s) of building, which include commercial and community/social uses, are low priorities. Project continues to be eligible for further VDOT transportation enhancement grants. **Staff recommends no award.**

**Carter Family Memorial Music Center, Inc. – Request #1445**  
***Carter Fold Heating and Sound Improvements***  
**\$100,000**

Funds are requested by the non-profit tourism attraction to upgrade to the facility’s heating and sound systems. Upgrading the heating system is expected to result in a 5-8% increase in attendance during late fall and winter.

Total project cost is \$110,000. Other funds include: \$3,000 Carter Family Memorial Music Center.

**Staff comments & recommendation:** Applicant has a \$13,916 balance remaining from an FY06 addition to a FY03 grant (total \$163,583) for facility improvements including seating. Project appears to be ARC eligible. **Staff recommends no award.**

### **Floyd County Historic Preservation Trust – Request #1447**

#### ***Curtis Turner Museum***

**\$248,300**

Funds are requested by the non-profit organization to renovate the Oxford Academy to provide space for the Curtis Turner Museum, displaying memorabilia from a Floyd County native who was an early stock car racer. Currently all memorabilia is owned by the Curtis Turner Museum, a private corporation currently seeking non-profit status, however there is no physical location to display these items. The Oxford Academy is a historically significant school dating back to 1875 located in the Town of Floyd.

Total project cost is \$387,300. Other funds include: \$12,500 Dept. of Historic Resources, \$4,000 annually Town of Floyd (loan), \$118,500 Floyd County Historical Preservation Trust, Inc, \$4,000 individual donations.

**Staff comments & recommendation:** Museum contents are now entirely a privately owned collection, and there are no detailed renovation costs, operating plans or projected visitor numbers indicated. **Staff recommends no award.**

### **Town of Hillsville – Request #1420**

#### ***Motley Hill Water Tank & Improvements***

**\$300,000**

Funds are requested to improve the town's water system and provide fire flow protection to the Motley Hill area. Funds would be used to construct a larger water tank, perform site work, and install or replace water supply lines.

Total project cost is \$1,544,905. Other funds include: \$25,000 VA Dept of Health (confirmed), \$1,031,755 VA Dept of Health (pending), \$125,000 Mt. Rogers PDC (confirmed), \$15,000 Town of Hillsville (confirmed), \$23,150 SER/CAP (confirmed).

**Staff comments & recommendation:** Project would allow future extension of water service - but would additionally require several miles of transmission line, plus storage tank and pump station – to get the Fancy Gap interchange of Blue Ridge Parkway and I-77, where convenience retail (a low priority) is anticipated in County's Long Range Plan. Project design is not complete, major source of funding is not yet committed (VDH) and construction will not begin until Spring '09. Users in this phase are primarily residential, and cash flow analysis that was provided indicates revenues are sufficient to cover debt service on this phase of the project. **Staff recommends no award.**

**Town of Jonesville – Request #1442**  
***Cumberland Bowl RV Park and Campground***  
**\$486,225**

Funds are requested to design and construct an RV park and campground in a Town-owned park. Funds would be used to develop the property into an adequate site by grading the area, and providing water, sewer, and electrical service for the RVs.

Total project cost is \$536,225. Other funds include: \$50,000 FY07 TICR (approved for planning and design), \$? Dept. of Conservation & Recreation (preparing application), \$154,200 Town of Jonesville (value of site).

**Staff comments & recommendation:** Despite a TICR planning grant of \$50,000 there are no concurrent matching funds, operating/marketing plans for the site are vague, and economic impacts are not quantified. Campground could potentially compete with private campgrounds and state parks. **Staff recommends no award**

**King College – Request #1431**  
***King College Buchanan County Satellite Site Project***  
**\$910,000**

Funds are requested by the private non-profit educational institution to establish a new satellite campus in Buchanan County, located at the Booth Center as well as the fifth floor of Buchanan General Hospital. This satellite campus will offer several programs including MBA, BBA, Bachelor of Chemistry, and RN-to-BSN. Funds are being requested for predevelopment activities such as faculty recruitment as well as for facility rental, supplies and materials, various equipment and faculty housing.

Total project cost is \$1,650,000. Other funds include: \$220,000 in-kind contribution of King administration, \$520,000 for use of 5<sup>th</sup> floor of Buchanan General Hospital (agreement to be finalized).

**Staff comments & recommendation:** The applicant provided impressive numbers that are being served at current satellite in Richlands, however that location is less than 25 miles from the proposed Grundy site. Match is entirely in-kind. Project could be resubmitted to Education (and revised to exclude low priority operational costs such as faculty housing), however a comprehensive higher education consortium serving this region would be preferable to funding individual institutions. **Staff recommends no award.**

**Town of Lebanon – Request #1419**  
***Town of Lebanon Industrial/Commercial Water Improvements***  
**\$3,583,500**

Funds are requested to assist with a water improvements project to serve the Russell Regional Business and Technology Park, Cumberland Plateau Regional Industrial Park, as well as a 160 unit market rate housing development located in the RRBTP, 2 other housing developments totaling 90 units, future possible IT business locations, and a new retail development. The town will replace one \$400,000 gallon storage tank with a new 2.25 million gallon tank, upgrade its pump station and construct 30,600 linear feet of 14 inch and 12 inch high pressure water lines.

Total project cost is \$4,118,500. Other funds include: \$285,000 FY06 TICR, \$250,000 Town of Lebanon (committed).

**Staff comments & recommendation:** TICR grant of \$285,000 in FY06 for water tank is still available. Applicant is seeking additional funding that would bring TICR's participation to 94% of a revenue-producing project that serves the entire town, without indication that they have sought funding from all appropriate grant and loan sources (such as the Virginia Resources Authority). No cash flow analysis has been provided. **Staff recommends no award.**

**Lee County Industrial Development Authority – Request #1433**  
***Constitutional Oaks Phase I-B Development***  
**\$1,175,000**

Funds are requested to begin Phase I-B of the development of the Constitutional Oaks Business Park. This phase will entail additional access and site development, utility provision, and development of a building pad.

Total project cost is \$1,298,672. Other funds include: \$123,672 Lee County IDA (available).

**Staff comments & recommendation:** TICR grants totaling \$1.2 million have been invested in Constitutional Oaks to date. The project represents a positive step in making the site more fully-served and marketable to industrial prospects, however the applicant should approach additional funders such as EDA and ARC to assemble a package that leverages a TICR request. **Staff recommends no award.**

**Lee County Industrial Development Authority – Request #1434**  
***Industrial Building Acquisition***  
**\$487,000**

Funds are requested to assist with the acquisition of a 45,000 square foot building located in the former Lee County Industrial Park. The building is currently under private ownership and has been vacant for almost two years. The applicant has identified an opportunity to locate a potential biodiesel company in the building resulting in the creation of 50 new jobs.

Total project cost is \$587,000. Other funds include: \$100,000 Lee County IDA (thru VCEDA funds requested 8/1/07, expected 8/16/07).

**Staff comments & recommendation:** County IDA has reviewed the company's business plan and will lease the building to the company, but will retain ownership of the building should the project not succeed. **Staff recommends award of \$487,000.**

**Lee County Industrial Development Authority – Request #1435**  
***Constitutional Oaks Speculative Building***  
**\$250,000**

Funds are requested to construct a 40,000 square foot expandable speculative building in Constitutional Oaks Business Park. TICR funds were awarded in April 2007 for a 30,000 square foot building and this award would allow the applicant to increase the size to 40,000 square feet.

Total project cost is \$975,000. Other funds include: \$425,000 FY07 TICR, USDA \$100,000 grant/\$200,000 loan (committed).

**Staff comments & recommendation:** \$425,000 was awarded in FY07 to construct a 30,000 sq ft. spec building. This grant would increase the size of that building to 40,000 sq ft and bring TICR's role to 69% of the project. While the larger building may be more marketable to certain industrial prospects, the overall objective of having a ready and expandable site will be accomplished by the original award from FY07.  
**Staff recommends no award.**

**Marion Downtown Revitalization Assoc., Inc. – Request #1424**  
***Marion Museum Complex***  
**\$570,000**

Funds are requested by the non-profit organization to renovate a warehouse building into museums that will focus on the town's ties to the Mountain Dew soft drink and motorsports. At its completion the building will house the "Home of Mountain Dew" and the "Moonshine to Motor Sports" museums.

Total project cost is \$2,526,500. Other funds include: \$596,500 ARC (to be requested), \$335,000 VDOT and VA Commission for the Arts (to be requested), \$100,000 Smyth County and Town of Marion (in process), \$525,000 donations (in process), \$400,000 Federal and State Tax Credits (to be applied for).

**Staff comments & recommendation:** The museum's location will build on proximity to I-81 and other TICR-supported local attractions and events such as the Lincoln Theatre and Song of the Mountains. An FY07 \$25,000 award is being used for roof replacement. The majority of other funds are uncommitted.  
**Staff recommends no award.**

**Mount Rogers Community Improvement Club, Inc. – Request #1456**  
***Whitetop Community Services Facility***  
**\$75,000**

Funds are requested by the non-profit organization to complete parking lot construction at the multi-use human services facility located in remote Grayson County.

Total project cost is \$171,500. Other funds include: \$16,000 Mount Rogers PDC (expended), \$50,000 USDA Rural Development (pending), and \$15,000 Mount Rogers Community Improvement Club, Inc. (expended).

**Staff comments & recommendation:** A previous grant of \$75,000 in FY05 assisted with facility construction, but this request is primarily a convenience/aesthetic improvement that will enhance the facility but have no direct impact on outcomes. **Staff recommends no award.**

**New Beginnings Southwest Virginia, Inc. – Request #1457**  
***New Beginnings Facility Expansion Planning Project***  
**\$20,000**

Funds are requested by the non-profit applicant to hire consultants to plan the expansion of their facility, as well as the expansion of the programs offered there.

Total project cost is \$40,000. Other funds include: \$20,000 applicant in-kind.

**Staff comments & recommendation:** The applicant's addiction treatment programs are critically-needed in the region but a low priority for TICR funding, and net job creation if the facility expands would be low (2). **Staff recommends no award.**

**Norton Industrial Development Authority – Request #1439**  
***Downtown Broadband Redundant Loop & Hotel Norton Buildout***  
**\$159,360**

The IDA seeks to develop a broadband loop within its central business district and to build-out unfinished space at Hotel Norton as meeting and teleconference space. TIC funds will be used for construction and infrastructure installation.

Total project cost is \$184,360. Other funds include \$25,000 Norton IDA (committed).

**Staff comments & recommendation:** If a sufficient demand case can be made for the broadband loop it should be built and operated by Lenowisco, Inc. as part of its system, which has existing fiber and equipment in the Hotel. Mezzanine improvements could be funded through local funds and user fees generated from events held in the building. **Staff recommends no award.**

**Town of Pennington Gap – Request #1458**  
***Lee Theater Renovation***  
**\$862,525**

The Town seeks to continue its renovation of the Lee Theater building. The Lee Theater/ Learning Center will provide a venue for live musical and theatrical performances while also providing space for distance learning and business incubator activities. Funds are also requested to purchase two buildings adjacent and connected to the Theater property, to provide site control and to be used for pre-theater functions.

Total project cost is \$1,186,251. Other funds include: \$230,000 TICR (expended), \$142,686 ARC (application pending), \$131,304 VCEDA (pending notification of TICR and ARC funding), \$49,736 local fundraising.

**Staff comments & recommendation:** Two TICR grants totaling \$230,000 have been awarded since 2003 for this project. Master plan (\$30,000 funded by TICR in FY05) to be completed this November should provide additional fundraising ideas in lieu of this request for TICR to fund approximately 75% of total project cost. **Staff recommends no award.**

## **Rural Area Development Association, Inc. – Request #1425**

### ***RADA Comprehensive Training***

**\$300,000**

Funds are requested by the 501(c)(3) Community Action Agency to assist with the renovation of an existing building to create a new consolidated site in Duffield. Although the facility is being given at no cost to the organization, extensive repairs are necessary. Funds will be used to improve the parking lot and to repair and replace parts of the building, including heating and cooling, plumbing, and electrical systems, as well as roofing, siding, lighting, flooring, and doors. This building will house a number of RADA programs.

Total project cost is \$607,000. Other funds include: \$6,000 DHCD (available), \$100,000 USDA (to be requested), \$6,000 CSBG (available), \$100,000 Scott County (donation of property), \$100,000 financing (to be applied for), and \$100 per month American Red Cross (committed).

**Staff comments & recommendation:** The mission and programs of community action organizations are not consistent with the targeted objectives of TICR's Long Range Plan. There appears to be other potential sources of grant and loans in addition to redirecting the organization's current rent payments. **Staff recommends no award.**

## **Town of St. Paul – Request #1441**

### ***St. Paul Business District Revitalization***

**\$300,000**

Funds are requested to assist renovation and adaptive reuses activities associated with an extensive business district revitalization project for the Town of St. Paul.

Total project cost is \$3,709,789. Other funds include: \$991,104 DHCD (letter of intent), \$300,000 ARC (to be submitted), \$612,685 TEA & ARC (committed), \$475,000 VCEDA (requested), \$801,000 Wise County IDA (loan).

**Staff comments & recommendation:** Applicant has explored all of the correct funding sources however it is not clear what TICR funds would be used for. Most improvements appear to be low priorities (e.g. housing, streetscaping, aesthetic building improvements etc.). **Staff recommends no award.**

**Southwest Virginia Community Foundation, Inc. – Request #1426**  
***Gate City Performing Arts Center***  
**\$2,961,250**

Funds are requested by a nonprofit applicant to design, build, and operate a 500 seat center for the performing arts in Gate City on a downtown site donated by the Town. The funds will be used for engineering and construction costs.

Total project cost is \$4,916,750. Other funds include: \$500,000 ARC (pending), \$700,000 VCEDA matching fund (pending), \$55,000 personal donations (available), \$5,000 Hertz (pledged).

**Staff comments & recommendation:** The applicant has presented well-developed operating plans, but majority of other sources of funds are not yet committed. A TICR grant of \$150,000 in FY07 is being used for architecture/engineering, but the request is seeking 60% of total project costs for a performing arts center which is a low priority. There is not a strong case that this will be a tourism generator for the town (audience will primarily be drawn from SW counties and Tri-Cities region). **Staff recommends no award.**

**Southwest Virginia Community Development Financing, Inc. – Request #1454**  
***Enterprise Fund for Southwest Virginia***  
**\$300,000**

Funds are requested by the non-profit organization to provide operational support for the deployment of the Enterprise Fund for Southwest Virginia. This loan fund is being established to provide capital to small and emerging business in Southwest Virginia.

Total project cost is \$2,653,030. Other funds include: \$2,000,000 TICR Special Projects (pending), \$53,000 U.S. Treasury CDFI fund (pending).

**Staff comments & recommendation:** Request seeks funds to administer a program financed by another TICR request (\$2 million pending in Special Projects, which has not received a positive staff recommendation). This is an existing organization seeking operating support and indirect costs, which is contrary to the Long Range Plan's General Funding Policies. **Staff recommends no award.**

**Round the Mountain – Request #1430**  
***Southwest Virginia Artisan Center***  
**\$6,300,000**

Funds are requested for the construction and start up costs of the Southwest Virginia Artisan Center. The Center will serve as a gateway to various tourism opportunities that exist in the region. The 29,000 square foot facility will provide gallery space, retail areas and administrative offices for the Artisan Center, 'Round the Mountain, and The Crooked Road organizations. The Center will ultimately be owned and operated by a legislated state authority (to be created) and will be located on land to be deeded to the Authority from Virginia Highlands Community College. The Center is estimated to attract nearly 270,000 visitors making expenditures on-site of \$2.1 million annually. Direct economic impact to the region during construction is \$28 million per year with employment of 202.

Total project cost is \$17,000,000. Other funds include: \$3,300,000 General Assembly (available), \$3,000,000 USDA-RD (to be applied for), \$1,750,000 bonds (to be applied for), land donation VA Board of Community Colleges (approved), \$1,000,000 CDBG (to be applied for), \$500,000 ARC (to be applied for), \$500,000 Washington County (available), \$500,000 Town of Abingdon (available), in-kind allocation of staff and volunteers.

**Staff comments & recommendation:** \$150,000 awarded in FY06 to the Town of Abingdon for design. This is a priority project of the Virginia Works that's being pursued by several state agencies such as VA Tourism, DHCD, as well as the Round the Mountain Artisan's network reaching into 23 localities in Southwest Virginia. Project is a priority of the General Assembly which has already appropriated \$3.3 million. Requested operating funds in amount of \$150,000 are not needed at this time. **Staff recommends award of \$6,150,000.**

### **Scott County Economic Development Authority – Request #1440**

#### ***Duffield Regional Technology Center***

**\$4,500,000**

Funds are requested for construction costs associated with the Duffield Regional Technology Center. This facility will be the first building in the recently completed eCorridor Regional Technology Park. Initial tenant prospects, including Holston Medical Group's online medical records division which will serve as the anchor tenant, have indicated a need for a total of 50 office spaces. It is estimated that the Center will create 125-150 jobs and retain 20-25 jobs within one year of construction completion. Upon full build out and occupation the Center can house approximately 300 jobs. The Center will additionally provide offices spaces, classrooms for UVA-Wise and other educational providers, meeting areas, and common space.

Total project cost is \$7,266,256. Other funds include: \$200,000 TICR FY07, \$500,000 ARC (pending), \$400,000 LENOWISCO (approved), \$250,000 Duffield Development Authority (approved), \$250,000 Scott County (approved), \$1,000,000 EDA (application to be submitted).

**Staff comments & recommendation:** A TICR grant of \$200,000 in FY07 is assisting with design of the facility. Since the application was submitted two local entities have approved \$1 million of funding. **Staff recommends award of \$4,500,000.**

### **Oxbow Corporation – Request #1449**

#### ***Oxbow Small Business Assistance Center Facility Improvement***

**\$15,000**

Funds are requested by the non-profit to replace flooring in the building, and to repair the heating and cooling system.

Total project cost is \$19,500. Other funds include: \$43,800 Oxbow Tent Rental Income (in hand).

**Staff comments & recommendation:** A previous grant of \$25,000 in FY06 assisted with operations of a small business incubator at Oxbow. The current request is routine maintenance that has little effect on economic development outcomes. **Staff recommends no award.**

## **Tazewell County – Request #1349**

### ***Bluestone Regional Business & Technology Center Project, Phase 1A***

**\$1,781,010**

Funding is requested for Phase 1A infrastructure (water, sewer etc) of the Bluestone Regional Business and Technology Center, a mixed use development on U.S. Route 460 between Bluefield and Tazewell. The County owns the site, following up on a county-wide site selection study. TICR funds assisted with conceptual planning for the 680 acre site. The park will include 180 acres of industrial and business technology sites, a workforce training facility, as well as an inn/conference center, housing, recreation and conservation. This phase includes basic infrastructure (roads, water, sewer, storm drainage, utilities) and preparation of two sites for industrial/business technology use. Construction is anticipated to begin in early 2008, and at full build out the park is expected to be home to nearly 900 jobs and \$45 million in annual sales/output.

Total project cost is \$13,631,543. Other funds include: \$785,604 VDOT (pending), \$500,000 ARC (to be submitted), \$9,061,229 Tazewell County (pending), and \$1,503,700 VCEDA (to be submitted).

**Staff comments & recommendation:** Request is less than 18% of the total cost for this phase, with a substantial local match of more than 3 to 1. Project is estimated to result in \$29 million of private building construction, \$45 million in direct annual spending, and 894 jobs at full build out (including basic and support sector jobs). An additional request is pending in Special Projects for a workforce training center to be built on this site (Phase 1-B) with a recommendation to table. **Staff recommends award of \$1,781,000.**

## **Virginia/North Carolina Regional Water Authority – Request #1446**

### ***Virginia/North Carolina Regional Water System***

**\$2,500,000**

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

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

**Staff comments & recommendation:** Previous TICR Special Project grants totaling \$400,000 in FY04 and FY06 have assisted in creation of the regional authority and design of the plant. The current request constitutes a 2 to 1 match from other funds, and will directly assist water needs of the new prison, plus any future water-using industry prospects. **At the direction of the Chairman, a motion will be made to refer this request to Special Projects.**

## **Virginia Intermont College – Request #1422**

### ***Retaining Higher Education Options in Southwest Virginia: The revitalization of Virginia Intermont College***

**\$2,000,000**

Funds are requested by the College to assist with the economic restructuring brought about by their recent financial difficulties. These emergency funds would support the operations of the school.

Total project cost (n/a). Other funds include: \$880,000 Virginia Tuition Assistance Grant (annual allocation), \$102,497 Supplemental Educational Opportunity Grant (annual allocation), \$100,000 Bristol Utilities Board (in-kind), \$2,445,203 local individuals (ongoing fundraising efforts), \$1,288,067 foundations (ongoing grants).

**Staff comments & recommendation:** Unclear use of TICR funds, outcomes are primarily Educational, and use of operating funds by existing organizations is contrary to General Funding Policies.

**Staff recommends no award.**

## **Wise County IDA – Request #1436**

### ***Lonesome Pine Technology Center***

**\$600,000**

Funds are requested to build-out 75,000 sq ft. of an existing structure located in the Lonesome Pine Regional Business & Technology Park. This build-out will support the placement of a technology company seeking to develop an Information Assurance Technology Center. The company, whose identity is confidential, will create 200 jobs within three years.

Total project cost is \$13,000,000. Other funds include: \$5,000,000 VCEDA loan (available), \$7,400,000 prospect company (committed).

**Staff comments & recommendation:** Project represents build-out vacant space in underutilized building with substantial accompanying private investment. Request seeks \$8 of the \$75 per square foot cost of build out (an 8 to 1 local match and 12 to 1 private match, leveraging 20 public and private dollars for every dollar requested from TICR). **Staff recommends award of \$600,000, contingent on company's commitment to locate at the site.**

**Wise County IDA – Request #1437**  
***Business & Technology Park Childcare***  
**\$1,500,000**

Funds are requested to construct a childcare facility in the Lonesome Pine Business & Technology Park.

Total project cost is \$2,989,313. Other funds include: \$700,000 DHCD (application pending), \$500,000 ARC (application pending), \$289,313 Wise County IDA (available).

**Staff comments & recommendation:** This project would fill a stated need to provide daycare at an employment center with slots reserved for children of Tech Park employees, although a majority of other funding is pending. This unmet market need presents an opportunity for private sector providers, and childcare is specifically stated as a low priority. **Staff recommends no award.**

**Wise County Industrial Development Authority**  
***Appalachia America Energy Research Center***  
**\$1,500,000**

Funds are requested to assist with site development costs associated with the construction of a nanotechnology research and development facility to be located in the Lonesome Pine Regional Business and Technology Park. Research is anticipated in fields such as coal gasification and sulfur reduction. TICR funds are requested to construct a 14,000 square foot research building (to be owned by the IDA and leased to private and university researchers) as well as related site improvements (road, parking, etc). The long term goal is to develop a regional cluster of coal-based fuel industries.

Total project cost is \$3,706,125. Other funds include: \$1,500,000 Economic Development Administration (application submitted), \$706,125 Wise County IDA (available).

**Staff comments and recommendation:** This concept represents a nexus of high technology scientific research and the area's major natural resource (coal). Specifics plans for organizational structure, partnerships and operating agreements with private employers, researchers and universities are still being developed, but one Virginia-based company has provided a written statement of interest in creating 200 jobs at the site. **Staff recommends award of \$1,500,000, contingent on an equal or greater match from other sources. ■**