

FY10 Southwest Economic Development Staff Summaries & Recommendations - August 2009

The Commission received 33 proposals for Southwest Economic Development funds by the announced application date of August 24, 2009. The Committee has an available balance of \$8,501,314.

Request #	Organization Name	Project Title	Request Amount	Staff Recommendation
1835	Birthplace of Country Music	Cultural Heritage Center (Phase III)	\$2,496,120	\$250,000
1900	Boozy Creek Community Center, Inc.	Boozy Creek Community Center, Inc.	\$65,000	\$0
1811	Bristol Virginia Utilities	Southwest Virginia Diverse Route to Mid Atlantic Broadband (MBC)	\$3,900,000	\$3,510,000
1910	Buchanan County IDA	Southern Gap Regional Business and Technology Center	\$750,000	Reserve
1919	Coeburn-Norton-Wise Regional Waste Water Treatment Authority	Norton Wastewater Metering Station	\$100,000	\$0
1943	The Crooked Road: Virginia's Heritage Music Trail	The Crooked Road Performs!	\$117,200	\$0
1878	IDA of Dickenson County	Dickenson Center for Education and Research	\$125,000	\$112,500
1901	Flanary Historical Site, Inc.	Building Renovation	\$75,000	\$0
1948	Hayters Gap Community Center	Walking Track at Hayters Gap Community Center	\$24,000	\$0
1917	Town of Honaker	Honaker Heritage Center Renovation Project	\$300,000	Reserve
1920	Town of Jonesville	Town of Jonesville RV Park and Campground Phase II	\$918,281	\$0
1838	Konnarock Retreat House	Konnarock Retreat House: Phase I	\$368,545	\$180,170
1891	Lee County IDA	Powell Mountain Overlook Project	\$50,000	Reserve
1904	Lee County IDA	Data Center Site Prep	\$344,700	\$344,700
1905	Lee County IDA	Wastewater Plant Expansion Design	\$95,500	\$95,500
1908	Lonesome Pine Office on Youth	Southwest Virginia Imagination Library	\$75,397	\$0
1903	Mount Rogers Planning District Commission	... "Small Business Incubator in Old Bank Building"	\$276,600	Reserve

1902	Mount Rogers Planning District Commission	One-Hour National Documentary Broadcast & Broadband Production of Regional Documentaries ...	\$180,000	Reserve
1945	Town of Nickelsville	Nickelsville Economic Restructuring & Revitalization Project	\$50,000	\$0
1897	City of Norton	Big Stone Gap - Norton Interconnect Water Tank Project and Route 621 Water Extension	\$545,000	\$0
1874	Town of Pennington Gap	Lee Theater / Learning Center Renovation	\$465,630	\$232,815
1906	Town of St. Paul	St. Paul Regional Wastewater Treatment Plant Expansion	\$1,000,000	Reserve
1886	Scott County Regional Horse Association	Scott County Horse Park and Camp Ground Expansion	\$300,000	Agribusiness
1907	Scott Farmers Cooperative, Inc.	Livestock Feed Facility	\$250,000	Agribusiness
1922	Settlers Museum Foundation	Settlers Museum of Southwest Virginia Enhancement Project - Phase I	\$17,500	Reserve
1898	Smyth County Tourism Association	Regional Tourism Cable Television, e-Commerce, and New Media Project Planning and Program Development Phase I	\$431,047	\$0
1899	Smyth County Board of Supervisors	Smyth County / Marion Downtown Development Project	\$1,000,000	\$0
1820	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Highlands Business Park Fiber Installation Project	\$75,700	\$68,130
1894	The Southwest Virginia Alliance for Manufacturing	Manufacturing Career Outreach	\$217,500	\$0
1911	Southwest Virginia Community Foundation, Inc.	Clinch Mountain Performing Arts Center	\$3,819,706	\$500,000
1882	Wellmont Foundation	Cardio-Stroke Tele-Health Network	\$150,400	\$150,400
1890	Wise County IDA	Wise Inn Restoration & Redevelopment	\$1,000,000	\$250,000
1921	Joint IDA of Wythe County	Progress Park Lot 24 Rail Site Development Project	\$2,500,000	Reserve

Grand Totals (33 items)

\$19,563,706

\$5,499,515

Available Balance:

\$8,501,314

\$3,001,799

Birthplace of Country Music Alliance

Birthplace of County Music Cultural Heritage Center (Phase III) (#1835)

\$2,496,120 (referred from Special Projects)

This request is the balance remaining from a \$4.2 million dollar request that was referred to the Southwest Committee after being partially funded by the Special Projects Committee in July. Funds are requested for Phase III of the Cultural Heritage Center project to be located in an existing structure in downtown Bristol. This is the final phase of the project and will involve the completion of the physical renovation/construction of the building, which was acquired by the Alliance in 2004. Commission funds are requested specifically for the fabrication and installation of the permanent exhibits. According to an economic impact study by UVA's Weldon Cooper Center, the Center should draw at least 75,000 visitors annually resulting in an economic impact of \$43,232,806 over five years to the region and will generate \$1,041,253 in direct tax revenue which will sustain 162 jobs.

Total project cost is \$8,783,650. Other funds include: \$4,391,500 USDA Rural Development for project development (loan application in process); \$25,000 City of Bristol CDBG funds to support design services (awarded); \$138,980 capital campaign pledges to support project development (pledges on hand); \$32,050 cash on hand restricted for capital purposes/project development (available).

Staff comments and recommendation: The BOCM project has been supported with TICR grants totaling \$2.1 million since 2003 for start-up operating support, museum/exhibit design, preliminary site work (this includes a recent award of \$1.7 million from FY10 Special Projects to fund a portion of this request). The balance of the request referred to this Committee is for exhibit fabrication, purchase of artifacts etc. TICR staff has recently been notified that an unanticipated requirement to install a storm drain from the property at a cost of \$250,000 is an urgent project need. BOCM staff and board members have implemented a thorough planning and fundraising process, including assessment of economic impact and diligent pursuit of all appropriate funding sources. Assistance would build on previous Commission investments in this and other tourism sites with national and international name recognition, including the Ralph Stanley Museum, Jefferson's Poplar Forest and the RR Moton Museum. **Staff recommends award of \$250,000 for project site development (e.g. required storm drainage improvements).**

Boozy Creek Community Center, Inc.

Boozy Creek Community Center, Inc. (#1900)

\$65,000 requested

Funds are requested by a 501(c)(4) nonprofit community association to repay the \$35,000 loan to New People's Bank that was used to construct the community center in the Scott County community of Boozy Creek. Funds are also requested to pave the parking lot. The mission of the center is to promote the welfare and development of this community. Expected uses for the building include a farmers market along with recreational, social and educational meetings and events.

Total project cost is \$65,000. Other funds include: \$35,000 - New People Bank Loan to start the building process (loan due in Feb. 2010); \$65,000 (volunteer labor, donated building supplies and land) – all volunteers to build the center.

Staff comments and recommendation: Community centers are a designated Low Priority of the Commission due to the lack of a direct effect on regional economic growth and development. The application did not include specific operational plans for educational or agribusiness programs to be offered in the building that might be a closer match to the TICR Strategic Plan. **Staff is therefore obligated to provide a recommendation of no award.**

Bristol Virginia Utilities

Southwest Virginia Diverse Route to Mid-Atlantic Broadband (MBC) (#1811)

\$3,900,000 requested

Funds are requested to install 49 miles of fiber backbone creating an alternate connection between the networks of Bristol Virginia Utilities, Mid-Atlantic Broadband and other tobacco region fiber providers to provide additional diversity for the overall network. The request includes construction of two new points-of-presence in Marion and at the regional Glade-Highlands industrial park near Glade Springs. When complete, the route will connect existing Citizens Telephone backbone at Independence to BVU facilities in Marion and west along the I-81/Route 11 corridor. This will create a ring that will reinforce the existing fiber route that now connects BVU and MBC.

Total project cost is \$3,900,000. Other funds include: none reported.

Staff comments and recommendation: The request is supported by all the TICR-funded fiber providers in the tobacco region as a means to provide redundancy in the event of an interruption on the current single path connecting these systems for carrying long haul traffic. However, the applicant seeks 100% of project costs, which is contrary to the Strategic Plan's General Funding Policies and the Southwest program guidelines. The cost per mile is approximately \$67,000, which is largely attributable to the severe terrain on Route 16 descending from Mt. Rogers (engineering for the Marion to Independence route was done with a previous TICR grant). **Staff recommends award of 90% of project costs, not to exceed \$3,510,000.**

Buchanan County IDA

Southern Gap Regional Business and Technology Center (#1910)

\$750,000 request has been re-submitted as a Reserve Fund proposal

Coeburn-Norton-Wise Regional Waste Water Treatment Authority

Norton Wastewater Metering Station (#1919)

\$100,000 requested

Funds are requested to construct a new metering station for the Water Treatment Authority. Two previous meters, installed in manholes, have been destroyed by floods and the new station will be constructed in a concrete vault protected against a 100 year flood. The new station will allow the Authority to monitor the on-going infiltration/inflow repair activities to determine the treatment capacity re-captured and allow for new connections. The Authority will also realize an energy and chemical savings through the reduction of I/I in the systems, treating lesser volume of wastewater.

Total project cost is \$208,475. Other funds include: \$50,000 – LENOWISCO PDC for design and construction (committed); \$58,475 – C-N-W Regional Wastewater Authority for construction (appropriated).

Staff comments and recommendations: Request is an initial step to measure increases in system capacity and operating efficiency, prior to construction of an anticipated \$6 million sewer line that will enable lifting of a moratorium on new construction in industrial and commercial areas. This request alone will simply accomplish replacement of previously-installed equipment that was destroyed by floods, and will not (in this phase) directly accomplish new economic growth. While it is commendable that the

localities are working together on this project, Commission funds should not be used for purposes such as replacement of outdated or non-functioning equipment. **Staff recommends no award.**

The Crooked Road: Virginia's Heritage Music Trail

The Crooked Road Performs (#1943)

\$117,200 requested

Funds are requested by the nonprofit organization to continue the promotion of The Crooked Road, Virginia's Heritage Music Trail. The project outlined in this application includes a three week tour to 13 Eastern US cities. Funds are also requested for expansion of marketing activities including ad placement and website enhancement. Funding will also be utilized to record live performances at 12 locations along the Trail to be aired during the nationally syndicated radio show "Main Street Bluegrass." In addition, funding will help to sponsor a "Mountain Stage" performance to be recorded at the Paramount Theater in Bristol. An economic impact study estimated that The Crooked Road has produced \$12.9 million in direct spending from visitation and a total economic impact to the region of \$23 million per year

Total project cost is \$396,700. Other funds include: \$25,000 – Virginia Tourism Corporation for matching funds for media placements (pending); \$5,000 – Virginia Tourism Corporation as support for appearance of "Mountain stage" in Bristol (pending); \$190,000 – National Council for the Traditional Arts for the "Music from the Crooked Road" tour (committed); \$10,000 – BCMA for the "Mountain Stage" (committed); \$4,500 – Applicant for staff support (committed); \$5,000 (in-kind) – applicant for marketing committee and musicians coordinating committee (committed).

Staff comments and recommendations: The Crooked Road has received TICR grant support exceeding \$1.16 million over the past five years. Tours, marketing and Mountain Stage sponsorship have all been supported in previous TICR grant funds, so should be considered ongoing and previously-funded activities (the Special Projects Committee declined to fund these activities for that reason in its most recent grant cycle). The recording and radio broadcasting of concerts at regional venues (\$25,200 of the requested funds) is a new activity that will clearly expand the Crooked Road's outreach at a very modest cost. However the benefits will accrue largely to private entities (performers, production companies and radio networks) and will be difficult to quantify. **Staff recommends no award.**

IDA of Dickenson County

Dickenson Center for Education and Research (#1878)

\$125,000 requested

Funds are requested to build out unfinished space of approximately 2,800 square feet in the Dickenson Center for Education and Research. The space is partially complete from previous construction and lacks finished drywall, painting, ceiling, electrical, plumbing, etc. to become training space to serve the needs of local employers. There is a need for space to house groups of 40 or more and the Center does not currently have finished space to accommodate these requests.

Total project cost is \$7,615,830. Other funds include: \$200,000 – USDA Rural Development for the industrial room construction (completed); \$25,000 – USDA Community Facilities Grant to purchase furnishings (ongoing); \$85,000 – Congressional Directed Grant to purchase technology equipment (awarded); \$1,100,000 – Dickenson County Local Government for building and land grant match (completed); \$96,000 – Appalachian Regional Commission to purchase technology equipment (completed); \$4,000,000 – Virginia Coalfield Economic Development Authority for construction and furnishings (completed); \$200,000 – TICRC for construction and furnishings (completed).

Staff comments and recommendations: There are no matching funds in this phase of work, but substantial matching funds in previous construction phases that enabled the Center to open in the past year. The Center's staff has been tracking the use of existing smaller classrooms and demand for a larger meeting space. This improvement would provide a multi-function location for training large numbers of employees from private employers located in or near the County Technology park, such as EQT Corp (natural gas), coal mining companies and the SI call center, as well as regional public employers including the school system and prisons. **Staff recommends award of 90% of project costs, not to exceed \$112,500.**

Flanary Historical Site, Inc.
Building Renovation (#1901)
\$75,000 requested

Funds are requested by the non-profit organization to assist with the refurbishment a log and brick house located on private property in Dungannon (Scott County). The structure, which is estimated to have been built around 1830, was utilized as a court house, post office, tavern and a stopping point adjacent to Osborne Ford Ferry. The application indicates future plans to construct a campground, museum, demonstration ferry and an Indian village with palisade and yurts, to demonstrate the usage of the property during the past 10,000 years.

Total project cost is \$193,000. Other funds include: \$75,000 – Virginia Dept of Historic Resources grant (pending a 2010 General Assembly appropriation); \$15,000 – Ms. Betty Salyer as a matching fund (confirmed).

Staff comments and recommendations: The site has yielded Native American artifacts dating back several millennia and has a long history related to settlement over the past 200 years, as corroborated by the Virginia DHR. The site remains privately-owned, and would be developed by the non-profit with the support of the current owners per the terms of a multi-year lease. The applicant estimates the creation of five jobs to operate the full plan of development (including campground etc.). However, the organization does not yet have a historic interpretative plan, or operating feasibility plans that would indicate the sustainability of operations. Consequently it is not yet possible to quantify economic outcomes related to the tourism and educational benefits of developing the property. **Staff recommends no award.**

Hayters Gap Community Center
Walking Track at Hayters Gap Community Center (#1948)
\$24,000 requested

Funds are requested to construct a paved walking track at the Hayter's Gap Community Center in Washington County. The walking trail will provide a recreational opportunity for the community. The Community Center houses a public library, a Headstart center, a volunteer rescue squad and provides meeting space for family reunions, church groups, Christmas parties, and fundraisers.

Total project cost is \$30,000. Other funds include: \$3,000 – Washington County Board of Supervisors for general expenses (pending); \$3,000 – community fundraiser for general expenses (pending).

Staff comments and recommendations: The project is a recreational improvement at a community center, both aspects of which have no discernible and direct effect on economic development and thereby

place this among the Commission's Low Priorities. **Staff is therefore obligated to issue a recommendation of no award.**

Town of Honaker

Honaker Heritage Center Renovation Project (#1917)

\$300,000 requested

Funds are requested for the renovation of the former First National Bank of Honaker building in downtown Honaker. The building will be redeveloped into a cultural and natural heritage center and will serve as the anchor of the Town's recently completed Economic Restructuring and Downtown Revitalization Plan. This plan involves a storefront renovation program, street and sidewalk improvements, upper-story housing rehabilitation and other physical improvements designed to make Downtown Honaker attractive for business and housing development. Supplemental information provided by the Town indicates the likely uses for the Center include artisan education/demonstration space (this will be a principal stop promoted on 'Round the Mountain's Russell County artisan trail), along with a local heritage museum, genealogy room, welcome center, and distance learning room.

Total project cost is \$1,022,290. Other funds include: \$80,000 – DHCD/CDBG for acquisition of the bank building (to be applied for in the Spring 2010); \$273,760 – Appalachian Regional Commission (ARC) for Heritage Center renovations (to be applied for in the Fall of 2009); \$300,000 – VCEDA for Heritage Center renovations (to be applied for in the Fall of 2009).

Staff comments and recommendations: The Town, in conjunction with the Planning District Commission and consultants, has implemented an exemplary planning process to build on historic and cultural heritage assets. Plans include the use of historic district and affordable housing incentives, coordinating with regional tourism efforts such as 'Round the Mountain and Heartwood Artisan Gateway, and linkages to regional education providers. At this point in the process, the majority of project funds have not yet been applied for, and it can not yet be determined to what extent the Heritage Center will be devoted to non-priority activities (e.g. genealogy, local museum) versus TICR priorities such as distance education and artisan trail development. Staff suggests the project be resubmitted in a subsequent round when funding commitments and development plans for the Center are more clear. **Staff recommends no award.**

Town of Jonesville

Town of Jonesville RV Park and Campground Phase II (#1920)

\$918,281 requested

Funds are requested for Phase II of the construction of a RV park and campground adjacent to a Town-owned Cumberland Bowl park. Funds would be used for design and construction to complete the grading and surfacing of the parking pads and access road, the additional water, sewer, and electrical for RV hook-up, construction of the required restroom facilities, and to improve storm drainage facilities for the RV park and campground.

Total project cost is \$918,281. Other funds include: \$0 – Virginia Department of Conservation and Recreation (an application has been submitted with no response); \$154,000 – Town of Jonesville for land (completed); \$250,000 – TICRC for construction of initial infrastructure for Phase I of the park (complete).

Staff comments and recommendations: Commission has provided two grants totaling \$300,000 for planning and phase one construction, which is currently underway and appears to include eleven RV sites. Staff has requested and is awaiting additional information to clarify the number of additional sites planned in phase two, and for estimates of revenue impacts and visitor spending. The application cites “local citizens” as being interested in renting sites, which would make this project more of a local recreation amenity than a tourist destination, and would thereby reduce the ability to attract spending from visitors. Other matching funds are not yet committed (DCR) or are previously spent (Town park land). **Staff recommends no award.**

Konnarock Retreat House

Konnarock Retreat House: Phase I (#1838)

\$368,545 requested (referred from Special Projects)

Funds are requested by a 501(c)(3) nonprofit applicant for Phase I renovations to the Konnarock Retreat House, a circa-1924 former Lutheran school located in the southeastern corner of Smyth County and obtained by the nonprofit applicant from the US Forest Service in 2007. The 17,240 square foot structure is listed on state and national historic registers. In this phase, the facility will be stabilized and preliminary reconstruction work will be performed to prepare the for use as a site for retreats, lodging, meetings and cultural/social events. The structure and adjacent cottage, will be reconfigured to enable a variety of uses including meeting rooms and lodging for up to 30 guests. The applicant has completed business feasibility and operational plans, along with preliminary architectural designs. An estimated nine FTE jobs would be created to operate the facility. Total renovation cost is estimated at nearly \$3.5 million, part of which will be funded by historic tax credits.

Total project cost is \$3,462,000. Other funds include: \$175,000 est. land value – U.S. Forest Services includes five (5) acres of land including the Konnarock Training School building and cottage (received); \$100,000 – anonymous for planning and restoration (received); \$15,000 – private donations for general start-up costs (received); \$24,000 est. volunteer labor; \$12,200 – in-kind donations from individuals and businesses which included property surveying, architectural work, legal work, website development, accounting, office equipment, furniture, items for volunteer cottage, and travel expenses; \$10,000 profit expected from fundraiser activities.

Staff comments and recommendations: The proposal was referred from Special Projects due to the lack of multi-jurisdictional participation that is required by that program. The applicants have used an exemplary planning process and volunteer-driven effort to pursue re-use of this site that was listed on Preservation Virginia’s list of the Most Endangered historic places in 2009. The location adjacent to Mt. Rogers National Recreation Area suggests an obvious marketing niche to outdoor recreation tourists. At 60% occupancy and using state visitor spending averages, the site could generate more than a half-million of tourism expenditures annually, which would provide revenue for the nine anticipated positions. The application states a federal appropriation of \$500,000 has been requested, but alternatively staff suggests that an ARC grant proposal be submitted for additional project costs. **Staff recommends award of \$180,170 for exterior rehabilitation of structures.**

Lee County IDA
Powell Mountain Overlook Project (#1891)
\$50,000 requested

Funds are requested to plan and design an overlook on the Lee County side of Powell Mountain to provide a view looking north toward Kentucky, along with upgrades to the existing overlook on the Scott County side of Powell Mountain (with improvements such as drainage improvements, new sidewalks and picnic tables). Interpretive signage describing the history of the two counties and a possible Crooked Road wayside display are also proposed for the overlooks.

Total project cost is \$250,000. Other funds include: \$250,000 – VDOT Enhancement Grant (application to be submitted December 2009).

Staff comments and recommendations: Project appears eligible for the Commission’s Reserve Fund to provide the required 20% match to VDOT Enhancement grant application, although economic outcomes of a wayside are difficult to quantify. **Staff recommends the project be resubmitted to the Reserve Fund at the appropriate time.**

Lee County IDA
Data Center Site Prep (#1904)
\$344,700 requested

Funds are requested for site preparation activities to prepare a developable site in the Patriot Center complex in Pennington Gap. The result of this project will be a 5 acre site, expandable to 10 acres, that will support the potential location of a data center operation. The VEDP has identified the Patriot Center sites as an appropriate location for such an operation based on the availability and proximity of the necessary redundant electric power, redundant broadband infrastructure, and the appropriate water and sewer capacity. Funds are requested to demolish an existing building, grade a building pad and pave a parking area.

Total project cost is \$383,000. Other funds include: \$38,300 – Lee County IDA for site prep and related expenses (committed).

Staff comments and recommendations: The project is supported by VEDP staff as having better site attributes for a data center than does the County’s Constitution Oaks Technology Park, which would require an expensive electrical infrastructure project to be built in order to be a competitive site with redundant electric providers. The request is a cost-effective strategy to have a ready-to-go site adjacent to the successful Kavanaugh Consulting Group call center operation. **Staff recommends award of \$344,700.**

Lee County IDA
Wastewater Plant Expansion Design (#1905)
\$95,500 requested

Funds are requested to complete final design and permitting related to expansion of the Rose Hill wastewater treatment plant to accommodate and expedite future business growth at the Authority’s Constitutional Oaks business park in western Lee County. The current plant can accommodate 60,000 GPD and the expansion would double that capacity. The requested design and permitting would shorten

the time to respond to a Park tenant needing additional wastewater services by four to six months. Expansion of the plant, which is not requested herein, would cost an additional \$900,000.

Total project cost is \$103,000. Other funds include: \$7,500 – LENOWISCO Planning District Commission for engineering expenses (staff recommended/awaiting Board approval).

Staff comments and recommendations: Constitution Oaks is the County’s premier industrial/technology park and is the site of the County’s only shell building. The Park has been developed with TICR grants totaling \$1.7 million over the past eight years. This is a cost effective strategy to “fast track” improvements that might be required for a Park tenant, without incurring the expense of expanding treatment capacity that is not yet needed. **Staff recommends an award of \$95,500.**

Lonesome Pine Office on Youth

Southwest Virginia Imagination Library (#1908)

\$75,397 requested

Funds are requested by non-profit regional applicant to cover 50% of eligible children under the age of five from several Southwest localities in Dolly Parton’s Imagination Library program. The program provides an age-appropriate book for each enrolled child once each month from birth to the fifth birthday. The requested amount would cover the \$30 annual enrollment fee for children in the Counties of Dickinson, Lee, Scott and Wise as well as the City of Norton. The \$30 fee will cover the cost of postage for mailing the books. Funds are also requested to assist with salary, travel, computer and postage for a part time staff person whose duties will be to promote the program and raise literacy awareness. This person will also be responsible for grant writing and fundraising and for child find and data entry.

Total project cost is \$216,632.40. Other funds include: \$4,695 – county governments, Town of Coeburn, and City of Norton for postage and handling; \$12,208.50 – foundations, civic groups, Napoleon Hill, etc. for postage and handling; \$4,655.75 – local businesses and private citizens for postage and handling.

Staff comments and recommendations: This program has unquestionably made positive impacts on literacy in the region, but has been submitted three times previously to the Education Committee and has been passed by in each grant cycle due to its focus on pre-K children and questions regarding future funding to sustain the expanded services beyond the life of a TICR grant. It is even less suited to the Economic Development program because there is no direct connection to job creation or private capital investment. The Commission awarded funds earlier this year to the VA Early Childhood Education Fund to conduct more comprehensiveness regional program assessment and implementation for early childhood literacy, and this program may be a candidate for future VECF support. **Staff recommends no award.**

Mount Rogers Planning District Commission

Revitalization of Commerce and Business in Glade Spring Town Square “Small Business Incubator in Old Bank Building” (#1903)

\$276,600 requested

Funds are requested to purchase and renovate the former Bank of Glade/Virginia National Bank building in downtown Glade Spring and convert the building to a small business incubator. The renovated space will be able to house up to 5 new entrepreneurial enterprises and will create up to 10 jobs. The facility will utilize the services of the Virginia Highlands Small Business Development Center at VHCC and the Bristol SCORE Chapter for business counseling services for each new entrepreneur.

Total project cost is \$503,200. Other funds include: \$266,600 – Appalachian Regional Commission (ARC) for construction enhancements and renovations of the Old Bank Building (application to be submitted by October 7, 2009 deadline).

Staff comments and recommendations: Staff has awaiting information on whether a needs assessment has verified a lack of small business services, whether operating agreements with regional small business assistance organizations have been formalized, and how the center will be funded and operated beyond a Commission grant. Given the struggles of other incubators to maintain operational funding staff has significant concerns about the sustainability of an incubator in Glade Spring, located so close to a larger incubator with greater amenities in Abingdon. The project also appears eligible for a Reserve Fund request to match the planned ARC application. **Staff recommends no award.**

Mount Rogers Planning District Commission

One-Hour National Documentary Broadcast & Broadband Production of Regional Documentaries – Cultural Heritage Tourism Stimulus Project (#1902)

\$180,000 requested

Funds are requested to assist with production costs associated with the filming of three one-hour documentaries covering the Battles of Saltville, Birthplace of Country Music, and The Battle of King's Mountain. The series will be featured regionally in Southwest Virginia on ARC-TV as well as on the Documentary Channel which is seen in over 37 million homes nationally. Each of the planned documentaries require film production crews from New York plus the use of local production facilities and students in the film production side from Emory and Henry College and Virginia Intermont College.

Total project cost is \$530,000. Other funds include: \$280,000 - Appalachian Regional Commission (ARC) funding for production costs for documentaries (application to be submitted by October 7, 2009 deadline); \$10,000 – Alpha Natural Resources, Inc. to assist with non-production fees (MRPDC contractual fees).

Staff comments and recommendations: Direct economic outcomes from periodic regional and national broadcast of these documentaries would be extremely difficult to quantify. There are also concerns over subsidizing production costs for private companies and jobs that will only be located in the area temporarily. The project appears eligible for a Reserve Fund request to match the planned ARC application. **Staff recommends no award.**

Town of Nicklesville

Nicklesville Economic Restructuring & Revitalization Project (#1945)

\$50,000 requested

Funds are requested to complete a study to provide a better understanding of what is needed to enhance the downtown area of Nicklesville to attract and sustain economic development and support tourism efforts. The study will consist of a marketing study to identify what businesses are needed in the Town, to investigate infrastructure weaknesses, and to complete preliminary engineering and design work to provide guidance to the Town for future projects and grant applications.

Total project cost is \$ 65,000. Other funds include: \$15,000 – DHCD to be used as a planning grant to determine the feasibility of a multi-use medical facility in downtown Nicklesville (approved and on-going).

Staff comments and recommendations: The proposed studies appear to be addressing more broad community development objectives (such as recreation, healthcare and retail) than specific measurable

economic development projects. Community surveys and meetings conducted to date have listed projects that could potentially fit with the TCR Strategic Plan, such as distance learning facilities and last-mile broadband, but no specific plans are in place yet for services or facilities that would be consistent with Commission priorities. **Staff recommends no award.**

City of Norton

Big Stone Gap – Norton Interconnect Water Tank Project and Route 621 Water Extension (#1897)

\$545,000 requested

Funds are requested to construct a 213,000 gallon tank along with approximately 1,200 linear feet of waterline to provide increased water storage for the City of Norton as well as the ability to provide/transfer water on a regionally, operational control and the ability to maintain minimum required pressures to residential connections in the Hoot Owl Hollow section of the City's water system in the event that fire flows are demanded elsewhere. The project will decrease the likelihood of substantial flow reversals causing taste and odor concerns in the purchased water.

Total project cost is \$560,000. Other funds include: \$15,000 – City of Norton to be used as a general contribution to the overall project (pending).

Staff comments and recommendations: This project was submitted to the Southwest Economic Development program last year and was passed by. There are obvious community benefits but no direct measurable economic outcomes from increasing water storage capacity, and the new waterline appears to serve a residential community. The City also has a full balance of \$150,000 remaining in a storm drainage project grant provided more than four years ago. **Staff recommends no award.**

Town of Pennington Gap

Lee Theater / Learning Center Renovation (#1874)

\$465,630 requested

Funds are requested to continue the restoration/renovation of the Lee Theatre/Learning Center. Commission funds will be used for upgrades to the HVAC and electrical components of the building as well as for small items such as ceiling tiles and doors and for related engineering and administration costs. Funding for ten learning stations is also requested. The Theatre/Learning Center will be a multi-purpose facility providing space for performances as well as educational opportunities including GED classes, adult literacy, ESL classes digital literacy classes, post secondary college classes and satellite cohorts.

Total project cost is \$1,345,950. Other funds include: \$200,000 – TICRC for acquisition, A/E studies, Phase I (completed); renovation design and construction (completed); \$8,250 – Town of Pennington Gap to clean out Lee Theater prior to Phase I renovations; \$31,600 – Town of Pennington Gap for acquisition and structural repair design (complete); \$431,789 - Appalachian Regional Commission (ARC) for structural improvements, internet stations, seating, signage, furnishings, projection screen, etc. (letter of tentative award received April 18, 2009); \$25,000 – USDA Rural Development for seating (contract pending); \$204,108 – Slemp Foundation for wall drapery, projection console, sound system, lighting, sprinkler system, etc. (awarded); \$25,562 – theater committee and local fund raising campaign for marquee and refinishing of stage floor (collected over \$25,000 to date).

Staff comments and recommendations: The Commission has supported this project with grants totaling \$450,000 provided for acquisition, planning and construction over the past six years. Construction

activity funded by a grant awarded a year ago is being bid this month. That last grant was offered with a dollar-for-dollar matching requirement, which was accomplished through an ARC grant. Staff suggests any additional award also carry a matching requirement to encourage more aggressive use of fundraising opportunities including tax credits, foundation grants and “adopt-a-seat” campaigns. **Staff recommends award of \$232,815 contingent on a dollar-for-dollar non-Commission match.**

Town of St. Paul

St. Paul Regional Wastewater Treatment Plant Expansion (#1906)

\$1,000,000

Funds are requested for the construction of a .999 MGD wastewater treatment plant. The plant will serve the Town of St. Paul, the Wise County Public Service Authority, and the Castlewood Water and Sewage Authority and will allow residential and economic growth to areas where service is not currently available. The Town’s plant does not have the capacity to support any further growth based on its current load and the projected load that will be needed upon completion of the Dominion Power Coal Fired Plant Facility. The plant will serve the U.S. 58 corridor from Castlewood to Virginia City.

Total project cost is \$5,655,750. Other funds include: \$500,000 - Appalachian Regional Commission (ARC) for construction (request pending); \$4,155,750 – Rural Development for professional services, design, and construction (request pending); \$50,000 – Town of St. Paul and Wise County PSA for preliminary engineering (awarded).

Staff comments and recommendations: Staff has requested and not yet received a cash flow analysis that would provide evidence of how much debt service is involved. Absent a cash flow analysis staff has no basis for determining an appropriate amount of investment to help the project be sustainable. A \$500,000 ARC grant application will be filed October 7 that requires a 30% match, which can be submitted for a Reserve Fund request of \$150,000. **Staff recommends project be resubmitted to the Reserve Fund at the appropriate time.**

Scott County Regional Horse Association

Scott County Horse Park and Camp Ground Expansion (#1886)

\$300,000 requested

Funds are requested to construct camp sites, bathroom/shower facilities, and equine stalls as well as to upgrade the electrical and sound systems at the Scott County Horse Park and Campground in Dungannon. The Campground will provide a destination for campers wishing to use the trails in the Jefferson National Forest and other horse trails in Southwest Virginia. The project will add two part-time positions to the Park’s operations staff.

Total project cost is \$335,000. Other funds include: \$5,000 – Virginia Horse Industry Board as support of youth program supported by SCRHA.

Staff comments and recommendations: The project has agri-tourism outcomes (equine industry and event revenues) that are best considered by the Agribusiness Committee. **Staff recommends request be referred to Agribusiness Committee.**

Scott Farmers Cooperative, Inc.
Livestock Feed Facility (#1907)
\$250,000 requested

Funds are requested to procure and install a comprehensive feed commodity handling, blending, storage, bagging and delivery equipment system for the purpose of supplying area livestock producers feed demands in a more economically effective manner. The new facility will include feed commodity storage tanks, a feed commodity mixer, and up to date material handling system, a building to accommodate work area and weather vulnerable equipment, and a bulk feed delivery tender to mount on a truck that the Cooperative already owns. The new mill would allow the potential creation of 2-3 new positions.

Total project cost is \$315,000. Other funds include: \$25,000 – Scott Farmers Cooperative for the installation of the feed commodity system; \$40,000 – Scott Farmers Cooperative for one year's wages for employees.

Staff comments and recommendations: The project has agribusiness outcomes (greater feed availability, reduced costs and increased profit-sharing by Cooperative members) that are best considered by the Agribusiness Committee. **Staff recommends request be referred to Agribusiness Committee.**

Settlers Museum Foundation
Settlers Museum of Southwest Virginia Enhancement Project – Phase I (#1922)
\$17,500 requested

Funds are requested for Phase I of the project which seeks to continue the development of the museum and to create new opportunities for agri-tourism. This phase will consist hiring a consultant to develop a Master Plan that will include a physical assessment of the historical farm structures, a feasibility study for demonstrations of traditional SW Virginia agricultural products, a strategy for enhanced programming such as Old Time music and improved cooperation with local artisans and a marketing plan. The Master Plan will result in a prioritized list of projects that will be implemented in Phase II. The Settlers Museum of SWVA was founded in 1987 and is an open air museum located on 67 acres of US Forest Service land near exit 54 along Interstate 81. Attendance at the museum in 2008 consisted of over 1,600 visitors from 39 states and 7 foreign countries.

Total project cost is \$35,000. Other funds include: \$17,500 – Appalachian Regional Commission – Asset-Based Development for Phase I (application due October 7, 2009).

Staff comments and recommendations: Project appears eligible for Reserve Fund to provide the required match for the proposed ARC application. **Staff recommends project be resubmitted to Reserve Fund at the appropriate time.**

Smyth County Tourism Association
Regional Tourism Cable Television, e-Commerce, and New Media Project
Planning and Program Development Phase I (#1898)
\$431,047 requested

Funds are requested to support the creation of a multi-faceted revenue generating initiative to benefit tourism supported organizations in Southwest Virginia. Commission funds will be used for salary, equipment, and contractual services related to the establishment of a TV channel dedicated to tourism and

regional community programming highlighting the region's attractions and providing QVC style programming featuring regionally made products. The programs will be aired on local cable access channels. Funds are also requested to add e-commerce capability to the applicant's website (www.visitvirginiamountains.com) and for costs to establish a presence on social networking sites such as Facebook and MySpace. The project envisions a staff of 13 production and sales/marketing professionals.

Total project cost is \$ 563,032. Other funds include: \$25,000 – Smyth County Industrial Authority for contractual services and air time for TV channel (request pending, notification anticipated September 2009); \$33,685 – Smyth County Tourism Assoc. (in-kind) equipment and personnel (available for match); \$15,200 – Town of Chilhowie (in-kind) property & improvements and continuous charges (available for match); \$500 – Smyth County personnel (available for match); \$57,600 – community volunteers/tourism ambassadors -(in-kind) personnel (available for match).

Staff comments and recommendations: The project is a very creative vision for aggressive cutting edge marketing, but relies on a large and ambitious operating budget for staff (in excess of \$263,000 annually, to be derived from product and ad sales, sponsorship etc.). The proposal states an intent to promote regional assets across Southwest VA, and would therefore be better placed under a regional tourism marketing organization rather than one with a mission to promote tourism in one county. The majority of the matching funds are in-kind. **Staff recommends no award.**

Smyth County Board of Supervisors

Smyth County / Marion Downtown Development Project (#1899)

\$1,000,000 requested

Funds are requested to construct an 85-90 space parking structure to allow for more parking for visitors to the downtown businesses, offices, and attractions. This structure is part of a larger redevelopment project for the Town of Marion including the renovation of the Marion School Building for the future home of the Appalachian School of Music and Art. Due to the lack of available parking the Smyth County Courthouse, the Supreme Court has required that additional spaces be provided. Without the parking structure, Smyth County will have to demolish the school building for a Court ordered courthouse expansion.

Total project cost is \$2,450,000. Other funds include: \$1,000,000 – DHCD for the elimination of slums and blight and job creation (awarded to the Town of Marion); \$100,000 – VDOT for infrastructure improvements for pedestrian access (awarded to the Town of Marion); \$350,000 – Smyth County Board of Supervisors for construction (\$250,000) and engineering (\$100,000) (committed).

Staff comments and recommendations: The parking deck is mandated as part of the courthouse renovation/expansion, and a signed agreement states “The Town and County acknowledge that the parking facility is being built to accommodate the requirements of the Court for the use of the Courthouse building for judicial functions ... this priority use shall control use of the new parking facility.” Courthouse parking adds no new economic activity to the downtown, and the additional parking for destinations such as Lincoln Theatre supports activities that are already occurring today in Marion. The application states that the deck is required in order to preserve the Old High School for use as a School of Music and Art, which provides the prospect of new “value-added” economic activity downtown, but there is no indication that adequate funding has been committed to renovate and operate the School. Funding for a parking deck, and specifically for one mandated for use by a courthouse, would set a significant precedent and open the door for similar projects in dozens of communities. **Staff recommends no award.**

Smyth-Washington Regional Industrial Facilities Authority (SWIFA)
Highlands Business Park Fiber Installation Project (#1820)
\$75,700 requested

Funds are requested to continue fiber installation in the regional industrial park. When the park was initially developed, 1,500 linear feet of conduit was installed, and this project will extend the conduit an additional 3,000 feet to available lots that have been considered for data center projects. The applicant will also install dark fiber for the entire 4,500 linear feet of conduit. This project will be coordinated with Bristol Virginia Utilities pending funding of the Southwest Virginia Diverse Route to Mid-Atlantic Broadband project which will bring fiber in front of the park along US Route 11.

Total project cost is \$75,500. Other funds include: None reported.

Staff comments and recommendations: The project will enhance the broadband infrastructure of a regional revenue-sharing park that has already attracted interest from data centers site prospectors. SWIFA, however, has no current ability to own and operate a fiber asset. **Staff recommends award of 90% of project costs, not to exceed \$68,130, to Bristol Virginia Utilities to construct, own and operate this fiber infrastructure as an open-access public asset.**

The Southwest Virginia Alliance for Manufacturing
Manufacturing Career Outreach (#1894)
\$217,500 requested

Funds are requested to provide four MET (Manufacturing, Engineering, and Technology) Career Coaches who will work with 7th-12th grade students in Smyth and Washington Counties to guide them into careers in manufacturing. Of the four coaches, two will cover the Wytheville Community College service area (serving Smyth County) and two will cover the Virginia Highlands Community College (serving Washington County). The positions will be part time and the coaches will spend a minimum of 22 hours per week working with students within the designated service area. Pilot programs of the program have been funded at five community colleges through ARRA funds, however, none of these programs are located at SW Virginia community colleges. Funds will also be used for supplies and equipment to support the programs and will become the property of the Smyth County and Washington County Public Schools.

Total project cost is \$290,000. Other funds include: \$40,000 – Virginia Community College System as a grant match for personnel services (approved); \$22,500 – Smyth-Washington Regional Industrial Facilities Authority as a grant match for personnel services, supplies, and materials (received); \$10,000 – The Southwest Virginia Alliance for Manufacturing, Inc. as a grant match for personnel services (received).

Staff comments and recommendations: The program has a valuable objective in offering career exploration programs beginning in middle school settings that support workforce development for local industries, and would arguably be a better candidate for the Education grant program. However, the target audience of middle and high school age learners has not been a specific priority of TCR funding, results have not yet been obtained for the other statewide pilot projects, there are precedent issues with providing training equipment to local school districts, and the question of ongoing operating support is not evidenced by letters of support from the participating community colleges or industries. **Staff recommends no award.**

Southwest Virginia Community Foundation, Inc.
Clinch Mountain Performing Arts Center (#1911)
\$3,819,706 requested

Funds are requested by the nonprofit applicant to construct a 500-seat center for the performing arts in downtown Gate City (Scott County). The center will provide a venue for performances, broadcasting, videoconferencing and distance learning. According to the application, it will serve Southwest Virginia, Tri-Cities and a larger geographic area with a population greater than 2,525,863. Five full time jobs and seven part time jobs are projected for operation of the center.

Total project cost is \$5,069,706. Other funds include: \$500,000 – anonymous for construction; \$50,000 – Southwest Virginia Community Foundation for construction (deposited).

Staff comments and recommendations: The project has received two Commission grants to date, totaling \$200,000 for design (a balance of nearly \$77,000 remains available in those grants). The proposal was submitted to the Special Projects program this summer and was passed by due to the lack of multi-jurisdictional regional participation. The applicant states it has secured a half-million dollar pledge as part of a \$1.25 million private fundraising campaign. **Staff recommends award of \$500,000, contingent on securing an equal amount of additional non-Commission funding commitments within one year of the Commission approval date.**

Wellmont Foundation
Cardio-Stroke Tele-Health Network (#1882)
\$1,000,000 requested

Funds are requested to provide equipment to Lee Regional Medical Center, Mountain View Regional Medical Center in Norton, and Lonesome Pine Hospital in Big Stone Gap with equipment needed to conduct remote cardiac consultation/ testing and allow their emergency departments access to the neurospecialists required for the diagnosis and treatment of stroke victims. The project estimates that it will create 19 jobs within three years with the majority of positions being created at Lee Regional Medical Center.

Total project cost is \$197,860. Other funds include: \$47,460 – Wellmont Health System for telemedicine receiving equipment, wireless upgrades, and training (committed).

Staff comments and recommendations: The request will build on telemedicine equipment investments at healthcare facilities across the region that were funded by a \$750,000 Technology grant to UVA Office of Telemedicine in 2007. There is a job creation component to this proposal, but it could also benefit a significant number of workers in the region who need rapid diagnosis and can not afford to leave work for long trips to major hospitals. **Staff recommends award of \$150,000, contingent on execution of a collaboration agreement between Wellmont, UVA Office of Telemedicine and the Virginia Telehealth Network.**

Wise County IDA

Wise Inn Restoration & Redevelopment (#1890)

\$1,000,000 requested

Funds are requested by the IDA to assist with renovation and construction costs associated with the restoration of the Wise Inn property, situated in the central business district of the Town of Wise. Upon completion, the Inn is expected to be an upscale lodging, restaurant and meeting facility designed to support regional tourism, education, and economic development efforts. It is estimated that the Inn's hotel and restaurant operations will result in the creation of 30-40 full time jobs as well as additional part time positions.

Total project cost is \$ 8,100,000. Other funds include: \$700,000 – DHCD for renovations and construction (letter of intent received); \$277,574 – Appalachian Regional Commission (ARC) for renovations and construction (awarded); \$1,180,000 – Wise County IDA for acquisition and parking structure construction (approved and available as needed); \$250,000 – Town of Wise for renovation and construction (committed and available as needed); \$1,200,000 – VA Coalfield EDA for renovation and construction (approved); \$3,392,426 – first mortgage debt and historic tax credits for renovation and construction (to be arranged).

Staff comments and recommendations: The project was submitted last year and was awarded \$100,000 for design services while other funding commitments were being secured. It now returns with several funding commitments, including \$2.5 million of anticipated loans. The attached pro forma indicates an ability to cover as much as \$3.0 million of debt service, and it is expected that the current economy may provide attractive cost savings. **Staff recommends award of \$250,000.**

Joint IDA of Wythe County

Progress Park Lot 24 Rail Sire Development Project (#1921)

\$2,500,000 requested

Funds are requested for a design-build-finance project that will develop a large, graded, rail served industrial lot in the southwest portion of Progress Park. The project will consist of design, grading and ancillary items to build an approximately 155 acre pad on an approximately 230 acre lot that has been considered by four recent manufacturing mega-projects that would have involved an average job creation of 1,390 and private investment of \$727 million. However, those projects all dismissed the site when it became clear that a year-long grading project would be required prior to construction of buildings. To accommodate the large cost of development, the project will be constructed using the design-build-finance method with a significant portion of the cost delayed for five years to allow time to market the site to a major manufacturing operation. The project is supported by VEDP as potentially the only large rail-served site available in western Virginia.

Total project cost is \$18,000,000. Other funds include: \$0 – VDOT – planning - \$0.65 M application will be delayed as long as possible funds will be utilized to complete the infrastructure to access site (road extension); \$0 - Appalachian Regional Commission (ARC) working in conjunction with EDA on \$0.5 M grant application, funds will be utilized to complete the infrastructure to access site (road extension); \$0 – EDA – working with EDA on a \$2.5 M grant application for off-site infrastructure development (road, water, sewer, SWMF); \$2,000,000 – Wythe County for progress payments for development project (requires JIDA to obtain match grant funds); \$7,750,000 – Design-build-finance team to be used as interim financing for grading project; \$5,750,000 – Wythe County a land contribution to project (available).

Staff comments and recommendations: The project is timed to take advantage of competitive contractor bidding in the economic downturn to prepare a well-located but otherwise prohibitively expensive site to be more competitive for mega-projects. An RFP has been issued with a due date of mid-October to gauge the interest of design-build-finance teams for carrying the financing cost for a significant portion of the project for five years. Absent interest by those teams there will likely be no project, and there is no way to determine if teams will respond with viable proposals. The project can be revisited in the future with carried-forward Committee balances after responses to the RFP have been received and vetted, or alternatively may be a candidate for Reserve Funds to match the proposed federal ARC and EDA grant applications. **Staff recommends that the project be resubmitted to the Reserve Fund at an appropriate time. ■**