

# FY11 Southwest Economic Development Staff Summaries & Recommendations – July 2010

*The Commission received 21 proposals for Southwest Economic Development funds by the announced application date of June 2, 2010. The Committee has an available balance of \$9,953,531.*

| Req # | Organization Name                                   | Project Title  | Request Amount   | Staff Recommendation   |
|-------|---|--|------------------|------------------------|
| 2158  | Edward Via Virginia College of Osteopathic Medicine | Southwest Center for Medical Education, Simulation, and Research | \$4,990,000      | \$0                    |
| 2168  | Flanary Historical Site                             | Rebuilding of 1830's Post Office, Court House, and Log Home      | \$150,000        | \$0                    |
| 2110  | Town of Honaker                                     | Honaker Heritage Center Renovation Project                       | \$331,983        | \$0                    |
| 2104  | Town of Jonesville                                  | Town of Jonesville RV Park and Campground - Phase II             | \$388,080        | \$0                    |
| 2107  | Konnarock Retreat House                             | Konnarock Retreat House Phase III Development                    | \$207,169        | \$0                    |
| 2105  | Lays Hardware Center for the Arts, Inc.             | Upgrade and expansion of Lays Hardware Center for the Arts       | \$213,400        | \$50,000               |
| 2108  | Lee County Board of Supervisors                     | Stone Mountain Multi-use Trail - Phase II                        | \$299,830        | Table                  |
| 2122  | Lee County IDA                                      | Constitutional Oaks Shell Building Build-Out                     | \$2,775,703      | \$1,075,703            |
| 2112  | Town of Nickelsville                                | Nickelsville Community Multi-Use Medical Facility                | \$680,000        | \$0                    |
| 2117  | Scott County EDA                                    | Daniel Boone Wilderness Trail Interpretive Center Exhibits       | \$159,600        | Resubmitted to Reserve |
| 2118  | Scott County EDA                                    | Crooked Road Tech Center Build-out and Generator                 | \$435,258        | \$350,658              |
| 1810  | <i>Scott County EDA</i>                             | <i>Crooked Road Tech Center Phase II (see note on page 9)</i>    | <i>\$324,372</i> | <i>\$324,372</i>       |
| 2116  | Scott County Telephone Cooperative                  | FTTP Weber City / 100 Gigabit Network Upgrade                    | \$3,235,500      | \$340,190              |

|      |   |   |             |           |
|------|---|---|-------------|-----------|
| 2113 | County of Scott   | Keith Memorial Park Lighting Project  | \$190,000   | \$0       |
| 2114 | Southwest Virginia Higher Education Center Foundation                                 | Waste to Energy Gasification System   | \$1,215,000 | \$0       |
| 2121 | Southwest Virginia Higher Education Center Foundation                                 | Algal Fuel Production Model Using CO2 and Nutrients from Energy Production and Waste Water Treatment Sources Phase I (Preliminary Engineering and Design) | \$37,314    | \$37,314  |
| 2111 | The Southwest Virginia Alliance for Manufacturing                                     | Advanced Manufacturing Skills and Career Creation   | \$337,500   | \$100,000 |
| 2106 | Tazewell County IDA   | Pocahontas Trail System - Phase I   | \$300,000   | Table     |
| 2120 | University of Virginia's College at Wise  | Southwest Virginia Dental School Strategic Blueprint  | \$691,398   | \$0       |
| 2115 | Virginia Coalfield Coalition  | Installation of Fiber-Optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless providers in Southwest Virginia      | \$7,676,000 | Table     |
| 2119 | Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat | Progress Park Lot 24 Rail Site Development Project  | \$1,000,000 | \$0       |
| 2109 | Wise County IDA   | Wise County Utility Scale Solar Industry Project  | \$2,500,000 | Table     |

|   |                     |                    |
|---|---------------------|--------------------|
| <b>Grand Totals</b>                                   |                     |                    |
| <b>Requested/Recommended (21 items)</b>               | <b>\$27,813,735</b> | <b>\$2,278,237</b> |
| <b>Balance available before/after recommendations</b> | <b>\$9,953,531</b>  | <b>\$7,675,294</b> |

**Edward Via Virginia College of Osteopathic Medicine**  
***Southwest Center for Medical Education, Simulation, and Research (#2158)***  
**\$4,990,000 requested**

Funds are requested by Blacksburg-based VCOM for renovation and equipment costs to establish the Southwest Center for Medical Education, Medical Simulation, and Research in the current Johnston Memorial Hospital (which is scheduled to be vacated within the next year) in Abingdon (Washington County). The mission of the Center will be to promote medical education and research in Southwest Virginia and to establish a quality primary care physician workforce for the area. The Center is proposed to provide an academic health center environment and medical training for 105 medical residents, 75 medical students, and continuing medical education for regional physicians. The Center will include teaching theatres, a 16-room simulation laboratory, research laboratories, and conference rooms for area nurses, physical therapists, and other members of the healthcare workforce. The Center is expected to employ five personnel, using VCOM funds for all operating costs. Subsequent phases will establish a similar facility in Danville and may include a dental school at the Abingdon site.

Total project cost is \$26,147,590. Other funds include: \$87,000 per resident anticipated for 105 residents – CMS: Future Medicare Funding for residencies funds salaries, benefits, and educational programs (ongoing - begins mid to late Phase I to hospitals); \$20,000,000 (estimated facility value) – Johnston Memorial Hospital for Center for Medical Education and Research (pending access of renovation funds).

**Staff comments and recommendation:** Staff has requested additional specifics on the availability of the site (that is still in use while a replacement hospital is being built), the use of the facility by medical residents (hours spent on-site and for what purposes etc), the nature of research to be conducted in proposed labs, why conference events can not be accommodated at the nearby Southwest Higher Education Center, etc. Pending receipt of more specific justifications for the implementation and urgency of this project **Staff recommends no award.**

**Flanary Historical Site, Inc.**  
***Rebuilding of 1830's Post Office, Court House, and Log Home (#2168)***  
**\$150,000 requested**

Funds are requested by the non-profit organization to assist with the refurbishment a historic log and brick house located in Dungannon (Scott County) on privately-owned property that is leased to the non-profit applicant. 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 development plan for the property includes historic interpretation of the courthouse, construction of an Indian village and campground, and possible recreation of a historic ferry crossing. The site is expected to attract cultural heritage tourists and area school groups and provide meeting space for area civic groups.

Total project cost is \$200,000. Other funds include: \$6,000 – Betty F. Slayer as a matching fund (confirmed); \$3,409.02 – fundraising (confirmed).

**Staff comments and recommendation:** The applicants received a \$20,000 SWED award in FY10 that is currently being used to stabilize the historic structure and dismantle non-historic additions. The proposal does not provide clarity on the use of matching funds, and a \$193,000 contractor quote includes currently-funded work. It also offers no quantifiable measures of visitation and tourism spending. While the applicant entity is an IRS-designated nonprofit the request includes a significant public investment in property that is owned by an individual. **Staff recommends no award.**

## **Town of Honaker**

### ***Honaker Heritage Center Renovation Project (#2110)***

**\$331,983 requested**

Funds are requested for the renovation of the former First National Bank of Honaker building in downtown Honaker (Russell County). The building's first floor 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. The Plan for the Heritage Center also calls for the development of a distance learning classroom to be used by Southwest Virginia Community College for GED and other classes. A genealogy research room is planned, as well as craft demonstration space for local artisans. The Town will own the building and Honaker Community Museum, a 501(c)(3) nonprofit, will operate the Center.

Total project cost is \$562,889. Other funds include: \$104,856 – DHCD/CDBG for acquisition and exterior renovation of Old Bank Building (approved); \$99,000 – USDA for distance learning equipment/genealogy room equipment (application due Summer 2010). \$3,000 – Town of Honaker for utilities (committed); \$24,050 – Town of Honaker in-kind as demolition of interior of Old Bank Building (committed).

**Staff comments and recommendation:** This project was submitted last year and staff suggested it would be best accommodated by providing Reserve funds to match an ARC application that was later turned down. Local genealogy and historical museums are a lower funding priority (in favor of more significant nationally-recognized destinations), but the site also fits TICR priorities by being a local anchor destination for the Round the Mountain artisans network and for distance education uses (although specific outcome measurements are not provided). Based on the square footage dedicated to these priority uses, staff again suggests a Reserve proposal to match a future ARC request is the preferred approach to assisting this project. **Staff recommends proposal be resubmitted to Reserve Fund at the appropriate time.**

## **Town of Jonesville**

### ***Town of Jonesville RV Park and Campground - Phase II (#2104)***

**\$388,080 requested**

Funds are requested for Phase II of the construction of a RV park and campground adjacent to a Town-owned park in Lee County. Funds would be used for the paving of the existing access road,

the additional water, sewer, and electrical for RV hook-up, construction of the required restroom facilities, the installation of a waster booster pumping station to enhance water pressure to the upper elevations of the complex, and the installation of 1,570 linear feet of additional access road to provide access to the Cumberland Bowl Park for RV vehicles.

Total project cost is \$431,200. Other funds include: \$43,120 – Town of Jonesville as local community 10% match (available upon TICRC award).

**Staff comments and recommendation:** This project received two TICR grants in 2007 totaling \$300,000, and to date the 11+ camp sites are graded but not yet ready for use. Rental policies and operating revenues have been requested from the applicant in order to assess potential visitor spending. Pending receipt of additional economic impact and operating information **Staff recommends no award.**

## **Konnarock Retreat House**

### ***Konnarock Retreat House Phase III Development (#2107)***

**\$207,169 requested**

Funds are requested for Phase III 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 U.S. Forest Service in 2007. This phase will consist of interior finishing, and exterior site work including construction of a new entrance and parking space, and landscaping. A sewer treatment facility will be installed during this phase and wells will be drilled. Funds are also requested for an administrative assistant position to manage the KRH office.

Total project cost is \$2,399,000. Other funds include: \$180,170 – TICR for exterior renovation and restoration (current balance \$79,000); \$175,000-in-kind land and buildings – U.S. Forest Service (received); \$100,000 – anonymous for planning, stabilization, restoration and renovation of site (expended); \$20,000 – private donors for general start-up and operating costs (received); \$28,000 – private individual donation for stained glass windows for chapel restoration (\$7,000 received, remained pledged); \$65,000 – in-kind labor for general cleaning and construction (continuing); \$12,200 – in-kind services (other than above) surveying, legal, architectural, website development, etc. (received); \$30,000 – from private individuals through fund-raising for general operating expenses (anticipated); \$297,000 – private foundation grants for various construction and operational needs (pending).

**Staff comments and recommendation:** The applicant is currently using the FY10 grant referenced above for exterior restoration of the buildings. Several other sources of project funds are still pending, including foundation requests and a federal appropriation. Historic tax credits anticipated in the previous grant appear to no longer be built into the project financing. Project appears to be a good candidate for an ARC Asset-based Development proposal, which could be matched through the Reserve Fund. **Staff recommends proposal be resubmitted to Reserve Fund at the appropriate time.**

## **Lays Hardware Center for the Arts, Inc.**

### ***Upgrade and expansion of Lays Hardware Center for the Arts (#2105)***

**\$213,400 requested**

Funds are requested by the nonprofit applicant to upgrade the Lays hardware building in downtown Coeburn (Wise County). The building was purchased and refurbished by the Town eight years ago and has been used as a music venue on Thursday and Friday nights and for art/craft classes. The requested funding will be used for building improvements (\$158,500) including, replacement windows, classroom improvements, kitchen upgrades, safety additions to a balcony, restroom modifications for handicapped accessibility, and blocking up a garage door. Funding will also be used to purchase a computer for the center, a new sound system, musical instruments for the music classes, and tools and equipment for the art/craft classes. A Center director position is also requested (\$40,000).

Total project cost is \$358,200. Other funds include: \$27,100 – Lays Hardware for general support (ongoing); \$117,700 – in-kind as physical building, administrative support, supplies, insurance, and maintenance (ongoing).

**Staff comments and recommendation:** The Town of Coeburn and the nonprofit applicant have not received any TICR funding to date. Project appears to be a good candidate for an ARC Asset-based Development proposal, which could be matched through the Reserve Fund. However, the requested physical improvements include life safety improvements to the balcony and handicap accessibility improvements for a visitor destination that is currently in use. **Staff recommends award of \$50,000 for balcony and handicap accessibility improvements, with further project costs to be resubmitted to Reserve Fund at the appropriate time.**

## **Lee County Board of Supervisors**

### ***Stone Mountain Multi-use Trail - Phase II (#2108)***

**\$299,830 requested**

Funds are requested for Phase II trail design and construction for the Stone Mountain Multi-use Trail. This Trail is a part of the larger Spearhead Trail System being developed in Southwest Virginia. Funding has already been secured for Phase I of the project which entails construction of a trailhead and 9.92 miles of braided trail. The requested funds will construct an additional 24.14 miles and will make the system viable for off-highway vehicle enthusiasts. The propose route will become the primary corridor to a network over 20 miles of existing trails into the Stone Mountain OHV trail systems for a total of more than 50 miles of available trails.

Total project cost is \$783,830. Other funds include: \$357,000 – VA Dept. of Conservation and Recreation for trailhead and Phase I Trail, 9.92 miles (allocated, pending environmental studies – Sept. 2010); \$44,625 – Lee County Board of Supervisors as VDCR 10% grant match; trailhead and Phase I Trail, 9.92 miles (committed); \$44,625 – Town of Pennington Gap as VDCR 10% grant match; trailhead and Phase I Trail, 9.92 miles (committed); \$18,875 – Lee County Board of Supervisors as VDCR 10% grant match; trailhead and Phase II Trail, 24.14 miles (committed); \$18,875 – Town of Pennington Gap as TICRC 5.6% Grant Match; Phase II Trail, 24.14 miles

**Staff comments and recommendation:** This is the first of two ATV trail proposals in this cycle (along with Tazewell County), both of which are related to the Southwest Regional Recreation Authority's Spearhead Trail and a pending trail implementation master planning and design proposal currently pending in Special Projects. While this proposal is substantially leveraged by DCR Phase 1 funds and presents a significant opportunity to begin generating the envisioned tourism impacts, it also indicates an additional 150 miles of trails may be developed later within Lee County, raising questions of the total trail development costs that can be anticipated in Lee and the other six participating counties. **Staff recommends proposal be tabled in order to complete the SRRA Implementation Plan.**

## Lee County IDA

### ***Constitutional Oaks Shell Building Build-Out (#2122)***

**\$2,775,703 requested**

Funds are requested to complete the build-out of a 60,000 square feet speculative building located in the Constitutional Oaks Business Park to accommodate a light manufacturing prospect. In addition to building construction/upfit activities the project will include acquisition of manufacturing equipment, machinery and inventory, park entrance upgrades, and highway crossover relocation. The prospective company expects to initially create 60 skilled and semi-skilled jobs, increasing to 120 jobs within one year and 250 jobs within three years.

Total project cost is \$5,675,703. Other funds include: \$400,000 – TICRC for park/site access improvements (awarded Grant #903); \$500,000 – TICRC for construction (prospect will execute TROF performance agreement shortly); \$500,000 – Lee County Board of Supervisors for construction and related costs (BoS request to Duffield Dev. Auth. Pending); \$1,500,000 – private company for inventory and business acquisition (available).

**Staff comments and recommendation:** TICR has invested \$925,000 in the shell building to date, and \$575,000 in the Constitution Oaks Park development. The funds requested herein for equipment purchases (with ownership to be retained by the IDA) has also been listed as part of the company's private investment commitment under the related TROF approval. The \$1.7 million requested for physical improvements to the site and building represent permanent capital improvements that should be the sole focus of TICR funding here. **Staff recommends \$1,075,703 for 90% of physical improvement costs, contingent on an industry prospect signing a TROF agreement to occupy the shell building.**

## Town of Nickelsville

### ***Nickelsville Community Multi-Use Medical Facility (#2112)***

**\$680,000 requested**

Funds are requested for renovation and equipment costs associated with the development of a Multi-Purpose Medical Facility in Nickelsville (Scott County). This Facility will provide several

services for the Town including a pharmacy, dental, physical and occupational therapy, mental health counseling, and a wellness center. The facility will be managed by Clinch River Health Services.

Total project cost is \$1,415,000. Other funds include: \$700,000 – CDBG for purchase of facility and upfit of pharmacy area (application submitted 4/10); \$20,000 – TICRC for tech. assistance in developing plans for revitalization (approved); \$15,000 – CDBG as a planning grant (approved).

**Staff comments and recommendation:** The project's focus on healthcare to serve a single small locality is not without merit and need, but is not a good fit with TICR Strategic Plan or Economic Development program priorities (albeit some minimal job creation can be anticipated) and could set precedent for similar facilities in dozens of similar-sized communities across the tobacco region. The Town's CDBG application to acquire the proposed site was declined this past month, and staff has suggested the Town should approach USDA regarding the potential for Rural Development Community Facilities funds. **Staff recommends no award.**

### **Scott County EDA**

#### ***Daniel Boone Wilderness Trail Interpretive Center Exhibits (#2117)***

**\$159,600 requested**

Funds are requested for the fabrication and installation of the interior exhibits for the Daniel Boone Wilderness Trail Interpretive Center. This phase of the project includes all work in building the structures, printing graphics panels, producing specialty exhibits, as well as all audio-visual equipment, programming of AV software, and coordination among these elements.

Total project cost is \$798,000. Other funds include: \$638,400 – National Scenic Byways Program for fabrication and installation of exhibits (pending).

**Staff comments and recommendation:** The matching funds requirement of the National Scenic Byways program qualifies this proposal to be addressed through the Reserve Fund, where it has been resubmitted at suggestion of staff and request of the applicant. **Proposal has been resubmitted to Reserve Fund.**

### **Scott County EDA**

#### ***Crooked Road Tech Center Build-out and Generator (#2118)***

**\$435,258 requested**

Funds are requested to design and install a 500kW unit back up generator to serve the Crooked Road Technology building as well as to build out space on the first floor for a company that has expressed interest in occupying the space. The company will invest approximately \$250,000 in the building and will preserve seven jobs.

Total project cost is \$533,620. Other funds include: \$50,000 – ARC for build-out and generator (awarded); \$48,362 – Scott County for build-out and generator (available).

**Staff comments and recommendation:** The Commission has invested \$4.5 million in the now-completed construction of the Center’s first phase, and a Reserve proposal is pending (\$2,185,000) for construction of a second phase. The generator represents a critical emergency infrastructure improvement for the technology-oriented clients the Center is being marketed to. However, buildout of tenant spaces that can be financed from lease revenues is a precedent that arguably should be avoided as the EDA prepares to engage in future leases at the Center. **Staff recommends award of \$350,658 for 90% of generator costs.**

**NOTE:** The Committee will also be asked to consider a request by Scott County EDA for funds to address a project shortfall to construct an expansion of the Crooked Road Tech Center. The 35,780 square foot expansion is estimated to cost \$4,370,000. The project is supported through Reserve Fund grant #1810 to provide an equal match to a \$2,185,000 federal EDA grant. However, EDA has recently notified the County it can provide \$2,022,814, to be matched equally from Reserve, and leaving an estimated project shortfall of \$324,372. **Staff recommends award of \$324,372 from Southwest Economic Development funds to be added to grant #1810.**

**Scott County Telephone Cooperative**  
***FTTP Weber City / 100 Gigabit Network Upgrade (#2116)***  
**\$3,235,500 requested**

Funds are requested for a fiber-to-the-premises project to provide 100 Gigabits of ethernet bandwidth to SCTC’s network for all of Scott County and to provide the “triple play” services to 72 business and 924 residential customers in Weber City (Scott County). All locations will be served the 100 Gig electronics will be expandable to 400 Gig for future growth. Forty percent penetration or “take rates” are anticipated. Once the 100 Gig upgrade is complete, SCTC will be able to connect to Mid-Atlantic Broadband Cooperative through BVUB and Lenowisco allowing for a redundant connection.

Total project cost is \$3,595,000. Other funds include: \$359,500 – Scott County Telephone Cooperative – Working capital on-hand as 10% of total project costs required (in-hand).

**Staff comments and recommendation:** Commission has funded \$5.45 million for SCTC fiber networks in the past five years. The requested costs equate to \$3,250 per premise served in an area that is more than 90% residential. Staff requested details on percent of customers, served, underserved and unserved and were told that “sub-developments are completely unserved ... none of the proposed subscribers have access to high speed internet service consistent with the National Broadband Plan’s goals.” The component of the request for interconnectivity to BVU and MBC, which should be the highest priority of this request in order to serve current industry prospects, is shown as a \$377,988 construction expense and will generate shared revenue from long-haul data traffic carried over the three networks. **Staff recommends award of \$340,190 for 90% of project costs to construct BVU/MBC interconnection.**

## County of Scott

### ***Keith Memorial Park Lighting Project (#2113)***

**\$190,000 requested**

Funds are requested to install lighting for the sports complex at Keith Memorial Park in the Town of Nickelsville (Scott County). This park is owned by Scott County and is maintained by the senior citizens in the community. It is used for a number of events including high school baseball, little league baseball, community musical events and other various events sponsored by local civic groups.

Total project cost is \$190,000. Other funds include: 22,308 in-kind - Nickelsville Community Senior Center as volunteer maintenance hours at existing facility (ongoing).

**Staff comments and recommendation:** The proposal states the requested improvements will enable regional tournaments that generate visitor spending, but appear to be primarily a benefit for local recreational purposes, which is a Low Priority. Matching funds in the form of volunteer maintenance of existing ballfields is insufficient as the required portion of project costs. **Staff recommends no award.**

## Southwest Virginia Higher Education Center Foundation

### ***Waste to Energy Gasification System (#2114)***

**\$1,215,000 requested**

Funds are requested to install a 1.3 megawatt waste-to-energy gasification system from Innovative Energy Incorporated adjacent to the Southwest Higher Education Center. The system is capable of converting multiple feedstocks (waste coal, municipal solid waste, waste wood, agricultural waste, etc.) into syngas. The syngas is then combusted to generate electric power and heat. The system will provide lower cost electricity to the Southwest Virginia Higher Education Center, the Southwest Virginia Clean Energy R&D Center, Virginia Highlands Community College, Heartwood, and other buildings located within the Stone Mill Technology Park.

Total project cost is \$1,475,000. Other funds include: \$260,000 – SVHEC – IEI will hold a note for 20% of the gasification system (approved).

**Staff comments and recommendation:** The project has not yet completed site engineering, permitting or feedstock purchase agreements. The manufacturer of the WTE equipment has one installed site in the Midwest U.S. that will be visited by SWHEC staff in July to discuss the process to pelletize waste before it's converted to energy. Further project development is needed before this can become an early signature project of the SWHEC Clean Energy Center. **Staff recommends no award.**

**Southwest Virginia Higher Education Center Foundation**  
***Algal Fuel Production Model Using CO<sub>2</sub> and Nutrients from Energy Production and Waste Water Treatment Sources Phase I (Preliminary Engineering and Design) (#2121)***  
**\$37,314 requested**

Funds are requested to conduct Phase 1 of a two-phase project that will address the production of algal biofuel using combustion gases from power generation and anaerobic wastewater digestion to grow algae. During the first phase, preliminary design work will be conducted resulting in a PER that will be submitted to the proposed Phase 2 partners (AEP and the Town of Abingdon) and used for site owner approval, permitting agency approval, and budget preparation.

Total project cost is \$41,460. Other funds include: \$4,146 – local architectural and engineering firm as pro bono engineering services for a 10% portion of the project (approved).

**Staff comments and recommendation:** The proposal has a commitment letter from AEP providing access to the Russell County coal-fired plant. Algal fuel science is well-advanced and this could be an initial signature project for the SWHEC Clean Energy Center, in conjunction with private and public partners. **Staff recommends award of \$37,314.**

**The Southwest Virginia Alliance for Manufacturing**  
***Advanced Manufacturing Skills and Career Creation (#2111)***  
**\$337,500 requested**

Funds are requested to continue the Advanced Manufacturing Skills and Career Creation program for the next three years. The program provides an incentive to encourage training activities among manufacturers located in Smyth and Washington Counties. Participation in the program will require manufacturers to contribute 25% of the cost (Commission funds to cover the remaining 75%) of advanced skills training. categories eligible for reimbursement include training in welding, machining, plant equipment maintenance, process-specific procedures, computer-based process development, and manufacturing production process improvement. The applicant estimates that, over the three year period, approximately 600 workers will be trained, resulting in the retention of those jobs and the creation of 90 new jobs as trainees are promoted to higher level positions.

Total project cost is \$421,875. Other funds include: \$84,375 – manufacturers in Smyth and Washington Counties as a 25% match of funds (due from manufacturers upon request for reimbursement).

**Staff comments and recommendation:** The applicant continues to use a \$190,000 TICR grant awarded in 2007 for similar training purposes and provided a schedule that anticipates using the remaining balance this year. The distinction between this proposal and the current grant is that all trainees in this proposal would already be employed by area manufacturers, as opposed to training prospective employees under the current grant. Staff suggests a 50:50 cost share approach with manufacturers, which would be more consistent with other public-private cost-share grants awarded in various TICR programs. The request constitutes continuation funding from the previous grant, and future sustainability is an unresolved issue. None the less this represents direct support for

major area employers including Bristol Compressors, General Dynamics and others. **Staff recommends award of \$100,000 contingent on 50:50 cost-share with private employers.**

**Tazewell County IDA**  
***Pocahontas Trail System - Phase I (#2106)***  
**\$300,000 requested**

Funds are requested to design, develop and construction of a trail head for a motorized trail system located in northeast Tazewell County, one of the first sites developed as part of the Spearhead Trail System being developed in SW Virginia. The trailhead is the first phase of a two phase project. During the second phase trails will be designed and constructed.

Total project cost is \$533,000. Other funds include: \$40,000 – Tazewell County Parks & Recreation Facility Authority for layout and design (\$20,000 expended; \$20,000 committed); \$50,000 – Skewes Family Foundation for construction of Trail-Phase II (received); \$1,000-Town of Pocahontas for FY11 operational cost for SRRA (received); \$5,000 (\$1,000/yr for 5 yrs) – Town of Bluefield for FY11 operational cost for SRRA (committed).

**Staff comments and recommendation:** This is the second of two ATV trail proposals in this cycle (along with Lee County), both of which are related to the Southwest Regional Recreation Authority's Spearhead Trail and a pending trail implementation master planning and design proposal currently pending in Special Projects. While this also presents an opportunity to begin to generate trail visitation and visitor spending in a gateway county, attached planning documents indicate the potential for several additional trails and trailheads in the County, raising questions of the total trail development costs that can be anticipated in Tazewell and the other six participating counties. **Staff recommends proposal be tabled in order to complete the SRRA Implementation Plan.**

**University of Virginia's College at Wise**  
***Southwest Virginia Dental School Strategic Blueprint (#2120)***  
**\$691,398 requested**

Funds are requested for a pre-engineering and blocking study, including \$25,000 for travel by required staff and regional personnel to benchmark other dental schools using various models of ownership, term, and clinical experiences. An additional \$95,000 is requested for a health and economic impact study to be conducted by the Weldon Cooper Center at the University of Virginia. Funds (\$40,000) are also requested for the services of a subcontractor to craft the operational and academic plan including the examination of potential partners.

Total project cost is \$768,220. Other funds include: \$76,822 – UVA-Wise as a 10% required matching fund (available).

**Staff comments and recommendation:** At staff's request the applicant has contacted ARC staff to determine the possibility for planning funds from that source, and received a positive response. This represents one of the largest study requests submitted to the Commission, and future

construction/implementation needs would presumably be in the tens of millions. **Staff recommends proposal be resubmitted for Reserve funds at the appropriate time to match a potential ARC proposal.**

### **Virginia Coalfield Coalition**

#### ***Installation of Fiber-Optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless providers in SW Virginia (#2115)*** **\$7,676,000 requested**

Funds are requested by the nonprofit partnership of Planning Districts 1 and 2 to support a cell tower expansion project in seven southwest Virginia counties. This project will support an existing wireless provider's expansion project that requires new infrastructure to 38 existing and proposed tower sites. The provider currently has 16 tower sites with no fiber-optic capacity, 12 towers that were acquired through a buy out of another provider and 10 proposed sites. The need for the expansion is to enhance existing cellular telephone service and to provide cellular service where it is currently unavailable. The project also allows for 4G, Long Term Evolution Broadband service.

Total project cost is \$16,476,000. Other funds include: \$8,800,000 – private wireless provider to expand and enhance cellular and broadband data services.

**Staff comments and recommendation:** Applicant has requested proposal be tabled to allow additional time to negotiate backhaul pricing with the initial anchor tenant of the network.  
**Staff recommends proposal be tabled.**

### **Wise County IDA**

#### ***Wise County Utility Scale Solar Industry Project (#2109)*** **\$2,500,000 requested**

Funds are requested by the IDA to facilitate the design and construction of up to a 4 MW utility scale solar power plant in Wise County by Wise Solar Development LLC, of Wise Virginia. This company is a newly formed integrated solar development, engineering, procurement and construction company that will develop and build utility scale solar power plants for investor owned utilities, electric cooperatives and publicly owned utilities in Virginia and the Appalachia region. Funds will be spent for the hiring and training of 21 workers and design and construction of a .5 MW generation plant (to be owned by the IDA) that will supplement power production by an anticipated privately-constructed 2.5-3.5 MW companion plant. \$300,000 will also be used for a working capital fund to assist with payroll and operating expenses. WSD LLC anticipates creating 6 FTE positions to continue to design and construct additional solar plants on post-mined land.

Total project cost is \$15,951,682. Other funds include: \$13,451,682 – investor owned utility to build 2.5-3.5 MW solar power plant (pending); \$250,000 in-kind equipment and services by vendors/contractors.

**Staff comments and recommendation:** A second solar project in Wise County is also pending in Special Projects, submitted by Lenowisco PDC in partnership with UVA-Wise and the Southwest VA Higher Education Center's Clean Energy Center. Supplemental information indicates the anticipated utility's commitment to build up to 3.5 MW is on hold due to a corporate acquisition. Consequently power purchase agreements are not yet secured. Staff has inquired with applicants regarding VCEDA or conventional financing options. Pending utility commitments for construction and power purchases **Staff recommends proposal be tabled.**

## **Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat**

### ***Progress Park Lot 24 Rail Site Development Project (#2119)***

**\$1,000,000 requested**

Funds are requested to further assist with development activities for a site located in Progress Park. The requested amount is in addition to a 2.5 million grant provided by the Commission in October, 2009 for the project. The pad area has been increased 7 % (from 155 acres to 166 acres) to allow for a more rectangular shape which should be more attractive to industrial prospects considering the site.

Total project cost is \$18,315,000. Other funds include: \$650,000 – VDOT companion project for off-site work – infrastructure to access site (road and rail extension) (application to be delayed as long as possible); \$500,000 - ARC companion project for off-site work – infrastructure to access site (road and rail extension) (application to be in conjunction with EDA application); \$500,000 – EDA companion project for off-site work – off-site infrastructure development (road, rail, water, sewer, SWMF) (EDA grant application of \$2.5M planned); \$8,827,500 – Wythe County for progress payment for site development project (commitment from Wythe BoS/loan closing pending); \$6,000,000 – Wythe County – in-kind land contribution to project (currently being transferred to Joint IDA).

**Staff comments and recommendation:** The proposal justifies the requested funds due to the increased developable lot size, but absent any information that total development costs have increased accordingly, it appears that this will simply reduce the sizable commitment of project funds being contributed by the local government. **Staff recommends no additional award. ■**