

# Southwest Economic Development Committee

May 23, 2012

*The Southwest Economic Development Committee will meet Wednesday May 23, 2012 to consider a new funding request seeking FY13 funds, consider further action on FY12 proposals it tabled in September 2011, and consider requests for time extensions on previously awarded grants.*

| Req #                                                            | Organization Name            | Project Title                                                                                                                                  | Request Amount | Proposed action                                                                                                |
|------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------|
| <b>New Proposal for FY13 funds</b>                               |                              |                                                                                                                                                |                |                                                                                                                |
| 2539                                                             | Virginia Coalfield Coalition | Installation of Fiber-optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless Providers in Southwest VA | \$6,000,000    | <b>Staff recommends award of \$6,000,000 from funds available to the Committee in the proposed FY13 budget</b> |
| <b>FY12 Proposals Tabled in September 2011</b>                   |                              |                                                                                                                                                |                |                                                                                                                |
| 2419                                                             | Town of Abingdon             | Implementation of Abingdon Artisan Center                                                                                                      | \$832,210      | <b>Remain Tabled for consideration in the FY13 grant cycle</b>                                                 |
| 2378                                                             | Town of Glade Spring         | Glade Spring Salt Trail Extension                                                                                                              | \$297,432      | <b>Remain Tabled for consideration in the FY13 grant cycle</b>                                                 |
| 2348                                                             | Hiltons Outdoor Park, Inc.   | Hiltons Outdoor Park Improvements                                                                                                              | \$119,450      | <b>Remain Tabled for consideration in the FY13 grant cycle</b>                                                 |
| 2383                                                             | Konnarock Retreat House      | Konnarock Retreat House Rehabilitation and Reuse                                                                                               | \$624,965      | <b>Remain Tabled for consideration in the FY13 grant cycle</b>                                                 |
| 2376                                                             | Town of Nickelsville         | Nickelsville Community Multi-Use Medical Facility Phase II                                                                                     | \$430,000      | <b>Refer to FY13 Special Projects</b>                                                                          |
| 2424                                                             | Scott County                 | Keith Memorial Park Lighting Project                                                                                                           | \$189,000      | <b>Remain Tabled for consideration in the FY13 grant cycle</b>                                                 |
| 2364                                                             | University of Virginia       | Southwest Telehealth                                                                                                                           | \$882,344      | <b>Refer to FY13 Special Projects</b>                                                                          |
| <b>Requests for time extensions on previously-awarded grants</b> |                              |                                                                                                                                                |                |                                                                                                                |
| 1639                                                             | Town of Abingdon             | Stone Mill Business & Technology Park Generator                                                                                                | \$200,000      | <b>Staff recommends no further extension and grant be de-obligated</b>                                         |

|                      |                                                         |                                                                                 |                                                           |                                                                 |
|----------------------|---------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------|
| 1642                 | Scott County Economic Development Authority             | Daniel Boone Interpretive Center Exhibits                                       | \$52,500 balance                                          | Staff recommends no further extension and grant be de-obligated |
| 1635                 | Smyth County Board of Supervisors                       | Groseclose Exit 54 Area Sewer Project                                           | \$250,000 balance                                         | Staff recommends one year extension to July 31, 2013            |
| 1353                 | Smyth-Washington Regional Industrial Facility Authority | Dream It, Do It Manufacturing Careers Campaign Workforce Development Initiative | \$32,582 balance                                          | Staff recommends extension to August 31, 2012                   |
| 1368<br>1426<br>1911 | Southwest Virginia Community Foundation Inc.            | Gate City Performing Arts Center                                                | \$14,030 balance<br>\$50,000 balance<br>\$500,000 balance | Staff recommends all remaining funds be de-obligated            |
| 1608                 | Southwest Virginia Community Foundation Inc.            | Bush Mill Heritage Tourism Project                                              | \$83,927 balance                                          | Staff recommends one year extension to July 31, 2013            |

### New Proposal for FY13 funds

#### **Virginia Coalfield Coalition**

#### ***Installation of Fiber-optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless Providers in Southwest VA (\$2539)*** **\$6,000,000 requested**

**Project Summary provided by applicant:** This application is part of a multi-year, multi-phased project to deploy advanced (4th generation) wireless network in the seven-county region of the Virginia Coalfield Coalition (VCC). Previous awards to implement this project were Grants 2115 and 2360, for \$2.5 million, each (\$5,000,000 total).

The complete scope of work:

- 1.) Upgrade 27 existing towers to fiber backhaul. Work is underway; must be completed by 10/1/2012
- 2.) Construct 11 new Build To Suit (BTS) towers at defined locations. Vendor selected; work is beginning. Completion -- 10/1/2013
- 3.) Build 6 new BTS towers at yet-to-be-defined locations. This work has not been planned and will be undertaken after all other towers are up and stabilized. It is anticipated the 6 BTS towers will be completed by 10/1/2014.
- 4.) Overbuild the LENOWISCO LLC network from Norton to South Ewing. No existing backbone is available to provide backhaul for 13 towers. Scott County Telephone Cooperative will build and operate this portion of the network. This network must be in service by 10/1/2012.

The total resources required to complete this scope of work is estimated at \$12.5 Million. The preliminary budget breakdown is as follows:

|                          |             |
|--------------------------|-------------|
| Contractual services     | \$780,000   |
| Lateral builds 27 towers | \$2,200,000 |

|                                  |                                                       |
|----------------------------------|-------------------------------------------------------|
| 11 BTS towers                    | \$3,500,000 -- \$4,200,000 (unknown rock contingency) |
| Land cost -- 11 towers           | \$330,000                                             |
| 6 BTS towers (yet to be located) | \$2,000,000                                           |
| Land cost -- 6 towers            | \$180,000                                             |
| Fiber overbuild                  | \$3,500,000                                           |
| Total Budget                     | \$12,500,000 to \$13,200,000 (contingencies)          |

This request is for \$6,000,000. This money, plus grants 2115 and 2360, will accomplish the scope of work, EXCLUDING 6 new BTS towers.

Staff comments and Recommendation: This proposal was invited by the Committee Chairman and Executive Director at this time in advance of the Committee’s FY13 grant cycle to enable VCC to meet a contractual commitment with Verizon to have tower sites operational by October 31, 2012. The project has been significantly delayed by negotiations to turn the operations of the Lenowisco network to a new operator, which remains unresolved at this time, hence a significant portion of the request involves overbuilding existing Lenowisco fiber with new fiber that will be owned by VCC, further enhancing high speed wired and wireless capacity and connectivity in underserved areas of the Southwest region. VCC also requests that \$1 million of grant #2360 previously awarded for this project be used to begin ordering fiber cable. **Staff recommends award of \$6,000,000 from FY13 funds and the repurposing of \$1 million from #2360 for cable purchases.**

### **FY12 Proposals Tabled in September 2011**

The Southwest Committee tabled several proposals in its FY12 funding cycle – several of which involved requests for recreational facilities or healthcare projects - to allow the Commission’s strategic planning process to consider funding priorities for these types of projects. The strategic planning process is on course to designate the Special Projects Committee as the Commission’s venue for considering projects that expand access to healthcare. **Staff therefore recommends the two healthcare requests (Town of Nickelsville #2376 and University of Virginia #2364) be referred to the upcoming FY13 Special Projects grant cycle, and that the remaining tabled projects be carried over for consideration in the FY13 Southwest Economic Development grant cycle.**

### **Requests for time extensions on previously-awarded grants**

**Town of Abingdon – Stone Mill Business and Technology Park Generator (#1639)** - This grant was awarded in July 2008 to provide an emergency generator for facilities occupying the Technology Park, and per policies TCR staff can no longer administratively extend this grant beyond the fourth anniversary of the award date. The Town seeks a one year extension to retain the grant in support of the proposed King College of Medicine that has selected Stone Mill as its site. However, the Town has not utilized the grant in four years, and has provided no timeline or engineering evidence in support of the requested extension. Furthermore the Commission has committed \$25 million in capital funding for the King project which should accommodate any need for a backup emergency generator. **Staff therefore recommends no further time extension and**

that the \$200,000 award be rescinded and funds returned to the Southwest Committee budget.

**Scott County Economic Development Authority - Daniel Boone Interpretive Center Exhibits (#1642)** – This grant was awarded in July 2008 for \$70,000 for design of exhibits at the proposed Interpretive Center and staff is not authorized to approve further time extension. There is a current balance of \$52,500 available and has been no activity in this grant since a 25% advance (\$17,500) was provided in October 2008. The EDA has submitted several proposals for construction funding (one of which would be matched by a TICR Reserve offer that is set to expire). Given the lack of activity on this grant and the uncertainty of construction funding **Staff recommends that documentation of the advance be provided and the balance of #1642 be de-obligated and funds returned to the Southwest Committee budget.**

**Smyth County Board of Supervisors – Groseclose Exit 54 Area Sewer Project (#1635)** – This grant was awarded in July 2008 for \$250,000 to construct a sewer system in the commercial/industrial area surrounding Exit 54 of Interstate 81. The County seeks extension beyond the fourth anniversary of approval, which staff is not authorized to approve. The funds have not been used to date as the County has worked to complete the construction financing package. A previous federal grant was rescinded but the County reports it has secured a DEQ loan that will allow construction to begin this year. Final design is underway and the project should be bid this summer. **Staff recommends a one year extension to July 31, 2013.**

**Smyth-Washington Regional Industrial Facility Authority Dream It, Do It Manufacturing Careers Campaign Workforce Development Initiative (#1353)** – This grant was awarded in April 2007 for \$100,000 to conduct a marketing campaign that educated students about careers in manufacturing. Nearly a third of the balance remains available more than five years after the date of approval, and there has not been a request for reimbursement since July 2011. SWIFA requests a further time extension to August 31, 2012 which TICR staff is not authorized to approve. **Staff recommends extension to August 31, 2012 at which time all unused funds will be de-obligated and the grant closed.**

**Southwest Virginia Community Foundation Inc. – Gate City Performing Arts Center (#1368; #1426; #1911)** – The Commission has awarded three grants totaling \$700,000 for this project to construct a performing arts center in Scott County. Grant #1368 was awarded for \$150,000 in April 2007 for costs to design a new structure and a balance of \$14,030 remains. Grant #1426 was awarded for \$50,000 in October 2007 for additional design costs and the full balance remains available and unused. Lastly, grant #1911 was awarded for \$500,000 in October 2009 for construction, contingent on securing dollar-for-dollar matching funds within one year of the award date (the full balance remains available and unused). The Foundation subsequently approached the Commission in January 2011 to request permission to shift the project to one focused on renovating the historic Gate City Theatre. That permission was granted by the Commission. The Foundation has now written the Commission seeking permission to transfer the three grants to the Scott County Economic Development Authority to complete the project. There has been no apparent progress on the matching requirement of grant #1911 since the October 2010 time limit for securing that match,

and staff has not been provided revised project budgets for the historic renovation project or evidence of matching funds sufficient to complete the project. A future grant request is possible that better clarifies the scope of the project, use of the facility, operational plans, economic outcomes, budget, matching fund sources etc. **Staff recommends that remaining balances in all three grants be rescinded and the grants closed.**

**Southwest Virginia Community Foundation Inc. – Bush Mill Heritage Tourism Project (#1608)** – This grant was awarded for \$100,000 in July 2008 to renovate the historic Bush Mill in Scott County as a heritage tourism destination. Funds were initially accessed to complete architectural plans, and the current balance of nearly \$84,000 will be used for renovations that have been delayed due to the federal review process and funding cycles for the matching funds awarded in recent years by VDOT's Enhancement grant program (a total of \$323,000 in VDOT grants). The Foundation has requested a three year extension, which would be extraordinary for any TICR project. **Staff recommends a one-year extension to July 31, 2013, with the grantee to report progress at that time.**