

## FY13 Southwest Economic Development Committee Recommendations – September 13, 2012

The Commission received 16 proposals for FY2013 Southwest Economic Development grant funds in July. Those proposals, along with five projects tabled in the FY2012 competition, were considered for the available FY2013 balance of approximately \$1.9 million. Project descriptions are provided by the applicant and in many cases have been edited for brevity in this report. The Committee met Thursday September 13 to make funding recommendations to the full Commission:

Req #	Organization Name	Project Title	Request Amount	Committee Recommendation
2556	Appalachian Heritage Schools, Inc	Wayne C. Henderson School of Appalachian Music and Arts: Equipment, Marketing, & Operations	\$150,000	<b>145,000</b>
2552	Appalachian Traditions, Inc.	Country Cabin Outdoor Venue Enhancement Project	\$20,000	<b>20,000</b>
2561	Town of Big Stone Gap	Big Stone Gap Visitors Center	\$433,260	<b>tabled</b>
2555	Bristol Historical Association	Restoration of the Robert Preston House at Walnut Grove	\$75,000	<b>75,000</b>
2550	Floyd Community Ctr for the Arts d/b/a The Jacksonville Center for the Arts	Capacity Building Capital Improvements	\$222,200	<b>157,000</b>
2565	Konnarock Retreat House – revised, replaces #2383	Konnarock Retreat House Rehabilitation and Reuse	\$173,500	<b>173,500</b>
2544	Lee County IDA	Assisted Living	\$1,000,000	<b>250,000</b>
2559	Scott County Economic Development Association	Riverside Development - Phase I	\$1,286,300	<b>\$524,397</b>
2562	Southwest Regional Recreation Authority	SRRA Spearhead Trails	\$544,086	<b>272,784</b>
2549	Southwest Virginia Community Foundation	Bush Mill Heritage Tourism Project	\$339,000	<b>100,000</b>
2558	Joint Industrial Development Authority of Wythe County	Progress Park Lot 30 Development Project	\$150,000	<b>150,000</b>
<b>Total - 21 SWED requested/10 recommended</b>			<b>\$8,250,511</b>	<b>1,867,681</b>
<b>Balance available before/after recommendations</b>			<b>\$1,867,681</b>	<b>\$0</b>

## **Appalachian Heritage Schools, Inc**

### ***Wayne C. Henderson School of Appalachian Music and Arts: Equipment, Marketing, and Operations (#2556)***

**\$150,000 requested**

**Project description provided by applicant:** Appalachian Heritage Schools, Inc has partnered with the Town of Marion to renovate and restore the site and the entire interior of a turn-of-the-century (c. 1908) four-story School building in Historic Downtown Marion and turn it into a major tourism, music/arts education, and cultural heritage attraction. The Wayne C. Henderson School of Appalachian Music and Arts will be an economic development engine that synergizes and supports other related efforts in the region, while providing its own unique education offerings. The School will offer structured classes, workshops and seminars centered on Southern Appalachian culture, arts, crafts, and music. The funding requested from the Tobacco Commission will be used to purchase equipment and furnishings, initiate a marketing strategy, and provide staff salary for the first six months of operation. Matching funds from the Virginia Industrial Revitalization Fund, the Appalachian Regional Commission, and historic tax credits will be used to renovate the school building. This project, which is the result of a feasibility/best use study, will restore the historical 1908 Schoolhouse located approximately 30 miles from Heartwood and 1 mile off Interstate 81 exit 45 in Downtown Marion. The facility was originally used as a school for Smyth County students and later served as an elementary school until 1961. Over 100 years later, the school still creates a natural connection to the Town of Marion and Smyth County through its historical significance and its physical location in downtown Marion, adjacent to the courthouse and one block off Main Street. Its physical stature (four stories with 22,376 sq. ft.) and location make it a natural cornerstone for the ongoing renaissance of Historic Downtown Marion. In 2009, the Town of Marion received a \$1 million stimulus grant, about ¼ of which was used to purchase the 1908 Schoolhouse in Marion from Smyth County, and about ½ of which was used to restore the exterior of this monumental brick structure on the highest ground in Marion's historic district. Within the last six months, the Town has received an Industrial Revitalization Fund grant of \$600,000 and an ARC grant (awaiting final award) in the amount of \$338,000. It is anticipated that historic preservation tax credits, along with these two grants, will fully fund the remaining renovations to the building. The building will be restored to its original schoolhouse design with its spacious classrooms, auditorium and stage retained almost as-is. Other than the modifications required for bringing the building up to current building codes, the impact of restoration on the original structure would be minimal. These grants do not include funding for the fixtures, furnishings and equipment required to operate The School. The Wayne C. Henderson School of Appalachian Music and Arts (SAMA or The School) project has two primary goals. First, to preserve and promote Southwest Virginia's music and arts heritage as well as compliment the new Heartwood Artisan Gateway in Abingdon, The Crooked Road, the 'Round the Mountain organization, Song of the Mountains (a live stage and nationally syndicated Public Television program) and other tourist attractions in the region. Second, to enhance the quality of life in the Town of Marion and Smyth County and serve as a catalyst for successful economic growth in Downtown Marion and beyond. The School will offer structured classes, workshops and seminars centered on Southern Appalachian music, culture, arts, and crafts. The curriculum will include but not be limited to:

- Traditional Music Instrument Instruction (guitar, banjo, fiddle, dulcimer, etc.)
- Traditional Dance (flat footing, square dancing, buck dancing, clogging, contra dancing, & two stepping)
- Music Related Business
- Stage Performance and Presence
- Audio and Video Production
- Luthiery (The making of musical instruments)
- Wood Turning and Wood Crafts
- Fiber Arts
- Appalachian Craft Foods Preparation, Cooking and Baking
- FDA Approved Food Preparation and Preservation

The School's faculty will include such world famous musicians and artisans as Wayne Henderson (guitar luthier), Gerald Anderson (mandolin luthier), Marilyn Hower (fiber artist), Dave Fields (wood turner), and Silvia Richardson (fiber artist). Some classes will be taught by guest faculty who will be recruited for their specific talents and expertise. Many courses would be one week in length with out-of-town students arriving one day prior to the

first scheduled class. The School will directly create 13 full time equivalent jobs and give musicians and artisans in the area access to classes to increase their business knowledge and skills. After the completion of The School, there will be 13 full time equivalent jobs created directly relating to The School. This includes administration, class instructors, janitorial staff, and gift shop employees. Indirect job creation is also anticipated. In addition to the new jobs, The School will attract 7,500 new tourists a year. By using the Virginia Tech's travel expenditure survey and impact study, we can estimate that each visitor will spend an estimated \$150 a day. With a conservative estimate that each visitor would stay for at least two days in the area, we can expect an increase of expenditure of about \$700,000. The School is expected to generate \$644,000 in direct revenue from tuition fees in the first three years. Project benefits expected to impact the future economic development activity in the area or anticipated spin-offs include:

- Festival for induction to the annual Bluegrass Hall of Fame and the unveiling of the musician(s) portrait in the Schoolhouse.
- Attracting a music store to our downtown
- Partnering with the Settler's Museum to offer heritage agriculture based courses
- Addition of regular music venues, such as "picking" at local establishments
- Programming opportunities for The Lincoln Theatre via performances by students and faculty of the School
- Visitors to other regional attractions by students while in Marion for classes at the School (typically week would have Wednesday afternoon free for visiting places in the region)
- Increase in customer base for food and lodging establishments in area

**Staff comments:** This newly-created organization is led by principals who successfully renovated the General Francis Marion Hotel and other historic renovation projects in Marion. An application for federal IRS nonprofit designation has been submitted and is likely to be approved in the near future, based on the organization's educational mission. While outcomes are somewhat modest in terms of estimated job creation (13), visitor spending and students trained (the latter is not aligned well with Economic Development program outcomes) the project is very well-matched with committed grant funds and is highly complementary to larger regional efforts to brand Southwest Virginia as a visitor destination for artisan and traditional music tourism. Minimal startup operating costs are being requested (six months of salaries equaling \$25,000) however bedroom furnishings for resident students is also being requested and should not be a TICR funding priority (\$5,000).

**Committee recommends award of \$145,000 contingent on IRS 501 (c)(3) designation.**

## **Appalachian Traditions, Inc.**

### ***Country Cabin Outdoor Venue Enhancement Project (#2552)***

**\$20,000 requested**

**Project description provided by applicant:** The purpose of this project will be to capitalize on the rich cultural and musical heritage of Wise County and the surrounding region by enhancing the popular Country Cabin outdoor music hall with amenities that will allow for the expansion of events to be held at this facility. Appalachian Traditions (Country Cabin) have been tentatively awarded \$63,450 of Appalachian Regional Commission (ARC) funds for this project. This Tobacco Commission (VTC) application is for the matching funds for that project. Successful award of these VTC funds will leverage the ARC fund and will allow the project to move forward. The outdoor music hall facility at the Country Cabin currently features a stage one on end of the facility while the southern end of the facility is open to the weather. Our organization would like to enclose the southern end of the music hall which will help us host additional events during times of poor weather. Also, this will allow us to address a problem we are having with birds entering the overhead space of the facility. Additionally, we would like to complete the stage portion of the northern end of the facility. Currently the stage area consists of only a stage and supply rooms which can be used as dressing rooms for performers. We would like to insulate this portion of the facility to better utilize the facility during cooler weather. Our long term goal is

to make the building "convertible" so we can use the facility year-round by the use of roll-up type doors. This is a long-term goal and the improvements sought in this application would be a first step toward those goals. Additionally, a perimeter fence needs to be constructed around the music hall facility to assist with crowd control during larger events. Our organization feels like we are losing potential ticketing revenue due to the fact some people are just walking into the performances without purchasing a ticket. With a perimeter fence around the music hall we will be better suited to control the crowds which attend our larger events. The completion of a perimeter fence will also allow us to feel more comfortable about attracting larger crowds in the future. The proposed project will fill a void in current tourism attractions in our area. It will enhance our ability to provide a point of interest along the Crooked Road trail which will bring both economic development and educational enhancement to the entire region. Approximately 20-40 people attend our weekly old-time music "jam" program which is held each Tuesday night. The Dock Boggs Festival held each summer generally draws over 1,000 visitors. In, 2008 the Festival drew 40 states and six foreign countries. More recently in 2010, the Festival drew 25 states and five foreign countries. These figures demonstrate the popularity of our programming and events. The improvements sought in this funding application will further our ability to welcome these out of town guests and hopefully attract new guests to the region. One direct business, the Country Cabin, will benefit from this project. However, the project will indirectly benefit Wise County and the entire surrounding region due to the increased tourism capital that it will make available. Wise County residents will benefit from additional county revenue generated from increased visitation. By constructing these improvements it will give the Country Cabin the opportunity to attract more and larger performing groups which in turn will result in an increase of visitors to the site. Even as small increase of 10% in attendance would have a large impact on the local economy (approximately \$100,000 per the Crooked Road EIS)

**Staff comments:** This organization has received two earlier TICR grants totaling \$65,000 for improvements to this anchor venue on the Crooked Road Music Trail. The modest request would serve as required match to a committed ARC grant, and would generate modest increases in visitor attraction (approximately 850 – 1,000 new visitors annually). Based on committed match funds and the venues standing with Crooked Road

**Committee recommends award of \$20,000.**

## **Bristol Historical Association**

### ***Restoration of the Robert Preston House at Walnut Grove (#2555)***

**\$75,000.00 requested**

**Project description provided by applicant:** The project is to complete stabilization and restore the exterior to its original condition, on its original site, the historic Robert Preston House at Walnut Grove. The Bristol Historical Association owns the Robert Preston House, with one acre of land. The Robert Preston House is in Washington County, Va. just outside the city limits of Bristol, Virginia near Exit 7 of I-81. The completed project will serve as a public interpretation center for the region's history. There is no other site of more historic value in the immediate area. Built sometime between 1790 and 1815, by Robert Preston (1750-1833), an early and prominent surveyor and citizen of Washington County, Va., the house is a fine example of high-style frontier architecture. While it retains remarkable structural integrity, there is a great deal of restoration to be done to the property to restore it appropriate to the period. The Bristol Historical Association plans to make the restored house a community asset for cultural and educational purposes, as well as a cultural tourism site, strategically located at the southern end of the Virginia Wilderness Trail. Bristol Historical Association funds will be used to repair the foundation and other tasks associated with completing restoration of the exterior of the house. Commission funds will be used to reinforce and repair framing, repair remaining windows, replace other windows, replace exterior doors and weatherboarding. Commission funds will be used to paint the exterior. The Opportunity is to preserve the Robert Preston House as an important historic asset. It is listed in the National Register of historic Places and the Virginia Landmarks Register of Historic Places. The Robert Preston House is ideally situated to become a popular local and tourism destination. It is close to I-81 Exit 7 in Bristol VA, a large cluster of hotels, restaurants, and other amenities associated with tourism. Only 5 miles from the Tennessee state

line, it is at the southernmost end of the Virginia Wilderness Trail. It is at the intersection of the Frontier Trail and the Daniel Boone Wilderness Trail. This site also links to nearby historic sites and interpretation centers in Tennessee at Sycamore Shoals and Rocky Mount. The closest site of this early period in Virginia is the Smithfield Plantation at Virginia Tech. The Bristol Historical Assn. plans to develop a community cultural asset and cultural tourism site, including visitors' center, with historical interpretation of the Robert Preston house, the Preston family's importance to the region, and the role of this area in the country's Westward Expansion. Restoration of the exterior of the house is the next essential step to achieve this vision. With exterior renovation complete, the site will be attractive for visitors, with volunteer docents providing interpretation. This will also enhance the Bristol Historical Association's ability to raise funds for restoration and furnishing of the interior. Opportunities for the local community, local school students, and tourists are planned, with tours, displays and educational materials. Funding from this grant will allow plans for the restoration to be executed. Architectural studies that inform what needs to be accomplished in stabilization and restoration are in hand. An appropriate restoration contractor has been selected, and he is preparing an updated detailed estimate for the work. A detailed architectural study, performed in 2007 by Gibson Worsham, defined key architectural features which need to be preserved. Enough of the original windows, beaded weatherboarding, cornices and other trim survive to allow accurate reproduction for the restoration. The Bristol Historical Association has made detailed plans for a cultural heritage site. Included are site visits by elementary school students in Bristol TN, Bristol VA and Washington County VA. Plans are consistent with Virginia SOLs for the fourth grade. Significant interest in the Robert Preston House by Preservation Virginia, and the Historic Resources Evaluation Team, beyond that needed for state and national historic register designation. These details are in the attachments. The Robert Preston house is probably the oldest frame structure in Washington County, Virginia. The Preston family had great impact on the development of this region and the role of this area in the country's Westward Expansion. Robert Preston mustered with others from the region at the Abingdon, Virginia mustering ground for the "Overmountain Men" to march to the Battle of King's Mountain (South Carolina), a decisive battle of the Revolutionary War. The Robert Preston House is a unique representation of high-style frontier architecture. It is the only remaining structure from the turn of the century near Bristol. The house offers unique opportunities for interpretation of pioneer history in Southwest Virginia. It was once the manor house of a large plantation of almost 1000 acres in Virginia and Tennessee. The house was built by Colonel Robert Preston (1750-1833), the first surveyor of Washington County, Virginia. William was a member of the House of Burgesses and a friend and colleague of Thomas Jefferson. In 1777, Robert moved to Washington County. The Preston family played an important role in western Virginia/eastern Tennessee during colonial, Revolutionary War and Civil War eras. Additional information on the significance of the project is in the attachment.

**Staff comments:** The Preston House project has received two earlier TICR grants totaling \$55,000 to acquire the site. Phase 1 has been completed at a cost of \$155,700 with additional support from ARC and a wide array of private contributors. Phase 2 exterior renovations total \$84,100 and interior costs of \$73,300 (this request focuses on exterior repairs). Phase 3 to complete the site with additional buildings and site improvements will be budgeted at an additional \$443,500. While outcomes are somewhat modest in terms of estimated job creation (2) and visitor spending the project is very well-aligned to larger regional efforts to develop the Wilderness Road tourism trail (it is located adjacent to the actual Wilderness Road and is identified in the TICR-supported Wilderness Road asset inventory as a significant site). The House is also located adjacent to Exit 7 commercial development on Interstate 81, making it highly accessible for visitors and well-positioned to direct visitors not only to lodging/dining venues, but also to serve as a gateway for directing visitors to other Wilderness Road sites located further from the Interstate in SWVA. This modest request will almost surely be followed with future Phase 3 requests to TICR and ARC, but is a reasonable investment to develop a potential anchor venue for the Wilderness Road.

**Committee recommends award of \$75,000.**

**Floyd Community Center for the Arts d/b/a The Jacksonville Center for the Arts  
*Capacity Building Capital Improvements (#2550)*  
\$222,200 requested**

**Project description provided by applicant:** Major activity #1. Existing gravel driveways and parking areas paved, marked, and bumpered. Entryway from road & vehicle access to the large parking lot widened for 2-way traffic. This is the Major Activity for which TICRC funds will be used. Within this Major Activity, the TICRC funds will cover materials, construction, final engineering, contracting services, and Major Activity #1 management/administration.

Major activity #2. Porch replacement/renovation and roof repair on existing ceramics studio. Re-configuring porch widens access throughway to largest parking area. Aspects of Major activity #1 are dependent upon deconstruction aspect of this activity. Porch deconstruction by the High School building trades classes students and teachers, who will re-use materials. No TICRC funds allocated for this activity.

Major activity #3. Renovation of existing attached cinderblock structure (Western Room), itself attached to the western-most silo; renovation of silo for final incorporation into inside/outside work/teach/exhibit space. Access doorway re-opened between the main facility and Western Room; silo truncated and re-roofed with one side flattened to accommodate new doorway & wall. Cinderblocks re-used for new pedestrian walkways & patio area (beneath ceramics studio porch). Interiors renovated for entrepreneur, educational & exhibit use. No TICRC funds allocated for this activity.

Major activity #4. Iconic front silo repair, re-roof, face-lift for preservation. Bucket truck and scaffolding -- in-kind donations. Roof by accredited contractors. Paint administered by Friends of Jax. New energy-efficient, air-lock, roofed entryway (adjacent to front silo) inviting users into primary facility. No TICRC funds allocated for this activity. (continued via attachment)

**Staff comments:** TICR funds are requested to provide required match for a committed ARC grant, and specifically to pay for road entrance and parking lot improvements that the ARC grant will not cover. The Center has been advised by VDOT that the current entrance configuration is in need of safety improvements, and the Center's entire parking is gravel and unstable due to slopes. The Center has existed since 2003 in a renovated dairy barn and complex, and arguably has become the epicenter of the thriving artisan community in Floyd that is a primary destination on the TICR-supported 'Round the Mountain artisan trail network. The complex is also the temporary home (for the next two years) of the BC Genesis R&D project funded by TICR. Outcomes from parking improvements are entirely indirect and virtually impossible to measure quantitatively, however, the increased capacity of the Center from improvements funded by the ARC matching grant will measurably expand activity in the Center, visitor traffic, and artisan businesses in the region. The amount of matching funds required to secure the ARC grant is \$157,000 (a dollar-for-dollar leveraging).

**Committee recommends an award of \$157,000 to serve as ARC match and to be focused on entrance improvements and parking areas.**

**Konnarock Retreat House**

***Konnarock Retreat House Rehabilitation and Reuse - #2383 (tabled in FY2012)***  
**\$624,965 \$173,500 requested**

**Project Description provided by applicant:** Konnarock Retreat House (KRH), a 501(c)3 Virginia corporation, seeks Commission funding for adaptive reuse of the former Konnarock Training School, listed on the National Register of Historic Places, the Virginia Historical Register, and the Preservation Virginia Most Endangered Sites. The design plan calls for renovation that will bring the building to current code while keeping its historic character. The restoration of this significant historical site will add to economic growth in the region.

The design plan calls for reconfiguring the 17,240 sq. ft. structure for a variety of uses that will appeal to many patrons. Several jobs, including that of an executive director, will be created by the project. KRH has no debt against the property and invests all funding into implementing the adaptive reuse plan. Recommended stabilization and security work has been completed. A previous grant from the Commission has enabled the exterior restoration. Private funding and volunteer labor have provided additional restoration and renovation. Matching funds from the Commission and the Appalachian Regional Commission are being used to complete a master business plan that will include a market assessment, funding plan, landscape and sewer design, and an operations plan, placing KRH in a better position to seek additional funding. This grant request seeks funds that will (1.) allow KRH to continue immediate site development and restoration of the first floor and (2.) to meet ARC funding match requirements on a grant request being submitted for FY2012.

**Staff evaluation:** This proposal was submitted in FY12 Southwest cycle and tabled a year ago. The applicant has significantly reduced the requested amount in order to match a planned ARC application to be submitted in Fall 2012. Commission funds have previously supported this project through a 2009 award (\$180,170) for work to the exterior of the property and through a 2011 Reserve award (\$20,000) to match an ARC award for developing an operational plan, which was completed in 2012. The applicant's volunteers have done an exemplary job stretching the previous TCR grant dollars by using donated labor wherever possible. However, the Committee must ultimately consider what is an appropriate overall amount to invest in this project that has relatively modest tourism outcomes and limited job creation (one full-time and eight part-time). The project is being conceived as a debt free operation, and even with that objective the Retreat House will require annual operating subsidies from donated funding for up to ten years. Given the prospect now of significant matching funds from ARC (a \$500,000 request will be submitted).

**Committee recommends an award of \$173,500 contingent on approval of ARC matching funds.**

## **Lee County IDA**

### ***Assisted Living (#2544)***

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

**Project description provided by applicant:** We wish to assist Freewill Baptist Family Ministries of Greeneville, TN, to develop a 50-unit Assisted Living Facility in Lee County. Neither Lee County, nor 5 of its 6 contiguous counties currently have an assisted living facility. Based on 0.3% of the population of the US currently residing in ALF's, that leaves 386 citizens of the 5-county area who, on average, need this care at any particular time. Residents in these areas are mostly in Kingsport or Morristown, TN in ALF's currently. FWBFM developed The Laurels in Wise and we look to develop a similar facility here in Lee County. The development of the assisted living facility will enable residents of Lee County (and the contiguous counties) to stay at home for senior care. The facility will also enable Lee County to enhance its attractiveness as a desirable retirement destination. The project will result in an approximate capital investment of \$5,000,000 which will lead to numerous temporary construction jobs. We expect approximately 30 jobs created with a \$420,000 annual payroll. The developer is a non-profit corporation and exempt from property taxes so all economic benefits will be supplementary/secondary benefits. The proposed location is adjacent to the Lee Nursing and Rehab Center (a nursing home) as well as the county hospital. Typically, assisted living facilities are feeders to nursing homes as seniors move from ALF's to nursing facilities as they age and lose independence.

**Staff comments:** The private operator currently owns facilities in Wise County and Erwin TN. The applicant states that \$1 million incentive packages are being offered by neighboring localities that are competing for this project, and this request is an attempt to match those purported packages. A feasibility study has been compiled by an independent consultant that assessed demand and competition. Supplemental information provided by the County indicates the preferred site is near the county hospital

and a nursing home on land to be donated by the Town of Pennington Gap. Based on project parameters included in this application the project would merit a TROF award of \$80,000, however the facility would be tax exempt and therefore ineligible for a TROF grant. The lone “comparable” project funded by TICR is a Mecklenburg County assisted living facility’s 30-bed expansion project that was funded in Southside Economic Development at \$250,000 with a TROF-like performance agreement for private job creation and investment. Based on this precedent and the high economic distress and unemployment in Lee County.

**Committee recommends an award of \$250,000 contingent on the locality and private beneficiary signing a performance-based agreement with standard clawback provisions.**

**Scott County Economic Development Authority**  
***Riverside Development - Phase I (#2559)***  
**\$1,286,300 requested**

**Project description provided by applicant:** The Applicant proposes to construct the initial phase of the Riverside Development, situated adjacent to the Town of Weber City, Scott County, Virginia. The 93-acre Riverside property is envisioned as a multi-use development, to include office/flex, commercial, recreational and residential components. VTICRC funds requested herein will be applied to site grading, access road, utility extensions and related costs. Faced with depleted acreage at the regional industrial park at Duffield, the Scott County EDA has long recognized the significant economic development potential of this highly visible, strategically located property, situated on a heavily-traveled thoroughfare, immediately adjacent to metropolitan Kingsport, TN, and the greater Tri-Cities area, with full utilities and telecommunications infrastructure immediately accessible along U.S. 23. The EDA was finally able to acquire the property from private ownership in 2011, and looks to commence development of this advantageous site. With initial cost estimates for full build-out of the office/flex, commercial and mixed use (i.e., non-residential) portion of the Riverside Development standing in excess of \$5.3 million, the Scott County EDA recognizes the need for phased development. Phase I, proposed herein, will entail grading the most readily accessible office/flex site (~17 acres), construction of an access road to this site, and extension of appropriate utility and communications infrastructure. These office/flex sites are designed to attract professional and technology uses, taking advantage of the area's high-end fiber capacity. The Scott County EDA has been in active discussions with a prospect that would create 200 well-compensated positions (initially, with the potential of as many as 300 jobs) on this first-phase site. Based on this use of acreage, it is not unrealistic to foresee as many as 1,000 such jobs upon fuller build-out of the property. Further, this initial prospect, in addition to a roughly \$10 million private investment, would pay an average annual wage of \$55,000, in a county with a median household income below \$35,000. The long-term economic impact of this development is significant.

**Staff comments:** The Commission assisted this project with a grant of \$220,000 for preliminary site engineering, which is being competed. TICR staff has discussed other potential matching funds sources with the County EDA staff, including ARC access road grants (road construction accounts for \$772,900 of the overall Park construction budget of \$4.1 million). A preliminary TROF commitment of \$725,000 has been discussed, which would leave a gap of just over \$500,000 to complete the Phase 1 work requested here. If the EDA is then successful in pursuing additional matching funds for site construction that would allow TROF to be used for the company’s purposes – as is usually the case with TROF - rather than for site preparation.

**Committee recommends an award of \$524,397 contingent on this current prospect committing to the Riverside site.**

## Southwest Regional Recreation Authority

### *SRRRA Spearhead Trails (#2562)*

**\$544,086 requested**

**Project description provided by applicant:** Spearhead Trails is a multi-venue adventure tourism destination within Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise counties and the City of Norton. Chartered by the General Assembly in 2008, SRRRA's mission is to establish and maintain "...a system of recreational trails and appurtenant facilities..." in the Southwest Regional Recreation Area. In 2010, TRCRC provided funding for the development of an Implementation Plan. In the spring of 2012, SRRRA completed the Implementation Plan, which now serves as the guiding document for its Phase I trail development and operations through 2017. In 2011, TRCRC provided funding for core staff and related support functions. An Executive Director has been hired, land use agreements secured, and construction funds are forthcoming. SRRRA is now poised for the next phase of product development, marketing and revenue generation. Funds sought via this application are for calendar year 2013. The planning is based on SRRRA's 2012 Implementation Plan, funded by TRCRC #2144, with current programmatic expenses funded via TRCRC #2357. SRRRA has also secured funds from DHCD's Building Collaborative Communities grant, Local Government and the private sector. Requested funding will be used for additional core staff and services to develop procedures, manage trail construction and operations, open trails, and execute a revenue generating marketing and merchandising plan. SRRRA will derive its revenues from permit and merchandise sales. These funds will be used to move the organization toward sustainability while growing our revenue producing products and promoting all multi-use trail opportunities in far SWVA via a comprehensive website. There currently exists a clear need and strong desire among communities to create an entrepreneurial environment that encourages innovative solutions. Many of the jobs required to support Spearhead Trails are geared to existing skill levels. This is not to say these jobs are insignificant. With 235 direct jobs projected by 2017 (refer to Section 2.4.3 of attached Detailed Narrative) and an additional equal number of indirect and induced jobs by that time, these jobs ARE significant, as they capitalize on the assets of the existing workforce. The most exclusive attribute of the Spearhead Trails initiative is that the coal, natural gas and timber industries, at times considered an impediment, coupled with a large inventory of public lands, are its greatest asset. Spearhead Trails has the potential to turn a perceived negative into a positive. Much of this land is currently not accessible or available to the public. This is an under-utilized, potential asset. These lands, coupled with SRRRA's ability to manage landowner desires to control trespassing and provide indemnification, offer a unique opportunity for partnering and logically defines FSWVA as world class center for multi-venue adventure tourism. The opportunities are vibrantly apparent if we look at the success of the Hatfield-McCoy trail system in West Virginia. This system has generated hundreds of entrepreneurial jobs, over \$1,000,000 in sales tax revenues, and \$20,000,000 in economic impact. Currently, Virginia has no competing or complementary product and this "pent up demand" must be satisfied by Virginia's riders and their revenues being exported to another state. Development of revenue generating trail systems will provide sustainability to the organization, will increase state tax revenues, and provide entrepreneurial opportunities within the localities we serve. New technology, natural resource harvesting, government, and agriculture are projected to remain a basis for much of FSWVA's new economy. The Governor and General Assembly have recognized the economic value tourism brings to the Commonwealth. Recent initiatives such as Wilderness Road, 'Round the Mountain, Crooked Road, Heartwood, Virginia Coal Heritage Trail and similar initiatives are demonstrating success. Spearhead Trails, initially supported by state and local government, will generate its revenue and provide diversified local businesses a new source of revenue through dollars "invested" by tourists from outside Virginia's borders. Spearhead Trails adds another "arrow in the quiver," leveraging off of and supporting all tourism initiatives. The complementary nature of Spearhead Trails and its venues will further promote to the nation and globally, that far Southwest Virginia is a unique, diversified and exciting destination to visit. The successful outcome of integrating SRRRA's adventure tourism with the cultural venues will only add to the region's economic base. Spearhead Trails is the adventure tourism economic engine that will support the infrastructure developed now and pending by FSWVA localities to grow new small businesses within the existing constraints of our economic and social challenges by capitalizing on our strengths. It will be local people creating local jobs and supporting local communities with revenue and taxes generated from adventure tourists residing outside of FSWVA. The initiative will provide jobs, entrepreneurial and community development, access to healthy activities, enticement for visitors and relocates as well as sustainable revenue streams for SRRRA.

*Increased Local Entrepreneurial Base* - The community benefits realized through the development of Spearhead Trails are predicated on attracting adventure tourists from outside of FSWVA, providing a pleasurable and rewarding experience. Spearhead Trails will create the demand and an environment for existing and new businesses in the service sector, lodging, food and beverage, outfitters, retail and others allowing new local enterprises to thrive. Its incentives are the impetus for economic developers to recruit retail, restaurants and hotels to the region. In fact, the Virginia Coalfield Economic Development Authority, (VCEDA) has recently added OHV related businesses to its recruitment list. Throughout FSWVA, communities have expressed the desire to have more restaurants, lodging, and amenities at their disposal adding jobs and revenue to the tax base. A defining attribute of Spearhead Trails is that local entrepreneurs will have a unique product allowing small businesses to be created and existing businesses to expand, utilizing the workforce skill sets currently in-place. This will reduce the cost of start-up and increase local profit margins, allowing for additional regional investment. Trails will attract adventure tourists to our region to spend their dollars and trailheads and community connectors will provide jobs, serve as revenue drivers, and bring people into our localities to provide community and economic development.

*New Tax Revenue* - The Tax Revenues realized through the development of Spearhead Trails will be generated by adventure tourists from outside of FSWVA to spending "new" dollars. Utilizing the data from our sales projections in section 2.4.1 of the attached Detailed Narrative, applied to the visitor days, projected "User Days" that generate local Total Sales and Services can be calculated as shown in the tables in section 2.4.2. We estimate sales tax generation will begin in 2013, reflecting over \$168,000 in income to the state. 2017 sales tax projections are expected to be over \$1,000,000.

*Job Creation* - In addition to local sales, jobs will be created to meet visitor demand. Initial potential for new job creation will be the Southwest Regional Recreation Area's existing outfitters, OHV dealers, tack suppliers, auto parts suppliers, restaurants, motels/campgrounds, B&B's, and local retailers. Some of this economic development is already taking place due to increased demand for outdoor recreational activities in our region. Increased demand for new and diverse goods and services provides a catalyst for local entrepreneurs to establish new and expanded businesses. At this time, there is no data available to project the specific types of number jobs. Utilizing data generated through SRRA's Economic Impact Assessment with a conservative annual wage estimate of \$24,847 per \$1.0M spent locally, the number of Direct Jobs was projected. New business, business expansion and jobs will be the metric SRRA uses to measure the success of Spearhead Trails. Table 2.4.3 in the attached Detailed Narrative reflects the creation of 7.5 SRRA jobs and 218.5 direct jobs.

**Staff comments:** TICR has previously supported Spearhead Trails with three Special Projects grants totaling \$533,825 to develop an implementation plan and hire initial operating staff. Having seen this proposal as submitted and Spearhead's intended funding request for next year, TICR staff advised the Spearhead leadership to focus on more critical startup expenses at a lower funding level, and that resulted in revisions to Spearhead's multi-year budget projections. Those revisions now seek \$272,784 in the current proposal, all for operating expenses and equipment, including website development (\$60,500), vehicles (\$76,000), professional services (\$82,000), advertising (\$25,000) and a variety of smaller continuing operational expenses. A similar scale request (\$315,000) is anticipated in next year's funding round to get Spearhead to a point in 2014 where it expects that trail permit revenue will be sufficient to sustain annual operations. In the meantime significant funding support is being pursued from DHCD, ARC, VA Tourism and VACEDA, giving several state and regional agencies a vested interest in seeing this project to a successful and sustainable implementation. The Spearhead operating model of using a web-based permit purchase system for riders will be a significant model for gathering visitor information on how many riders are visiting the area, where they're coming from, how long they're staying, and with point of contact to follow up on spending patterns by visitors. While the majority of jobs will be indirect service industry positions, the project has the potential to be a transformational outdoor recreation tourism project to put Southwest Virginia on a level playing field with neighboring states such as West Virginia.

**Committee recommends award of \$272,784 per the revised budget submitted August 31, 2012.**

**Southwest Virginia Community Foundation**  
***Bush Mill Heritage Tourism Project (#2549)***  
**\$339,000 requested**

**Project description provided by applicant:** The Southwest Virginia Community Foundation is respectfully requesting funding for the Second Phase of the Bush Mill Heritage Tourism Project. Since the initial grant was funded, we have completed the engineering study and have started Phase One of the construction. Additional funds are requested to continue and complete the rehabilitation of the Bush Mill Heritage Tourism Project.

**Staff comments:** The mill property in Nickelsville was deeded to SWVCF in 2010, and arguably complements other Scott County tourism destinations such as the Carter Fold and Natural Tunnel State Park. The Southwest Committee committed \$100,000 to this project in 2008, which has been matched by two VDOT Enhancement grants totaling \$300,000 for Phase 1 construction. That phase was scheduled to begin in August 2012 (the above-mentioned grant #1608 was given a one year extension by the Southwest Committee in May). The Foundation intends to apply in October for an additional \$400,000 of VDOT funds, which would require a \$100,000 match. The requested amount, in addition to the VDOT request, would carry the project into Phase 4 of what is ultimately a \$1 million or more renovation. Significant additional funding from VDOT and other sources (potentially ARC) will be needed to avoid an extraordinary TICR investment in a project that will have relatively modest tourism impacts and little or no direct job creation. Any future funding should be predicated on substantial leveraging of other matching funds. To provide funds needed to complete phase 1 and to demonstrate a committed source of matching funds for the upcoming VDOT application.

**Committee recommends award of \$100,000 contingent on approval of additional VDOT Enhancement grant.**

**Joint Industrial Development Authority of Wythe County**  
***Progress Park Lot 30 Development Project (#2558)***  
**\$150,000 requested**

**Project description as provided by applicant:** The approximately 40-acre Lot 30 in Progress Park (formerly proposed as an inland port) must be constructed with an elevated building pad that would allow the balance of the site to be used as a truck parking area over a previously encapsulated archaeological site capable of accommodating a rail-served distribution center. The resulting site would be ready for fast-track construction of a 400,000 sq. ft. high-bay distribution facility suitable of meeting the needs of an economic development project potentially investing up to \$20 million and creating up to 300 jobs. The construction is time sensitive in that required fill material from an adjacent construction site will be available only until the end of the current construction season. Lot 30 is an approximately 40 acre lot located in the southwest portion of Progress Park. The site was originally designated as an Inland Port but due to the location of a similar site only 50 miles to the north, Wythe County, along with the Joint IDA have explored new options for the best usage of the site. With its access to rail and close proximity to two major interstate highways, the lot is very attractive to prospects with large distribution projects. The most significant challenge in marketing this site is that due to the encapsulation of archaeological sites on the lot, the building pad needs to be raised to accommodate the construction of a high-bay distribution building with the truck parking area being over the encapsulated archaeological site. (Note: The archaeological site was encapsulated previously with support from an EDA grant.) Approximately 50,000-60,000 cubic yards of fill dirt will be necessary to accomplish this change in pad height. Due to the encapsulated archaeological site and the topology of Lot 30, fill material is not readily available for the building pad on Lot 30. With the development project currently under way on the Lot 24 MEI site in Progress Park, located across the road from Lot 30, there is a limited opportunity to obtain the fill material needed for pad construction on Lot

30. The Lot 24 project is in the last year of a three year grading project and has sufficient excess fill for the Lot 30 project. This is a unique opportunity that will expire when the large grading project is finished at the end of this year. As there are no nearby sources of fill material, missing this window could prevent the development of Lot 30. Additionally, it is more and more critical to have a site prepared for building construction so the time required for and uncertainty of site preparation is avoided. A shovel-ready Lot 30 site would be very attractive to prospects looking to locate a large distribution project. Prospects have shown interest in Lot 30 due to the amenities afforded by Progress Park (access to dual-feed electrical service, capacity for high water volumes and multiple telecommunication providers) and the site's location adjacent to Norfolk Southern rail. A recent prospective project expressing significant interest in Lot 30 projected an investment of up to \$20 million resulting in up to 300 new jobs. The addition of a company with such significant employment and capital investment could be extremely beneficial to the county as well as the region and a provide a very good return on investment for the site development.

**Staff comments:** The proposed site work is needed to assist an existing prospect and must be completed promptly to take advantage of the opportunity to use fill material obtained from TICR-funded work that is winding down on nearby Lot 24. This modest request is matched dollar-for-dollar and, given the track record of Progress Park, has a very high likelihood of resulting in substantial new job creation and private capital investment in a regional revenue-sharing site.

**Committee recommends award of \$150,000.**

## **OTHER BUSINESS**

### **Scott County Economic Development Authority *Daniel Boone Interpretive Center Exhibits (#1642)***

The \$52,500 grant was awarded in July 2008, and aside from a 25% advance requested by the EDA in 2008 there has been no activity with the grant funds. The Southwest Committee rescinded this grant at its May 2012 meeting. The EDA has appealed to the Committee to reverse the grant rescission based on the following report from the grantee: “We utilized that grant as a leverage and was approved for a National Scenic Byways grant in the amount of \$350,000. We are pursuing a different location for the facility that will be closer to the Natural Tunnel Park as they are in the mix to manage once it is built. We have just recently received word that we will receive another award from National Scenic Byways in the next few months for exhibits in the amount of \$680,000 where we were approved for a Reserve fund application and we were waiting on the determination from VDOT. We were the only one that was approved in Virginia and this will build the facility with previous awards and we will be able to fund exhibits.”

**Committee recommends grant # 1642 be restored in the full amount of \$52,500, and extended for one year through September 30, 2013, contingent on the advanced funds being documented or returned to the Commission no later than October 31, 2012.**

**Smyth County Board of Supervisors**  
***Groseclose/Exit 54 Area Sewer Project (#1635)***

The proposed Groseclose/Exit 54 Sewer project will involve the construction of a much needed wastewater collection system to serve the Groseclose area of Smyth County. The project will include the installation of 5,735 linear feet of both gravity line and force main line to serve the existing and potential businesses at Exit 54 in Groseclose. Seven businesses and industries will be connected to public sewer at a total project cost of just over \$805,000. This is the only Interstate interchange out of seven in Smyth County that does not have public sewer. This project will allow the further growth and development of one of the county's larger industries, General Shale Brick. The Southwest Committee previously committed \$375,000 to this project in 2001 (for engineering) and 2008 (the latter grant for construction will require a Commission-approved extension to be used beyond the fourth anniversary of approval).

**Committee recommends a one year extension of grant #1635 through 9/30/13.**