

FY13 Southwest Economic Development Staff Summaries & Recommendations – September 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, are summarized below. Project descriptions are provided by the applicant and in many cases have been edited for brevity in this report. The Committee has an available balance of approximately \$1.9 million and will meet Thursday September 13 at 10:30 a.m. in Roanoke to make funding recommendations to the full Commission:

Req #	Organization Name	Project Title	Request Amount	Recommended amount
2419	Abingdon, Town of	Implementation of Abingdon Artisan Center	\$832,210	0
2556	Appalachian Heritage Schools, Inc	Wayne C. Henderson School of Appalachian Music and Arts: Equipment, Marketing, and Operations	\$150,000	145,000
2552	Appalachian Traditions, Inc.	Country Cabin Outdoor Venue Enhancement Project	\$20,000	20,000
2561	Town of Big Stone Gap	Big Stone Gap Visitors Center	\$433,260	0
2555	Bristol Historical Association	Restoration of the Robert Preston House at Walnut Grove	\$75,000	75,000
2548	Bristol Virginia Utilities Authority	BVU Southwest Virginia Last Mile Fiber Expansion Project, Year 2	\$1,185,530	0
2550	Floyd Community Ctr for the Arts d/b/a The Jacksonville Center for the Arts	Capacity Building Capital Improvements	\$222,200	157,000
2378	Glade Spring, Town of	Glade Spring Salt Trail Extension	\$110,000	0
2348	Hiltons Outdoor Park, Inc.	Hiltons Outdoor Park Improvements	\$119,450	0
2565	Konnarock Retreat House – revised, replaces #2383	Konnarock Retreat House Rehabilitation and Reuse	\$173,500	173,500
2544	Lee County IDA	Assisted Living	\$1,000,000	250,000
2557	Mount Rogers Planning District Commission	Mount Rogers Loan Funds Program Main Street Initiative	\$99,000	0

2554	Town of Pennington Gap	Town of Pennington Gap Comprehensive Economic Development Planning Project	\$90,000	0
2559	Scott County Economic Development Association	Riverside Development - Phase I	\$1,286,300	\$524,397
2424	Scott, County of	Keith Memorial Park Lighting Project	\$189,000	0
2553	Scott County Public Service Authority	Dan'l Boone to Natural Tunnel Water Interconnection	\$500,000	0
2560	Smyth County Board of Supervisors	Groseclose/Exit 54 Area Sewer Project	\$240,600	0
2562	Southwest Regional Recreation Authority	SRRA Spearhead Trails	\$544,086	272,784
2549	Southwest Virginia Community Foundation	Bush Mill Heritage Tourism Project	\$339,000	100,000
2563	Virginia Polytechnic Institute and State University	Appalachians for Composite and Advanced Manufacturing Growth (ACAMG) Initiative	\$491,375	0
2558	Joint Industrial Development Authority of Wythe County	Progress Park Lot 30 Development Project	\$150,000	150,000
Total - 21 pending SWED requested/recommended			\$8,250,511	1,343,284
Balance available before/after recommendations			\$1,867,681	\$0

Town of Abingdon

Implementation of Abingdon Artisan Center - #2419 (tabled in FY2012)

\$832,210 requested

Project Description provided by applicant: The Town of Abingdon, VA, in coordination with both the stated purpose of the Southwest Virginia Cultural Heritage Commission: "to encourage the economic development of Southwest Virginia through the expansion of cultural heritage ventures and initiatives related to tourism and other asset-based enterprises" herewith requests funding of \$832,210 from the Virginia Tobacco Indemnification and Community Revitalization Commission's Economic Development fund to help establish an artisan center in Abingdon, Washington County, VA. This requested funding includes a 50% match of \$375,000 for the Town of Abingdon's funding of \$750,000 to be expended for the acquisition of a suitable existing facility (buildings and land), plus \$457,210 as a 50% match of Abingdon's proposed net expenditure of \$914,420 to renovate the acquired facility in accordance with the June 2011 feasibility study prepared by the Community Planning Partners detailing the re-purposing of the facility that shall be required in order to implement a functioning artisan center in the selected facility (see attachment at final page). The proposed artican center shall

provide inexpensive gallery space to house and provide needed technical support for artisan studios and student classrooms. The proposed artisan center shall function as an arts small business incubator and apply to become a qualified member of the National Business Incubation Association (NBIA).

Staff evaluation and recommendation: The project is supported by a thorough analysis of the structures at this vacant industrial site (funded in part by a TICR Reserve grant of \$12,500) and how the redevelopment opportunities mesh with the planned artisan facilities. However, outcomes are modest for a request of this amount and are based on an estimated 10,000 visitor increase in local tourism, a small number of jobs to operate the facility, and providing affordable space for artisans (the latter is not well-aligned with TICR priorities). Overall economic impact is not clearly defined and the proposed operating budget relies heavily on subsidies from gifts and grant sources that are not yet defined. The planning process suggested a nonprofit should be formed to operate the facility and that step has not yet occurred. Matching funds are not yet committed and there appears to have been little progress in the past year to establish this facility. Staff recommends that this project be passed by until such time as there is resolution of organizational and funding issues. **Staff recommends no award.**

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 and recommendation: 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). **Staff 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 and recommendation: This organization has received two earlier TIGR 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 **Staff recommends award of \$20,000.**

Town of Big Stone Gap
Big Stone Gap Visitors Center (#2561)
\$433,260.00 requested

Project description provided by applicant: In early 2012, the Town of Big Stone Gap was able to acquire a piece of property in Downtown Big Stone Gap which had formerly been a gas / service station. The location of this property and building is excellent with relation to other Downtown Big Stone Gap attractions (see attachments). This location, and the on-going efforts to revitalize the Downtown Big Stone Gap area, were the reason behind this property being sought as a Visitors Center. Currently, the Town has no official building or site to welcome visitors to the town. This property will become a gateway for the Town to welcome visitors and direct them to the many Downtown attractions Big Stone Gap has to offer. Big Stone Gap is perhaps better known for being on the "Trail of the Lonesome Pine". Hometown son, John Fox Jr. was the author of this best-selling novel-turned-play, and his life and work are well honored in Big Stone Gap. Several cultural destinations have been established in the area, drawing visitors to places such as the Trail of the Lonesome Pine outdoor drama, the Southwest Virginia Museum, and the John Fox Jr. Museum, just to name a few. These attractions will benefit from the creation of a Downtown Visitors Center as new and repeat visitors will be able to more efficiently plan and enjoy their time spent in Downtown Big Stone Gap. The proposed Visitors Center will focus on the following six functions:

- Guest Services - Parking, Restrooms and Snacks
- Orientation - Trip Planning
- Ticketing - Pre-purchase Single or Group tickets or Co-op Tickets
- Marketing - Recreation, Shopping, Dining
- Interpretation - City History: Past, Present and Future
- Programs - Festivals, Art Shows, Music Events, Yard Sales and Car Shows

In recent years the Town of Big Stone Gap has taken many forward steps in revitalizing itself into a modern tourist destination. In 2010 the Town was awarded a Community Development Block Grant to remove slum and blight from the Downtown area. Also, the Town is taking steps to link its Greenbelt walking/biking trail around the Town. In conjunction with the Greenbelt, the Town has been working with the Town of Appalachia and Wise County on the development of the Powell River Trail Project which will link the two towns via an abandoned railroad corridor along the Powell River. This project is better than half funded through the Virginia Dept. of Transportation and is currently being designed. All of these factors show that the Town of Big Stone Gap is actively moving toward revitalizing itself into a Town that can be a successful destination for visitors. The Downtown Visitors Center is a logical next step in this process to enhance the visitor experience within Big Stone Gap.

Staff comments and recommendation: The project entails an interesting reuse of an old downtown service station that the Town recently purchased for \$165,000. Staff's questions for the Town centered on operating plan and committed operational funding, designation by Virginia Tourism Corp as a certified visitor center, anticipated outcomes etc. The Town has responded that an operational plan is being developed, discussions with VTC have begun, operational funds will be sought from USDA-RD and the Town, and the center is expected to increase visitation by 10% above the current baseline of 60,000 visitors annually. There are emerging plans to use the facility as an event site as well. However, operational plans and funding are not yet in place and the center is not yet aligned with VTC or broader regional tourism efforts. Absent those factors TICR should be concerned about precedent of such a large grant for funding other local visitor centers in multiple communities. Further development of this project should occur to strengthen the case for future funding assistance that is better leveraged with matching funds and more strongly aligned with regional tourism partnerships. **Staff recommends no award.**

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 and recommendation: 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. **Staff recommends award of \$75,000.**

Bristol Virginia Utilities Authority

BVU Southwest Virginia Last Mile Fiber Expansion Project, Year 2 (#2548)

\$1,185,530 requested

Project description provided by applicant: The grant is being requested to construct last mile infrastructure to facilitate FTTP and fixed wireless broadband infrastructure from its existing middle mile infrastructure network. BVU proposes to provide access to affordable, high speed broadband technology to approximately 380 residences, business and anchor institutions with this VTC funding request. BVU, at the request of the VTC in 2011, developed a 10-year plan to provide access to high speed broadband to unserved and underserved portions of SWVA via the NTIA and VTC project capital investment. The 10-year plan proposed to provide FTTP and fixed wireless broadband service to approximately 30,000 unserved or underserved homes and businesses. As a result of recent discussions with VTC staff and prior year VTC funding levels, the 10-year plan has been modified to reflect decreased VTC funding in years 1 and 2 of the 10 year plan. With that said, this grant request is for \$1,185,530 to fund a \$1,495,130 project to make available digital technology to approximately 380 premises in Wythe County, VA. This particular route is a middle mile route funded by the strict criteria of the NTIA to be an area either high speed broadband unserved or underserved. With this VTC grant, BVU proposes to construct, from the NTIA middle mile infrastructure, the necessary last mile infrastructure so that BVU can invest \$309,600 of its capital to provide the last mile premise drops to provide high speed broadband or fixed broadband wireless solutions to the approximate 380 premises along the route. The 352-mile NTIA and VTC project, when fully completed in July 2013, will bring fiber optic technology close to 122 anchor institutions and within two miles of more than 18,000 households and businesses. These anchor institutions, homes and businesses were identified during the NTIA grant process to be in geographical areas where high-speed broadband was not available or available at speeds that were not considered suitable for digital technology. The middle-mile fiber will run through the heart of eight, and possibly nine, SWVA counties, setting the stage for future monies directed toward completing FTTP and fixed wireless broadband deployment for the service areas in the region. BVU's proposed 10-year plan provided those nine-counties access to the vast opportunities that digital technology brings to any deprived region, as we have successfully experienced since 2002. BVU and Cumberland Plateau Company ("CPC") are committed to the continued growth of the network to escalate continued transformational growth in areas not already adequately served. Over the past nine years, BVU and CPC have invested \$101.59M in fiber optic technology to bring broadband opportunities to southwest Virginia. Of that \$101.59M investment, the VTC and the Economic Development Administration ("EDA") has granted \$39.7, or 39% of the total investment. Over 900-miles of fiber network is in place, serving over 11,975 homes

and businesses in southwest Virginia. In July 2010, BVU and CPC was awarded and began a \$36.22M 352-mile middle-mile expansion of the current fiber optic network, funded \$22.698M by the NTIA Broadband Technology Opportunities Program ("BTOP") and \$5.659M by the VTC, with the remainder funded by BVU and CPC in-kind assets and existing project rights-of-way. The NTIA project provides funding for only middle mile infrastructure, therefore leaving funding gaps for FTTP and fixed wireless broadband service in the eight-county, possibly nine-county, and service area. The BVU 2011 proposed 10-year plan clearly leveraged and extended these investments to southwest Virginia communities through both FTTP and fixed wireless broadband technologies, generating significant opportunities for anchor institutions, homes and businesses and increased opportunities for employment, education, services to businesses and eventually thousands of homes across a rural nine-county region. As of June 30, 2012, 73%, or 259 miles, of the NTIA 352-mile project was complete. The NTIA project is expected to be 100% complete by July 2013. The construction will both extend existing BVU FTTP architecture, which is capable of broadband service up to 1Gbps (gigabit per second) and establish a deployment of fixed wireless broadband in service areas where FTTP construction is not necessary or possible. Furthermore, the planned fixed wireless broadband deployment will highly compliment the VTC's investment in mobile wireless (4G) broadband by providing connectivity for both personal computers and networks (fixed wireless applications) and smart phones and mobile terminals (mobile wireless applications). This grant will provide the necessary funds to bridge the technology access funding gap to approximately 380 premises in unserved and / or underserved Wythe County, VA. As BVU and CPC, in partnership with the VTC, expand the NTIA and VTC middle mile infrastructure in SWVA, the year over year increase in access to high speed broadband will be consistent with the VTC's mission of economic revitalization and lessening dependence on tobacco-related economic activity; because it will provide needed infrastructure to sustain existing jobs, attract new jobs, promote telecommuting, telemedicine and distance learning at the home or small business. BVU's investment in digital technology access to 380 unserved or underserved premises will generate future cash flow for continued expansion of the region.

Staff comments and recommendation: BVU has received fiber grants to date of more than \$30 million. The project will build 15.5 miles of last mile fiber and laterals along the NTIA-funded middle mile infrastructure in the Route 11 corridor between the Smyth/Wythe line and Town of Wytheville, where BVU has interconnections with Citizens Telephone fiber. BVU has estimated that 30-50% of the premises passed will accept BVU service, meaning that as few as 114 customers might accept this service. Of the 380 premises only 13 are commercial businesses and one is a school. Until such time as the Verizon Wireless 4G project is demonstrated in the Coalfield Coalition footprint and the opportunity can be examined to expand that technology to other services areas in SWVA it is difficult to justify using the majority of available SWED funds to connect 114-190 premises that are primarily residential at a per premise cost of as much as \$10,000. **Staff recommends no award.**

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

Town of Glade Spring

Glade Spring Salt Trail Extension - #2378 (tabled in FY2012)

\$297,432 \$110,000 requested

Project Description provided by applicant: The final outcome of this project, the Glade Spring Virginia Salt Trail Extension, will link the the Virginia Salt Trail from its current southern terminus in Washington County, Virginia to the Glade Spring Town Square. The trail will link and be primarily located in the Towns of Glade Spring and Saltville, this trail will be an asset to other surrounding communities, including the Towns of Abingdon and Marion and Smyth and Washington Counties, areas with a long past with tobacco production. This trail will serve hikers and bikers, local residents, and visitors to the Mount Rogers National Recreation Area. Furthermore, the hiking and biking trail will be vital to the economic expansion and sustainability of the Towns of Glade Spring and Saltville, as it will provide an essential stopping point for visitors.

Staff evaluation and recommendation: This proposal was submitted in FY12 Southwest cycle and tabled a year ago. The Town has reduced the requested amount to \$110,000 as a result of a recently-announced VDOT Enhancement grant of \$322,000. This project is well-engineered and includes reasonably reliable budget figures. TICR funds are requested to construct approximately 9,150 feet of trail along local roads and rail lines, connecting to the existing trail that extends to Saltville. However, the overall trail is a relatively small local trail that is not connected to a larger regional trail network, and data is not available for either current use (local residents vs. tourist visitors) or for estimated use of the overall completed trail. Ultimately this appears to be primarily a local recreational amenity (including in-town sidewalks) that does not align with TICR priorities, and the Committee must consider the "opportunity cost" of using funds for less than two miles of local trail versus other proposals that

involve greater prospects for job creation and private capital investment. Furthermore the Town of Saltville has been “frozen” from disbursement of TICR funds due to a long-unresolved TROF project that failed to meet performance targets. **Staff recommends no award.**

Hiltons Outdoor Park, Inc.

Hiltons Outdoor Park Improvements - #2348 (tabled in FY2012)

\$119,450 requested

Project Description provided by applicant: This project started in the early 1970's with a Johnny Cash show at Gate City High School that made \$6,000 profit. A 34-acre tract of land has been purchased along Route 58 for the park in the 1980s. One 30 x 40 shell building has been installed on the property and plans have been completed to make this a community facility that will be utilized by the public. The land does have public water and a septic system. The land is owned by the 501(c)3 non-profit organization. A copy of the plat of land is attached to this application that identifies the build out and the priorities of the organization. The Tobacco Commission funds would be utilized for the capital improvement objectives that have been identified.

Staff evaluation and recommendation: This proposal was declined in the FY09 Southwest Economic Development cycle and returned in FY12 in essentially the same form. It was tabled in FY2012 pending the completion of the TICR Strategic Plan update, which continues to consider local recreation projects a Low Funding Priority. All requested activities involve local recreational and social uses, including a children's playground, walking trail and a 1,440 square foot park structure that appears to be intended as a picnic pavilion with restrooms and concessions. The majority of matching funds were used in the 1980s to purchase the site. There appears to be no direct job creation, private capital investment or tourism outcomes that would align with TICR priorities. **Staff recommends no award.**

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 and recommendation: 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 TICR 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) **Staff 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 and recommendation: 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 **Staff recommends an award of \$250,000 contingent on the private beneficiary signing a performance-based agreement with standard clawback provisions.**

Mount Rogers Planning District Commission

Mount Rogers Loan Funds Program Main Street Initiative (#2557)

\$99,000 requested

Project description provided by applicant: The MRPDC is expanding our loan program to include a new service. This new plan's goal will be to create jobs by offering lower interest loans of up to \$25,000 for startup and existing businesses in our region. While our current program provides financing throughout our region, this new initiative will target business located in our smaller communities, particularly our Main Street communities. The MRPDC will continue to review new loan applications under the stringent underwriting process currently used. However, we will strive to be as flexible as possible in an effort to provide working capital to entrepreneurs wishing to locate in the central business districts of our smaller towns. The Tobacco Commission's \$90,000 infusion into this program will be matched with an additional \$90,000 of MRPDC funding. Through this initial \$198,000 of financing, we plan to leverage an additional \$198,000 in private investment/financing while creating 16 new full time equivalent jobs. As loans are paid back, the money will be revolved into new loans, resulting in a perpetual source of business capital for the Mount Rogers region. Over the past decade, the Mount Rogers region has reeled from the loss of employment opportunities resulting from the outsourcing of the area's main industries: wood products and textiles. Further adding to the economic distress is the loss of tobacco revenue. The combination of these lost industries has hit our region as a whole, but the smaller towns that had grown up with these industries have been hit particularly hard. As these towns have worked to find their footing in the new economy one main problem facing entrepreneurs is a lack of business capital. Traditional lenders are often reluctant to risk financing a startup venture and many of the public financing agencies target larger industries which usually locate in our larger towns and cities. Since the tightening of lending regulations resulting from the 2008 economic crisis, finding money for small town startups and expansions has only gotten harder. The MRPDC has a proven record of creating and retaining jobs in our region through the Loan Funds Program. This new initiative will build on that success by directly providing a pool of capital that small business owners can access in this time of increasingly restricted business lending by the private financial sector. Assuming each loan applicant requests \$25,000, the new initiative will provide eight businesses with financing. Realistically, most businesses will request a smaller loan which will increase the number of businesses we can assist. This project will directly impact the Mount Rogers region by providing business financing to local businesses that are currently finding it more difficult to borrow from traditional banks. Through this project, the Mount Rogers will see the creation or expansion of eight or more businesses in our town's central business districts. These businesses will create at least 16 full time jobs. Additionally, our loans will leverage an additional \$198,000 in private financing or owner investment into our communities. The overall Tobacco Commission investment will equate to \$12,000 per new job.

Staff comments and recommendation: The Commission has made two previous grants to capitalize the Mt. Rogers loan fund, totaling \$325,000, and has also supported People Incorporated's small business loan pool that also serves the region. The current request, while a modest increase in TIGR support to the revolving loan fund, would result in relatively small job creation (sixteen) at presumably low retail wage rates, and could result in additional future requests for support while earlier loans are being repaid to replenish the revolving fund. **Staff recommends no award.**

Town of Pennington Gap

Comprehensive Economic Development Planning Project (#2554)

\$90,000 requested

Project description provided by applicant: The purpose of this application is to allow the Town to creatively and sustainably plan for future economic/community development activities which both complement and diversify the local economy. The Town of Pennington Gap has embarked on a mission of self-driven re-invention. With completion approaching on such projects as the Lee Theater at hand, the town hopes to

capitalize on the new wave of heritage tourism that is taking hold in the region. An earlier project funded in large part by DHCD has removed much of the blight from the central business district, resulting in a friendly atmosphere for private investment and job creation throughout the community. More recently, town leaders have formed their own industrial development authority--designed to give them greater latitude in working with the private sector on new job creation ventures. Projects currently under way include a new location for a major grocery chain, a new auto parts store, a national motel chain, and several smaller initiatives. These projects will stem the tide of "leakage" of retail sales dollars (and taxes) to other areas and help rebuild a sustainable local economy. The town thus wants to build on these impending successes, but it also realizes this will take more careful planning. The four areas that will be focused on in this planning effort:

- Natural & Economic Resources Database Development
- Resource Analysis & Market Study
- Comprehensive Economic Development Plan
- Mount Racemore Concept Development & Marketing Plan

One of the more innovative ideas is a NASCAR-blessed venture known as "Mount Racemore." This project would be a catalyst agent that would jump-start an ever-increasing tourism flow into the town and adjacent areas of Lee County. Drawing on an existing large base of NASCAR fans and related ventures close by, this proposed destination point could draw visitors that not only would be interested in this exhibit, but would also capitalize on, and use, our other recreational ventures that will be completed close by within two years. However, given the limited planning resources available to the Town, many of these ideas must be thoroughly vetted, including the request technical data to define capital costs. The Town feels it is more important to invest a much smaller amount of money on the front end to enhance the chances of success, rather than rush head-long into expensive projects that have no clear path to success.

Staff comments and recommendation: The request arguably constitutes a regular periodic function of local government and would create a precedent for funding innumerable local economic development planning processes. Furthermore, there is little information provided regarding the feasibility or impacts of the Mount Racemore project to indicate the viability of that proposed project. **Staff recommends no award.**

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

Scott County

Keith Memorial Park Lighting Project - #2424 (tabled in 2012)

\$189,000.00 requested

Project Description provided by applicant: The proposed project will install lighting at the Keith Memorial Park in the Town of Nickelsville. This park is owned by Scott County and is maintained by the senior citizens in the community at no cost to Scott County. The park 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. The project will consist of installing a total of nine poles complete with all the lighting and accessories needed to light the sports complex at Keith Memorial Park. Lighting Keith Memorial Park would both directly and indirectly serve as a positive means to boost the economic threshold in the Town of Nickelsville. By allowing for a cycle of continuous interaction between the members of the community and youth and providing an opportunity to reflect upon character development, the Nickelsville community stands to benefit greatly from the addition of lighting to the park. NOTE: We have approached the Crooked Road regarding becoming an affiliate venue on the music trail. An application has been made to the Crooked Road and a decision is pending once their review committee meets again. Our preliminary discussions with key Crooked Road board members indicate that the application stands a favorable chance of being approved. By adding "Crooked Road" to the marketing materials associated with the park, attendance is expected to grow significantly.

Staff evaluation and recommendation: This proposal was tabled in FY2012 pending the completion of the TICR Strategic Plan update, which continues to consider local recreation projects a Low Funding Priority. This proposal was declined in the FY11 Southwest Economic Development cycle, and returns with additional outcomes based on attendance at music events in the Park. The applicant-generated economic impact figures estimate an additional 8-12,000 visitors annually from youth and high baseball tournaments and music events. The outcomes also estimate a 50% increase in Town tax revenues as a result of the project, primarily from sales at local retailers, although independent verification is not provided. The outcome figures appear to be inflated, and there are no direct new jobs or private capital investment as a result of the project. It can be reasonably expected that a positive funding recommendation would result in multiple future request for improvements to local recreational facilities. **Staff recommends no award.**

Scott County Public Service Authority

Dan'l Boone to Natural Tunnel Water interconnection (#2553)

\$500,000 requested

Project description provided by applicant: The Dan'l Boone to Natural Tunnel Water Project will provide an interconnection between the Weber City/Gate City water systems with the Duffield Water System. Crossing the Clinch River has been a major and costly permit process. The Clinch River is on EPA's list of rivers as the river with more endangered species than any other river in the U.S. and possibly worldwide. The relevance of this project is to provide water to the Duffield area of Scott County. Duffield currently withdraws water from the Northfork of the Clinch River. The withdrawn permit is limited to 0.50 MGD. No other supply of water is available for the Duffield area. The limited withdraw from the Northfork Clinch River and no other source of water available is rapidly approaching plant capacity. Therefore, if this interconnection is not made, the Duffield Industrial Park will be jeopardized with reduced employment and inability to expand or attract new industry. This project has taken 6 years to get a permit to cross the Clinch River with a 12" water line. Bids were received for construction. Seven of the eight contractors withdrew from the competition due to the permit requirements established by the COE and USFWL. The Bid received was right at \$700,000 over our original engineers construction estimates. However three years has past and prices increase on the market. We are rebidding the project and expect lower bids but the cost will still be over the original estimate. This project must go forward. There is no other alternative to provide water and secure the jobs in the Duffield Industrial Park. There is only one solution, transport water from the South Side of the Clinch River to the North Side of the Clinch River. This project has to be done, no alternative or options is available to secure the Duffield Industrial Park with a safe, clear and healthy quantity of water. Without a redundant water supply, jobs could be lost and the D.I.P would become stagnant and future new jobs eliminated.

Staff comments and recommendation: Per conversations with VDH funders, the five mile interconnection is primarily to address drinking water quality issues, whereas the applicant states that future user demand on the Duffield system will leave inadequate reserve capacity to meet a 100 mgd set aside for future occupants of the Duffield industrial park that may need high volumes of water. The project was re-bid this summer, and while the low bid opened in early August is substantially lower than when it was bid years ago, the applicant states there is still a \$670,000+ shortfall of project funds. However, absent an employment prospect for the Duffield industrial park this project remains primarily a public drinking water effort with no direct job creation or private investment in exchange for a half million dollar Commission investment. **Staff recommends no award.**

Smyth County Board of Supervisors

Groseclose/Exit 54 Area Sewer Project (#2560)

\$240,600 requested

Project description provided by applicant: 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. The proposed project represents a dramatically scaled-back version of original plans to extend public sewer to over 100 households as a part of the project, and instead focuses solely on the businesses at the Exit 54 area. This reduction in proposed service area translates into a cost reduction of over \$2.8 million, thereby resulting in a total project cost of just over \$805,000. The current request of \$240,600 to the Tobacco Commission will replace a grant from the Environmental Protection Agency that was rescinded due to delays in getting the remaining project funding in place as well as federal cutbacks. The need for public sewer to serve the Groseclose/Exit 54 area has been identified by the County in various planning documents dating back over 40 years. This is the only Interstate interchange out of seven in Smyth County that does not have public sewer.

Most of the other interchanges have significant terrain and other limitations for development, making the extension of sewer to this location particularly critical to the County's economic development strategy. Currently, the lack of public sewer service at Exit 54 has resulted in the inability of existing businesses to be successful and grow; the prevention of new businesses to utilize a prime location with immediately developable land; and potential health hazards to the headwaters of a major waterway. Seven businesses will receive immediate benefits from the installation of public sewer. These include a major manufacturing operation, two restaurants, two gas stations, a motel, and an auto garage. The lack of public sewer has negatively affected all of them and prevented any further development of the area. This project will allow the further growth and development of one of the county's larger industries, General Shale Brick. This company has made a significant, multi-million dollar investment in automating its facilities in the past few years, and provides high paying manufacturing jobs in the community. It seems incongruous that such a modern industrial facility that has made such a significant investment in the County must still rely on an on-site septic system for wastewater disposal. The presence of that system is not only a burden on operating costs due to frequent maintenance, but also prohibits expansion of the facility due to the space needed for the septic drain field. If the on-site septic system can be retired, it will allow room for expansion efforts in the future. The restaurants are limited by the Department of Health in the number of patrons they can serve at one time. For instance, The Barn Restaurant has the capacity to serve 100 customers at any given time, but is currently limited to 36 and must cordon off sections of the restaurant to ensure such a number. A Dairy Queen that had existed in the area was forced to close its doors for that same reason. The adjacent gas station is now closed and on the market for sale. Needless to say, any chain restaurants or other business establishments that would otherwise be highly interested in locating at the exit have declined from considering such an investment due to the limiting effect that lack of public sewer would have on their potential success. In recent years, the Relax Inn, a motel located at Exit 54, has suffered tremendously due to the lack of public sewer access. The owner must currently pump his septic tank every two weeks, and constantly spend his time focused on Health Department regulations rather than increasing his profits and number of employees. Even with the frequent maintenance, the septic system sits in an area with a high water table and sewage frequently seeps out of the ground and into the adjacent headwaters of the Middle Fork of the Holston River, a major waterway in the region and the source of some of the drinking water for the County and the Town of Marion. This poses a potentially serious health hazard to the County's residents and businesses that must be addressed. The owner of the motel is faced with shouldering the costs of installing a new private system, which may prove too burdensome for the sustainability of his business moving forward. Without the installation of public sewer, current businesses will never be able to reach their true potential, new businesses will fail to invest, and health hazards will continue to persist. As mentioned above, the need for this project has long been recognized by County leaders beginning with a county-wide Water and Sewer report done in 1969, as well as the County Comprehensive Plan in 1994 and subsequent five-year updates of that plan. Over the last ten years, recognizing that the project is not feasible using only local funding due to the high cost, Smyth County has actively attempted to provide public sewer to Exit 54 by making numerous funding applications to state and federal agencies. Funding has been sought, unsuccessfully, from the Economic Development Administration, the Virginia Department of Housing and Community Development, and the Appalachian Regional Commission. Because several different pieces of funding have been needed, it has been extremely difficult to implement a successful funding plan. The engineering design of this project has gone through various stages commensurate with anticipated funding, and has been consistently scaled back over time. The currently proposed plan is a bare-bones effort to provide a basic service to a vital economic area. The requested \$240,600, in conjunction with the previous TICRC award of \$250,000 for the project and a loan from the Department of Environmental Quality, would represent the final piece of funding necessary to at last fulfill a need that has only increased over many years and has led to innumerable missed economic opportunities. As exhibited in the attached cash flow analysis, the project cannot sustain any more debt than the amount already proposed, as annual expenditures for the project will exceed anticipated revenues by over \$6,000 for the life of the loan. The problems faced by businesses in the Exit 54/Groseclose area will be immediately solved by the completion of the proposed sewer project. The project is composed of the installation of 4,105 linear feet of 12" gravity sewer line to connect to the businesses in the area and feed into a pump station, which will pump wastewater along 1,630 linear feet of new 4" force main line. The force main line will cross underneath the interstate and connect with an existing force main line at the VDOT rest area on the north side of I-81 (which is the connection point into the County's current sewer system). A total of 5,735 linear feet of new sewer line will be installed. This design was chosen for its relatively low cost and effectiveness at servicing businesses facing problems at Exit 54. The proposed sewer line will be able to

handle anticipated existing flow from the area as well as additional flow derived from increased business and new construction. The septic systems currently in use by the businesses in the area can be retired, and the problems associated with their use will no longer persist. Smyth County will own, operate, and maintain the proposed new sewer extension. Wastewater from the proposed new service area will flow into the County's existing wastewater collection system with treatment provided at the Marion/Smyth County wastewater treatment plant located on the west side of the Town of Marion. The County owns approximately seventeen percent (17%) of the total capacity of the plant and has the available capacity to serve this additional wastewater flow. The installation of the proposed public sewer line to the Exit 54/Groseclose area will have an immediate and positive effect on the businesses located there. They will no longer have to rely on troublesome, limiting, and costly septic systems. General Shale Brick will have more room for expansion and will not have to shoulder the burden of septic system maintenance; the restaurants will no longer face the artificial barrier of occupancy restrictions; and the Relax Inn will avoid the daunting prospect of installing an expensive new private system. Furthermore, the health hazard posed by sewage runoff into the headwaters of the Middle Fork of the Holston River will be removed. Provision of public sewer will not only alleviate the problems faced by existing business, but will also remove an obstacle to new companies wishing to locate in the area as well. Currently, undeveloped land at the interchange will not be sold for industrial or commercial development due to the lack of a wastewater system. Additionally, this project will be a huge step toward capitalizing on some of the region's assets. The Appalachian Trail crosses I-81 at Exit 54 and many hikers pass through on a daily basis during peak season. The area would be a prime location for businesses oriented toward the outdoor recreation market, and also for tourist-related businesses capitalizing on proximity to the Appalachian Trail, similar to those found in Damascus, Virginia. The Settlers Museum and nearby Davis Valley Winery, only 1.8 miles from the Exit, would also benefit from and add to the area's marketability to tourists were other businesses to pop up to support them. Also, Smyth County ultimately plans to extend public sewer service from Groseclose to close-by Mountain Empire Airport, which will provide a major boost for the development of that facility as well as for development plans in the wider area of eastern Smyth County.

Staff comments and recommendation: The Southwest Committee previously committed \$375,000 to this project in 2001 and 2008 (the latter grant for construction will require a Commission-approved extension to be used beyond the fourth anniversary of approval). The requested funds directly replace an earlier EPA STAG grant commitment that was lost due to the project not beginning in a timely manner. That aspect is contrary to TICR funding policies that our funds shall not supplant other funding sources. The requested funds would also increase TICR's overall commitment to this project to \$615,000, in order to serve seven businesses – of which only one is a basic industry (General Shale, which is a relatively low water user). It would also allow the County to use only \$314,500 of a DEQ loan approved for \$472,930 (if the entire loan amount is used the project funding shortfall drops to \$82,000). Given the speculative nature of a potential expansion at General Shale and the other project beneficiaries that are primarily retail/commercial and residential **Staff recommends a one year extension of grant #1635 previously awarded for this project, and no additional award of funds requested in this current grant proposal.**

Southwest Regional Recreation Authority ***SRRA 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, SRRA's mission is to establish and maintain "...a system of recreational trails and appurtenant facilities..." in the Southwest Regional Recreation Area. In 2010, TICRC provided funding for the development of an Implementation Plan. In the spring of 2012, SRRA 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. SRRA 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 SRRA's 2012 Implementation Plan, funded by TICRC #2144, with current programmatic expenses funded via TICRC #2357. SRRA 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. SRRA 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 SRRA'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 SRRA'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 relocatees as well as sustainable revenue streams for SRRA.

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 and recommendation: 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. **Staff 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 and recommendation: 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 **Staff recommends award of \$100,000.**

Virginia Polytechnic Institute and State University
Appalachians for Composite and Advanced Manufacturing Growth (ACAMG)
Initiative (#2563)
\$491,375 requested

Project description provided by applicant: The Appalachians for Composite and Advanced Manufacturing Growth (ACAMG) initiative promotes growth and sustainability of manufacturing industries in the Mt. Rogers EDD region by advancing utilization and production of composite and advanced materials. ACAMG includes regional manufacturing companies, local economic development stakeholders, the Mt. Rogers EDD, the Manufacturing Technology Center (MTC), the SWVA Higher Education Center, and Virginia Tech (VT). ACAMG will invest TIC funds to provide 'factory floor' technical assistance to regional manufacturing firms and their suppliers that are engaged in or are pursuing utilization of composite or advanced materials. This technical assistance leverages knowledge and research assets of VT faculty, graduate students and partners to expand firm capacity in the areas of product development, process improvement, and integration of "green" or sustainable technologies or processes. ACAMG reflects longer-term engagement activities which include creation of the SWVA Composite Interest Group and a 2010 EDA supported composite center feasibility study and field-based technical assistance project. In May 2012, ACAMG project stakeholders submitted an application to the multi-agency Rural Jobs Accelerator Challenge. ACAMG requested funding to support similar technical assistance through the EDA line of this proposal. The budget for the Jobs Accelerator noted intent to submit a TIC application as part of the match requirements for the EDA. TIC funds could expand the number of projects delivered through the EDA supported project from 3 to 13. In the event EDA funds are not received, VT will still use TIC funds to deliver at least 8 technical assistance projects. Manufacturing continues to remain the largest private-sector employment industry of the Mt. Rogers EDD. Recent manufacturing industry expansion and investment announcements also indicate that the sector will recover as the overall economy rebounds. Many of the leading and historic industry clusters of the Mt. Rogers EDD, composite and advanced materials technologies are central to producing an in-demand product. The American Composites Manufacturers Association (ACMA), the world's largest composite industry trade group, defines composites as a "combination of a polymer matrix resin, and fiber reinforcement." Common types of polymer matrix resins include polyester, isopolyester, vinyl ester, epoxy, and phenolic, and fiber reinforcements often include glass, carbon, or aramid. When combined, the resin and fiber elements continue to retain their individual material characteristics while yielding a new, enhanced material. Fiber reinforced polymers (FRPs) are the most widely utilized composite technology by existing regional manufacturers in the Mt. Rogers region. Commercial utilization of composite materials first emerged in the defense industry of the 1940's. Over time, material science technologies have evolved significantly, thus increasing the market applications for composite materials. Today, composite materials enhance manufactured

products in several ways. They are corrosion resistant, exhibit excellent fatigue endurance, provide a high-strength to weight ratio, allow radar transparency, and are often lighter in weight than most other forms of materials. Examples of commercial sectors serviced by composite materials include aerospace, marine, and defense industries, appliance manufacturing, automotive and transportation equipment production, civil infrastructure and construction projects, electrical and electronics equipment manufacturing, and a wide range of other industrial, consumer and recreational products manufacturing. The Boeing Dreamliner aircraft, wind turbine blades, and Trex decking are well known examples of composite-based products. Composite utilization and manufacturing within the Mt. Rogers EDD is largely concentrated in the region's leading manufacturing subsectors: Transportation Equipment (NAICS 336), Machinery (NAICS 333), Electrical Equipment, Appliance, and Component (NAICS 335), and Plastics and Rubber Products (NAICS 326). Historic clusters of wood products/furniture and textile/apparel manufacturing firms also serve as important sources of traditional and composite manufacturing employment. Together, these leading industry subsectors account for approximately 69.8% (10,143) of the total regional manufacturing employment (14,522). Recognizing opportunities for the regional dominant industry clusters to benefit from initiatives which increase awareness and utilization of composite and advanced materials technologies, in July 2010 EDA funded a one-year study by the Virginia Tech Office of Economic Development (OED) to assess the feasibility for developing a Southwest Virginia Composite Materials Industry Center. Through this study, a total of 19 regional manufacturing firms employing an estimated 4,620 individuals self-identified as being engaged with composite materials in some fashion, including but not limited to marketing, manufacturing, and using these materials in the manufacturing of other products. As these composite manufacturing employees account for at least 32% of total regional manufacturing employment, efforts to help promote the competitiveness of composite and advanced materials technologies are vital to promote growth and sustainability of the region's leading private employment sector. To help ensure regional manufacturing firms are able to respond effectively to market demands and opportunities related to composite and advanced materials, industry and economic development stakeholders are forming a public-private partnership to invest tobacco commission grant funds to provide 'factory floor' technical assistance to regional manufacturers and their suppliers that are engaged in or are pursuing utilization of composites or advanced materials. This technical assistance leverages knowledge and research assets of Virginia Tech faculty and graduate students and the Manufacturing Technology Center to expand manufacturing firm capacity in the areas of product development, process improvement, and integration of "green" or sustainable technologies or processes. Product development involves creating a new product or modifying an existing product that may result in new revenue streams. Improving production processes includes working with firms on topics such as lean manufacturing, strengthening supplier networks, efficiency of production floor layouts, and flexible automation. Incorporation of "green" or sustainable technologies and processes could include examination of ways to reduce energy consumption and waste during the manufacturing process or alternative material utilization resulting in a more environmentally-friendly product. OED is an EDA-funded University Center with access to Virginia Tech's resources and expertise. Over the years OED developed and managed similar technical assistance projects. In 2010, as part of an EDA-funded Southwest Virginia Composite Materials Industry Center Feasibility Study, Virginia Tech conducted field-based technical assistance with four companies to test and validate findings from firm site visits and best practices research, and to extend the research team's technical understanding of company needs. The fieldwork resulted in the companies becoming more competitive, developing productive working relationships with Virginia Tech faculty, and forming a Southwest Virginia Composites Interest Group that represents the nucleus of companies for this proposal. In 2010 with support from EDA, Virginia Tech provided technical assistance to ten projects in the transportation equipment manufacturing industry sector in the first year and eight projects in the second year of the three year program, called the Western Virginia Transportation Equipment Manufacturing Competitiveness Initiative (TEMCI). The first ten projects began about September 1, 2011, so progress to date is preliminary. From 2006-2010, with support from the Small Business Administration and in partnership with the University of Kentucky, the New Product Development and Commercialization Center at Virginia Tech provided technical assistance to eight small manufacturers to increase their profitability in efforts to remain globally competitive. In 2004 the Virginia General Assembly provided \$429,000 for technical assistance for product and process improvements to small manufacturers in the distressed parts of Virginia through the Virginia Small Manufacturing Assistance Program (VSMAP). During the three year timeline of this project, VSMAP provided technical assistance to 30 firms. Outcomes of these projects resulted in the creation of 128 new jobs, retention of 101 jobs, and over \$20 million of new investments.

Staff comments and recommendation: The composites sector is the latest in a series of industry sectors assisted by Virginia Tech, relying on several external funding agencies. VT's results from the 2005 General Assembly funded program for small manufacturers were significant, but further state funding of that pilot initiative has not been provided. While this proposal has the attribute of focusing on a tobacco region industry cluster (eight or more companies would be assisted), it suffers from the same funding sustainability challenge that has made the previous programs cited above entirely dependent on grant resources that have made "one-and-done" funding commitments. This proposal also entails all TICR funds being used to support three years of salaries/fringes, travel, tuition stipends and other expenses for VT faculty, grad students and Center staff based in Blacksburg. Furthermore the related federal Rural Jobs Accelerator grant application was unsuccessful so the proposed match (\$58,278 of VT in-kind) is minimal and outcomes have not been estimated in terms of the anticipated job retention/creation, private investment or increased revenues from the eight participating companies. A more sustainable funding model with an emphasis on TICR funds flowing directly into the region should be pursued before TICR commits to embarking on this path. **Staff recommends no award.**

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 and recommendation: 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. **Staff 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 now appeals 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.”

Staff 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.