

# FY11 Special Projects - Megasite

## Staff Summaries and Recommendations

### December 2010

*The Commission received seven requests for Special Projects - Megasite grant funds by the announced deadline of November 1, 2010, requesting \$34 million (these are listed and described below). The Committee has an available balance of \$20 million for Megasite projects. Program guidelines limit any individual grant to \$10 million, with a required non-TICR match of at least ten percent of project costs. Several key aspects of each project are also summarized in a table on page 8.*

Req #	Organization Name	Project Title	Request Amount	Staff recommendation
2266	Blue Ridge Crossroads Economic Development Authority	Wildwood Commerce Park-site Development and Build-out	\$6,000,000	<b>\$3,800,000</b>
2264	Danville-Pittsylvania Regional Industrial Facility Authority	Berry Hill Mega Park	\$10,000,000	<b>\$2,700,000</b>
2270	Greensville County	Mid-Atlantic Advanced Manufacturing Center "MAMaC" Property Acquisition & Pad Ready Development	\$7,402,736	<b>\$6,593,073</b>
2268	Henry County	Commonwealth Crossing Business Centre	\$5,000,000	<b>\$5,000,000</b>
2265	Smyth County Board of Supervisors	Smyth County Mega-Site Selection Study and Planning Project	\$130,500	<b>\$130,500</b>
2269	Sussex County	Route 626 (Beef Steak Road) Megasite Project	\$3,933,750	<b>\$250,000</b>
2267	Washington County Industrial Development Authority	Oak Park Phase IV: Access Road, Utilities and Site Grading	\$1,526,596	<b>\$1,526,490</b>

<b>Grand Totals (7 items)</b>	\$33,993,582	<b>\$20,000,000</b>
<b>Balance available</b>	\$20,000,000	<b>0</b>

**Blue Ridge Crossroads Economic Development Authority**  
***Wildwood Commerce Park-site Development and Build-out (#2266)***  
**\$6,000,000 requested**

Funds are requested by the regional authority comprised of Carroll, Galax and Grayson to develop a 167-acre site for which BRCEDA intends to execute an existing purchase option in February 2011 (an FY11 Special Projects grant of \$1 million will assist the applicant in the \$6.25 million site purchase). The site, which is adjacent to Interstate 77's Exit 19, currently has a 50-acre graded pad, a 3-acre stormwater retention basin, and 117 undeveloped acres. The additional requested funds will provide funds for engineering and related costs (\$1,730,000), construction of the main 5,135 foot access road which will also serve a graded 72-acre pad that will be retained by the private sellers (\$610,000), water/sewer utilities in the road ROW (\$135,000 requested, in addition to federal funds to be requested), five miles of 3-phase electrical service and 288-count fiber to the site (\$550,000), construction of an additional retention pond (\$150,000), grading of an 11-acre pad (\$2,025,000) and erosion/sediment control (\$800,000). Future phases will include additional grading on the 117 undeveloped acres and acquisition of an additional 223 acres for which there is currently a first right of refusal agreement. Targeted industries include wood products, automotive parts, food processing and information technology. Based on comparable sites in Southwest VA BRCEDA estimates that 400 workers could be employed at the site with private investment of more than \$250 million. A revenue-sharing agreement has been signed by all three localities to equally share any incremental new revenues on *and immediately surrounding* the site.

Total project cost is \$12,800,000. Other funds include: \$500,000 – VDOT to fund access road design and construction (application to be submitted following property closing- March 2011); \$500,000 – Appalachian Regional Commission-VA. DHCD for water and sewer extensions (application submitted- award decision early 2011); \$400,000 – Community Development Black Grant – VA DHCD for 3-phase electric extension (application with company commitment-anticipated 1 QTR 2014); \$5,250,000 – Carroll County, City of Galax, and Grayson County as loan principal for land acquisition (RFP for financing Jan. 2011; award & closing Feb. 2011); \$150,000 – local match for VDOT access road grant (obligated through Option to Purchase Agreement).

**Staff comments and recommendation:** The site has immediate access to I-77 and close proximity to I-81, but will likely never be served by rail (currently 15+ miles west), which may be a limiting factor in its ability to attract certain industry prospects. The nearest large competing site is the 166-acre rail-served pad being graded with TICR assistance less than 20 miles west in Wythe County's Progress Park. The grading of an 11-acre pad for more than \$2 million seems to be a lower priority given the current readiness this grant would provide for the 72-acre privately-owned pad and the 50-acre graded pad that will be acquired by BRCEDA. Staff also suggests that the \$300,000 budget item to construct electrical service be reduced to \$100,000 for engineering and related costs (e.g. ROW) in lieu of using TICR funds to build a utility line that would be owned by AEP. While water and sewer capacity will be somewhat limited initially (976,000 gallons per day of water and 260,000 gpd of wastewater), the site has long been viewed by VEDP as a strong candidate for attracting significant employment and investment projects, and the applicants have provided supplemental info that shows the ability to place million-square-foot buildings on two pads (one existing pad, and one to be developed in future phases). The private landowners have agreed to provide nearly \$1.2 million toward the costs of the access road, a sewer bore under I-77 and other costs. Future phase costs total \$42 million for additional property (\$2.8 million), grading (\$35 million) and related costs. **Staff recommends an award of \$3,80,000 excluding grading**

of 11-acre pad and reducing electrical line construction to provide funds for engineering, contingent on successful acquisition of the 167 acre property by BRCEDA.

## **Danville-Pittsylvania Regional Industrial Facility Authority**

### ***Berry Hill Mega Park (#2264)***

**~~\$10,000,000 requested~~ – reduced to \$2,723,720**

Funds were originally requested by the revenue-sharing RIFA to continue engineering (\$3.9 million) and utility development (\$6.1 million) on the 3,500 acre megasite west of Danville. The revised proposal reduces the requested amount to just over \$2.7 million to be matched with \$1 million of local funds for contractual services to design a new electrical transmission line and substations (\$1,279,800), engineer and acquire ROW for natural gas (\$462,000) and engineer and acquire ROW for a new connector road from U.S. 58 (\$1,981,920). TICR funds awarded to date for Berry Hill total \$15.2 million in five Southside Economic Development grants dating to 2008 for site acquisition (which is now completed), engineering and utility development. Future funding in the next three years will exceed \$17 million (\$13.5 of that from TICR) for additional engineering and grading of three lots ranging from 98 to 327 acres. Ultimately the Park will include up to 13 lots ranging in size up to a 1,296-acre megasite. The applicants have hired a pre-eminent consulting firm to begin certifying the Park as a megasite and have applied to the state for an Enterprise Zone designation. The applicants estimate the entire park could eventually result in up to 11,500 new jobs created and private capital investment of \$800 million to \$1.2 billion. Targeted industries include automotive, pharmaceutical and energy production. Revenues from new industries will be shared equally by the two localities under an existing agreement that also addresses the existing Cane Creek Centre.

Total project cost is \$236,893,675. Other funds include: \$500,000 – City of Danville as local matching funds (budgeted); \$500,000 – Pittsylvania County as local matching funds (budgeted).

**Staff comments and recommendation:** The nearest competing megasite will be the rail-served Commonwealth Crossing Business Centre site approximately 30 miles west in Henry County. The project also received a \$500,000 Megasite grant from VEDP last month for engineering. Natural gas exists within the site and rail is immediately adjacent. Waterline construction currently underway using previous TICR grants will provide up to 1 million gallons per day, while future funding will be needed for multi-phased buildout that will ultimately provide the projected water and sewer need of 6 million gallons per day for water and 3 mgd for sewer. Sewer service and additional water service is being designed to be provided by the City of Eden NC. **Staff recommends an award of \$2,700,000.**

## Greensville County

### *Mid-Atlantic Advanced Manufacturing Center "MAMaC" Property Acquisition & Pad Ready Development (#2270)*

**\$7,402,736 requested**

Funds are requested for 905 of the cost of the first phase of property acquisition (422 acres for which options expire in 2011, fronting Interstate 95 and Otterdam Road, for \$6.6 million) and engineering for wastewater plant expansion (\$1.3 million). The MAMaC property includes a total of 1,545 industrially-zoned acres that are fully optioned by the County and adjacent to the CSX main north-south rail line and I-95 Exit 13. The site is four miles from U.S. Route 58, is the most proximate tobacco region megasite to the Port of Virginia, and is the only site in Virginia currently certified as a megasite by CSX Railroad. Natural gas is within two miles of the site and MBC fiber is within one mile. Two future funding phases will complete the three phases of property acquisition (\$16.8 million) and site development (\$46.5 million) – further requests to TCR are expected to total \$12.1 million. The planned wastewater treatment plant expansion will provide 1.25 million gallons per day of new capacity for park occupants, with further expansions to 4 million gpd possible. Targeted industries include automotive assembly (the site was considered by two previous projects) and advanced manufacturing. Employment and investment estimated by Chmura Economics & Analytics range from 1,200-2,000 jobs and \$1.1-1.3 billion investment.

Total project cost is \$8,143,010. Other funds include: \$740,274 – Greensville County for property acquisition and pad ready development (committed).

**Staff comments and recommendation:** This CSX-certified site has already drawn serious interest on two previous automotive assembly megaprojects that ultimately went to other states. The proximity to two Interstates, Routes 58 and 460, the Port of VA and CSX mainline are strong attributes, as is the relatively level topography and preliminary engineering that has been accomplished with previous TCR grants. Emporia's water treatment plant has more than 1 million gallons of permitted and available capacity to initially serve the site, and a FY11 Special Projects grant has been awarded to design expansion to 4 million gpd. The phased approach to property acquisition sensibly addresses this significant hurdle and provides a developable 422-acre megasite in the immediate future while the County works toward future property acquisition funding. The County is agreeable to TCR assistance with property acquisition while accomplishing WWTP engineering with its own funds this year as the required match. **Staff recommends an award of \$6,593,073 for Phase 1 property acquisition.**

## Henry County

### *Commonwealth Crossing Business Centre (#2268)*

**\$5,000,000 requested**

Funds are requested for site approximately one-quarter of the \$21 million cost to grade lots 1 and 2 (170 and 222 acres respectively) and provide an access road, utilities and railroad spur in Phase 1 at the Centre, which is located on U.S. Route 220 at the VA-NC state line (nine miles south of Martinsville, 30-40 miles north of Greensboro NC and Interstates 40 and 85 and 65 miles from I-81 in Roanoke). The 726-acre site is owned by the County IDA and was studied in the TCR-VEDP megasite process in 2005. Phases 2 and 3 include additional lots of 40 and 127 acres that would not

be rail-served. The total cost to develop the Centre is \$44 million and EDC has verbalized that no further TICR requests are anticipated, although a \$1.7 million TICR Reserve Fund grant has been awarded for water/sewer and the County was recently awarded \$1.5 million from the VEDP Megasite program for grading. Wastewater is being designed to handle peak flow of 1.8 million gpd and the County PSA has 4 million gpd capacity that is well beyond the 1.1 million gpd that is expected to be the peak demand in the Centre. Economic impacts are estimated at 1,500 jobs and \$500 million investment. Targeted industries include advanced manufacturing and logistics requiring rail service. Revenue-sharing is in place at 1/3 City and 2/3 County.

Total project cost is \$43,590,000. Other funds include: \$2,500,000 – VEDP for site grading (pending approval – grants announced 11/5/10); \$1,720,000 – TICRC for water and sewer extension (committed); \$800,000 – Small Business Administration for water and sewer extension (committed); \$860,000 – The Harvest Foundation of the Piedmont for water and sewer extension (committed); \$7573,333 – Henry County for water and sewer extension (committed); \$286,667 – City of Martinsville for water and sewer extension (committed); \$2,600,000 – Henry County for land acquisition (720 acres) (committed); \$100,000 – Martinsville-Henry County Economic Development Corp. for the master plan (committed & received); \$228,500 – Henry County for engineering/wetlands delineation (committed & received); \$500,000 – MBC to extend fiber to the site.

**Staff comments and recommendation:** The 2005 megasite report warns of steep slopes, the likelihood of bedrock that could drive up grading costs, and terrain challenges regarding construction of a road, pads and railspurs. The \$21 million cost to make the two largest rail-served sites shovel-ready for a prospect is largely unfunded, leaving the question of how effectively the partner localities can leverage the requested \$5 million to complete this grading. In follow-up meetings and correspondence with EDC staff they have indicated their intent to bridge that financing gap by approaching the participating localities and other funders to reach the \$21 million goal. The Centre offers the best prospect for transformatively addressing the economic distress of this region's devastated industrial manufacturing base. **Staff recommends an award of \$5,000,000, contingent of County securing matching funds sufficient to complete grading and related improvements for Lots 1 and 2.**

## **Smyth County Board of Supervisors**

### ***Smyth County Mega-Site Selection Study and Planning Project (#2265)***

**\$130,500 requested**

Funds requested to conduct a site selection analysis among six identified potential megasites in Smyth County. Site analysis will be contracted in a first phase to identify a preferred site (\$20,000), which will then be examined in a subsequent phase through an aerial survey, geotechnical analysis, preliminary engineering and cost estimates for water/sewer/gas/power/fiber and a phase I environmental report (\$90,500). Real estate appraisal, securing options to purchase and legal services are also requested (\$28,000). The six sites range in size from 290 acres up to 857 acres. The preferred site will be studied for its potential to attract a mega-project of 400+ jobs and \$250 million capital investment. Five sites are adjacent to Washington County and could be developed under a revenue-sharing agreement through the existing Smyth-Washington Regional Industrial Facilities Authority (SWIFA). A sixth site is adjacent to Wythe County and may enable a revenue-sharing

agreement with Wythe. All six sites are in close proximity to Interstate 81, U.S. Route 11 and Norfolk Southern rail lines.

Total project cost is \$145,000. Other funds include: 14,500 – Smyth County IDA to cover any project costs (approved).

**Staff comments and recommendation:** Supplemental information from the County indicates the initial site review will be narrowed with the assistance of Norfolk Southern to two or three properties that offer the best options for affordable rail connections (without having to incur the excessive cost of bringing rail across Interstate 81). The issue of the County’s decision not to enter into TROF performance agreements with major new employers in recent years (due to the standard clawback provisions) raises concerns about the ability to ultimately attract major employers and investments to the resulting preferred site. However, several additional preliminary steps will be required before reaching the point of being prospect shovel-ready, and this initial site identification and characterization is a necessary precursor. **Staff recommends an award of \$130,500.**

## Sussex County

### *Route 626 (Beef Steak Road) Megasite Project (#2269)*

**~~\$3,933,750 requested~~ – increased to \$5,828,250**

Originally requesting funds (\$3,660,000) to purchase 610 acres on the south side of Route 460 that are under option through March 2011 at an agreed upon sale price of \$8,000 per acre, the County has submitted revised information that would add the acquisition of another 421 acres (at \$6,000/acre) with associated engineering costs that increase the requested amount to \$5.8 million. Engineering funds are requested (\$273,750) to contract with an engineering firm to perform boundary and topographic surveys, a traffic impact analysis, wetland delineation and development plans including clearing and grading, stormwater management, erosion and sediment control, access road design and water/wastewater utilities. The site abuts Norfolk Southern rail, has a 115 kV powerline in the property with a substation abutting, and is adjacent to waterlines, a sewer treatment plant, fiber and gas, either abutting the site or immediately nearby in the 460 corridor. The total cost to develop the site is \$15.4 million, with all acquisition completed in this phase (\$7.4 million for 1,031 acres) and future costs of \$7.6 million for grading, water and sewer. The County has stated in writing that no further TICR requests are anticipated, although several additional property acquisitions are shown on maps as second and third phase expansions. Additionally, the wastewater plant will likely need to be expanded to provide additional capacity beyond the .3 million gpd that is currently available for park occupants. The current water system is supplied by wells. The economic impact of a 400 job, \$250 million project was evaluated relative to target industries in automotive/aerospace/rail component manufacturing and alternative energy production. No revenue sharing is in place or discussed in the proposal.

Total project cost is \$5,245,000. Other funds include: \$1,311,250 – Sussex County for property acquisition and contractual engineering services (“committed” from Reserve funds).

**Staff comments and recommendation:** TICR staff met with County staff and noted the irregular shape of the site (with limited depth from U.S. 460) and expressed concerns regarding potential configuration of pads and buildings on the site. County staff noted the opportunity to acquire additional

parcels to create a larger site with more layout options, and therefore increased its request. The site comprises what was seen as the less desirable portion of one of the highest ranking megasite candidates studied by TICR and VEDP in 2005. In reality the current Norfolk Southern rail service is on this site's side of 460 and allows rail service much more cost-effectively than the then-preferred megasite north of 460. Supplemental information shows two rail-served pads of 67 and 75-acres could be created on the originally-requested 610 acres, making the acquisitions of additional parcels seem less necessary at this time. The site is 20 miles from the Roll-Royce facility in Prince George. It appears that additional engineering of potential pads, road and rail access, wastewater expansion and the reliability of wellwater system all should be studied before committing to site acquisition. **Staff recommends award of \$250,000 for PER and related engineering/assessments, contingent on County securing one-year extension of property options.**

**Washington County Industrial Development Authority**  
***Oak Park Phase IV: Access Road, Utilities and Site Grading (#2267)***  
**\$1,526,596 requested**

Requesting funds to construct a new 5,020 foot two-lane access road along with a 12" waterline, fiberoptic conduit, stormwater facilities and grading of two new pads (6.2 acres and 11.2 acres) in Phase IV of the Oak Park Center for Business & Industry. The new two-lane road will provide direct access to Oak Park from U.S. Route 11, providing an alternative to the current situation wherein industrial traffic must access the Park through a residential neighborhood. The requested funds will be used in combination with a \$1.3 million balance from a previous \$5.7 million TICR grant that is currently assisting in Phase III site grading in Oak Park. The access road will provide a direct route to three Phase III pads that range in size from 40 acres to 68 acres. Phases I and II of Oak Park are home to five industries.

**Total project cost is \$5,887,500.** Other funds include: \$460,904 – VDOT for Phase IV: New Access Road (approved); \$1,300,000 – TICRC for Phase IV: New Access Road, Utilities, and grading (approved in SWED grant #1741); \$2,600,000 – Washington County BOS for land acquisition and Engineering/Design Services (expended).

**Staff comments and recommendation:** The requested funds to provide direct access from Route 11 to the Oak Park pads that are currently being graded with previous TICR grants has significant merit for making these shovel-ready sites more marketable in a park that has already demonstrated significant private investment and employment. A post-application meeting with TICR and County staff and supplemental information by the County indicates that \$40,400 could be used to additionally assess a 480-acre parcel adjacent to the existing Bristol-Washington County Industrial park for its suitability as a megasite. The latter site is adjacent to Norfolk Southern rail and has water, sewer, power, fiber and natural gas all bordering the site, which abuts U.S. Route 11 within a mile of Interstate 81 and two miles from the County airport. The latter site may emerge as a viable candidate for future TICR Megasite assistance. **Staff recommends an award of \$1,526,490 for construction of the requested improvements at Oak Park and to perform preliminary engineering and assessment of the 480-acre tract adjacent to Bristol-Washington County Industrial Park. ■**

**Requests at a glance:**

<i>Applicant</i>	<i>Acres</i>	<i>requested cost/acre</i>	<i>zoning</i>	<i>certified</i>	<i>revenue sharing</i>	<i>rail</i>	<i>electric</i>	<i>gas</i>	<i>airport</i>	<i>total future cost</i>	<i>previous TICR \$</i>	<i>future TICR \$</i>
BRCEDA	167	n/a	?	no	yes - 3 localities	20 miles	5 miles	4 miles	1 mile	\$28 M	\$1 M	?
DPRIFA	3,500	owned	industrial	underway	yes - 2 localities	adjacent	12 miles	on-site	15-25 miles	\$92.3 M	\$15.2 M	\$13.5 M
Greensville	1,545	\$15,623	industrial	yes	being drafted	adjacent	? Miles	2 miles	5 miles	\$55.4 M	\$471k	\$12.1 M
Henry	726	owned	industrial	no	yes - 2 localities	adjacent	2 miles	<2 miles	10-30 miles	\$22.6 M	\$1.7 M	\$0
Smyth	290-857	tbd	ag	no	tbd - RIFA in place	adjacent	tbd	tbd	tbd	tbd	\$103k	tbd
Sussex	610	\$8,000	ag	no	no	adjacent	on-site	adjacent	40-60	\$7.6 M	\$45k	\$0
Washington (Oak Pk: BWC Park)	170:480	owned: not owned	industrial : ag	no	no	adjacent	on-site	adjacent	1-2 miles	\$0: tbd	\$6.3 M	\$0: tbd