

FY15 Special Projects - Megasite

Summaries and Staff Recommendations – May 2015

The Commission received five proposals for FY15 Megasite grants by the announced due date of March 20th. The requests seek \$14 million dollars. The Commission budgeted \$6.25 million for this program in FY15, and carried-forward funds increase that to an available balance of \$6,297,437. The Special Projects Committee will meet on May 12 in Rocky Mount to consider these proposals and make funding recommendations to be acted on by the Commission on May 21. Other Business is also described in this report.

Req #	Organization Name	Project Title	Request Amount	Staff Recommendation
3007	Martinsville-Henry County Economic Development Corporation	Commonwealth Crossing Phase I Roadway Improvements	\$1,080,000	Withdrawn by applicant
3008	County of Sussex	Sussex County Mega Site Project	\$3,127,950	\$829,350
3009	Carroll-Grayson-Galax RIFA	Wildwood Commerce Park- Wastewater Capacity II	\$2,499,500	\$1,746,200
3010	County of Greenville	Mid Atlantic Advanced Manufacturing Center	\$3,805,320	\$1,480,320
3011	Danville-Pittsylvania Regional Industrial Facility Authority	Berry Hill Lot 4 Electric Utility Relocation	\$3,550,000	\$2,241,567

Total (5 requests/recommendations)	\$14,062,770	\$6,297,437
Amount available before/after recommendations	\$6,297,437	\$0

Martinsville-Henry County Economic Development Corporation ***Commonwealth Crossing Phase I Roadway Improvements (#3007)*** **\$1,080,000 requested**

Project Description Provided by Applicant:

Executive Summary: Commonwealth Crossing Business Centre (CCBC) is a 726 acre industrial park located in Henry County adjacent to the North Carolina - Virginia state line. This grant application is being submitted for the Phase I Proposed Highway Access Improvements at Commonwealth Crossing. This phase consists of lengthening the turning lanes at the northern intersection of US-220 & Martinsville Loop so that vehicles can safely and efficiently access the industrial park from US-220. A more detailed summary is described in the 'Additional Project Description' section of the application.

What is the current status of ownership and development of your Megasite? Commonwealth Crossing is fully owned by Henry County. Grading began at the site in the fall of 2014 and is expected

to be completed by January 2016. Roadway improvements and utility extensions will be the next major obstacles to make CCBC "shovel-ready."

How have Commission and matching funds been used to date? Tobacco commission funds have been used in the following ways:

- \$1.72 million for Water/Sewer Extension at CCBC - Matched by Harvest Foundation (\$860,000), Henry Co (\$573,333) and the City of Martinsville (\$286,667)
- \$5 million for a CCBC Megasite Grant - matched by Harvest Foundation (\$5M), Henry Co (\$3.33M) and the City of Martinsville (\$1.67M)
- \$2.4 million for a Waterline Extension and an elevated Water Tank at CCBC - matched by Henry Co (\$300,000) and the M-HC EDC (\$130,000)
- \$6.5 million for CCBC Prospects Grant Request (Atlantis & Mercury) - matched by Harvest Foundation (\$5M)

What industries is your Megasite targeting? Our primary targets are advanced manufacturing companies that need large rail served pad sites. Automotive, plastics, and aerospace industries are good examples. We have already seen an increase in prospect activity over the past few months since grading has begun at CCBC. Since June of 2014 alone, we have received five (5) inquiries by industries interested in considering CCBC totaling over \$1 billion in capital investment and 1,900 jobs.

In ranked priority, what are the next steps, and costs involved in each step, to get your megasite development ready?

1. Roadway improvements* (Phase 1): \$1.2 million
2. Roadway improvements (Phase 2): \$2.9 million
3. Extend Electric to the Graded Tracts: \$10.8 million
4. Extend Natural Gas line to the Graded Tracts: \$3.75 million
5. Extend Fiber (Mid-Atlantic Broadband) to the Graded Tracts: \$500,000

THE TOTAL COST FOR THE FIVE STEPS LISTED ABOVE IS \$19.15 MILLION.

*For this grant request, we are only asking for the Phase 1 Roadway Improvements.

If revenues will be shared by two or more localities at your Megasite, describe the distribution of revenues to the respective partners.

Henry County: 2/3

City of Martinsville: 1/3

Staff Comments and Recommendation: Total Commission support to date is described above and totals \$15.6 million, primarily from the Megasite program. Southside allocation of \$216k is currently available, which would not substantially assist this project. This construction is the most cost-effective manner to provide vehicular access to Commonwealth Crossing (as opposed to a multi-million dollar flyover road to cross the railroad tracks that abut the site and US 220). However, this construction is entirely located in North Carolina, just across the state line from the Park. While TCR staff readily acknowledges the critical nature of this access design, this would constitute the first use of Commission funds entirely outside of Virginia. Staff suggests this is an issue that may require federal assistance, and has asked the County and EDA to begin discussions with federal elected officials regarding possibilities for funding from national highway or other federal sources. Pending the outcome of those inquiries, **the applicant has withdrawn this request.**

County of Sussex

Sussex County Mega Site Project (#3008)

\$3,127,950 requested

Project Description Provided by Applicant:

Executive Summary: Sussex County is requesting funds to assist in the acquisition of an additional 378 acres of land (to be added to the approximately 1,130 acres already purchased by the County) to further expand the County's existing mega site. Sussex County is currently in negotiations to purchase the additional 378 acres of land at cost of \$9,194.44 per acre, for a total purchase price of \$3,475,500.00.

What is the current status of ownership and development of your Megasite? Sussex County currently owns approximately 1,130 acres of undeveloped land for its mega site. Due diligence activities (topographic and boundary surveys, wetland delineations and confirmations, Phase I environmental site assessment, cultural resource analysis, preliminary geo-technical analysis, master planning update and preliminary engineering report, etc.) have been completed for 948 acres of the 1,103 under the County's ownership. Due diligence activities for the remaining 182 acres are currently being completed by the engineering firm hired the County.

How have Commission and matching funds been used to date? Tobacco Commission and local match funds from Sussex County have been used for land acquisition and for the procurement of professional engineering services to perform due diligence activities. Total grant funding received from the Tobacco Commission to assist with the Sussex mega site project (land acquisition and engineering) amounts to approximately \$9,418,575 (81.75% of total project costs). Sussex County has expended approximately \$2,103,430 of local dollars (18.25% of total project costs) on its mega site.

What industries is your Megasite targeting? Sussex County's mega site is targeting the following industries: automotive, advanced manufacturing, green-tech, alternative/renewable energy, aerospace and manufacturing/distribution. Recent prospects that have expressed interest in the County's mega site include several advanced manufacturers, VEDP's Project Hermes (which the County assumed to have been automotive), several alternative energy companies, a major food processor and a major manufacturing/distribution center.

In ranked priority, what are the next steps, and costs involved in each step, to get your megasite development ready?

- *1. Acquisition of Phase 3 property (378 acres @ \$9,194.44 per acre)- \$3,475,500 (90% of funds requested in application)
2. Complete survey work on Phase 3 property - \$15,000
3. Complete Wetlands Mitigation Study and Master Plan - \$31,500.00
4. Acquire conditional wetlands permit for site development - TBD (see item two above)
5. Complete design of waterline and elevated storage tank - \$346,500
6. Construct General Access Road through site - \$573,200
7. Construct Economic Development Access Road -\$800,500 (VDOT/Local Funds)
8. Complete design of WWTP expansion/upgrade - \$500,000

If revenues will be shared by two or more localities at your Megasite, describe the distribution of revenues to the respective partners. N/A

Staff Comments and Recommendation: Total Commission support to date is described above. This request seeks half of the available funds in this annual funding cycle. The parcel in question is crossed by an existing Dominion Power transmission line that divides the developable property nearly in half. Staff has suggested that acquiring less than half of the 378 acres lying west of the Dominion

line and adjacent to the existing megasite property would accomplish the objective of enlarging the potential footprint for manufacturing structures (albeit requiring some apparent stream mitigation costs), and reduce wetland and stream disturbance on other current acreage. The County intends to re-open discussions with the property owner regarding the willingness to negotiate purchase of a subdivided portion of the 378-acre parcel. Southside allocation of \$719k is currently available to assist this project as well, but the County did not submit to the current Southside cycle. On May 1st the County provided a letter restating its ranked priority activities as (in descending order): design of the water tank/line (#5 above); design of wastewater plant expansion (#8 above); wetlands study and master plan (#3 above, revised to \$75,000); and gravel access road (#6 above). These revised priorities total \$1,494, 500. The water/sewer design work is estimated to cut 9-12 months off the timeline to have utilities built to serve a customer. TICR Staff recognizes the value of having a partially built access road to show the site to prospects, but also suggests that at the appropriate time, the VDOT Access Road program could be a funding source for a permanent entrance road. **Staff recommends award of \$829,350 for not more than 90% of the estimated costs (\$921,500) for water/sewer engineering and wetlands/master plans.**

Carroll-Grayson-Galax RIFA

Wildwood Commerce Park- Wastewater Capacity II (#3009)

\$2,499,500 requested

Project Description Provided by Applicant:

Executive Summary: BRCEDA requests \$2,499,500 in Commission funds to complete Wildwood Commerce Park's planned sanitary sewer capacity expansion from 300,000 GPD to 550,000 GPD. Funds would be used for the engineering and construction of sanitary sewer collection system upgrades. BRCEDA has identified food product processing as a suitable industry for Wildwood, which typically requires a minimum 500,000 GPD of sanitary sewer capacity. The target capacity has been determined following discussions with site selection consultants who have visited and assessed Wildwood.

What is the current status of ownership and development of your Megasite? BRCEDA owns 273 acres at Wildwood Commerce Park and has a right-of-first-refusal on an adjacent 1,072 acres for a total 1,345-acre site. At present, the Park includes 100-acre and 25-acre graded sites. An access road has been built to serve these sites as well as water, sewer, fiber, and electric utilities. Construction of natural gas lines to the site are to be completed during CY 2015. All due diligence has been completed and is being updated for site certification also expected in CY 2015. Wildwood Commerce Park is a "ready" industrial park.

How have Commission and matching funds been used to date? BRCEDA has leveraged Commission funds to acquire and develop Wildwood. Specifically, the Commission has provided \$6.75 M for site acquisition and \$5.56 M for site development, including the development of the access road, water, sewer, storm water and fiber utilities. BRCEDA and the localities have financed \$5.3 M for site acquisition. VDOT and ARC (DHCD) have provided \$1.15 M for road, water and sewer construction. American Electric Power has invested approximately \$4 M to extend electric distribution service to the site. To date, total investments from all entities equal \$22.9 M.

What industries is your Megasite targeting? Target industries include: Advanced Wood and Fabrics, Components (auto, aero, electronic, medical), Food Products, and Distribution. In 2012, Wildwood was the Virginia finalist for a \$150 M/ 600 jobs project that ultimately located to North Carolina. Currently, Wildwood has been submitted for four (4) prospects through the Virginia Economic

Development Partnership.

In ranked priority, what are the next steps, and costs involved in each step, to get your megasite development ready?

1. Initial Designs- 4 months- \$120,560 in contractual services
2. Permitting and Revised Designs- 2 months- \$40,000 in contractual services
3. Award of Construction Contract- 2 months- \$22,000 in contractual services
4. Construction & Close-out- 28 months- \$1,951,475 in property & improvements and 365,465 in contractual services

If revenues will be shared by two or more localities at your Megasite, describe the distribution of revenues to the respective partners. Revenues (property taxes) shall be collected by the host locality (Carroll) and shall be distributed first to pay any current installments of debt due on the Project, including financing payments of principal and interest, all outstanding or anticipated costs and expenses of the Project and then any remaining revenue shall be then distributed to the Participants in the Project based upon their percentage of shares owned in the Project. The localities of Carroll, Galax, and Grayson each own an equal number of shares.

Staff Comments and Recommendation: Total Commission support to date is described above. Last year's grant to BRCEDA is enabling wastewater capacity to be expanded to 300,000 gpd. BRCEDA leadership acknowledges this request seeks 40% of the available funds in this grant cycle, and has therefore obtained revised cost estimates from its engineers to bring wastewater capacity to the 400,000 gpd level that is required for site certification by AEP/McCallum Sweeney. BRCEDA's engineering firm estimates this can be accomplished with an additional award of \$1.75 million and the repurposing of \$351k of remaining construction funds from a previous Megasite grant (#2266) which funded on-site construction of road and utilities. That earlier grant (awarded in January 2011) will require approval of a time extension and the repurposing of construction costs. Matching funds are proposed as debt payments over the next two years (a total of \$695k) from BRCEDA's acquisition of the property. Staff considers site certification an important step for the marketing of Wildwood and supports the revised request to reach 400k gpd capacity. **Staff recommends award of \$1,746,200, and the repurposing and fifth year extension of the balance in Megasite grant #2266 to allow use of those remaining funds to support wastewater capacity expansion to 400k gpd.**

County of Greenville

Mid Atlantic Advanced Manufacturing Center (#3010)

\$3,805,320 requested

Project Description Provided by Applicant:

Executive Summary: Greenville County in partnership with Mecklenburg County and the City of Emporia as well as the Tobacco Commission have taken great strides in preparing MAMaC for an MEI client. The site was seriously considered by Project Hermes, a billion dollar investment and 2,000 jobs. In order to shorten the timeline for the next major client to be in operation there are three vital steps that need to be completed, cutting the operational timeline from 18-24 months down to 9-12 months. They are: construction of natural gas line extension, purchase of electrical ROW, and construction of Otterdam Road II.

What is the current status of ownership and development of your Megasite? The Greenville County IDA owns the entire 1600 acres in the MAMaC project site. An additional 400 acres is under option should a client need additional land. The Right of Way for construction of Phase I of Otterdam Road has been acquired. This ROW will also house the water and sewer extensions. Utilities to serve the site

have been engineered to a point that will allow the site to be fully developed within 12 months. Army Corp permit can be obtained within 90 days of a site plan submittal. The ROW acquisition for natural gas and electric will add 6-9 months to the development of the site.

How have Commission and matching funds been used to date? Commission and matching funds (from the County, City of Emporia, and VDOT) have been used to acquire the 1600 acres that make up MAMaC, engineer sewer and water treatment plant upgrades, the engineering and construction of the expansion of Otterdam Road to industrial width, engineering of the natural gas extension, preliminary engineering and determination of row for electric and all reports/studies necessary for the environmental permit approval. With these steps complete the site can be fully developed within 18 months. With this request funded the development time can be cut to 9-12 months.

What industries is your Megasite targeting? The MAMaC team will target industry in Advanced Manufacturing. MAMaC's marketing goal is to be positioned in front of site location consultants, developers, corporate real estate brokers and mid-level executives of global leaders seeking sites in the eastern United States. The clients will bring large-scale manufacturing facilities representing investment of \$1 billion or more and 1,000 or more jobs in industries such as:

- Advanced Manufacturing
- Aerospace
- Information Technology
- Energy / Alternative Energy
- Wood Products

In ranked priority, what are the next steps, and costs involved in each step, to get your megasite development ready?

Priority #1: Natural Gas line extension - \$2,325,000

Priority #2: Purchase of Right of Way for Electric Service Extension - \$300,000

Priority #3: Otterdam Road Extension Phase II - \$1,180,320

If revenues will be shared by two or more localities at your Megasite, describe the distribution of revenues to the respective partners. A revenue sharing contract is in place between the Counties of Greenville and Mecklenburg and the City of Emporia. Each locality will receive a share of the revenues received from any development in the MAMaC site in proportion to the expenses the locality funded during development. A current local share chart is attached.

Staff Comments and Recommendation: This request seeks 60% of available funds in this grant cycle, calling attention to the numbered priorities listed above. MAMaC has received \$23.5 million of Commission support, coming almost entirely from the Megasite program. There is no allocation of Southside funds currently available to assist this project, and Greenville is a low-allocation locality (less than 1% of the annual Southside budget is allocated for projects in the County). The site was a finalist for Project Hermes in late-2014, demonstrating the need for natural gas service to the Park. In this particular case, the Commonwealth has provided a \$2 million appropriation to construct a 4-inch Columbia Gas line to serve the nearby Greenville Correctional Center in Jarratt. The proposed project would double the size of that line to provide capacity to also serve MAMaC. However, the service would terminate at the Correctional Center property line, and would need to be extended in the future to the MAMaC property, at an estimated additional cost of \$2.2M. TICR is being asked to contribute \$2.45M to the project to bring the gas pipeline to the Corrections property line (70% of the \$3.5M project cost), with Corrections contributing \$1.07M (the \$1M balance of the Corrections appropriation would be used to extend the line within the prison site to its service connection). The alternate method of serving MAMaC is a separate service extension ("Route 2") which would cost an estimated \$6-\$7 million. TICR staff has requested more detailed engineering costs and an understanding of the potential of Columbia for repaying the County and Commission for the

construction costs once a major user is located at MAMaC. The logic of building a larger pipe in conjunction with Corrections to get gas service closer to MAMaC is obvious. However, it remains unclear why the doubling of the size of the line causes more than a threefold increase in costs, and why the Commission should pay 70% of the project cost to double the pipe size. Furthermore, the Commission would clearly be establishing a precedent to construct capital facilities owned by regulated utilities for speculative development purposes (note the multi-county gas pipeline funded through TROF in 2013 crosses a half dozen counties and came as part of a commitment to build a \$1 billion power plant and the \$330M pipeline). If the Commission chooses not to participate in the Columbia/Corrections construction, the County alternatively requests consideration of priorities 2 and 3 to purchase electric service ROW (\$300k at \$6k/acre, which will significantly reduce the timeframe to provide service to a MAMaC user) and to further extend Otterdam Road (\$1.18M, which has \$1.2M of committed matching funds from VDOT). Using public funds to acquire ROW that will be ultimately be owned by Mecklenburg Electric Cooperative also raises precedent concerns. However, the costs involved are minimal compared to construction of the actual utility infrastructure, and benefits of having negotiations completed with the eleven property owners are significant when a prospect needs a fast track site development scenario. Furthermore, it is more appropriate that the Electric Cooperative have ownership responsibility (including liability) for the property when its powerlines are installed. **Staff recommends award of \$1,480,320 for acquisition of electric utility ROW and Otterdam Road Extension Phase 2, with Commission's immediate approval of the County turning ownership of the electric ROW to Mecklenburg Cooperative at such time as a mega-prospect commits to the MAMaC site.**

Danville-Pittsylvania Regional Industrial Facility Authority

Berry Hill Lot 4 Electric Utility Relocation (#3011)

\$3,550,000 requested

Project Description Provided by Applicant:

Executive Summary: The proposed project involves the relocation of an existing 69KV overhead electrical utility line. The current placement of line bisects multiple lots including Lot 4, the first pad site to be graded in the park. Lot four pad area measures approximately 175 acres. In order to maximize the development potential of Lot 4, Appalachian Power will relocate approximately 3.2 miles of power line to the southern portion of the site abutting Berry Hill Road. The attached site map provides an illustration of both the existing overhead line and proposed relocation.

What is the current status of ownership and development of your Megasite? The 3500 acre Berry Hill Industrial Park is publicly owned by the Danville-Pittsylvania County Regional Industrial Facility Authority. The Berry Hill Mega has complete engineering design, wetland delineation, and is awaiting permitting from the U.S. Army Corps of Engineering for Phase One development.

How have Commission and matching funds been used to date? To date Commission funds and matching funds have been used for environmental studies on the entire 3,500 acres of the park. Funds have also been used to make substantial progress toward the completion of infrastructure needs including Phase II water system engineering design, permitting, and right-of way acquisition for providing upgraded water and sewer system service.

What industries is your Megasite targeting? Target industries for the Berry Hill Industrial Park are Wood and Paper Product Manufacturing, Plastics and Rubber Manufacturing, and Fabricated Metal Product Manufacturing. These industries have been identified and confirmed by Jones Lang Lasalle market analysis.

In ranked priority, what are the next steps, and costs involved in each step, to get your megasite development ready?

1. Relocation of the 69KV electrical line (\$4.15 million) Request described in this application.
2. The acquisition of Right-of way for electrical (\$1,000,000) and electrical site study, engineering (\$400,000) will occur. (RIFA is requesting an budget amendment for a previously approved grant to cover these costs)
3. Engineering and acquisition of Right-of Way for natural gas (\$462,000) Funding Approved.
4. Grading of Lot 4 pending Phase I permit approval from the U.S. Army Corps of Engineers. (Funding Approved)
5. Water System Improvements Phase II(\$2.5 million) No funding Identified

If revenues will be shared by two or more localities at your Megasite, describe the distribution of revenues to the respective partners. The City of Danville and Pittsylvania County signed a revenue sharing agreement during the creation of the Regional Industrial Facility Authority that requires any and all income generated as a result of sales, leases, conveyances, and or interest remain with the Authority to further promote economic development within the two localities. Machinery and tools tax, Real Property Tax, Personal Property Tax, and any miscellaneous tax revenues will be shared with each locality receiving one half.

Staff Comments and Recommendation: This request seeks 56% of available funds and is focused on 90% of the priority #1 activity. Berry Hill has received nearly \$28 million of Commission support to date, coming almost equally from the Megasite and Southside Economic Development programs. A total Southside allocation of \$5 million is currently available for the two localities (\$1.8M in Danville and \$3.1M in Pittsylvania). Staff acknowledges the limitations placed on development of Lot 4 with the current location of the powerline. However, aside from the Southern VA natural gas pipeline project (which was approved in order to secure \$1.3 billion of investments by Dominion Power and Williams/Transco), to date the Commission has not paid to construct the facilities of regulated utilities such as the Appalachian Power line in question. It should be noted that the application states that Appalachian has proffered to repay the RIFA and TICR if a “significant user” is located in the Park within ten years. Given that the grading of Lot 4 has not yet been approved by the Army Corps, it appears premature and precedent-setting to approve this request to relocate the powerline. If at such time as a major prospect commits to the Park, it is likely that Appalachian will pay the relocation costs and grant funding would not be needed. This was communicated by staff to the RIFA, and its representatives have indicated that TICR support for the Phase 2 waterline construction (a \$2.5 million project to bring the water from the North Carolina state line into the Park) is an equally important step to further prepare the site. The RIFA has requested that the Commission will alternatively consider this aspect of the request (item #5 in the list above), and TICR staff is supportive of that alternative. **Staff recommends award of \$2,241,567 for not more than 90% of the Phase two water line construction and related costs.**

OTHER BUSINESS - MEGASITES

Three-year extensions are requested by the grantee for the following two projects, and a requested repurposing of funds under one of those grants is described below. Staff recommends approval of two-year extensions and repurposing in order to continue development of the Berry Hill megasite:

Grant	Organization	Project Title	Start Date	End Date	Extension
#2264	Danville-Pittsylvania Regional Industrial Facility Authority	<i>Berry Hill Mega Park</i>	1/11/2011	1/10/2015	1/10/2017
#2491	Danville-Pittsylvania Regional Industrial Facility Authority	<i>Berry Hill Mega Park – Site Development – Lot 4</i>	1/10/2012	1/10/2015	1/10/2017

Danville-Pittsylvania Regional Industrial Facility Authority Berry Hill Mega Park (#2264) \$2,700,000 grant – Repurpose and ROW ownership request

The \$2.7 million grant and \$1 million match were originally approved to support new electrical transmission line and substation (\$1,279,800); engineering and acquisition of ROW for natural gas (\$462,000); and engineering and ROW acquisition for a new connector road from U.S. 58 (\$1,981,920). Completion of the project activities has been delayed due to the inability to obtain permits from the Corps of Engineers. During this period RIFA has identified the need to revise the use of grant funds due to changes for the provision of electrical service and transportation infrastructure to serve the park. The original project estimates for electrical power were based on this being provided by the City of Danville’s Power and Light Utility Division. In order to provide competitive power pricing RIFA has negotiated with Appalachian Power to serve the mega-site from their Danville/Axton line. RIFA is proposing a revised project budget of \$1.525 million to support electrical utility costs with Appalachian Power including \$525,000 for siting study, SCC certification, and engineering costs; and \$1 million toward ROW acquisition to be owned by Appalachian Power. RIFA also proposes a revision to the use of funds originally approved for the connector road, based on discussions with VDOT, to instead be used toward costs for design, contractual and construction related expenses for an interchange at the Danville Expressway and Berry Hill Road. While the standard rule for the Commission is that ownership of assets acquired or improved with grant funds must be held by an eligible grantee, in this case, given the expected major investment in equipment and infrastructure anticipated by Appalachian Power to serve the Berry Hill Mega-Site and their responsibility for the maintenance, staff views this is sufficient justification to allow ownership by Appalachian Power of the electrical power right-of-way that would be purchased with grant funds. As stated earlier in this report, using public funds to acquire ROW that will be ultimately owned by AEP raises precedent concerns. However: 1) the costs involved are minimal compared to construction of the actual utility infrastructure; 2) and it is more appropriate that the power company have ownership responsibility, including liability, for the property when its powerlines are installed, and; 3) the acquisition of ROW in advance of a prospect commitment significantly reduces the timeline to deliver service to a prospect when it materializes. **Staff recommends approval of the revised use of grant funds and ownership transfer of the electrical power right-of-way to Appalachian Power at such time as a megasite prospect commits to the Park.**

OTHER BUSINESS - ACCESS TO HEALTHCARE PROPOSALS

The following project was tabled in the September Committee meeting. The available balance in Special Projects following the September grant approvals is \$400,490.

Piedmont Access To Health Services Inc.

Boydton Facility Purchase (#2936)

\$450,000 requested (tabled in September 2014)

Executive summary provided by applicant: By partnering with the Virginia Tobacco Indemnification Commission, PATHS will be able to attain the following goals:

- Increase the number of providers, medical and dental;
- Decrease the number of uninsured residents by enrolling them in a plan under the Affordable Care Act;
- Broaden the scope of telemedicine to include more specialty care;
- Improve patient outcomes, especially those with chronic diseases such as diabetes and hypertension; and
- Contribute to economic growth of the area by an increase in workforce and the close proximity to businesses such as Microsoft.

Mecklenburg County, and the surrounding region had been served with access to primary medical, dental, and behavioral health services for over 25 years through an organization based in Boydton, Virginia. As a federally qualified community health center (FQHC), the organization provided care to everyone, regardless of their ability to pay or insurance status. The former organization secured a USDA loan to purchase, renovate and outfit a facility in, or around, 2008. This facility is located at 380 Washington Street, Boydton. In 2012, PATHS implemented operations in Mecklenburg County in a small medical office with 1 Full-time equivalent (FTE) doctor. Within 6 months, PATHS expanded the operation to include another FTE doctor. In 2013, the USDA presented PATHS with an opportunity to lease the larger facility at 380 Washington Street. Since then, the medical practice has been relocated, PATHS has re-opened the fitness center and has secured funding from the Virginia Health Care Foundation that has been used to hire 1 FTE dentist. Since beginning operation in Boydton in 2012, PATHS has found that there is a large number of residents from surrounding counties that travel to PATHS' Boydton facility for care. Specifically, there are 73 active, unique patients from Charlotte County; 1,087 active, unique patients from Halifax County; and 1,112 active, unique patients from Lunenburg County. PATHS contributes this to the fact that the area is very rural, and there are simply not a lot of options available whereby residents can access the services PATHS provides in Boydton.

Staff comments and recommendation: PATHS was established as a 501c3 nonprofit in 2001 and now operates clinics in Danville, Martinsville and Chatham. In 2012 PATHS began leasing and operating the former "Healthcare on the Square" in Boydton from USDA Rural Development, which holds a \$4 million loan that was provided to the former owner/operator (Boydton Community Health Care, Inc.) to establish the facility. PATHS made a purchase offer of \$80,000 to USDA Rural Development in 2013 that was rejected by USDA. PATHS made a second purchase offer to USDA in March 2014 for \$100,000 which was also declined. Under this request PATHS is seeking \$450,000 as a final offer for the building acquisition. This request was tabled in the September 2014 Special Projects Committee as it was not yet known if USDA would consider that latest offer from PATHS. The match for the project (\$1,000,000) is the difference between an independent appraiser's value of the property and the grant amount requested from the Commission. While this may be seen as valid "in-kind"

match, PATHS has provided its operating budget that shows annual expenses of \$1.2 million in Boydton, which in the opinion of TICR staff, provides significant matching fund commitment. In November 2014 USDA notified PATHS it would accept a \$450,000 cash offer for the property “as is.” If successful with this acquisition the project would provide for stabilization and expansion of health care access in Mecklenburg County and the surrounding service area in Southside that is served by this facility. Supplemental data provided by PATHS shows the unduplicated count of patients served has risen from 1,043 in 2012 to 2,911 in 2014, and continues to grow significantly in early-2015. The facility currently employs 18 FTE medical professionals, is recruiting two additional positions, and is working toward re-opening the pharmacy operation at the site. Staff notes that PATHS has been leasing this facility from USDA since 2013, and is providing much-needed services for basic health care in the service area, and advances telemedicine capabilities for residents of a multi-county region (a stated funding priority for health care projects). **Staff recommends award of \$400,000 for the acquisition of the Boydton facility by PATHS from USDA.**