

# Tabled FY11 Special Projects

## Staff Updates and Recommendations

### October 2010

*The Committee met in July and tabled five requests for Special Projects grant funds that were received in June, 2010. One proposal has since been withdrawn and three have reduced the amount requested, so that the four remaining projects are requesting more than \$5 million. The Committee has an available balance of \$3,788,871.*

*Three additional projects (#1847, 2143 and 2145) are requesting a change of use, that an approved condition be waived, and that revised budget be approved, respectively:*

Req #	Organization Name	Project Title	Request Amount	Committee Recommendation (July)	Staff Recommendation (Oct)
2150	Cumberland IDA	Ag-Renewable Resources, LLC Anaerobic Digester Facility	\$1,317,600	table	<b>\$375,000</b>
2136	Franklin County Office of Tourism	Lake Effects - A family film about and to be filmed at Smith Mountain Lake	<del>\$250,000</del> \$130,000	table	<b>\$0</b>
2139	Lenowisco Planning District Commission	Compressed Natural Gas Vehicle Conversions	\$3,240,000	table	<b>withdrawn</b>
2140	Lenowisco Planning District Commission	LENOWISCO Solar Power Generation Project	\$3,000,000	table	<b>table</b>
2135	Prince Edward County	Granite Falls Hospitality Workforce Training Center	<del>\$2,500,000</del> \$1,500,000	table	<b>\$1,500,000</b>
<b>Grand Total Requested/Recommended (4 remaining items)</b>			<b>\$5,947,600</b>		<b>\$1,875,000</b>
<b>Balance Available Before/After Recommendations</b>			<b>\$3,788,871</b>		<b>\$1,913,871</b>
<b>Old Business</b>					
1847	Charlotte County	Project Prison Sewer and Water Enhancement	\$1,500,000	\$1,500,000	<i>Requesting change of use for grant</i>
2143	Southside Planning District Commission	Return to Roots-Southern Virginia-Phase II	\$343,599	\$70,000	<i>Requesting approval of revised budget</i>
2145	St. Charles Health Council, Inc.	Project PLAYOUT	\$487,529	\$243,765	<i>Requesting waiver of match condition</i>

**Cumberland County IDA**  
***Ag-Renewable Resources, LLC Anaerobic Digester (#2150)***  
**\$1,317,600 requested**

Funds are requested to purchase equipment for a private farmer-owned LLC that intends to develop a methane digester adjacent to the regional landfill, which will accept poultry waste as the principal feedstock. The digester will generate electricity to be sold to the regional power grid, in addition to organic fertilizer and compost that will be sold to farms and other users. The application states a performance agreement will be executed with the LLC to commit to \$7 million of private capital investment, and the return of the TICR-funded equipment to the County IDA in the event of the operation's closure. Request is for the entire cost of digester vessels, and the IDA proposes retaining ownership of that equipment. Two full-time and one part-time job will be created. Per a feasibility study, the majority of poultry waste can be obtained locally at a cost of \$35 per ton to poultry producers. Waste from foods and biomass will also be accepted from providers willing to pay a tipping fee.

Total project cost is \$7,816,583. Other funds include: \$200,000 TICR Southside Econ Devel (FY10) via Cumberland IDA for land acquisition for locating business (awarded and in planning stage); \$300,000 VA Dept. of Mines, Minerals, and Energy for permitting and civil engineering (awarded and in use); \$5,570,150 cash and loans for land development, equipment, lease/purchase of property (received); \$128,803 in-kind as professional services (awarded).

**Staff comments and recommendation (July):** This proposal is submitted to Special Projects because allocation for Cumberland under the Southside program is insufficient to adequately support the project (\$87,673 will be available in FY11 SSED). The project supports a rural locality dependent on agriculture and will move Cumberland County forward in development of their first industrial park. An estimated 150 poultry growers operate in an eight county area surrounding the project. Respondents to a survey indicated 73% would be willing to commit part or all of their litter production to the digester facility, of which, the highest litter production by county in tons/year is from Cumberland (7,692), Amelia (7,216), Buckingham (6,448), and Nottoway (5,242). Poultry production is critical to the economy of this region-- Cumberland County generated \$21 million in poultry sales in 2002, with sales for the region in excess of \$70 million-- and the digester project will help to stabilize the industry which has seen margins for producers drop significantly in recent years. A pro forma provided for the project indicates substantial after-tax income in early years of operation, raising the question of how much grant support is required, while opportunities remain to access additional grant funds through other sources (e.g. the USDA REAP program). **Staff recommended proposal be referred to Agribusiness Committee. Committee voted to table.**

**Staff update (October):** The applicants continue to seek the full requested amount, citing the project's bio-energy outcomes, but have provided a budget that focuses on project costs that must be incurred by December 31<sup>st</sup> in order to qualify for federal tax credits (the project must be at least five percent complete by 12/31/10). The revised budget shows \$375,000 of construction funds needed to reach the year-end construction goal. Staff continues to suggest that any project funding beyond what is recommended below should be submitted by November 1 to the Commission's Agribusiness program (as well as other funders such as USDA REAP) due to the project's benefits to poultry producers in the region. **Staff recommends award of \$375,000 for construction purposes.**

## Life Out Loud Films & Franklin County Office of Tourism

### *Lake Effects: A family film about and to be filmed at Smith Mountain Lake (#2136)*

**\$250,000 requested – reduced to \$130,000**

Funds requested to contract with a new private film production company to produce “a family film ... about the lake, its communities, people, unique charm and unexplainable magic.” The proposal states that the film will “create business opportunities and further tourism efforts in the Smith Mountain Lake region.” Funds would specifically be used for logistical support of crew and cast (\$25,000), supplies (\$100,000), and marketing (\$125,000). A documentary on the making of the film is indicated as a deliverable for TICR funds. The production company anticipates a crew of 40 and cast of 42, with 75 extras, primarily consisting of local residents. The Lifetime and Hallmark channels would be targeted for airing, and a brief trailer would be used to promote the regional tourism website [www.visitsmithmountainlake.org](http://www.visitsmithmountainlake.org).

Total project cost is in excess of \$1,000,000. Other funds include: \$700,000 local investors for pre-production and production expenses (on-hand).

**Staff comments and recommendation (July):** The budget is lacking detail and provides no indication of localities on the lake contributing financially (their financial support would arguably give an indication of anticipated tourism value to result from marketing of the film). Smith Mountain Lake already generates significant tourism impacts, and while the stated objective to further boost tourism is an asset-based development strategy, this is just one of many recreational lakes across Virginia and the country. Questions arise as to the economic impact of the project, for which outcomes are not clearly quantifiable or directly attributable to this film. The project will most likely move forward with or without TICR funding. **Staff recommended no award. Committee voted to table.**

**Staff update (October):** The County and filmmaker have demonstrated significant public and private commitments to this project, which is scheduled to be filming by the time of this Committee meeting. Commitments include up to \$120,000 from the Virginia Film Office, local public and private cash and in-kind contributions, and the signing of nationally-known acting talent (actors' names are confidential until October 1). The reduced request now focuses on post-production costs that will be incurred after the date of the Commission meeting in late-October, including editing, music, marketing and distribution. The Commission has typically declined investments in projects that have a short-lived direct impact (such as festivals and events), although that is no longer the nature of the revised request. As revised, the post-production costs may largely be incurred outside the tobacco region, in exchange for a return on investment that will be extraordinarily difficult to measure and attribute directly to the “Visit Smith Mountain Lake” message that will be included at the end of the film and in promotional material. The applicants are prepared to track visitation through website hits and possibly offering a vacation package to tour film locations, which would provide better evidence of direct visitor spending resulting from the film. This is clearly a more viable project than was originally presented, and is moving forward regardless of the Committee's actions. **Staff recommends no award.**

**LENOWISCO Planning District Commission**  
***Compressed Natural Gas Vehicle Conversions (#2139)***  
**\$3,240,000 requested – [withdrawn by applicant](#)**

**LENOWISCO Planning District Commission**  
***Solar Power Generation Project (#2140)***  
**\$3,000,000 requested**

Funds are requested to partner with SecureFutures LLC to design, finance, install and maintain a 2.49 megawatt solar photovoltaic on the UVA-Wise campus. The system would generate more than one-third of the university's power needs, to be purchased under the terms of a proposed purchasing agreement. The system would save the college more than \$5.6 million over its 25-year life. The application states the project would create 25 solar technician jobs paying \$35,000 annually. The PDC would create a single-purpose LLC to own and operate the system.

Total project cost is \$14,234,092. Other funds include: \$4,195,228 U.S. Dept. of Treasury Federal Energy Investment Tax Credit (construction must start by 12/31/10 for receipt); \$4,299,824 commercial loan for planning, design, and construction (currently in application stage); \$2,739,040 – investor raised funds and partner's equity for planning, design, and construction (\$239,040 partner's equity currently available, investors being identified).

**Staff comments and recommendation (July):** The proposal is a significant first step toward the PDC's initiative to establish clean power projects in SWVA, and in this case on reclaimed surface mine sites. At this time, a power purchase agreement is not yet approved, and the project will require approval of the UVA Board of Visitors and the Commonwealth Architectural Review Board. While the application identifies 25 jobs to be created those are presumed to be short-term construction jobs. Outcomes primarily accrue to UVA Wise estimated at \$5.6 million in power savings over 25 years and to the private partners who are likely to benefit from tax credits, asset depreciation, and revenues from carbon credits (although specifics on the value of the carbon credits and the ROI to investors are not clear). The LLC has not yet been formed and no details are provided on member equity. Majority of match is pending. At the applicant's request, **Staff recommended proposal be tabled. Committee voted to table.**

**Staff update (October):** The major project hurdles cited in the comments above are yet to be surmounted, and appear to threaten the availability of the federal energy tax credits. There has also been no progress in bringing the two competing solar projects in Wise County (proposal #2109 is pending in Southwest Economic Development) to agreement on joining forces to develop a single demonstration project there. **Staff recommends project continue to be tabled.**

## Prince Edward County

### *Granite Falls Hospitality Workforce Training Center (#2135)*

**\$2,500,000 requested – reduced to \$1,500,000**

Funds requested to construct a \$15 million conference and workforce training center as part of a new \$50 million hotel and conference center development near U.S. Routes 460 and 15 outside of Farmville. The conference and workforce center will be owned by the County IDA and leased to the hotel operator. One level of the two-level center will be dedicated to workforce training classroom, computer lab and training kitchen spaces, primarily for training hospitality industry workers, with culinary and hospitality curricula to be offered by area community colleges (SVCC, CVCC and J. Sargeant Reynolds) as well as Longwood and potentially James Madison Universities. The 176-room full service hotel will be operated as a Marriott Renaissance franchise by Crestline Hotels & Resorts.

Total project cost is \$15,130,000. Other funds include: Community Development Block Grant – VDHCD - \$650,000 for teaching kitchen equipment and \$50,000 for grant administration (application March 2010, notification due June 2010); \$1,500,000 U.S. Congressional Appropriation-Congressman Periello for construction (request made through first stage of approval); \$7,970,000 Prince Edward IDA loan from VA Community Capital for A&E, site development, building construction, and loan obligations (to be requested); \$1,510,000 Granite Falls Community Development Authority (CDA) conventional loan from local bank for site improvements and loan obligations (application to be in July 2010 – notification due Sept. 2010); \$150,000 (will require a 50% match) USDA Distance Learning Grant for distance learning equipment for teaching kitchen and classrooms (application to be in fall 2010-notification due early 2011).

**Staff comments and recommendation (July):** This proposal is submitted to Special Projects because allocation for Prince Edward under the Southside program (\$145,848 in FY11) is insufficient to assist this project in any significant way, but should be directed to this project. The hotel/conference facility will be the only full-service facility of its size in the tobacco region between the Richmond, Lynchburg, Roanoke, Charlottesville and Raleigh NC markets. As a premier destination the facility provides an opportunity to capture spending in the tobacco region in addition to generating education training outcomes that are estimated at 108 students annually over the facility's 25-30 year life. Aside from a SVCC nursing program in a modular building across town, there is no workforce training facility of any kind in the County, the closest nearby facility being the SVCC campus in Keysville and the CVCC satellite campus in Appomattox. Discussions are ongoing with education institutions that would provide hospitality and culinary training curriculum but agreements have not yet been formalized. Operating agreements are in place with both Marriott and Crestline, and several funding proposals have already been submitted, including DHCD, VA Community Capital loan and a federal appropriation request, although the DHCD-CDBG funding was declined this past month. The County received a notice of approval for \$16.75 million of recovery zone facility bonds from the Governor's Office on July 8<sup>th</sup>, but several other funding sources will not be announced until fall, including VCC loan to IDA, USDA and EDA. Hotel operational and site planning is progressing successfully, but several funding pieces are still unknown, and therefore staff does not have enough information to make recommendation at this time. **Staff recommended proposal be tabled until matching funds and final education arrangements are in place. Committee voted to table.**

**Staff update (October):** The County has reduced the requested amount to \$1.5 million by downsizing the square footage of the workforce center (removing a classroom, tiered classroom and

computer lab, and reducing the culinary kitchen workstations) and applying for \$145,848 of Southside Economic Development funds (pending). The Center's size has been reduced from the original 15,000 square foot concept to a new total of 10,000 square feet, which would include three classrooms, one computer lab, a downsized culinary suite, and student support/administrative space. All space would be clearly distinguished from the hotel conference center. The County is completing a needs assessment in conjunction with SVCC and funded by a CDBG planning grant (a prerequisite to re-applying for the CDBG construction grant next spring), and SVCC has provided a preliminary list of several degree and certificate program that could be offered there, based on surveys conducted among area students, businesses and educational partners. It now appears that culinary and hospitality may account for as little as 25% of the overall course offerings anticipated by SVCC, with greater emphasis on general education courses leading to degrees and certificates in a broader spectrum of curricula such as business, human services, information systems and criminal justice. SVCC has long wished to serve the County in a more comprehensive manner (it was a key participant in a Commission-funded feasibility study for a regional workforce training center in 2004 but no facility was ever built). The reduction of square footage reduces the potential impact of SVCC programs, however, the hotel operator has proffered to make hotel meeting rooms available to the college in the evenings when SVCC use is high and business conference use low. The applicants have stated that the center's space will be leased to a nonprofit that will be formed among the educational and workforce providers, and operation of the center's programs will be contracted to SVCC. **Staff recommends award of \$1,500,000, contingent on an executed agreement between the County and SVCC, the terms of which are deemed satisfactory by the Commission, for the latter to operate the center for general higher education purposes in conjunction with the hotel operator and other educational partners.**

## **OLD BUSINESS**

### **Charlotte County**

#### ***Project Prison Sewer and Water Enhancement (#1847)***

#### **Requesting approval of change of use for funds**

Funds were approved in FY10 (July 2009) to finalize engineering, permitting and construction of a water treatment plant for the Town of Drakes Branch and an upgrade to the Drakes Branch wastewater treatment facility to serve a proposed 2,000+ bed correction center. New jobs created at the prison are estimated at 500+ with an additional 100+ in support positions. An FY08 Southside grant award of \$820,906 assisted in engineering design for this project.

**Staff update (October):** The prison project for which these funds were originally approved is once again on hold due to a lack of funding commitments, and the County now requests that this grant be repurposed for use in providing electrical service to a proposed data center site that would be built on a "spec" basis to attract users to the Heartland Regional Industrial Park (a formal application has not yet been received as of September 28). While the proposed data center is a use that is highly consistent with the Commission's objectives, staff is not authorized to approve a complete change of use for a Commission-approved grant, and has not yet had an opportunity to review the proposed new use(s). **Staff defers to the consensus of the Committee.**

**Southside Planning District Commission**  
***Return to Roots – Southern Virginia Phase II (#2143)***  
**Requests approval of revised budget**

In July the Committee recommended and the Commission approved a reduced award of \$70,000 to expand the Southside Return to Roots program to 17 localities in Southside. The primary focus of the RTR program is to expose job seekers to employment opportunities and to provide employers with access to a pool of workers at a reduced recruitment cost. The original focus of RTR was to attract educated individuals who had left the region to return to their hometown or regional communities, increasing the educated and skilled workforce for new and expanding companies. Outputs of the proposed expansion project include generating information on each locality, compiling data into graphical formats, providing access to workforce and economic data, and maintaining this information as well as regional data pages for the RTR website. In addition the collaborative aims to build the collaboration with key community leaders, market the localities and existing industrial sites and buildings to individuals and business leaders, respond to data requests by local officials, survey existing businesses, and participate in regional entrepreneurial training events and seminars. The original funding request was primarily for payment of existing Virginia Economic Bridge staff including a program manager, project coordinator (new position), webmaster, marketing coordinator, and database manager (\$250,069); as well as contractual services for operating expenses and advertising (\$79,000), supplies (\$10,000), and computer and office equipment (\$4,536). TICR has invested \$648,550 in this program to date, and the proposal reports that since January 2009 the program has documented ten individuals being placed in positions. This proposal indicates a Southside-based coordinator will be hired, but the majority of requested expenses appear to support continued operation of RTR for both Southwest and Southern VA by VEB staff based in Radford. Staff notes the simultaneous availability of robust job openings information available on VEC's VA Workforce Connection website ([www.vawc.virginia.gov](http://www.vawc.virginia.gov)). The Commission approved a final award of \$70,000 contingent on the RTR steering committee to include balanced representation from both Southwest and Southern VA and coordination of RTR employment information with the VA Workforce Connection website.

**Staff update (October):** The Grantee submitted a revised budget for the reduced award amount, and is requesting the entire \$70,000 grant be used for the salary of the VA Economic Bridge Executive Director, who is based in Radford. **Staff declines to administratively approve this revised budget request, finding that it is inconsistent with the intent of the grant offer and Commission policies, and returns this issue to the Committee for its consideration.**

**St. Charles Health Council, Inc. d/b/a Stone Mountain Health Services**  
***Project Playout (#2145)***  
**Requests waiver on dollar-for-dollar matching fund requirement**

In July the Committee recommended and Commission approved a \$243,765 grant to the nonprofit applicant, **contingent on dollar-for-dollar match**, to contract with a private firm to produce and distribute a DVD and website that would educate 35,000 third- through fifth-grade children across the tobacco region on obesity issues and healthy lifestyle choices. The interactive DVD would address smoking, drug use, fitness, nutrition and self-esteem. Specific uses of TICR funds include

school kits and awards, recipe cards, development of online content, website design and hosting, and DVD production (animation, talent, staffing, locations, editing and production).

**Staff update (October):** The grantee now requests a complete waiver from the condition requiring dollar-for-dollar match, stating that “it is highly unlikely additional funding would be available for the project in the near future.” They further state that budget revisions will allow the project to be accomplished using only the TICR grant and \$39,242 of in-kind contributions. **Staff is not authorized to waive or amend a Commission-approved condition, and defers to the consensus of the Committee. ■**