

Southside Economic Development Committee
MINUTES
Hotel Roanoke
March 8, 2001

Approved June 7, 2001

Members Present by Roll Call

Delegate Clement
Ms. Thomas
Senator Ruff
Mr. Lief
Mr. Walker
Mr. Arthur

Delegate Clement opened the meeting and welcomed everyone.

Senator Ruff moved to accept the minutes from the January meeting.

Motion seconded

All in favor by aye vote

None opposed

Motion adopted

Mr. Currin introduced the application review panel and expressed his appreciation for the patience of the applicants and the time of the panel.

Senator Ruff asked how the communities were notified about the application process.

Mr. Currin responded that they were notified by written communication from the Commission staff to all the local counties, independent cities, and regional planning districts. They were told to follow the criteria of the application. The application deadline was extended from October because it was a new process. There was also verbal communication with many of the communities.

Senator Ruff asked if the localities were told a set amount of money that they were dealing with.

Mr. Currin replied that he only had estimates until the Department of the Treasury told them. The Commission receives payments twice a year, a smaller payment in January and a larger one in April. The Department of the Treasury does an analysis of these payments once a year and gives a report of their projections for the Commission's future payments.

Senator Ruff stated that he thought they had made decisions on the percentages concerning the formula.

Mr. Currin confirmed this.

Senator Ruff voiced his concern that in the future everyone is aware of how much money they have to deal with.

Mr. Currin commented that they were in communication with the localities and at no point did anyone come to the Commission staff not having an idea of how much money they were working with. The Commission having to plan year to year prevents them from proper long range planning.

Delegate Clement was also concerned that all of the localities might not have the same expertise, which is why the formula was put into place.

Senator Ruff stated that they should not let the weakest communities without the expertise of others continue unaware of what is happening.

Delegate Clement responded that it was for that reason the Committee adopted the procedure that would allow the staff to work with those communities and to modify the application.

Mr. Currin informed the Committee that when he wrote the localities he included a web site address that had a copy of the application posted.

Delegate Clement asked **Mr. Currin** to give a little detail on the application review process.

Mr. Currin explained that each member of the panel reviewed each application and compared them to the criteria decided upon by the Commission. They came to a consensus, which they are presenting to the Committee.

Ms. Bruce began to report on the panel's application recommendations. See attached.

Senator Ruff asked for clarification on the panel's recommendations.

Ms. Bruce replied that they recommended Buckingham County look elsewhere for funds and come back to the Commission and ask for supplemental funds from the Commission.

Ms. Wass added the panel's concern over the slight impact Buckingham's \$24,000 allocation would have on a \$350,000 project. But if they can get other funding then the panel would recommend the Commission provide them with their \$24,000 allocation.

A member of the audience addressed the Committee, stating that Buckingham County is one of the counties in the Heartland group. They are the only county that put in a request, though all the counties had an agreement to move ahead together.

Ms. Bruce added that the Commission would be accepting applications again in May and that the County could re-submit their application at that time.

Delegate Clement suggested going through all the applications and discussing them at the end.

Ms. Bruce continued reporting the panel's recommendations.

Delegate Clement then suggested voting on them in a block except for those projects on which the Committee has points of discussion or questions.

The Committee began discussing and voting on the applications.

Senator Ruff moved to accept the panel recommendation for Buckingham Co's request.

Motion seconded

All in favor by aye vote

None opposed

Motion adopted.

Senator Ruff moved to accept the panel's recommendation for the Crater Regional Partnership.

Motion seconded

All in favor by aye vote

None opposed

Motion adopted.

The Committee moved on to the proposal from the City of Danville.

Senator Ruff asked if Pittsylvania County was on board with the project.

Coy Harville, Pittsylvania Board of Supervisors, addressed the Committee concerning this application. He objected to giving the City of Danville Pittsylvania's \$1 million allocation because the General Assembly has not funded the VaTech initiative yet. **Mr. Harville** is not supportive of the \$1 million the Board of Supervisors has moved from funding the VoTech programs at the Community Colleges. It was a vote of 6-1 (**Mr. Harville** being the sole opposing vote) that decided the transfer of that money.

Mr. Lief asked **Mr. Harville** if he objected to the City of Danville's application or the proposal from Pittsylvania County.

Mr. Harville responded that they go hand in hand.

Mr. Lief asked if he disapproved of the proposals.

Mr. Harville replied that he is not in favor of the funding; it takes money away from the Community Colleges and VoTech.

Dan Sleeper, Pittsylvania County Administrator, stated that this was the plan of the county and the city.

Mr. Arthur moved to accept the panel's recommendation.

Motion seconded

All in favor by aye vote

None opposed

Motion adopted.

Senator Ruff moved to accept the panel's recommendation of full funding for Franklin County contingent on needing funds for Deal Closing, otherwise funding in the original amount.

Motion seconded

All in favor by aye vote

None opposed

Motion adopted

Delegate Bennett addressed the Committee concerning the application from the Halifax Educational Foundation and Southern VA Higher Ed Consortium (#5). The desire of the county has changed from what is in the application.

Delegate Clement asked if the panel's recommendation was in line with what they wanted.

Delegate Bennett responded that it was not broken down as they would have liked.

Chris Lumsden, Chair of the Halifax Educational Foundation, spoke and distributed materials to the Committee. (Available from staff) It is his understanding that there is approximately \$3.6 million available to Halifax County. They are requesting \$1,937,500 for development of the Riverstone Technology Park as well as \$1,702, 659 for technology and equipment for the new continuing education center. These requests are unanimously by the Halifax County Board of Supervisors, South Boston Town Council, Halifax County Economic Development Council, IDA and Halifax Educational Foundation. There is also money coming from VDOT, EDA and the locality. The site is already under construction and the equipment is essential to the completion of the project, therefore this funding is essential. The amounts have changed somewhat from the original request. All of Halifax County is in support of the current funding requests.

Mr. Lief inquired about the discrepancy in funding request.

Mr. Lumsden responded that when they first applied in October they requested a total of \$4.8 million. They are now asking for Halifax County's \$3.6 million allotment be divided between the Riverstone Industrial Park and the Halifax Educational Foundation.

Mr. Lief asked why the panel recommended \$2.2 million.

Ms. Bruce responded that the panel simply allocated the remainder of Halifax's allotment to the Consortium and added another \$1 million from Riverstone.

Ms. Wass added that the panel made these decisions without the benefit of knowing the applicant's priorities. Since the request was for more than the county's allocation, the panel tried to equitably split the money between the projects.

Mr. Lumsden added that up until a few weeks ago they had an industrial prospect that needed a site. They requested approximately \$900,000 for a site in Halifax County.

Mr. Walker voiced his concern that the Committee had a plan for accepting and recommending applications, which is about to be amended on the floor without enough information. He asked if it was possible for the Committee to go with the recommendation and have them reapply for other money.

Delegate Clement and **Ms. Bruce** clarified that they are dealing with the same amount of money but it is just allocated differently; and it is the same project.

Delegate Bennett added this change does not impact on any other jurisdiction in the Lake Country. It simply realigns the money within the Halifax County allocation.

Ms. Wass commented that had the panel had the benefit of knowing Halifax's priorities they probably would have allocated the money differently in the recommendation.

Mr. Lumsden added that the request is now for less than the panel recommended. The community decided on the best way to use the \$3.6 million for the CEC and Riverstone projects.

Senator Ruff asked what the panel's thought process was behind cutting the funding in half.

Ms. Bruce responded that Halifax had three requests, over \$1 million over their allocation. The panel had to evaluate the projects and take half of the Riverstone money to the Educational Foundation leaving over \$900,000 for Riverstone.

Senator Ruff asked if the panel discussed this decision with the community.

Ms. Bruce replied no. The panel discussed it within themselves.

Senator Ruff commented that there should be communication with the localities, allowing the community leaders to be involved in the decision making process.

Delegate Bennett responded that he agreed with the Senator however because they were in session, it made it difficult to come together. The project absolutely needs the \$1.7 million now to open up the facility by August 1.

Delegate Clement was concerned about bringing applications before the Committee that have not been seen before. But this application was already submitted to the Committee.

Senator Ruff moved to fund \$1,702,659 for #5.

That is the difference between their allotment minus the Riverstone funding.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Senator Ruff moved to accept the panel's recommendation of no funding for #6: Jobs for VA Graduates.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Mr. Jones, the Director of Economic Development for Mecklenburg County, addressed the Committee concerning their request. They learned what the Brunswick and Mecklenburg County allocations were after the Commission's January meeting and amended their requests accordingly.

Ms. Bruce stated that the latest request the Commission received asked for \$595,540 out of Brunswick County's allocation for the Brick and Tile Expansion Project and \$350,000 for the Roanoke River Regional Industrial Park. The amended requests are \$1,118,903 for the Brick and Tile Project and \$200,000 for the RRRIP.

Senator Ruff suggested that the Committee deal with each request separately.

Senator Ruff moved to approve the \$1.9 million in Halifax under the Lake Country's proposal.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Senator Ruff moved to delete the Miracle Wood and CEC requests out of the Halifax allocation in that they have been dealt with.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Ms. Bruce stated that Brunswick County is requesting a total of \$1,318,903 for two projects, the Brick and Tile and RRRIP, which is their exact allocation. That is the funding the panel recommends.

Ms. Thomas commented that she understands the Brick and Tile Expansion will also expand sewer and gas to go right by the Industrial Park. It will expand the whole area.

Robert Clary, Brunswick County, stated that the County had already decided to fund the Brick and Tile in their expansion. They are going to increase the capacity of the sewage and gas lines to allow for the entire development.

Senator Ruff moved to accept Brunswick County's request.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Ms. Bruce reported that Mecklenburg's request was for \$2,768, 404, which is the exact amount of their allocation.

Delegate Clement clarified that this is no change from the amended amounts requested; \$200,000 for RRRIP, \$354,514 for Lake Country Education Center and \$900,000 for Service Zone Project contingent on it coming into fruition, if not the money would be rolled into the Lake Country Educational Center and the Occoneechee Commerce Park.

Senator Ruff moved to accept this request.

Motion seconded

All in favor by aye vote

None opposed

Motion Adopted

Delegate Clement directed the discussion to the Martinsville application, #8. The panel recommended full funding of \$114,250.

Ms. Bruce informed the Committee that the City of Martinsville had no allocation and the money, if approved, will come out of the county's allocation. **Ms. Bruce** added that she does not believe the county is in favor of this.

Mary Ray Carter, Henry County, commented to the Committee that the County is in favor of Martinsville getting funding, however they want to save their allocation for a Regional Industrial Park.

Mr. Currin added that this situation shows the weakness of the formula. The City of Martinsville is in Southside Virginia and it is a good proposal but under the formula they do not get any money unless it is found elsewhere in the budget. He continued that he hoped the Committee would find a way to fund the project because it is a worthy project, regional in nature. He added that this is the first year the Commission has done this and there will be mistakes. It is a learning process.

Mr. Lief moved to fund the \$114,250.

Delegate Clement comments on his concern about notification.

Motion seconded

Discussion

Tom Harnod, Assistant to the City Manager for Development for the City of Martinsville, stated that it is not their intent to take money from anyone, especially Henry County. This project is an incubator that will help Martinsville, Henry County, Franklin County, and Patrick County. They have not asked any of the other counties for a part of their allocation.

Mr. Walker asked why they did not ask for other counties' allocations.

Mr. Harnod responded that they did not understand the logistics of the pre-allocation process. They understood it to be an open application process.

Ms. Bruce asked if the city of Martinsville could resubmit their application in May and at that time seek the support and assistance of the other affected counties.

Mr. Lief commented that he would be willing to put off the city of Martinsville.

Mr. McCollum added that this was one of the most heavily leveraged applications, which meets with the Commission's criteria.

Senator Ruff asked for clarification on what the Commission decided about taking money off the top. The Committee has to have some policy concerning the excess money.

Mr. Currin commented that each jurisdiction, early on in the process, was informed of the process. The criteria states that the Commission supports regional efforts, which this is.

Senator Ruff was concerned that Lunenburg County has as many problems if not more than Martinsville, but because they did not know to request more than their allocation, it may be the

rest of their money that is going to Martinsville. The Committee needs to understand where the money is coming from before making these decisions.

Mr. Arthur asked why this money cannot come out of Special Projects.

Ms. Bruce responded that the money is now in a Deal Closing Fund.

Delegate Clement was concerned that the Committee will be setting a precedent. Hopefully they can alter the formula so that Martinsville will have an allocation. He asked how urgent this request is, can they come back in May, how quickly can the Commission act after May.

Ms. Bruce responded that since this is for money that is left, it could be ready for a vote at the Commission Meeting in June.

Mr. McCollum added that most of the localities will have expended their allocation so they will not be able to submit an application.

Mr. Walker asked where the money will come from in May.

Delegate Clement asked **Ms. Carter** if they had any reason to think that Franklin County and Henry County would not join in.

Ms. Carter responded that she could not speak for Henry County on that regard. They did not know that Martinsville had submitted an application until after the Committee had reviewed the application.

Delegate Clement asked if there is any other money other than Deal Closing, Special Projects and allocations.

Ms. Bruce replied that there is money but not in Economic Development. It is in the indemnification reserve.

Ms. Wass added that there also will be third quarter interest revenues probably a couple hundred thousand dollars over the budgeted amount. That will be posted in April.

Senator Ruff offered a substitute motion to temporarily table the Martinsville issue.

Motion seconded.

All in favor by aye vote.

None opposed

Motion accepted

Delegate Clement commented that the Committee needs to work out the allocation formula and the application process.

Senator Ruff moved to approve the recommendation for Nottoway County of full funding of their allocation.

Motion seconded.

All in favor by aye vote.

None opposed

Motion accepted

Senator Ruff moved to accept the panel's recommendation of full funding for #10: Patrick County's request.

Motion seconded.

All in favor by aye vote

None opposed

Motion accepted

Mr. Lief asked where the funding for the Piedmont Foundation/Dan River Region request came from.

Ms. Wass replied that since all of Danville's money went to their proposal, the funding will come out of the Pittsylvania County allocation. Pittsylvania had an allocation of \$5.1 million and they only requested \$2,430,338.

Fred Ingram commented that they did not write in the independent foundation into their request but rather the City of Danville. He did not even know that they submitted an application.

Ms. Bruce responded that anyone within the county can apply for money.

Mr. Ingram stated that their allocation was \$3,043,338, and all the projects in the proposal come to \$3,043,338 and do not include anything other than the share with the City of Danville for Higher Education.

Ms. Wass stated that the Pittsylvania County allocation was actually for \$5,149,787.

Mr. Ingram wanted to know when they got \$5 million. The County had more projects they would have applied for had they known they had the money.

Senator Ruff asked if the Committee had not discussed earlier trying to funnel the applications through the planning commissions so applications would not be coming from all over.

Ms. Bruce responded no. Applications were sent to everyone. The application itself stated that the Commission would accept applications from any public entity within the County or private not-for-profit entity.

Mr. Ingram stated that the County would have been fighting earlier if they had known they had more money.

Mr. Harville commented that this project is not located in Pittsylvania County so why should they get the County's money.

Mr. McCollum replied that that is incorrect. It is located in both localities.

Delegate Clement requested to see the application.

Mr. McCollum provided it and an explanation that a number of the service locations of the project are in the County.

Senator Ruff asked what kind of services he was referring to.

Mr. McCollum gave some detail of the project.

Mr. Harville commented that Danville and Pittsylvania County are working together with Future of the Piedmont and the VaTech initiative to be located in Danville. They are talking about setting up an individual authority to operate this department and they would share revenue only in this area, not outside.

Delegate Clement stated that the issue again is notice. Last year the Committee was interested in making the policies and procedures broad enough so that private not-for-profit entities could apply.

Mr. Arthur moved to table the issue until they can establish communication. **Mr. Arthur** stated for the record that he is in favor of the project.

Motion seconded.

All in favor by aye vote.

None opposed

Motion accepted

Delegate Clement directed the discussion to recommendation #12: Pittsylvania Co. They requested \$3,043,338 and the panel recommended \$2,043,338 with \$1 million going to the project previously dealt with.

Senator Ruff asked for clarification on Component D.

Ms. Wass explained that Component D is the \$1 million that was transferred to the Danville Project.

Mr. McCollum added that it was by way of the amended proposal that was voted on 6-1 by the Board of Supervisors of Pittsylvania County.

Mr. Harville asked if the Commission could put an article in the paper reporting back to the communities.

Mr. Sleeper complained about the allocation misunderstanding.

Delegate Clement commented that this is a new process and the staff did a good job. It is a learning process. The Commission in no way tried to mislead anyone.

Ms. Bruce added that because the applications were submitted in September and the Commission did not get the last report until December, nothing would have changed.

Delegate Clement stated that maybe the Commission needs to change its application process so they know the dollar amounts before the applications are due. He asked if there was anymore discussion.

No response.

Mr. Arthur moved to accept the panel's recommendation of funding \$2,043,338 for Pittsylvania Co.

Motion seconded.

All in favor by aye vote.

None opposed

Motion accepted

Senator Ruff moved to report #13: Radford University as recommended, no funding.

Motion seconded.

All in favor by aye vote.

None opposed

Motion accepted

Danny Inge, town manager for Brookneal, spoke in favor of the project, with concern over the process and in request of the staff's help in improving the county's chances of getting funding.

Delegate Clement stated that this proposal is for a small amount in Campbell County's allocation.

Ms. Bruce asked if the town applied anywhere else for funding. \$35,000 is not going to be enough for the project.

Mr. Inge responded that they didn't.

Ms. Bruce clarified that the reason the panel recommended not funding the project is because the Commission decided that projects usually paid for with tax dollars would not be funded by the commission.

Mr. Walker moved to approve the application.

Delegate Clement asked if the application was accepted would that leave money for Campbell.

Ms. Wass responded that it would reduce the amount available for another proposal, the VA's Region 2000.

Mr. McCollum commented that this example would probably be no different than the City of Martinsville.

Mr. Inge replied that that is incorrect because they have an allocation.

Motion seconded

Delegate Clement recognized within the motion that adjustments would have to be made with respect to the VA's Region 2000.

All in favor by aye vote

None opposed

Motion adopted

The application from the Town of South Boston/Halifax County Industrial Park was withdrawn.

Delegate Clement opened discussion of the VA's Region 2000. The recommendation was contingent on large General Assembly funding and since that is not likely, they recommended that the application be resubmitted.

Senator Ruff moved to accept the panel's recommendation

Motion seconded

All in favor by aye vote

None opposed

Motion adopted

Mr. Lief spoke to the Commission with concern over the allocation formula. He reiterated his opposition to it.

Senator Ruff commented that it is not perfect but it is better than having nothing. *Senator Ruff moved that in future applications, the staff request that counties apply to hold funds for future applications if that is their desire.*

Delegate Clement suggested that staff recommend to the Commission a move of the calendar so that the jurisdictions could know the dollar amounts.

Ms. Bruce responded that they could move to an annual process and make the applications due in May.

Delegate Clement stated that he liked the semi-annual application process, but the timing is a problem.

Mr. McCollum asked for clarification that he would suggest that within any given county's allocation, it would be totally competitive within the dollar amount.

Delegate Clement replied yes.

Mr. Arthur commented that he is concerned that the localities are going to request money because it is there not because it is crucial to the economic development of their community.

Mr. McCollum responded that in that case the panel would recommend against that funding. This may not allow for all the priorities of the locality and the citizens to be represented.

Mr. Arthur commented that he didn't think everyone needed to be notified of exactly how much money was available.

Delegate Clement asked **Ms. Bruce** and staff to notify everyone of the actions of the Full Commission and also the money that is available in the formula.

Ms. Bruce asked why the Piedmont Foundation should have to wait until May and the Pittsylvania application is going to come before the Full Commission. It seems that the Piedmont Foundation is being penalized.

Mr. Walker is concerned that members of the Board were unaware of the allocations.

Ms. Wass asked for clarification on the wishes of the Committee regarding the report to Full Commission. For Buckingham County, \$24,000 contingent upon additional funding, Region 2000: no funding, reapply at a later date, and allocate proportionately between the counties for the Crater Regional Partnership.

Delegate Clement called for adjournment, as there was no further business before the Committee.

Submitted by **Carthan F. Currin, III**

Executive Director

Virginia Tobacco Indemnification and Community Revitalization Commission