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Southside Economic Development Committee Meeting

Friday, December 10, 2004

11:00 a.m.

Institute for Advanced Learning and Research
Danville, Virginia

APPEARANCES:

Mr. Thomas W. Arthur, Chairman
The Honorable Frank M. Ruff
The Honorable Kathy J. Byron
The Honorable Thomas C. Wright, Jr.
Mr. Clarence D. Bryant, III
Mr. Bernie K. Day
Mr. L. Jackson Hite
Mr. Buddy Mayhew
Mr. Edward Owens
Mr. John Thomas Taylor
Mr. Gary D. Walker

COMMISSION STAFF:

Ned Stephenson, Manager of Strategic Investments
Mr. Timothy Pfohl, Grants Program Administration Manager

OFFICE OF THE ATTORNEY GENERAL:

Mr. Frank Ferguson, Senior Assistant Attorney General
Counsel for the Board

MR. ARTHUR: It's now 11:00, and I'll call this meeting to order.

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1 I'd like to thank everyone that is here today. Welcome to Southside, and welcome to this
2 fine Institution and building. As you all know, we consider this a key piece of work the
3 Tobacco Commission has done, and we're very proud of it here. We hope that you all can
4 see why, and we're very proud of it.

5 Let's go ahead. Mr. Stephenson, would you please call the roll?

6 MR. STEPHENSON: Mr. Bryant?

7 MR. BRYANT: Here.

8 MR. STEPHENSON: Delegate Byron?

9 DELEGATE BYRON: (No response.)

10 MR. STEPHENSON: Mr. Day?

11 MR. DAY: Here.

12 MR. STEPHENSON: Mr. Hite?

13 MR. HITE : Here.

14 MR. STEPHENSON: Delegate Hogan?

15 DELEGATE HOGAN: (No response.)

16 MR. STEPHENSON: Mr. Moody?

17 MR. MOODY: (No response.)

18 MR. STEPHENSON: Mr. Owens?

19 MR. OWENS: Here.

20 MR. STEPHENSON: Senator Ruff?

21 SENATOR RUFF: Here.

22 MR. STEPHENSON: Mr. Taylor?

23 MR. TAYLOR: Here.

24 MR. STEPHENSON: Mr. Walker?

25 MR. WALKER: Here.

26 MR. STEPHENSON: Delegate Wright?

27 DELEGATE WRIGHT: Here.

28 MR. STEPHENSON: Chairman Arthur?

29 MR. ARTHUR: Here.

30 MR. STEPHENSON: Secretary Schewel, or his designee?

31 SECRETARY SCHEWEL: (No response.)

32 MR. STEPHENSON: We have a quorum, Mr. Chairman.

33 MR. ARTHUR: Thank you, Ned. The first order of business is to
34 approve the Minutes of the last meeting. All of you were given a copy. Does anyone
35 have any additions or deletions or corrections?

36 SENATOR RUFF: Mr. Chairman, I move we accept the Minutes.

37 MR. ARTHUR: A motion has been made, is there a second?

38 MR. TAYLOR: I'll second it.

39 MR. ARTHUR: Motion is made, and seconded by Mr. Taylor. Any
40 further discussion? All in favor of approving the Minutes as presented, signify by saying
41 aye? (Ayes.) Opposed, like sign? (No response.) Hearing none, they are accepted.

42 Moving right along to the core of our business here today, the approval of the
43 applications that were held over to the second round.

1 Mr. Day.

2 MR. DAY: Mr. Chairman, the County of Patrick had two
3 applications for the Board this morning, and I would ask that both of those applications
4 be tabled for the time being, and I'll put that in the form of a motion, that the County of
5 Patrick be allowed to use the carry-over money from 2002 previous award on the shell
6 building. I think the Staff has worked on that and is aware of it.

7 MR. HITE: Second.

8 MR. ARTHUR: Any comments?

9 MR. PFOHL: Mr. Chairman, the Staff has discussed with Patrick
10 County the basis of shifting the approval from FY02 for a ten thousand foot shell
11 building, two hundred thousand dollar award, not be drawn down yet. It's the
12 Committee's pleasure that approval for the small shell building and apply that to the
13 larger shell building that is proposed.

14 MR. ARTHUR: The motion has been made and seconded by Mr.
15 Hite. Any further discussion? Hearing none, all those in favor of shifting or tabling that,
16 signify by saying aye? (Ayes.) Opposed? (No response.) So done.

17 I propose to take this list that we all have, that's the list of these grant
18 proposals, and take them one at a time so if there is any discussion we can address it. I'm
19 going to start, then, with Campbell County, the Seneca Commerce Park Phase II and
20 Median Break. The request is for \$283,848.00. The Staff has reviewed and
21 recommended full funding, and that takes the balance of their allocation. Any
22 discussion? Is there a motion that this be approved?

23 MR. WALKER: I so move.

24 MR. ARTHUR: Is there a second?

25 DELEGATE WRIGHT: Second.

26 MR. ARTHUR: There's a motion this be approved, and seconded by
27 Delegate Wright. All in favor signify by saying aye? (Ayes.) Opposed? (No response.)
28 It's approved.

29 Charlotte County has no allocation available.

30 Cumberland County - Phase I - Cumberland Courthouse Water System, request
31 for \$42,038.00. Staff has reviewed and recommended full funding. That takes out the
32 balance of their allocation. Any discussion?

33 SENATOR RUFF: Mr. Chairman, I move that be approved.

34 MR. WALKER: Second.

35 MR. ARTHUR: The motion has been made by Senator Ruff and
36 seconded by Mr. Walker. Any discussion? Hearing none, all in favor of approving as
37 recommended, signify by saying aye? (Ayes.) Opposed, like sign ? (No response.)
38 Hearing none, it is approved.

39 Danville had no allocation available, no request.

40 Dinwiddie has no request, and they still have \$55,000.00 in their allocation
41 available to be carried over.

42 Franklin County, Franklin County Workforce Center Initiative. The request is
43 for \$1,311,426.00. Staff reviewed and made a recommendation for full funding, and that

1 also takes care of all of the allocation left in the balance for Franklin County. Any
2 discussion? Do I hear a motion?

3 MR. WALKER: So moved.

4 MR. ARTHUR: Do I hear a second?

5 MR. OWENS: Second.

6 MR. ARTHUR: A motion has been made and seconded for full
7 funding after review. All in favor signify by saying aye? (Ayes.) Opposed, like sign ?
8 (No response.) Full funding.

9 Greensville County. Southside Virginia Workforce Development Center, a
10 request for \$344,952.00. Staff recommendation is for \$344,952.00, and that also takes
11 care of all the balance for Greensville County. Any discussion?

12 MR. HITE: I so move.

13 MR. ARTHUR: Jack Hite has made a motion to approve, and
14 seconded by Delegate Wright. Any more discussion? Hearing none, all in favor signify
15 by saying aye? (Ayes.) Opposed, like sign ? (No response.) Full funding.

16 We're going to move right through these; I assume you all have read the
17 information that was sent out. That's a basic assumption.

18 Halifax County. Riverstone Technology Park Building Two Additions. The
19 request is for \$590,542.00. Staff recommendation after review is for full funding, and
20 that is the balance of the Halifax County money. Do I hear a motion?

21 MR. OWENS: So move.

22 SENATOR RUFF: Second.

23 MR. ARTHUR: The motion is made by Mr. Owens and seconded
24 by Senator Ruff. Any more discussion? All in favor signify by saying aye? (Ayes.)
25 Opposed? (No response.) Full funding.

26 Henry County had no request, and they still have a balance of \$148,507.00.
27 Moving right along.

28 Lunenburg County, Town of Kenbridge. Kenbridge Community Center, Phase
29 I. The request was for \$200,000.00. Staff recommendation is full funding. Do I hear a
30 motion?

31 DELEGATE WRIGHT: Mr. Chairman, I move we accept the Staff
32 recommendation.

33 MR. OWENS: Second.

34 MR. ARTHUR: The motion has been made and seconded that we
35 accept the Staff recommendation. If there is no further discussion, all in favor signify by
36 saying aye? (Ayes.) Opposed, like sign ? (No response.) Full funding.

37

38 NOTE: Delegate Byron is now present.

39

40 MR. ARTHUR: Lunenburg, Town of Victoria. Wastewater
41 Infrastructure Improvements. Their request is for \$248,000.00. Staff has reviewed this,
42 and I hope you all have, and the Staff has recommended \$45,200.00 to get them started.
43 Any discussion?

1 DELEGATE WRIGHT: Mr. Chairman, I'd like the Staff to give us
2 an update after further discussion, and I also have several officials here, including the
3 Town Manager, to address this proposal.

4 MR. PFOHL: Mr. Chairman, we had conversations with the other
5 two most likely funding sources for water projects of this nature, the U. S. Department of
6 Agriculture Rural Development Service and the State Department of Housing and
7 Community Development for the Community Development Block Grant Program. Both
8 of those sources said that while the repair to the system, and that's just part of the Staff
9 report, it was a proposed \$200,000.00 for repairs to the system, would technically elevate
10 it for funding sources, but it in all likelihood would not have a good shot at receiving
11 funding. That corroborated what the Town presented in their proposal. They already had
12 discussions with these funding sources and had not gotten a green light to seek other
13 funds.

14 The Town also provided additional information that we received after the Staff
15 report was issued, indicating that there is a pretty substantial amount of capacity that
16 could gain from the system, 150,000 gallons of additional wastewater capacity if the
17 repairs are done. They provided us information, and sixty percent of their wastewater
18 usage in the town is commercial and industrial, which we think is more consistent with
19 the Commission's funding policies. Indicated that there was a potential use of the
20 industrial part located right next to the wastewater plant, four to five thousand gallons of
21 treatment per day up to 50,000. We got some additional information to strengthen their
22 case for funding the actual construction in excess of \$200,000.00 requested here.

23 DELEGATE WRIGHT: In addition to Tim's remarks, Mr.
24 Chairman, I'd like the Committee to listen to the Town Manager. We've had discussions
25 about this. I think what he has to say would be very important to the Committee, in
26 addition to what Tim has said.

27 MR. ARTHUR: Would you state your name?

28 MR. ASHWORTH : I'm Carl Ashworth. I'm Town Manager of
29 Victoria; with me is Brian Brown, an engineer. First of all, I'd like to thank you for
30 letting me come and speak to you today. From the outset we thought we had a good
31 project that fit the guidelines and certainly would help the Town of Victoria. Our
32 industrial park is on the same property with the wastewater treatment plant, and we
33 focused right on the industrial park. We had an I and I study done, and we focused just
34 on this area. We had two industrial buildings that are both empty, and they are within a
35 block and a half of the industrial park and the wastewater treatment plant as well. Right
36 now at the facility we're just about maxed out what we can have on a daily basis, average
37 daily basis, our monthly report to DEQ. We're looking to, the engineering firm said we
38 could save a hundred and fifty thousand gallons per day, and that would give us a chance
39 for a large, and we'd be fortunate enough to be able to handle that. We could do a million
40 dollars worth just to accommodate the flow.

41 Also, the problem is that small industries coming into Virginia, if they came in
42 we would be able to handle that additional flow as well without any problem. This
43 amount of construction would severely change our outlook. We still have a lot to do, but

1 we've had people this year in the last six months talking about buying property and
2 increase our industrial park, and if we didn't get these funds, that would put our industrial
3 park at risk. This certainly would make a turning point for us. We have been working on
4 this project since 2003 with the I and I study. It's a 3.3 million- dollar project.
5 Lunenburg County offered us an opportunity, and we went straight to the engineers
6 working on the entire project and asked them to focus in on the industrial park and with
7 all our empty buildings on the same side of town with it and see if we could have a viable
8 project that would meet all of our guidelines and issues and would do the town the most
9 good, and this is the project we came up with.

10 We hope that through what Tim has said today we'll be able to say to you or
11 answer any questions you have, and I'm sure it would be something you'd like to do with
12 the Commission funds and something that would benefit this town greatly.

13 MR. ARTHUR: Do you happen to have a live prospect?

14 MR. ASHWORTH: We have a lot of prospects for this. We have a
15 tire-recycling outfit for the building, although it's been empty for a number of years. That
16 person is looking at financing right now and hoping to be in this building by January. We
17 have another prospect, a textile, looking at the industrial park or the other empty
18 building.

19 DELEGATE WRIGHT: Carl, would you explain the situation about
20 the water supply? I think the problem is disposing of the by-product.

21 MR. ASHWORTH: We have had people come to us, and we can
22 furnish the water, but the Tobacco Commission two years ago blessed us with a million
23 dollars to start this project, and we've tried to get an up-graded system. We can almost
24 double our capacity, if we need to, at any time when this is put together. Our problem is
25 that we can give you the water, but we cannot take it away from you. We asked DEQ to
26 look at this, and a 150,000 gallons a day is huge for us, and that is what the engineers
27 figure. DEQ is a little higher than that, but the engineers tell me 150,000 gallons a day.

28 DELEGATE WRIGHT: Can you explain the reason they can't take
29 the water away and what this money will do to repair that?

30 MR. ASHWORTH: Some of our pipes are deteriorating and
31 manholes and an inflow and the water table coming up and the broken pipes, and that
32 comes up in the bottom of the manhole the size of the broken pipes. We've just got a lot
33 of old infrastructure and broken pipes. We've tried to have this corrected, and we need to
34 find out where the problems are and replace things like manholes. We've even had that to
35 people's homes. We've been trying to work this whole project, and it's been twenty years
36 in the making, but this project will really help the industrial park.

37 MR. BROWN: The Staff knows a DEQ consent order is in place.

38 MR. ASHWORTH: The consent order is for doing work from now
39 on. We had a consent order actually July of this past year. The next step is to form an
40 agreement with DEQ to do so much work per year. If we make a deal for 30,000 a year,
41 and say in three years they don't see any improvement and re-negotiate to upgrade, you
42 just have to keep upping your rates. This will give us an opportunity here to fix this area
43 at the industrial park and work with the two empty industrial buildings that we have.

1 MR. ARTHUR: Any further questions? Do I hear a motion?
2 DELEGATE WRIGHT: Mr. Chairman, based on the comments by
3 Staff and the Town, I'd recommend that we fully fund this project. It meets the goals of
4 Economic Development. There have been other efforts to get funding. Funding is
5 available for extended waterlines but not for repairs, but this is the problem we have. I'd
6 ask the Committee to fully fund this project, and I'll make that motion.
7 MR. ARTHUR: The motion is made, and seconded by Senator Ruff.
8 Staff, is \$741,000.00 their balance with or without the approval?
9 MR. PFOHL: That's the total funding available for the project.
10 MR. ARTHUR: We'd still be within those limits if we approve full
11 funding?
12 MR. PFOHL: Yes, sir.
13 MR. ARTHUR: All right. The motion has been made and seconded
14 that we approve full funding for the Town of Victoria Wastewater Infrastructure
15 Improvements, and it will fall within their allocation limits if we fully fund it. Any
16 further discussion? Hearing none, all in favor of fully funding this project signify by
17 saying aye? (Ayes.) Opposed, like sign? (No response.) Fully funded.
18 Lunenburg County, Waterline Extension from Kenbridge to Victoria. The
19 request is for \$22,500.00. Staff recommendation is full funding. Any discussion, or do I
20 hear a motion?
21 DELEGATE WRIGHT: Mr. Chairman, I would move that we
22 follow the Staff recommendation and fully fund this project.
23 MR. OWENS: Second.
24 MR. ARTHUR: The motion is made and seconded.
25 MR. BRYANT: I'd like to speak to that. I don't think we have any
26 business putting money toward preliminary reports. Furthermore, I thought we had
27 agreed not to spend money in that manner. I don't think I can support that money be
28 spent in that manner.
29 MR. ARTHUR: Thank you, Mr. Bryant. Any further discussion?
30 DELEGATE WRIGHT: Mr. Chairman, I'd like to hear from the
31 Staff.
32 MR. PFOHL: I think we've done some preliminary studies for water
33 in the past. I was not aware that the Committee had taken a position against funding
34 these; perhaps I missed something.
35 MR. ARTHUR: Somewhere along the line we said we would not
36 fund studies. When you get through you've still just got a piece of paper. That is a fact,
37 we said that maybe a year and a half ago. We're here, and we can do basically what we
38 want to do within the law, so I'm listening to the discussion. Any further discussion?
39 SENATOR RUFF: I understand the concern about the study, but I
40 think what I consider a study, looking in the dark and trying to figure out something.
41 This is calling for a preliminary engineering report, which is the first step to actual
42 construction.
43 DELEGATE WRIGHT: Mr. Chairman, we have the Economic

1 Development officer for Lunenburg County here, and I'd like her to address that.

2 MS. HAWTHORNE: I'm Beverley Hawthorne. Thank you all for
3 coming and meeting here today. I would like to read from an engineering proposal that
4 was proposed to the county. The proposed project will be ready to go into final design,
5 once the PER is approved. It will all be built, and everything else will be drawn, and all
6 the calculations will be done and the final design. That's from the engineer's proposal.

7 MR. ARTHUR: You're saying it's a design study. The write-up here
8 says feasibility, compatibility and costs. The feasibility part of that is where we're getting
9 a little heartburn.

10 MS. HAWTHORNE: Right, it was not asked to be a feasibility
11 study. It was a preliminary engineering report which included the engineering of the
12 water line, not designed as a feasibility study. It says the water line will be there to insure
13 the hydraulic compatibility of the two systems, and the preliminary route will be selected
14 to connect the two systems with the detailed --- estimates and then chemical
15 compatibility. Everything will be done except the final drawings.

16 MR. ARTHUR: Any one else have a comment? Do we have a
17 motion on the floor? The motion is on the floor, made and seconded, that we fund this
18 project according to the Staff's recommendation. All in favor signify by saying aye?
19 (Ayes.) Opposed? (No.)

20 Please call the roll.

21 MR. STEPHENSON: Mr. Bryant?

22 MR. BRYANT: No.

23 MR. STEPHENSON: Delegate Byron?

24 DELEGATE BYRON: No.

25 MR. STEPHENSON: Mr. Day?

26 MR. DAY: No.

27 MR. STEPHENSON: Mr. Hite?

28 MR. HITE: No.

29 MR. STEPHENSON: Mr. Owens?

30 MR. OWENS: Yes.

31 MR. STEPHENSON: Vice Chairman Ruff?

32 SENATOR RUFF: Yes.

33 MR. STEPHENSON: Mr. Taylor?

34 MR. TAYLOR: Yes.

35 MR. STEPHENSON: Mr. Walker?

36 MR. WALKER: Can I pass? Yes.

37 MR. STEPHENSON: Delegate Wright?

38 DELEGATE WRIGHT: Yes.

39 MR. STEPHENSON: Chairman Arthur?

40 MR. ARTHUR: No. That makes it even, five to five. The motion

41 fails on that.

42 MR. FERGUSON: The motion fails.

43 MR. ARTHUR: Legal says that the motion fails on a tie vote. So

1 the Waterline Extension from Kenbridge to Victoria fails.

2 Lunenburg County, HVAC upgrades to the STEPS Building in Victoria. A
3 request for \$265,000.00. The Staff has studied and recommended \$95,000.00.
4 Discussion?

5 DELEGATE WRIGHT: Mr. Chairman, I'd like to have some
6 comments on this, and I think the Staff has some further comments as well.

7 MS. HAWTHORNE: First of all, the allocation for this year, we did
8 not apply for them in the first round of grants because we felt like we didn't have a very
9 viable project, and we didn't want to bother you all with something that was half done.
10 When it came to the second round of projects we got the Town of Victoria together with
11 Lunenburg County and agreed among the three of us that we would divide the money as
12 we have presented to you all today. The County determined that the STEPS building,
13 which is owned by the county, this is a building that was donated to the county and
14 stayed empty for quite a few years prior to STEPS applying for and getting the CDBG
15 grant and occupying the building.

16 STEPS is very important to our community. It hires seventy-six full-
17 time people, thirty-five or so are disabled. It's a service and offering to people that would
18 not otherwise have jobs available to them. To lose seventy-five jobs in Lunenburg
19 County is a big deal.

20 STEPS also owns another building which is not very far away from Lunenburg
21 County, for people who are disabled and don't have proper transportation available can't
22 get to the STEPS building in Farmville. Ms. Harrup has the contract in her hands right
23 now that has a total production of 2.2 million dollars and holds an option for an
24 additional 1.1 million dollars, or fifty percent increase in production they put out for the
25 U. S. government. Sharon has a contract in her hands and does not feel as if she can sign
26 additional production of 50,000 jackets, because we're not able to work full shifts in the
27 building in the summertime, and certainly not two shifts in the summertime.

28 Some of the things STEPS will have to decide is whether they want to take the
29 position of doing the additional contract with the government and risk not being able to
30 fulfill the contract or actually move the operations to Farmville into a building that they
31 own, which would result in a loss of jobs for Lunenburg County. With our building, we'd
32 like to see STEPS stay there. Should STEPS leave, we want a building that is sellable to
33 someone else. No matter who goes in that building, the production area of the building
34 reaches 120 degrees many days in the afternoon in the summertime. It has a concrete
35 floor, and that is a tripping hazard, and if OSHA happens to walk through that building in
36 the summertime, they could close it down immediately because of the tripping hazard
37 and health and safety issues and the temperatures. We ask you to consider this. The air
38 conditioning is not to make everybody happy and completely comfortable, it's to get it
39 down to a reasonable working temperature, approximately 75 to 80 degrees. Any other
40 questions?

41 MR. ARTHUR: What is the county doing? It's a county building,
42 you hire people, and there are county taxes involved. Why can't the county do
43 something about this? Ten thousand is a drop in the bucket, what is the county doing?

1 MS. HAWTHORNE: We don't have a very lucrative economic, or
2 being able to draw the funds. We're helping maintain the regular maintenance as much as
3 we can. We can't cover the maintenance as a result of their using the building.
4 MR. DAY: Mr. Chairman, what are the terms of the lease status, is
5 it a long-term lease or year-to-year?
6 MS. HAWTHORNE: It's a year-to-year lease.
7 MR. DAY: Is it year-to-year by design or on purpose, or it is by
8 accident?
9 MS. HAWTHORNE: I don't think there was any other kind, year-
10 to-year.
11 MR. DAY: Then either one of you could walk away from that deal
12 with little or no notice?
13 MS. HAWTHORNE: Yes.
14 DELEGATE WRIGHT: The county, with great expenditure they've
15 just built a middle school and have done some remodeling at the courthouse, by Judge's
16 order. The economic ability of the county at this time is very limited, going through
17 tough times economically and can't afford to lose this.
18 MS. HAWTHORNE: There are two other things besides this
19 building on the street. STEPS is right up the street from those two vacant buildings.
20 MR. ARTHUR: These are handicapped people?
21 MS. HAWTHORNE: Not a hundred percent, but it's about
22 fifty/fifty.
23 MS. HARRUP: My name is Sharon Harrup, Executive Director of
24 STEPS Incorporated. There are a couple of points I'd like to make in our discussion. Our
25 organization is chartered to provide employment and training for people that are disabled.
26 Almost any individual in Lunenburg County, there is no other employer available to
27 them in this jurisdiction. Our current contract is a total of about 2.3 million dollars, and
28 that relates to an annual payroll of over 600,000 a year that is going into the economy of
29 Lunenburg County and some of the peripheral counties that adjoin Lunenburg.
30 The contract we're holding, 1.1 million dollars would mean another twenty to
31 thirty additional employees, which would equate to a payroll of about 250 to 300
32 thousand dollars. The county has been extremely supportive for this operation. When
33 they approached us in 1997 with the idea of moving and expanding our operation out of
34 Prince Edward into their county, they provided us with a building and access to a
35 community development block grant, and we also accessed some USDA grant funding
36 that allows us to purchase equipment. We were able to purchase some equipment, so
37 there's been enormous partnering keeping this business going in Lunenburg County.
38 With the lease agreement we have with the county, they have been extremely
39 generous, a dollar a year lease is extremely generous, and the building is really not safe
40 for anyone to work in. It used to be an old plastics manufacturing company, and all of
41 their machinery was serviced through a wooden eight-foot wide service trough that runs
42 the entire length of the production plant. There wasn't enough money originally to bring
43 the building up to compliance, so that service tunnel was covered at the county's expense.

1 After seven years of operation you can imagine what has happened to this plywood. It's
2 a hazard and has a two-inch drop. Whether it's us or a for-profit company that comes into
3 the town, an upgrade is going to have to be done to the building if it is going to be
4 marketable.

5 DELEGATE BYRON: I realize this is a wonderful opportunity for
6 people that are disabled and those otherwise, but your average wage is what, twelve or
7 thirteen an hour? Is that correct?

8 MS. HAWTHORNE: That's incorrect. It's about seven fifty.

9 DELEGATE BYRON: I was equally curious, there might be a little
10 bit of surplus in the state fund this year. I don't understand why there are some other
11 areas that are not coming into play, and you're helping the disabled, and you're bringing
12 jobs to the county. It just seems like there should be some other organization responsible
13 to help some of these people, and I understand what you said the county was doing.
14 Where else have you requested some funding from?

15 MS. HAWTHORNE: Tim and I have spoken to the Department of
16 Housing and Community Development about a CDBG grant, I spoke to them yesterday
17 to assure that what I saying is correct. We probably would qualify; however, we would
18 have to apply on a competitive round of grants, and that application cannot be taken until
19 some time in March and would not be awarded until some time in June. The way this
20 project is set up there is no way to do a part of the HVAC without doing all of it. We
21 wouldn't be able to actually start the project until we hear word from the grant, whether
22 we are going to be awarded that funding or not. That's why it is going to be a problem,
23 not being able to sign the contract for this year, and we might lose it.

24 MR. ARTHUR: If funding was available and you could put in the
25 air-conditioning, would you be able to commit more than from year-to-year?

26 MS. HARRUP: Yes, sir.

27 MR. ARTHUR: Because we could spend a lot of money, and next
28 year it's over.

29 MS. HARRUP: The opportunity is presented to us by the county to
30 actually utilize part of their tobacco allocation for the project. Our Board of Directors is
31 committed to negotiating a five and ten-year contract. Currently there is just a year-to-
32 year contract, but we already at any point once the building is brought up to what we
33 consider safe to occupy, we would be willing to commit to that.

34 MR. ARTHUR: Is this air-conditioning, is there something other
35 than the air-conditioning that will keep you from doing that?

36 MS. HARRUP: The air-conditioning is the primary problem. When
37 we did a study to evaluate the best way to cool that production area, a dropped ceiling
38 would have to be installed, subsequently additional lighting. That's the reason the
39 package that is presented to you all now has the HVAC and the lighting package design,
40 and, then, the floor repair or remodeling that is really a separate issue. The cooling is the
41 real emergency.

42 MR. ARTHUR: Any further discussion?

43 MR. OWENS: If we fund it fully it would be above what the

1 allocation is, correct? Or the request?

2 MR. PFOHL: Seven hundred and thirty-five, everything.

3 MR. ARTHUR: They would be within their limit.

4 SENATOR RUFF: Mr. Chairman, I don't want to delay this but, and
5 especially after the last vote, we need to make sure all the issues are discussed. The
6 thirty-five to forty employees that are handicapped, if this operation did not exist, what
7 are their chances of finding employment?

8 MS. HARRUP: In all honesty, I would think it would be nil. They
9 could be engaged in some type of day activity or day activity type programs. As far as
10 getting a paycheck, and then, there is nothing else in the region that offers that possibility.

11 MR. ARTHUR: I think all of us here feel for the fact that we have
12 handicapped people, but we certainly don't want to put those people out of work, and the
13 more handicapped the better, as far as I'm concerned.

14 SENATOR RUFF: Mr. Chairman, the reason I expanded that, the
15 last vote somewhat surprised me when I thought we were trying to get people to work
16 regionally, so I figured we better cross all our i's.

17 DELEGATE WRIGHT: Mr. Chairman, Ms. Harrup has got this
18 contract, and that would be in addition not only to maintaining the workforce but add
19 workforce. This is something that Lunenburg County really needs, and I'd appreciate the
20 consideration of the Committee to fully fund this project, and I'll make that in the form of
21 a motion.

22 MR. OWENS: Second.

23 MR. ARTHUR: A motion is made and seconded.

24 MR. DAY: Mr. Chairman, I'm wondering if you'd be open for an
25 amendment? Something to the effect that we would fully fund it upon execution of at
26 least a ten-year lease.

27 DELEGATE WRIGHT: Yes.

28 MR. OWENS: Yes, that would be fine.

29 MR. DAY: I'd offer that as an amendment to the original motion.

30 MR. ARTHUR: Did everyone hear that?

31 MS. HARRUP: That would be fine with us.

32 MR. ARTHUR: Any further discussion? All in favor of fully
33 funding the HVAC upgrade, signify by saying aye? (Ayes.) Opposed? (No response.)
34 You've got your money.

35 Mecklenburg County, South Hill Regional Wastewater Treatment Plant
36 Expansion. A request for \$80,000.00, and the Staff recommended \$80,000.00. Any
37 discussion, or do I hear a motion?

38 MR. HITE: I so move.

39 MR. ARTHUR: Jack Hite has moved for adoption, and Senator
40 Ruff has seconded that. Any further discussion? All in favor of fully funding this
41 project, signify by saying aye? (Ayes.) Opposed? (No response.) It's fully funded.

42 Mecklenburg County, South Hill Community Development Association. The
43 Colonial Center Renovation Project. Request for \$100,000.00. Staff has reviewed and

1 recommended full funding. Do I hear a motion?
2 MR. HITE: I so move.
3 DELEGATE BYRON: Second.
4 MR. ARTHUR: There is a motion made and seconded that we adopt
5 Staff's recommendation.
6 MR. TAYLOR: Mr. Chairman, I understand the Staff has made a
7 one-time award?
8 MR. PFOHL: Yes, sir. That is what the Staff recommended, full
9 one-time award for the project.
10 MR. TAYLOR: That's a one-time, there will be no more?
11 MR. PFOHL: That's the pleasure of the IDA.
12 MR. ARTHUR: Did everybody hear that? A motion has been made
13 and seconded, any further discussion? If not, all in favor of fully funding the one-time
14 request, signify by saying aye? (Ayes.) Opposed, like sign? (No response.) Fully
15 funded.
16 Nottoway has no request.
17 Patrick County has withdrawn.
18 Next is Pittsylvania County. Pittsylvania County/City of Danville Regional
19 Industrial Park Sanitary Sewer Extension. They've requested \$319,500.00. The Staff has
20 recommended fully funding \$319,500.00. Do I hear a motion? Mr. Bryant has made a
21 motion, and Mr. Owens has seconded it. Any discussion? All in favor of fully funding,
22 signify by saying aye? (Ayes.) Opposed? (No response.) Fully funded.
23 The next project for Pittsylvania County is the Brosville Industrial Park Phase
24 IV Industrial Access Road and Improvements. The request was for \$1,233,676.00. Staff
25 has recommended fully funding. Prior to asking for a motion, I've had a number of phone
26 calls and also some comments from Secretary Schewel's office. I'm going to handle
27 asking the questions rather than have individuals on the questions that I've been asked
28 about.
29 The first one that comes to mind, Mr. Sleeper, is the relevant closeness of the
30 industrial park to the commercial park, privately held. What is the status of this?
31 MR. SLEEPER: I can answer that very quickly, and also, have
32 some maps and documents. I'd like to give copies out, because there could be a question
33 of what that location means. There is a proposed shopping center that is privately owned
34 by a private corporation that is adjacent to the access road going in. The access road is
35 not providing access to the property. We've got an option from a manufacturing
36 corporation at the park in order to cross their property to provide the access.
37 MR. ARTHUR: Could you show the relativity between the two
38 pieces of land?
39 MR. SLEEPER: I'm going to hand these out to you so you can see.
40 We have a presentation and propose to answer your questions, because we had some
41 brought to us from the Staff. I'll submit to you that what we're doing in this presentation
42 is we're meeting the requirements of the grant application. The primary objective of the
43 Tobacco Commission for meeting the Long-Range planning objectives. This is a Phase

1 IV application for this park. The first three phases of the park were approved by the
2 Tobacco Commission we're asking now for access to the industrial park. We've already
3 done a master plan, and we've completed Phases I, II and III and completed all of Phase
4 III. One of the issues involved in this is that we have several industrial parks, and I know
5 that's an issue, Mr. Chairman.

6 There are ten parks in our county, and our county and the City of Danville is
7 the same size as Rhode Island, and these parks are miles and miles apart. Two of the
8 parks in Gretna are incomplete, and the remaining parks that we are dealing with include
9 Danville. This Brosville Park is very important, and why it is important is that it is the
10 only area in the western part of the county where we're showing this development. Forty-
11 eight percent of all the building permits for residential units the past four years have been
12 in this district. This district is the fastest growing area of Pittsylvania County, and in the
13 last census was the fastest growing area of the county, and we're trying to match the
14 market need out there for what is going on, on that side of Pittsylvania County.

15 This is the site plan, and in your book we've got the fourth page down, if you'll
16 look at that you'll see the site plan, and this is part of what the Tobacco Commission
17 funded for the master plan. We propose to have at least three large tracts of land and a
18 small tract of land for the computer industry. The intent of this park, one of our
19 emphases was Mid-Atlantic Broadband goes right in front of this park, and for us to tie
20 into that and provide access for the computer industry. That's what the small buildings
21 are in front, and the large ones are for manufacturing. The commercial center is adjacent
22 to it and privately owned and not by the county, not associated with this project.

23 That addresses the issue, and you have the map in front of you.

24 MR. ARTHUR: Is there some type of agreement that will be that
25 they, or private property will not have access to that road, or something to that effect, for
26 some period of time?

27 MR. SLEEPER: No, sir. People keep asking that. The Virginia
28 Department of Transportation's Industrial Access Program, it's a program and it's a fund,
29 and all the requirements in that book deal with funding, with the law of access to the
30 road. Once you build an industrial road and turn it over to the Virginia Department of
31 Transportation, it is a secondary highway. When that happens, whatever the VDOT rules
32 are we're not involved with, because then it's a secondary highway. We intend to build
33 this industrial access road. In a five-year period we have a requirement with VDOT to
34 locate a ten-to-one ratio of what we put in that road in the industrial park. If not, then we
35 have to return the funds that we received from the Department of Transportation to build
36 that road. We're not designing any access to that park. They have their own access, and
37 they are working on their access, Route 58, now. My understanding is that they have
38 already got tentative approval of its location. So, we're not providing anything to them.
39 There's no agreement we'd cut them off or anything, we're just not providing it. The only
40 thing that would be related is if when we build the road and when we grade away from
41 our roads and drainage, we have to make sure their development and our developments
42 don't create drainage problems. So the agreement we're making with them deals with
43 grading of the site and providing construction along the site of their project when we

1 build the road.

2 MR. ARTHUR: Question: What is the precedent for us having to
3 pay to cut 58 down?

4 MR. SLEEPER: The problem we're having with US Route 58 and
5 the utility aspects of the park is the fact that the safe access to this park and the safety of
6 the citizens of the Commonwealth with the road where the park entrance would come in
7 would give them adequate sight distance so that they can slow down and not get hurt and
8 we can have access in and out of that park. We create a significant number of jobs, and
9 safety is a major issue on 58. That's part of the requirements, we need to insure that this
10 access road will be a safe access to people accessing that park.

11 We currently have three projects associated with this, and we want to issue a
12 contract. One would be industrial access road and utilities and sewer requirements. The
13 second would be the grading and setting out all the grading requirements of the park, the
14 drainage to the park and the actual paths into the industries. The third contract would
15 actually be the waterlines from Henry County and Route 58. I want to show you this,
16 along with this park. The map will show you the right-of-way across private property not
17 associated with this park. The ridge on this drawing shows you the road, and we have a
18 road here, and you're coming up this side and you can't see it. The speed limit is 55, and
19 most people come out of the rural area in Henry, and there's nothing on the road, and
20 probably doing in excess of 60 coming over that hill, and it can create a problem here.
21 You can reduce the problem by reducing the, increasing the requirements of safety
22 coming over that hill, cutting the hill down four feet so it matches closer to the other side,
23 because the road, there's almost a six-foot difference on each side of 58.

24 MR. ARTHUR: Am I correct in saying that when we bought that
25 piece of property that was not a problem, and all of a sudden VDOT has now said you've
26 got to have it?

27 MR. SLEEPER: I can address that two ways. Originally we
28 purchased the property in 1984, and there was about, an industrial park in '84 was
29 established here, and it was not a problem. At that time we had two accesses that we
30 were dealing with, but from '84 to 2000, or nearly twenty years, VDOT requirements or
31 speed requirements on a divided highway changed in the process of the site of which
32 roads the Board of Supervisors wanted to choose, then in January of this last year VDOT
33 changed again by 125 feet distance after we were already in the design of where we
34 wanted the road, and that tells you how quickly this can change. That's part of why we
35 had to come here.

36 Along 58 VDOT had come through here, we hired an engineering firm to do
37 preliminary engineering work so we could address VDOT, and they also agreed on
38 something that their own staff is kind of upset about, and that's the fact that we're going
39 to run traffic on one lane, cut the whole road down. It was senseless to do what was
40 proposed, so we're just going to take one whole side of the road. When we did that, that's
41 why we had the associated project.

42 When we started the application process for the Tobacco Commission, our
43 intent was for the industrial access road and 58, and we were talking with Henry County

1 about trying to, we did not list EDA as a requirement of our project at the time, and in the
2 process of making the application, we made the application to EDA and the associated
3 project in Brosville Park six miles with twelve-inch lines coming from Henry to
4 Brosville. The intent of that was to ensure that we had fire and the quantity of water.
5 We have water from Danville up to Brosville tanks, but at the end of the Danville line the
6 quantity of water and fire suppression, that's the reason we entered into the Henry County
7 project. When we did that and Henry County got their approval, we had an associated
8 project with Virgil Goode's office to associate Philpott to our line, an additional twelve-
9 inch line. When you get to the details of the summary that is in your book, this project
10 started in Phase I with Pittsylvania County, and it is a \$174,000.00 engineering project,
11 and we're now at \$10,094,00.00. A 10.1 million dollar project when finished.

12 This is Phase IV. Following the recommendations of this Tobacco
13 Commission, who told us to finish the park, and the Board of Supervisors' Chairman can
14 tell you why the Board did that, and they made the selection to do it and get 58 done.
15 The regional park and the Brosville Park. We have concentrated on this issue, and we
16 have over \$60,000,000.00 on the table we're trying to get approved by January so we can
17 issue contracts.

18 MR. ARTHUR: The Tobacco Commission has how much money
19 invested so far?

20 MR. SLEEPER: So far in this park you've got \$2,500,000.00.
21 We've got 3.5 invested so far, and overall put in \$3,765,000.00. The localities, including
22 Henry and Pittsylvania, put in \$4,000,000.00, and the State of Virginia and the federal
23 government put in 2.3. Thirty-seven percent funded by the Tobacco Commission, which
24 is probably a little unusual for most of your projects, and the majority of it is done by the
25 locality.

26 MR. ARTHUR: Thank you, Mr. Sleeper. Anyone else have any
27 questions about this industrial park? I was asking questions having to do with calls I
28 received, that's why I took the lead on the questions.

29 MR. BRYANT: Mr. Chairman, I have a question to Mr. Sleeper. Do
30 you have any possibility of any future expansion of this park?

31 MR. SLEEPER: Yes, sir. On your map or the book, it shows the
32 park and directly behind it, and we were working on an option of 234 more acres. The
33 map of the cyber park. On this side of Route 877. The reason we stopped here is that the
34 man that owned the property was in the hospital and was ill, and we stopped. Maybe you
35 know the man that owned that large farm, but he passed away, and we stopped and
36 finished what we were already working on. We have some other property behind the
37 park that, another road that we can extend to also. The intent to have the 234 acres
38 readily available for us to extend this service road. That shows you some of that
39 secondary industry off to one side. We have an option right next to that, or you could go
40 back out and talk to VDOT about improving 877. They turned it down last time because
41 the road itself was so narrow with sixteen feet and eighteen feet overall, with no
42 subsurface for tractor-trailers. That's the reason we took the option. This is the second
43 option, and this is the third one. Every time you start the second, third and fourth steps

1 with these parks, everybody stopped, and we said that's the park we wanted to finish first
2 so we can tell you that we were finished.

3 MR. ARTHUR: Thank you, Mr. Sleeper, for answering those
4 questions. As all of us here know, the Staff has recommended full funding, not having
5 the pleasure of being called by everybody. I would like to know now if there is a motion?

6 MR. HITE: So moved.

7 MR. ARTHUR: Jack Hite moves adoption. Mr. Owens seconds it.
8 Any further discussion? Hearing none, all in favor signify by saying aye? (Ayes.)
9 Opposed? (No response.) Full funding.

10 Prince Edward County has no request.

11 Sussex, Town of Wakefield. Town of Wakefield Water System Improvements.
12 The request is for \$34,365.00. Staff recommends \$25,000.00. Do I hear a motion or
13 discussion? We have someone here that wants to address that. Would you state your
14 name?

15 MR. VANDATTA: My name is Craig Vandatta, I'm an architect, and
16 we're the consultants for the Town of Wakefield. We didn't prepare this documentation or
17 application, but the Mayor did. In talking with Tim a couple of days ago he said the
18 reason you were recommending reducing it is the large amount for miscellaneous. I
19 guess they didn't understand what that was. I talked to the Mayor, who is in construction,
20 and he said, we know there are going to be some things we didn't consider. In looking at
21 his breakdown, I didn't see anything in there for pavement restoration, which we know is
22 going to be part of this project, so we'd like for you to consider fully funding this project.

23 MR. ARTHUR: The floor is open for a motion or discussion.

24 MR. OWENS: I'd like to hear from the Staff about the \$13,000.00.

25 MR. PFOHL: On page 29 of the application in the budget area, the
26 applicant said that under \$21,000.00 of Commission funds being requested be for
27 materials for the project. They have to make these repairs to the system, similar to what
28 Victoria was asking us for, upgrading the water system and so forth. The concern was the
29 \$13,400.00 of Commission funds being requested for miscellaneous. I think the
30 Southside Administrator had advised the town not to put such a large miscellaneous item
31 in there, rather than us paying for unknown costs and contingencies, and that creates
32 problems when you're looking at grant reimbursement. That's sort of misleading in the
33 application, so we thought we should pull that out and see what the Committee's pleasure
34 is.

35 MR. ARTHUR: I think that's a good point by Staff. We can't pay
36 for miscellaneous, we don't know what it is.

37 MR. DAY: Mr. Chairman, I agree. I understand the Mayor did the
38 application, maybe he should have consulted somebody who is used to doing these types
39 of things and they should work together. I don't think we should nickel and dime this
40 project, so I would recommend full funding.

41 MR. ARTHUR: Any further discussion? Do I hear a motion?

42 MR. FERGUSON: Mr. Chairman, if it is the will of the Committee
43 to recommend full funding as a motion, I would ask that, as a contingency on that, at

1 least the miscellaneous items be itemized and provided prior to the funding process so the
2 Staff would know what's appropriate. You don't want to get bills stating miscellaneous.
3 We need to have some notion of what these payments are. I think Tim would have a hard
4 time knowing what he is authorized to pay for if he doesn't get that kind of advance
5 notice, at least that there is a concern to come back.

6 MR. ARTHUR: Thank you, Frank. All of you heard Frank's
7 concern on this. I do have a little bit of heartburn with miscellaneous. It's a small project
8 compared to some we have had here, but like Bernie said we don't want to nickel and
9 dime them, but there has to be some qualification to this miscellaneous. Do I hear a
10 motion or further discussion?

11 MR. OWENS: I'd move that we have full funding for this project
12 with the amendment that says that we describe in depth what the miscellaneous be and
13 have that listed.

14 MR. DAY: I would second the motion.

15 MR. ARTHUR: The motion has been made and seconded, with the
16 additional caveat that identifies miscellaneous satisfactorily to the Staff. If the Staff has a
17 problem they can come back to us. Is that basically it?

18 MR. OWENS: Yes.

19 MR. ARTHUR: Any further discussion? All in favor signify by
20 saying aye? (Ayes.) Opposed? (No response.) Fully funded.

21 There's a request to readdress one of these, and you'll have to vote it back up in
22 order to do that.

23 DELEGATE BYRON: Having reviewed what I said when we failed
24 to pass the motion to approve the \$22,500.00 for Lunenburg County for the waterline
25 extension, I'd like to move that we reconsider the vote.

26 MR. ARTHUR: Ms. Byron is requesting that we readdress the
27 proposal which was voted down. Do I hear a motion to put this back on the table?

28 DELEGATE WRIGHT: So moved.

29 MR. ARTHUR: The motion has been made and seconded, do I hear
30 any further discussion? The motion was made by Delegate Wright and seconded by Mr.
31 Walker. Go ahead, Ms. Byron.

32 DELEGATE BYRON: Generally, I do not support studies, and I
33 have to say I regret that I was delayed in getting to the meeting, and I came in right when
34 this discussion was going on and the issue of the study came up. In looking at this
35 further I see where there is really or actually a first step similar to what we had to do
36 some time ago in my county that involved a first step in a procedure that was mandatory
37 in order to get to where we needed to go for an economic project. Whereas I think some
38 of the studies that I have opposed are just venturing out to see if something is possibly
39 going to work as far as new ideas and new initiatives, this is something in an enterprise
40 zone, or something that is important for an area. Having said that, I would like to move
41 that we support this.

42 MR. ARTHUR: Any further discussion?

43 DELEGATE WRIGHT: I'd second the motion.

1 MR. ARTHUR: All in favor signify by saying aye? (Ayes.)
2 Opposed? (No.) Roll call, Ned, please?
3 MR. STEPHENSON: Mr. Bryant?
4 MR. BRYANT: No.
5 MR. STEPHENSON: Delegate Byron?
6 DELEGATE BYRON: Aye.
7 MR. STEPHENSON: Mr. Day?
8 MR. DAY: Aye.
9 MR. STEPHENSON: Mr. Hite?
10 MR. HITE: Yes.
11 MR. STEPHENSON: Mr. Owens?
12 MR. OWENS: Yes.
13 MR. STEPHENSON: Vice Chairman Ruff?
14 SENATOR RUFF: Yes.
15 MR. STEPHENSON: Mr. Taylor?
16 MR. TAYLOR: Yes.
17 MR. STEPHENSON: Mr. Walker?
18 MR. WALKER: Yes.
19 MR. STEPHENSON: Delegate Wright?
20 DELEGATE WRIGHT: Yes.
21 MR. STEPHENSON: Chairman Arthur?
22 MR. ARTHUR: No.
23 MR. STEPHENSON: The motion carries.
24 MR. ARTHUR: The motion carries. Moving on, that completes the
25 applications. I'd like to have a motion that would allow me to recommendation to the
26 Full Commission the work of our Staff today as we voted. It's been moved and seconded,
27 all in favor say aye? (Ayes.) Opposed? (No response.) Thank you.
28 All of the Economic Development people here should listen up, because we
29 can almost guarantee that the budget for this coming year is going to be a minimum of
30 fifteen percent less than what you had last year, and could be more. I want to put you on
31 notice for that so you're making plans that are not blue sky but are reality.
32 Public comment, does anyone in the audience care to address the Committee?
33 MR. HARVILLE: I'm Coy Harville, Chairman of the Board of
34 Supervisors of Pittsylvania County. We would like to thank you on behalf of the Board
35 of Supervisors, and we had two work sessions, and we take this Committee seriously, and
36 we hope we can continue to work with you. Appreciate your support. Thank you.
37 MR. ARTHUR: Anyone else like to address the Board? Seeing
38 none, do I hear a motion to adjourn? The motion has been made, and we are adjourned.
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40 PROCEEDINGS CONCLUDED.
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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Southside Economic Development Committee Meeting when held on Friday, December 10, 2004 at 11:00 a.m. at the Institute for Advanced Learning and Research, Danville, Virginia.**

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this ____ day of December, 2004.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2006.