

MINUTES
Southwest Economic Development Committee
Hotel Roanoke
March 8,2001

Approved June 7, 2001

Members Present

Senator Wampler
Mr. Fields
Senator Puckett
Mr. Lief
Delegate Kilgore

Senator Wampler called the meeting to order and welcomed comments concerning the application process. The Senator estimated that the Committee has \$1.127 million. There were 22 projects submitted, only four of which were agriculturally oriented. Hopefully in the future there will be more. \$13.7 million was requested so the Committee will have to provide some seed funding in this fiscal year because they cannot fund all of those requests.

Mr. Currin recommended that the Committee accept the minutes from the last meeting.

Senator Puckett moved to accept the minutes.

Motion seconded

All in favor by aye vote

Motion adopted.

Mr. Currin introduced the Commission staff and briefed the Committee on the application process. There are some Universities present who somehow got on the Southside agenda. **Mr. Currin** would like to bring them up before this Committee. They requested that they come before **Senator Wampler's** committee.

Senator Wampler responded that he was not sure they were being fair to them by bouncing them around from Committee to Committee. He asked how much the request was.

Ms. Wass replied \$1.63 million.

Senator Wampler decided to go ahead and hear from them before getting into the other proposals.

David Burdette, Vice President of Government Affairs, Radford College, presented to the Committee the basics of the proposal. It is a one-time only infrastructure-funding request of \$1.6 million to help fund a new College of Information Science and Technology. This would help the students in Southwest Virginia and provide immediate economic development assistance to the community. This money will fund hardware and software. They just entered into an agreement with Carilion Hospital to acquire the St. Aubon's property. At that facility, they want to put in a technology-training center. They are well on their way to doing that. They need fiber to connect their facility to the St. Aubon's facility, which is estimated at \$80,000. The project will include computer labs on the main campus and at St. Aubons. There is also a proposal before the Commission for a distance learning site at Patrick Henry Community College that will be \$107,000 of the \$1.6 million. The infrastructure at St. Aubons is \$171,000 and outreach for physical facility renovations is \$353,000. The money will go to buying computers, software for those computers and the infrastructure to support them and the computer labs themselves.

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Senator Wampler asked what kind of investment this project would make inside the growing region.

David Burdette responded that they want to serve the SW district.

Ms. Bruce informed the Committee that the panel for Southside recommended not funding this project.

Mr. Currin commented that the panel thought there might be duplication of efforts with similar projects at UVA and VaTech.

Senator Wampler asked what is different from what the Community Colleges are already doing and what the Commission has already funded.

David Burdette replied that their project will complement the efforts of the Community Colleges; it will provide a 4-year degree.

Senator Wampler clarified that this would be available to any student at Radford, be they from a tobacco growing region or not. That is the problem the Senator is having with accepting the proposal. **Senator Wampler** stated that the Committee is going to go through the list of proposals and may have questions later.

Ms. Bruce reported to the Committee the recommendations of the application panel. See attached.

Senator Wampler asked for clarification on the Garden of Eat'n proposal. Is it a concept? Also directs the Committee to interrupt with questions when they come up.

Delegate Kilgore wanted to know how much money the committee has to disburse.

Senator Wampler replied \$1,127,000, and he would like to not allocate every dollar the committee has but leave some for a deal closing if the opportunity was to arise.

Ms. Wass informed the committee that with the 80/20 split that was just voted on, for the 20% of this year's money going to Economic Development plus the carry forward would be \$4 million available.

Senator Wampler stated that the difference would be approximately \$2.87 that could be used in the budget next year.

Ms. Bruce commented that the recommendations were based on a 50/50 split. Ms. Bruce then continued briefing the Committee on the applications.

Senator Hawkins requested that **Tom Taylor** speak to the Committee regarding the proposal from the Mt. Rogers Planning District Commission.

Mr. Taylor explained that it is a \$500,000 capitalization that they received from Rural Development that required a 25% local match. Any jurisdiction in which they make a loan to a business etc. has to come up with \$37,500. They are asking the Commission for funding to speed up the process so they do not have to go to the local government.

Senator Hawkins clarified that this leverages additional dollars.

Mr. Taylor replied yes, \$500,000.

Senator Hawkins asked what kind of specifications or requirements there were for eligible capitalization.

Mr. Taylor responded the agricultural businesses would get special consideration.

Ms. Bruce continued the application report.

Senator Wampler asked **Mr. Lief** if there has to be an associated business to close the deal on sewer line upgrades.

Mr. Lief responded that they could apply for an ARC grant or a CDBG grant. He then asked if there was a scoring system used when the panel reviewed these applications.

Ms. Bruce replied no.

Mr. Lief then asked if they looked at the return investment of commission dollars.

Ms. Wass replied yes but they did not come up with a specific return investment.

Mr. Lief asked if the staff looked at the private investment that was considered.

Mr. Currin responded yes and other resources.

Mr. Lief inquired as to how the staff managed to weigh things against each other without a scoring system.

Senator Hawkins commented that it was not a stretch to compare them to each other because they were so similar.

Mr. Lief asked if when staff got an “unsophisticated” application, did they go back to them and tell them what the Commission needed.

Chris McCollum responded that there was not enough time to do that.

Dr. deVoursney also commented that there was such a broad range of proposals that it would be difficult to weigh them against each other.

Senator Wampler stated that he did not know how you could come up with a rigid scoring system when you are trying to help the agricultural community and trying to diversify the investments into technology, etc.

Mr. Lief stated that he was simply asking a question.

Senator Wampler added that he shared the same concern.

Mr. Currin enforced that this was the Commission’s first attempt at allocating large amounts of money to these two regions and welcomed suggestions for improvement in the future.

Delegate Kilgore commented that the Commission has an opportunity to improve upon the process and that they need to look at return on investments and make sure that they are indeed aiding the economic development of the communities and creating a better quality of life.

Dr. deVoursney commented that there were no applications that would have met that standard, but assured the Committee that the decisions were not come upon haphazardly.

Senator Wampler told **Mr. Currin** that the Committee wanted him to direct them on how to improve the application process without discouraging creativity.

Ms. Bruce continued with the application report with #15.

Senator Wampler asked if the requested funding for #18 (Saltville) would pay for all of it.

Ralph Byers (from audience) responded that it is an expansion. It would be funded from other sources. It is a joint venture with VaTech and they have been getting about \$100,000 a year for aquaculture from the Federal Government, and another \$500,000 last session of Congress.

Ms. Bruce continued with # 19 of the applications.

Mr. McCollum added that VaTech did a study for the VA Highlands saying that it was feasible for them to go forward.

Ms. Bruce continued with the applications.

Senator Wampler commented that this is a good but expensive idea. The Senator, in the event that the Commission does not fund it, would like to find other sources of funding for it.

Ms. Bruce stated that maybe if they found funding from other sources and there was a matching agreement, it would work.

Mr. McCollum added that the application was very swayed toward seeking no other funds.

Ms. Bruce continued with #21.

Mr. Fields asked what the development plans were for #22, the Wise County Industrial Development Authority.

Senator Wampler responded that there are already two anchor tenants and some others who are considering coming there. This would move it forward; it is a portion of the funding.

Mr. McCollum added that this is a very heavily leveraged application; \$1 million in federal funds, \$3.5 million in state funds thus far.

Senator Wampler commented that this funding would help out with the next phase of the expansion. Then he addressed the method of discussion and voting on the applications.

Delegate Kilgore wanted to know how much money there was to spend and how much they would hold until the next application process.

Senator Wampler replied that they should try and leave \$250,000 of the \$1.16 million to anticipate other projects. That leaves \$912,000 to spend.

Mr. Lief commented that staff made their recommendations based on \$3.9 million and now there is \$912,000 to work with. Should the committee adjourn and give staff a chance to reevaluate the applications and reconvene tomorrow?

Ms. Wass responded that the difference is based on whether you are going to spend based on cash balances rather than budgeted amounts. The January payments have come in and the April ones have not. The \$1.2 million does not count this year's money.

Delegate Kilgore commented that he too would like to hold some of the money back.

Senator Wampler added that during the next application process, there may be some better applications. The Senator had made some recommendations on how to handle the money and the applications. **Senator Wampler** recommended:

- #1. Bluefield College: concur with panel's recommendation.
- #2. Floyd Co: concur with panel's recommendation.
- #3. Garden of Eat'n: concur with panel's recommendation.
- #4. Grayson Co School Board: recommend dividing the panel's recommendation by 2 or

3.

Mr. McCollum asked if they could look back and see what that money was buying to see if dividing it would make it worthless.

Senator Wampler added that the Committee could go back and discuss these applications accordingly. He continued with his recommendations:

- #5. Lee Co: recommends funding a third of the request.

Senator Wampler commented that these funding recommendations come close to the \$900,000 mark.

- #6. Lee Co Industrial Development Authority: recommended \$25,000

Senator Wampler asked **Delegate Kilgore's** opinion on what they need to fund for #7. Lenowisco PDC/UVA College at Wise Convocation Cntr. They agreed to fund \$100,000 subject to a match.

Delegate Kilgore stated he thought it could be done for \$100,000; the Commission could fund \$50,000 subject to a match.

Senator Wampler thought that seemed reasonable.

- #8. Lenowisco PDC/ VA Coalfield Economic Dev. Authority: recommended no Funding.
- #9. Mt Rogers Planning District: recommended \$75,000
- #10. Town of Chilhowie: recommended no funding
- #11. Russell Co: recommended decreasing request by a third to \$66,000.

Senator Wampler asked what the \$75,000 the panel recommended would do for the project and if there was a way to phase the project. If so, what would Phase 1 be.

The Senator was answered by a member of the audience that Phase one would be securing the property.

Mr. Fields asked how much that will cost.

He answered \$125,000.

Senator Wampler asked if they could get a match from anywhere.

The gentleman from the audience answered that there were no matching possibilities that he knew of.

Senator Wampler and **Delegate Kilgore** discussed funding \$100,000. That was the amount given in the application for land acquisition according to **Mr. McCollum**.

#13. Scott Co Industrial Dev Authority: recommended \$50,000.

#14. Smyth Co: concur with panel's recommendation.

#15. SW Higher Ed Center: decrease by a third for \$63,600.

Senator Wampler asked **Dr. Folks** what \$63,000 would do for the Higher Ed Center.

Dr. Folks answered that with that they could purchase some equipment and build the web site.

Mr. McCollum commented that the panel's main concern was the subsequent year operational costs.

Mr. Lief asked if there was anyone doing it now.

Dr. Folks replied that to their knowledge no one is doing it in Virginia where the site is interactive.

Senator Wampler commented that they should make a recommendation for \$63,000. For #16: Tazewell Co. \$100,000 would be somewhat consistent with what the Commission has done with other counties trying to secure industrial land.

Mr. Lief asked for an explanation of an idea park. **Mr. McCollum** explained from the application. It seems like it will be 30,000 square feet of building and 7 acres of land.

Mr. Lief asked if there was anything involving fiber optics.

There was no response.

Mr. Lief commented that the idea of having a high-tech e-commerce park without having the fiber optics figured could cause problems.

Mr. McCollum responded that they have confirmed tenants such as Champion Systems.

Senator Wampler recommended \$75,000 but said they would come back to it and see what the budget looks like.

#17. Tazewell Co Fairgrounds: concur with panel's recommendation.

#18. Saltville: recommended half of the request at \$75,000

Mr. Lief asked what the basis was for recommending no funds for the fairgrounds.

Dr. deVoursney responded that the project probably had limited economic development.

Senator Wampler commented that if they fund it, next year every other county will ask for a like amount to upgrade their Fairgrounds. Then asked if \$75,000 could help Saltville move on its plans.

Mr. McCollum responded that it would probably be enough for half of the facility. They have \$650,000 other dollars.

Senator Wampler continued on to #19. Va Highlands Small Business Incubator, \$1.5 million would wipe out the Committee's budget. The Senator asked if there was another way they could help, in terms of planning, etc.

Mr. McCollum responded that they need a large amount of money now.

Mr. Lief asked if they applied for a grant from the Commonwealth's Incubator Program.

Mr. McCollum responded that he did not know.

A citizen commented that they are in the process of putting together several grant applications.

Senator Wampler stated that his recommendation to them would be to go after other sources of funding.

#20 Washington Co Dairy Farmers: concur with panel's recommendation.

Mr. McCollum informed the Committee that the sum of the recommendations thus far left the Committee with \$111,102.

#21 Washington Co. Public Library: recommended \$22,500. This would allow them to take their technology and computers to the branch libraries. This would make it easier for the farmer to access the technology.

#21. Wise Co IDA: recommended \$75,000

Senator Wampler suggested the Committee not vote on anything today. He asked **Ms. Wass** to review the recommendations the Committee just went over. The Senator then directed the discussion to Radford. He is looking for the one thing in the project that shows the Commission will get a return on their investment.

A member of the audience responded with \$100,000 that students from the Southwest community would be transferring to their program.

Senator Wampler questioned whether higher education should be funded out of this Committee at all.

Mr. Lief stated that they should be consistent among committees on these issues. Possibly the proposal has not gotten the proper attention.

Mr. McCollum commented that their discussion centered around how the program got into the areas.

Senator Wampler asked the committee if they want to vote that day or wait until the following day. Recommended going through each proposal and if there is a problem or discussion on one the member of the Committee should speak up.

Ms. Wass reported each proposal recommendation again; the recommendations totaled \$898,985.

Delegate Kilgore recommended having Grayson Co look elsewhere for funding.

Dr. Folks commented that this request for the SW VA Educational Training Network, all the schools in SW VA are on the Network now except Mt. Rogers School and Grayson Co HS. The school board in Grayson Co has not been able to fund the equipment. The funding for the other public schools has come from grants such as ARC, the Public Education Consortium, etc. Grayson Co is the only county in the State without it. Mt. Rogers School would benefit greatly from this because of its limited curriculum.

Mr. McCollum clarified that this gets the network closer to being whole.

Dr. Folks responded that it completes it except for Bland Co which does not have any schools on the network. If the funding is not complete the Mt. Rogers School will not be able to share courses with Grayson Co HS.

Delegate Kilgore recommended that they resubmit in April when the Committee might have enough money to fund both schools.

Senator Wampler clarified that it does not do much good not to fund both.

Dr. Folks responded that it would not allow the school to benefit from the other schools on the network.

Delegate Kilgore recommended funding \$93,495 contingent on securing matching funds. The Delegate stated that this was setting a precedent for the school systems coming to the Commission for funds.

Senator Wampler asked the Committee what they wished to do.

Mr. McCollum commented to the Chairman in regards to the Washington Co. Library, that the Chairman recommended \$22,500 and the request was \$32,000. **Mr. McCollum** recommended making the funding whole since it was only \$10,000 more and that \$22,000 probably would not be enough to make the project whole.

Delegate Johnson responded that Washington Co is the biggest burley producer in the Commonwealth. So he favors funding the community.

Delegate Kilgore commented that he agreed with **Delegate Johnson**.

Senator Wampler asked if the Committee wanted to add \$21,000 to Saltville (#18) to make it \$100,000 and then another to \$25,000 the Higher Education Center, for a total of \$88,000, to allow more farmers to be able to access the site.

Ms. Wass reported that the recommendations totaled \$954,589 leaving \$207,989 in the balance.

Senator Wampler commented that he feels the Committee should leave that \$207,000 in a Deal Closing Fund of sorts in case another project comes up.

Delegate Kilgore suggested that the Radford project come before the Full Commission.

Sheriff Osman spoke to the Committee of his support of full funding for the Mt Rogers School.

Senator Wampler commented that he feels the Committee has done all they can to help them.

Senator Puckett moved to accept the grants totaling \$954,589 for recommendation to the Full Committee.

Motion Seconded

Motion adopted by aye vote

Mr. Fields opposed.

Mr. Fields commented that he does not feel comfortable with the lack of funding for some of the projects. He also voiced his concern for funding projects by the quota method.

Mr. Lief stated that he seconded the Motion as a courtesy. That a real change in the Economic Development of these communities will only come with a large regional project.

Senator Puckett agreed with **Mr. Fields** and recognized that this is the first step.

Senator Wampler stated that the Committee has such a small amount of money that they could not fund projects with large amounts of money. He thought he tried to be fair today.

Mr. Lief added that the Governor's Opportunity Fund has been ready to work in the region. He would also eliminate the split between the regions.

Senator Wampler adjourned the meeting.

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

Executive Director

Virginia Tobacco Indemnification and Community Revitalization Commission