



# COMMONWEALTH of VIRGINIA

Office of the Governor

Terence R. McAuliffe  
Governor

July 30, 2015

The Honorable Walter A. Stosch  
Co-Chairman  
Senate Finance Committee  
Senate of Virginia

The Honorable Charles J. Colgan  
Co-Chairman  
Senate Finance Committee  
Senate of Virginia

The Honorable R. Lee Ware, Jr.  
Chairman  
House Finance Committee  
House of Delegates

The Honorable S. Chris Jones  
Chairman  
House Appropriations Committee  
House of Delegates

Dear Messrs. Chairmen:

I am writing to update you on the recent activities with respect to the Governor's Agriculture and Forestry Industries Development Fund (AFID) during the preceding six-month period as required by § 3.2-309 of the Code of Virginia.

The General Assembly created the AFID incentive program during the 2012 legislative session, funding it at \$1 million per year beginning in FY2013, with \$750,000 of each year's amount dedicated to AFID Facility Grants and \$250,000 to AFID Planning Grants. In fiscal year 2015, amendments to the AFID program were approved by the General Assembly through Item 89 of the 2015 Appropriation Act (Chapter 665, 2015 Acts of Assembly). The amendments removed the delineation of funds between the AFID Facility and Planning Grant programs, so they both drew from the same fund without restriction. In addition, the amendments authorized the transfer of up to \$250,000 each year of the biennium to the

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AFID Fund from other general fund appropriations for economic development incentives (Item 101 of the 2015 Appropriation Act). Furthermore, in FY 2015, \$500,000 was allocated to the AFID fund under the provisions of Chapter 3, 2014 Acts of Assembly (paragraphs G.1 and G.2), which permit the Governor to reallocate funding between economic development incentive programs in order to further diversify and grow the Virginia economy. The total AFID funding available in FY 2015 was \$1.75 million.

**AFID Facility Grant Program**

As of June 30, 2015, 25 AFID Facility Grants have been announced supporting a variety of agriculture and forestry based economic development projects. Seventeen of the Localities awarded grants have entered into Performance Agreements with the Companies and requested disbursements from the fund; progress is being made in completing the Performance Agreements for the other awardees. Since January, two projects have been removed from the active list. Dan River Plants closed in February 2015 and repaid their grant award to the AFID Fund in full in March 2015. Relay Foods – Richmond decided not to execute the Performance Agreement required to receive their award. Total AFID Facility Grant awards for the 23 active projects total \$1,949,700. Of this amount, \$1,599,700 has been expended, with the balance of \$350,000 expected to be expended in the next six months. These 23 projects account for 1,401 new jobs created and \$228,960,000 in new capital investments. These agribusiness companies have, on average, committed to purchase from Virginia approximately 75% of all the additional agricultural and forest products they will use to meet their new value-added processing needs.

The Secretary of Agriculture and Forestry and Virginia Department of Agriculture and Consumer Services (VDACS) continue to receive a tremendous number of inquiries and expressions of interest into the program. In addition to the 25 announced projects, there are several others in various stages of development and consideration by the Secretariat with the opportunity for multiple announcements to be made during the next six months.

For the second half of fiscal year 2015, a total of \$360,000 was committed in AFID Facility Grant funds to assist seven new and expanding projects in the state, representing \$85,660,000 in new capital investment and 237 new jobs. Summaries of these projects are listed below:

**Announced AFID Facility Grant Projects for the period January – June 2015:**

<b>Big Trouble Malting and Spirits (March 2015)</b> New malting facility and craft distillery	
Location	City of Petersburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50, 000 AFID Funds – to assist with building renovations</li> <li>• \$60,000 Enterprise Zone Real Property Improvement Grant</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$5,000 Façade Grant</li> <li>• \$2,500 Architectural Grant</li> </ul>

	<ul style="list-style-type: none"> <li>• \$8,000 Permit Waiver Fee</li> <li>• \$5,000 Tap Free reduction</li> <li>• \$5,000 Water Sewer Connection Fee reduction</li> <li>• \$12,500 Machinery and Tools tax reduction</li> <li>• \$14,000 Real Estate Tax abatement</li> </ul>
New jobs	Seven (7)
New investment	\$810,000
Minimum purchase Virginia-grown products	\$1,356,300 or 40,000 bushels of Virginia grain and fruit
Projected impact on agricultural and forestal producers	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft beverages.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$38,898/year
Average wage of project	\$37,440/year
Status	Performance Agreement completed, funds released to the City.

<b>Route 11 Potato Chips (March 2015)</b> Expansion of specialty potato chip production facility	
Location	Shenandoah County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$50,000 AFID Funds – to assist with construction of new warehousing facility
Other funds from the political subdivision and their use	\$50,000 – partial rebate of local machinery and tools and real estate taxes over four years
New jobs	Thirteen (13)
New investment	\$1.2 million
Minimum purchase Virginia-grown products	\$586,000 or 1,585,000 pounds in new purchases of Virginia potatoes and sweet potatoes
Projected impact on agricultural and forestal producers	Important new market for Eastern Shore sweet potato producer and Valley farmers diversifying into chipping potato production.
Timetable for project completion	2015 – 2017
Prevailing average wage in locality	\$32,050/year
Average wage of project	\$36,005/year
Status	Performance Agreement sent to County for review.

<b>Shenandoah Growers (April 2015)</b> Expansion of innovative greenhouse potted and fresh herb producer	
Location	Rockingham County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$100,000 AFID Funds – to assist with greenhouse construction</li> <li>• \$9,750 Virginia Jobs Investment Program (VJIP) – employee training</li> </ul>
Other funds from the political subdivision and their use	\$100,000 cash
New jobs	Fifteen (15)
New investment	\$8.7 million
Minimum purchase Virginia-grown products	\$14,880,000 in new sales of organic herbs
Projected impact on agricultural and forestal producers	In addition to company’s own technologically driven expansion, they also buy herbs from area farmers to supplement supply.

Timetable for project completion	2015 – 2018
Prevailing average wage in locality	\$39,168/year
Average wage of project	\$20,800/year
Status	Performance Agreement sent to County for review.

<b>Bowman Andros Foods (April 2015)</b> Expansion of major fruit processing and packaging facility	
Location	Shenandoah County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$100,000 AFID Funds</li> <li>• \$400,000 Governor's Opportunity Fund (GOF)</li> <li>• \$600,000 Virginia Investment Partnership grant</li> <li>• \$80,000 VJIP</li> <li>• \$480,000 Port of Virginia Economic Development Grant</li> </ul>
Other funds from the political subdivision and their use	\$500,000 Cash Grant
New jobs	One-Hundred and Sixty (160)
New investment	\$73 million
Minimum purchase Virginia-grown products	12,698,478 pounds of net new purchases of Virginia apples
Projected impact on agricultural and forestal producers	Supports and grows company's ongoing major purchases of Virginia processing apples, supporting industry under pressure.
Timetable for project completion	2015 – 2018
Prevailing average wage in locality	\$32,050/year
Average wage of project	\$27,581/year
Status	Performance Agreement under development.

<b>Kelly Turkeys (April 2015)</b> New high-end turkey production/processing	
Location	Albemarle County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$29,000 AFID Funds – building improvements
Other funds from the political subdivision and their use	\$29,000 Cash Grant – building improvements
New jobs	Thirty-three (33)
New investment	\$1.4 million
Minimum purchase Virginia-grown products	17,500 turkeys
Projected impact on agricultural and forestal producers	Showcases state as a source of high-quality, premium turkeys and supports Virginia's poultry production infrastructure.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$49,480/year
Average wage of project	\$40,479/year
Status	Performance Agreement sent to County for review.

<b>Twenty Paces (April 2015)</b> New farmstead sheep and goat's milk cheese production	
Location	Albemarle County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$11,000 AFID Funds – building improvements
Other funds from the political subdivision and their use	\$11,000 Cash Grant – building improvements
New jobs	Six (6)
New investment	\$321,000
Minimum purchase Virginia-grown products	\$903,430 or 37,760 gal. of sheep and goat milk
Projected impact on agricultural and forestal producers	The high-quality, authentic farmstead cheese company bolsters the Commonwealth's reputation as center for artisanal food production.
Timetable for project completion	2015 – 2018
Prevailing average wage in locality	\$49,482/year
Average wage of project	\$33,773/year
Status	Performance Agreement sent to County for review.

<b>Old House Distillery (May 2015)</b> New craft distillery	
Location	Culpeper County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$20,000 AFID Funds – to assist with building renovations
Other funds from the political subdivision and their use	\$20,000 Cash – to assist with equipment purchases
New jobs	Three (3)
New investment	\$229,000
Minimum purchase Virginia-grown products	\$101,500 of Virginia grapes, grain, and honey
Projected impact on agricultural and forestal producers	Creates new market for a variety Virginia grown products and will offer new distillation service to Virginia winemakers.
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$38,073/year
Average wage of project	\$22,107/year
Status	Performance Agreement sent to County for review.

The status of the 18 previously announced AFID projects is detailed below:

**Ongoing AFID Facility Grant Projects**

<b>Homestead Creamery, Inc. (announced December 2012)</b> Manufacturer of dairy-related products using locally sourced milk to make a variety of products, including glass-bottled milk, ice cream, flavored milk, and novelties.	
Location	Franklin County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$60,000 AFID Funds - used for building expansion and renovations</li> <li>• \$12,240 VJIP - job training</li> </ul>

	<ul style="list-style-type: none"> <li>• \$45,000 Tobacco Region Opportunity Fund (TROF) - funds for building expansion and renovations</li> </ul>
Other funds from the political subdivision and their use	\$30,000 Franklin County – cash
New jobs	Twenty (20)
New investment	\$1.1 million
Minimum purchase Virginia-grown products	\$1,485,669 (~75% milk, ~25% in cream, eggs and produce)
Projected impact on agricultural and forestal producers	Impact on Virginia agriculture is especially strong. Over 45 Virginia producers will benefit directly. Homestead Creamery promotes other Virginia products through its store, home deliveries & other activities.
Timetable for project completion	2013 - 2016
Prevailing average wage in locality	\$29,665/year
Average wage of project	\$29,016/year
Status	Performance Agreement completed, full funds issued to County. Attainment to Date: Capital investment - \$1,080,562 New jobs – 7 VA-Grown products - \$1,813,394 Performance period ends Q3 FY 2016

<b>Greencore USA (announced March 2013)</b> Expansion of sandwich and packaged food production operation.	
Location	Stafford County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$75,000 AFID Funds - AFID funds used for training, site improvements or other activities</li> <li>• \$154,000 VJIP</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$75,000 Stafford County – cash</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Three Hundred and Fifty (350)
New investment	\$5.75 million
Minimum purchase Virginia-grown products	40,200 lbs of produce
Projected impact on agricultural and forestal producers	Although the requirements of the Performance Agreement will have only a limited impact of Virginia ag producers, Greencore has expressed a willingness to work with VDACS and their customers to source additional Virginia produce in the future for new product lines, such as salads, which could lead to a greater positive impact to the ag sector from this project.
Timetable for project completion	2013 - 2016
Prevailing average wage in locality	\$46,646/year
Average wage of project	\$29,000/year
Status	Performance Agreement completed, funds released to the County. Attainment to Date: Cap inv. - \$4,749,000 New jobs – 271 Va-Grown Products -56,949 lbs of produce Performance period ends Q1 FY 2017

<b>Red Sun Farms (Agricola El Rosal) - (announced January 2013)</b> New, high-technology, climate controlled greenhouses operation on 45 acres – this is the first American location for this major Mexican greenhouse producer.	
Location	Pulaski County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$100,000 AFID Funds- used for site improvements</li> <li>• \$350,000 GOF</li> <li>• \$113,600 VJIP</li> <li>• \$200,000 - Enterprise Zone Real Property Investment Grant</li> <li>• \$38,400 - Enterprise Zone Job Creation Grants</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$2,000,000 for site preparation</li> <li>• 100 acres of land (valued at \$20,000 per acre) for a total value of \$2,000,000</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	One-Hundred-Forty-Two (142)
New investment	\$21 million
Minimum purchase Virginia-grown products	13,550,400 lbs of tomatoes grown at facility
Projected impact on agricultural and forestal producers	Although the facility will not be directly purchasing products from other producers, the presence of such a large producer of tomatoes and peppers will attract packaging, shipping and related companies that will benefit the ag industry in the region and state.
Timetable for project completion	2013 - 2018
Prevailing average wage in locality	\$34,758/year
Average wage of project	\$26,583/year
Status	Performance Agreement completed, funds released to County.

<b>Shamrock Farms - (announced January 2013)</b> New, state-of-the-art dairy manufacturing facility producing extended shelf life (ESL) products.	
Location	Augusta County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds - used for site improvements.</li> <li>• \$250,000 GOF</li> <li>• \$650,000 (up to) - Economic Development Access Funds</li> <li>• \$45,000 - VJIP – cash</li> <li>• \$50,000 - VJIP – cost avoidance</li> <li>• \$10,000 (up to) – Major Business Facility Jobs Tax Credit</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$800,000 cash</li> <li>• 40 acres of land (valued at \$32,000 per acre) for a total value of \$1,280,000</li> <li>• \$45,000 matching VJIP dollars</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Sixty (60)
New investment	\$50 million
Minimum purchase Virginia-grown products	\$13,550,000 or 7.54 million gallons of Virginia milk
Projected impact on agricultural and forestal producers	The facility will be a significant new purchaser of milk.

Timetable for project completion	2013 - 2014
Prevailing average wage in locality	\$38,360/year
Average wage of project	\$39,553/year
Status	Performance Agreement completed, funds released to County. Attainment to Date: Cap Inv - \$59,817,572 New Jobs – 53 Virginia-Grown Purchases - \$2,791,549 Performance period ends Q4 FY 2017

<b>Franklin Lumber, LLC - (announced June 2013)</b> Restart of the former Franklin International Paper 60 million board feet pine sawmill facility in Isle of Wight County	
Location	Isle of Wight County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$150,000 AFID Funds - to be spent on construction and installation costs for new building to house gas-fired boiler</li> <li>• \$71,000 VJIP</li> <li>• \$260,000 - Enterprise Zone Job Creation Grants</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$74,900 - Local enterprise zone 25% machinery &amp; tools discount</li> <li>• \$10,000 - Local enterprise zone jobs grant</li> <li>• \$91,000 - Local Economic Development Incentive Grant</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Seventy-two (72)
New investment	\$14.8 million
Minimum purchase Virginia-grown products	580,000 tons of logs
Projected impact on agricultural and forestal producers	Project will have significant positive impact on loggers (who are estimated to earn \$5.7M annually from this facility) and forest landowners (annual payments to landowners are estimated at \$2.3M) in an area hard hit by the closure of the IP facility.
Timetable for project completion	2013 - 2018
Prevailing average wage in locality	\$38,523/year
Average wage of project	\$42,500/year
Status	Performance Agreement completed, funds issued to County. Attainment to Date: Cap inv. - \$3,022,449.58 New jobs – 61 Va-Grown products - 116,782 tons of logs Performance period ends Q2 FY 2019



<b>Dan River Plants - (announced July 2013)</b> Expansion/relocation of Dan River Plants (tissue culture/plant propagation) as it is spun-off from Danville's Institute of Advanced Learning and Research (IALR)	
Location	Pittsylvania County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$150,000 AFID Funds - to be spent on site improvements</li> <li>• \$21,600 VJIP</li> <li>• \$78,000 - Enterprise Zone Job Creation Grants</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$200,000 – Reduced price sale of 20 acres in industrial park</li> <li>• \$10,000 - Local enterprise zone jobs grant</li> <li>• \$341,000 in Tobacco Commission Funds, previously committed to Pittsylvania County IDA for grading, site prep and running a natural gas line to the site</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Twenty-seven (27)
New investment	\$2.3 million
Minimum purchase Virginia-grown products	\$7.7 million in sales of tissue-cultured plants produced on-site
Projected impact on agricultural and forestal producers	In addition to the significant plant production jobs and investment, the facility is the first of its kind in Virginia, providing plant propagation services that will be a strong and unique resource for Virginia's nursery industry.
Timetable for project completion	2013 - 2016
Prevailing average wage in locality	\$31,250/year
Average wage of project	\$42,500/year
Status	Performance Agreement completed, funds issued to County. The Company closed February 2015. Full AFID award of \$150,000 repaid to VDACS March 2015. Project closed and will be removed from future reports.

<b>Virginia Produce Company - (announced September 2013)</b> Expansion/relocation of Virginia Produce Company (produce grading, packing and distribution)	
Location	Carroll County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$200,000 AFID Funds - to be spent for building improvements</li> <li>• \$20,000 VJIP</li> <li>• \$20,000 - Enterprise Zone Job Creation Grants</li> <li>• \$100,000 - Enterprise Zone Real Property Improvement Grant</li> <li>• \$200,000 - TROF</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$1,056,500 - Reduced price sale of county owned building</li> <li>• \$28,613 - Local enterprise zone benefits</li> <li>• \$23,718 - Grant based Machinery &amp; Tools Taxes paid</li> <li>• \$13,090 - Grant based on Real Estate Taxes paid</li> <li>• \$40,000 - Cash grant from Carroll County</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Twenty-five (25) New Jobs and Fifty (50) FTEs
New investment	\$2.54 million
Minimum purchase Virginia-grown products	\$12 million of Virginia grown produce
Projected impact on agricultural and forestal producers	Significant positive impacts on current and prospective produce growers in the region – both through increased sales of current

	crops and opportunities for new crops; project also provides positions for disabled individuals in partnership with the Mount Rodgers Industrial and Developmental Center
Timetable for project completion	2013 - 2014
Prevailing average wage in locality	\$27,109/year
Average wage of project	\$19,261/year
Status	Performance Agreement completed, funds issued to County. Attainment to Date: Cap inv. - \$1,603,794.45 New jobs – 52 Va-Grown products - \$2,867,719.61 Performance period ends Q2 FY 2017

<b>Shenandoah Processing, LLC - (announced December 2013)</b> Start-up of medium-scale (50,000 birds/day), organic-certified, custom poultry processor.	
Location	City of Harrisonburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds - used for building improvements</li> <li>• \$79,050 VJIP</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$50,000 – Cash grant from City of Harrisonburg</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	One-hundred-and-two (102)
New investment	\$2.2 million
Minimum purchase Virginia-grown products	25 million chickens processed, valued at approximately \$160M
Projected impact on agricultural and forestal producers	Significant positive impact on Valley poultry growers who'll have a new market niche to exploit, a use for old (but viable) poultry houses, and a new processing option for their flocks.
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$31,250/year
Average wage of project	\$35,498/year
Status	Performance Agreement completed, full funds issued to City. Attainment to Date: Cap inv. - \$3,330,822 New jobs – 180 Va-Grown products - \$10,228,330 Performance period ends Q3 2017

<b>Montague Farms, Inc.- (announced March 2014)</b> New bagging line, warehouse and lab to allow access to new sprouting Natto soybean market	
Location	Isle of Wight County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$14,700 AFID Funds - for warehouse construction
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$14,700 – provided over three years through refunds of local taxes paid</li> <li>• Local funds used to off-set project costs</li> </ul>
New jobs	Three (3)
New investment	\$618,490

Minimum purchase Virginia-grown products	\$3.9M (7.5 Metric Tons) in Natto soybean purchases
Projected impact on agricultural and forestal producers	Provides area farmers access to new, high-value Korean sprouting soybean market generating an anticipated \$1.43M in additional farm revenue through 2017.
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$35,833/year
Average wage of project	\$39,067/year
Status	Performance Agreement completed, funds released to the County. Attainment to Date: Cap inv. - \$615,490 New jobs – 5 Va-Grown products -9,700 MT of natto soybeans Performance period end Q3 FY 2017

<b>Trout River Dry Kiln, LLC - (announced March 2014)</b> Large, new hardwood dry kiln facility adjacent to Trout River Lumber's flooring operation (Trout River is a major supplier of hardwood flooring to Lumber Liquidators)	
Location	Nottoway County (Town of Crewe)
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$100,000 AFID Funds – site improvements</li> <li>• \$36,000 VJIP - worker training</li> </ul>
Other funds from the political subdivision and their use	\$115,720 in donated land in the Crewe industrial park (5.26 acres valued at \$22,000 per acre)
New jobs	Forty (40)
New investment	\$5,467,500
Minimum purchase Virginia-grown products	\$30.6M of Virginia lumber purchases
Projected impact on agricultural and forestal producers	Creates a major new demand for Virginia hardwood, providing new market opportunities for sawmills, loggers and landowners
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$31,828 /year
Average wage of project	\$24,856/year
Status	Performance Agreement completed, funds released to the County. Attainment to Date: Cap Inv. - \$5,471,500 New jobs – 28 Va-Grown products \$2,089,899.78 Performance period ends Q4 2017

<b>Vireol Bio Energy, LLC - (announced April 2014)</b> Restart and upgrade of former Osage Bioenergy ethanol plant	
Location	City of Hopewell
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$250,000 AFID Funds – site improvements</li> <li>• \$60,000 VJIP - used for worker training</li> <li>• Enterprise Zone Job Creation Grant: \$180,000</li> <li>• Enterprise Zone Real Property Improvement Grant: \$100,000</li> </ul>

	<ul style="list-style-type: none"> <li>• Biofuels Production Incentive Grant Program (BPIG): up to \$3,295,000, as authorized in the FY15 – FY16 biennial budget.</li> </ul>
Other funds from the political subdivision and their use	\$250,000 (at least) awarded as Machinery & Tools tax rebate through City’s local Enterprise Zone incentive
New jobs	Seventy (70) - 45 direct, 25 qualifying contractor positions
New investment	\$26.2 million
Minimum purchase Virginia-grown products	21.7 bushels of Virginia grown grain
Projected impact on agricultural and forestal producers	A massive new market for Virginia grown grain. Annually, facility will consume as much as ~15% of Virginia’s entire corn crop and ~18% of Virginia’s wheat and barley crops
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$49,229 /year
Average wage of project	\$50,075/year
Status	Performance Agreement completed, funds released to the County.

<b>Bloomaker USA - (announced June 2014)</b> Expansion of Bloomaker (producer of “long-life tulips” and other flowers)	
Location	Augusta County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds – natural gas line extension</li> <li>• \$8,000 VJIP - worker training</li> </ul>
Other funds from the political subdivision and their use	• \$58,000 in matching cash funds (\$50K for natural gas line, \$8,000 for employee training)
New jobs	Ninety-eight (98) - 8 new jobs and 90 FTEs
New investment	\$2 million
Minimum purchase Virginia-grown products	\$17.6 million in new plant sales
Projected impact on agricultural and forestal producers	In addition to supporting Greenhouse/Nursery industry, project provides important cold-weather employment for ag workers
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$39,183 /year
Average wage of project	\$20,800/year
Status	Performance Agreement completed, funds released to the County.

<b>Retail Relay, Inc., d/b/a Relay Foods - (announced June 2014)</b> Expansion of on-line grocer specializing in local foods	
Location	City of Charlottesville
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds – building improvements</li> <li>• \$20,000 VJIP - used for worker training</li> </ul>
Other funds from the political subdivision and their use	\$50,000 in matching cash funds – building improvements
New jobs	Twenty-Five (25)
New investment	\$735,000
Minimum purchase Virginia-grown products	\$353,309 of new purchases of meat, milk & produce
Projected impact on agricultural and forestal producers	Relay’s retail platform and dedication to sourcing local provides

	a powerful, cost-effective retail and distribution network for numerous local ag and specialty foods producers
Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$44,447 /year
Average wage of project	\$42,515/year
Status	Performance Agreement completed, funds released to the County. Attainment to Date: Cap Inv. - \$190,300 New jobs – 6 Va-Grown products - \$317,150 Performance period ends Q1 FY 2018

<b>Independence Lumber</b> (announced August 2014) Reconstruction of sawmill at existing lumber operation	
Location	Grayson County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$100,000 AFID Funds</li> <li>• \$20,000 –VJIP – job training</li> <li>• \$150,000 TROF</li> </ul>
Other funds from the political subdivision and their use	\$175,000 Local Match – Grayson County Performance Grant (cash reimbursement of taxes over a five year period)
New jobs	Twenty-Five (25)
New investment	\$5.05 million
Minimum purchase Virginia-grown products	60 million board feet (mbf) in timber purchases
Projected impact on agricultural and forestal producers	Major new sawmill to support area loggers, forest land owners.
Timetable for project completion	2014 - 2015
Prevailing average wage in locality	\$26,882/year
Average wage of project	\$31,200/year
Status	Performance Agreement completed, funds released to the County.

<b>Retail Relay, Inc. DBA Relay Foods</b> – (announced September 2014) Online grocery store and farmers market	
Location	City of Richmond
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID – building improvements</li> <li>• \$57,600 VJIP – job training</li> <li>• \$145,000 Zone Job Creation Grant – expansion assistance</li> <li>• \$83,200 Zone Real Property Improvement Grant – expansion assistance</li> </ul>
Other funds from the political subdivision and their use	\$50,000 over three years from local enterprise zone contributions and local hiring incentives
New jobs	Seventy-five (75)
New investment	\$710,000
Minimum purchase Virginia-grown products	\$406,305 in new purchases of Virginia meat, milk and produce
Projected impact on agricultural and forestal producers	Relay’s retail platform and dedication to sourcing local provides a powerful, cost-effective retail and distribution network for numerous local ag and specialty foods producers

Timetable for project completion	2014 - 2016
Prevailing average wage in locality	\$53,856/year
Average wage of project	\$40,581/year
Status	The Company notified the City in April 2015 that they are no longer pursuing the grants and do not plan to sign the Performance Agreement. Project closed and will be removed from future reports.

<b>Black Hops Farm</b> (announced December 2014) New hops production and processing facility	
Location	Loudoun County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$40,000 AFID Funds – to assist construction of new hops production and processing facility
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$39,700 Cash Match</li> <li>• \$300 Permit Fee Waiver</li> </ul>
New jobs	Eleven (11) Part-time and Seasonal Employees
New investment	\$911,500
Minimum purchase Virginia-grown products	2,150 pounds of Virginia hops
Projected impact on agricultural and forestal producers	Project will revolutionize hops production in Virginia by making commercial scale production economically viable
Timetable for project completion	2015 – 2017
Prevailing average wage in locality	\$59,921/year
Average wage of project	\$13,009/year
Status	Performance Agreement sent to County for signature.

<b>Copper Fox Distillery</b> (announced December 2014) New production facility for craft distiller	
Location	City of Williamsburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$50,000 AFID Funds – to assist with building renovations</li> <li>• \$19,600 (estimated) VJIP – job training</li> </ul>
Other funds from the political subdivision and their use	\$204,000 – reduced priced sales of City-owned site and repair work done to site
New jobs	Twenty-eight (28) - 25 full-time and 3 FTEs
New investment	\$2,025,000
Minimum purchase Virginia-grown products	\$457,710 or 1,087 tons of Virginia grain
Projected impact on agricultural and forestal producers	Project creates new market for specialty grain producers and highlights role of Virginia agriculture products in craft spirits
Timetable for project completion	2015-2018
Prevailing average wage in locality	\$34,843/year
Average wage of project	\$28,214/year
Status	Performance Agreement completed, funds released to the County.

<b>Seven Hills Food, LLC(announced December 2014)</b> Major new independent meat processing facility	
Location	City of Lynchburg
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	<ul style="list-style-type: none"> <li>• \$250,000 AFID Funds – assist with building renovations</li> <li>• \$34,400 VJIP – job training</li> <li>• \$30,300 Zone Job Creation Grant – project equity</li> <li>• \$100,000 Zone Real Property Improvement – project equity</li> </ul>
Other funds from the political subdivision and their use	<ul style="list-style-type: none"> <li>• \$250,000 Lynchburg Economic Development Authority Strategic Initiatives Grant – building upgrades</li> <li>• \$25,000 Local Enterprise Zone Redevelopment Program – building upgrades</li> </ul>
New jobs	Forty-three (43)
New investment	\$2,900,000
Minimum purchase Virginia-grown products	12,000 cattle and hogs
Projected impact on agricultural and forestal producers	Major new market for independent Virginia producers of finished cattle and hogs
Timetable for project completion	2015 - 2018
Prevailing average wage in locality	\$40,831/year
Average wage of project	\$31,256/year
Status	Performance Agreement completed, funds released to the County.

### **AFID Planning Grant Program**

The AFID Planning Grants program was established to encourage Localities to think strategically about how they can better support and integrate agriculture and forestry into their community’s overall economic development efforts. AFID Planning Grant applications are accepted on a rolling basis, allowing for applicants to work with the AFID Fund Coordinator to refine their project and submit stronger applications. Since the inception of the AFID Planning Grant, \$590,190 has been committed, funding 29 projects, and directly impacting 42 unique Localities. Of these funded projects, 10 have successfully completed activities.

During the second half of the fiscal year 2015, Governor McAuliffe announced four AFID Planning Grant awards totaling \$125,000, covering six Localities. Here is a summary of each project:

Project Title: Assessing Opportunities for Agriculture and Agritourism at Montpelier  
Applicant: Orange County  
Amount Requested: \$20,000  
Summary: The overall project purpose is to explore sustainable agriculture and agritourism opportunities that fit Montpelier’s mission and the rural character of its Orange County surroundings, while offering the potential

to generate jobs, spur enterprise development, increase visitation, and enhance income in Orange County and the surrounding region. Virginia Tech's Office of Economic Development, in coordination with the Orange County Ag-Ventures Working Group, will conduct the study.

**Project Title:** Building a Sustainable Food System Plan in Richmond  
**Applicant:** City of Richmond  
**Amount Requested:** \$20,000  
**Summary:** The City of Richmond's Food Access and Equity Task Force, with assistance from the Institute for Public Health Innovation, will conduct a local food access and equity policy assessment. They will also develop a new Food System Plan to promote urban agriculture, nutrition education, community engagement, and policy changes that will improve overall access to healthy food for low-income, low-access communities in Richmond. Key components of the plan include identifying parcels of land near food deserts which are appropriate for urban agricultural development, conducting focus groups and surveys within target neighborhoods, and developing policy recommendations that will reduce food access barriers citywide.

**Project Title:** *Mooving Ahead* (Fields of Gold agritourism initiative – phase II)  
**Applicant:** Central Shenandoah Planning District Commission (PDC)  
**Amount Requested:** \$35,000  
**Summary:** Building on the successful development of the Fields of Gold agritourism initiative, the requested funds will enable the successful implementation of the project's strategic plan by helping to fund an Agritourism Coordinator position who will work to accomplish the following goals: (1) Boost rural economic development through regional collaboration; (2) assist agritourism businesses with increasing their sales and achieving their mission and goals; and (3) attain recognition of the Shenandoah Valley as the #1 agritourism destination in the nation. Specific activities included a targeted marketing program, agritourism business support services, and achieving organizational sustainability.



**Project Title:** Market Analysis for Northern Piedmont Biofuels  
**Applicant:** Rappahannock County (with Culpeper and Fauquier Counties as co-applicants)  
**Amount Requested:** \$20,000  
**Summary:** Funds will be used to conduct a market analysis for a wood aggregation facility at the Rappahannock County Landfill. The proposed aggregation facility would supply wood fuels for regional public institutions and other organizations interested in using wood for thermal energy generation. The market analysis will examine the demand for wood energy in these counties, determine what permits and upgrades would be necessary, and assess the quantity and quality of the wood resources available for aggregation. It is anticipated that this project will identify market opportunities for private sector investment by highlighting wood fuel demand, identifying and quantifying sources of feedstock, and determining the investment costs and rate of return for the operation of a processing facility. This project would also benefit the forestry industry in the Northern Piedmont by creating demand for woody biomass material that presently has little or no value, not just from the urban tree care companies, but from traditional harvest operations.

**Project Title:** Ag Planning Study  
**Applicant:** Botetourt County  
**Amount Requested:** \$10,000  
**Summary:** This study will examine the potential of agriculture and related businesses in the County. It will gather information from focus groups from the local agricultural community, businesses, and the public. This information will be used to develop strategic priorities and policy recommendations that will dovetail with the existing strategic plans for economic development and tourism. The study's recommendations may lead to new zoning ordinances to support agriculture and agritourism in the county. The goal of this study is to measure the economic impact of agriculture in Botetourt County, identify initiatives and programs the county can facilitate to support agriculture and forestry based businesses, and to give greater voice to local farmers, forestland owners and ag-based businesses.

Project Title: A Strategic Plan for Agriculture in Halifax County


Applicant: Halifax County

Amount Requested: \$20,000

Summary: Halifax County is seeking to develop a strategic plan for agriculture that will build on its vibrant heritage anchored in agriculture and create a pathway for increasing opportunities and improving outcomes for the County's agricultural producers and residents. This plan will be used to develop and expand agricultural production opportunities, encourage youth to pursue careers in agriculture, increase awareness of developing markets, and develop a clear plan of action for the agriculture community to pursue.

Should you have any questions, please do not hesitate to contact me or my Secretary of Agriculture and Forestry, Todd Haymore.

Sincerely,



Terence R. McAuliffe

cc: The Honorable Todd P. Haymore, Secretary of Agriculture and Forestry  
The Honorable R. Steven Landes, 25<sup>th</sup> House District  
The Honorable John C. Watkins, 10<sup>th</sup> Senate District  
Jason Powell, Senate Finance Committee Staff  
Anne Oman, House Appropriations Staff  
Sandra J. Adams, Commissioner, Virginia Department of Agriculture and Consumer Services