



COMMONWEALTH of VIRGINIA

Office of the Governor

Ralph S. Northam
Governor

July 27, 2018

The Honorable Emmett W. Hanger, Jr.
Co-Chair
Senate Finance Committee
Senate of Virginia

The Honorable Thomas K. Norment
Co-Chair
Senate Finance Committee
Senate of Virginia

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

The Honorable R. Steven Landes
Vice-Chairman
House Appropriations Committee
House of Delegates

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

The Honorable Brenda L. Pogge
Vice Chair
House Finance Committee
House of Delegates

Dear Senators and Delegates:

As required by § 3.2-309 of the Code of Virginia, enclosed is the biannual report for the Governor's Agriculture and Forestry Industries Development (AFID) fund covering January 1, 2018, through June 30, 2018. The report includes summaries on all new projects awarded AFID Facility and

The Honorable Ralph Northam
July 30, 2018
Page 2

Planning grants. Please note that this report does not include updates on previously awarded Facility grant projects as provided in past reports. The Code requires a report only on “grants awarded from the Fund during the immediately preceding six-month period.” Information updates on previously awarded projects are available by request.

Should you have any questions regarding this submission, please do not hesitate to contact me or the Secretary of Agriculture and Forestry, Bettina Ring.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph S. Northam", with a long horizontal flourish extending to the right.

Ralph S. Northam

RSN
Enclosures

cc: The Honorable Bettina Ring, Secretary of Agriculture and Forestry
Jewel Bronaugh, Commissioner, Virginia Department of Agriculture and Consumer Services

AFID Facility Grant Program

As of June 30, 2018, sixty-four (64) AFID Facility Grants have been awarded since the inception of the program, supporting a variety of agriculture and forestry based economic development projects. Of these, fifty-eight (58) have executed Performance Agreements between the localities and the companies and funds have been disbursed. Progress is being made in completing the Performance Agreements for the other awardees. Total AFID Facility Grant awards for these 64 projects amount to \$5,154,200. Of this amount, \$4,944,200 has been released to the applicants, while the balance of \$210,000 will be released upon the successful completion and execution of the six outstanding Performance Agreements. These 64 projects represent the creation of 1,718 new jobs and 295.4 Full-Time Equivalents (FTEs) in 43 localities, \$413,632,094 in new capital investments, and \$404,647,861 in new Virginia-grown purchases. These agribusinesses have committed to purchase from Virginia approximately 79% (on average) of the additional agricultural and forest products they will use to meet their new value-added processing needs.

For the second half of FY 2018, a total of \$178,000 was committed in AFID Facility Grant funds to assist seven (7) new and expanding projects in the Commonwealth, which represents the commitment of \$5.675.000 in new capital investment. 87 new jobs and 14 FTEs, and \$6,109,439 in new Virginia-grown purchases. These companies have committed to purchase from Virginia approximately 67% (on average) of the new agricultural and forest products they will use to meet their new value-added processing needs. Summaries of these projects organized by announcement date are listed below:

Announced AFID Facility Grant Projects for the period January – July 2018:

Chaos Mountain Brewing (announced January 2018) Expansion of craft brewery	
Location	Franklin County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$8,000 AFID – building improvements
Other funds from the political subdivision and their use	\$8,000 in local matching funds – building improvements
New jobs	Four (4) new jobs and one (1) FTEs
New investment	\$247,000
Minimum purchase Virginia-grown products	\$19,654 or 6,206 pounds of Virginia-grown hops, pumpkins, honey, berries, and apples
Projected impact on agricultural and forestal producers	This project expands a high-profile market for Virginia-grown hops, pumpkins and fruits.
Timetable for project completion	2017 – 2020
Prevailing average wage in locality	\$32,806
Average wage of project	\$33,400
Status	Performance Agreement executed; funds released to the County.

	Performance period ends April 30, 2021
--	--

Showalter's Orchard and Greenhouse, L.C. dba Old Hill Cider (announced February 2018) Expansion of hard cidery	
Location	Rockingham County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$25,000 AFID – building improvements
Other funds from the political subdivision and their use	\$25,000 local cash grant – any lawful purpose
New jobs	Three (3) new jobs and 2 FTEs
New investment	\$500,000
Minimum purchase Virginia-grown products	\$47,676 or 5,229 bushels of Virginia-grown apples
Projected impact on agricultural and forestal producers	This project expands a high-profile market for Virginia-grown apples.
Timetable for project completion	2018 – 2020
Prevailing average wage in locality	\$42,232
Average wage of project	\$26,000
Status	Performance Agreement sent to the locality for review.

Richlands Creamery (announced March 2018) New creamery	
Location	Dinwiddie County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$20,000 AFID – building improvements \$40,000 Tobacco Region Opportunity Fund (TROF) Grant (\$10,000 used as AFID match) – building improvements
Other funds from the political subdivision and their use	\$10,000 in building permit fee waivers – building improvements
New jobs	Eleven (11) new jobs and six (6) FTEs
New investment	\$1,700,000
Minimum purchase Virginia-grown products	\$959,071 or 507,000 gallons of Virginia-grown milk
Projected impact on agricultural and forestal producers	This project creates a high-profile market for Virginia-grown milk.
Timetable for project completion	2018 – 2021
Prevailing average wage in locality	\$40,647
Average wage of project	\$24,235

Status	Performance Agreement executed; funds released to the County Performance period ends June 30, 2021
--------	---

Commune Bakery LLC (announced March 2018) New commercial bakery	
Location	City of Virginia Beach
Grant amount committed from AFID Other funds committed by the Commonwealth	\$15,000 AFID – building improvements
Other funds from the political subdivision and their use	\$15,000 Virginia Beach ViBe District Matching Grant Program – building improvements
New jobs	Three (3) new jobs and two (2) FTEs
New investment	\$163,000
Minimum purchase Virginia-grown products	\$207,400 or 151,000 pounds of Virginia-grown grain, eggs, milk, and honey
Projected impact on agricultural and forestal producers	The company’s extraordinary commitment to local sourcing will creates a new, consumer-facing market for Virginia farmers.
Timetable for project completion	2018 – 2020
Prevailing average wage in locality	\$41,778
Average wage of project	\$35,600
Status	Performance Agreement sent to the City for signature.

Whitley Peanut Factory, Inc. (announced April 2018) Expansion of gourmet peanut producer	
Location	Gloucester County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$20,000 AFID – building improvements
Other funds from the political subdivision and their use	\$12,500 Gloucester County Economic Development Authority (EDA) grant – building improvements \$7,500 local business assistance programs – any lawful purpose
New jobs	Three (3) new jobs and two (2) FTEs
New investment	\$530,000
Minimum purchase Virginia-grown products	\$215,196 or 139,949 pounds of Virginia-grown peanuts

Projected impact on agricultural and forestal producers	This project expands a high-profile market for Virginia-grown peanuts.
Timetable for project completion	2018 – 2020
Prevailing average wage in locality	\$33,757
Average wage of project	\$24,000
Status	Performance Agreement sent to the County for review.

Homestead Building Systems, Inc. (announced May 2018) Expansion of lumber building component manufacturer	
Location	Orange County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$78,000 AFID – building improvements
Other funds from the political subdivision and their use	\$58,000 in local tax rebates - any lawful purpose \$20,000 in permit fee waivers – any lawful purpose
New jobs	Sixty (60)
New investment	\$2,450,000
Minimum purchase Virginia-grown products	\$4,525,742 in net new purchases of Virginia-grown lumber
Projected impact on agricultural and forestal producers	Increases market opportunities for Virginia southern yellow pine lumber producers.
Timetable for project completion	2018 – 2020
Prevailing average wage in locality	\$36,479
Average wage of project	\$26,743
Status	Performance Agreement sent to the County for review.

Haley’s Meadery LLC (announced June 2018) New meadery	
Location	City of Hopewell
Grant amount committed from AFID Other funds committed by the Commonwealth	\$12,000 – building improvements
Other funds from the political subdivision and their use	\$10,000 Hopewell Economic Development Authority (EDA) grant – building improvements \$2,000 local Enterprise Zone incentives – any lawful purpose

The Honorable Ralph Northam

July 27, 2018

Page 7

New jobs	Three (3) new jobs and one (1) FTE
New investment	\$85,000
Minimum purchase Virginia-grown products	\$134,700 or 22,800 pounds of Virginia-grown honey and fruit
Projected impact on agricultural and forestal producers	Project creates a new high-profile market for Virginia-grown honey and fruit.
Timetable for project completion	2018 – 2020
Prevailing average wage in locality	\$54,076
Average wage of project	\$32,500
Status	Performance Agreement sent to EDA for review.

AFID Planning Grant Program

Since the inception of the AFID Planning Grant, \$785,597 has been awarded to 37 projects, directly impacting 58 localities. Of these funded projects, thirty-two (32) have successfully completed the grant.

During the second half of the FY 2018, Governor Northam announced one (1) AFID Planning Grant award totaling \$35,000, covering seven (7) localities. A summary of this project is listed below:

Project Title: Feasibility Study Identifying Strategies to Recruit Dairy Processing Operations
Applicant: Franklin County in cooperation with Amelia, Augusta, Botetourt, Pulaski,
Rockbridge, and Washington Counties

Amount Requested: \$35,000

Summary: Franklin County, in cooperation with Amelia, Augusta, Botetourt, Pulaski, Rockbridge, and Washington Counties, propose a feasibility study of dairy processing based on Virginia's agricultural and economic assets. The study would evaluate factors affecting dairy processing establishment and/or investment across the Commonwealth. Further, the study would identify dairy processing site selection attributes in each partner community, including dairy production, transportation, logistics, workforce, and marketing opportunities.