



# COMMONWEALTH of VIRGINIA

Office of the Governor

Ralph S. Northam  
Governor

January 21, 2020

The Honorable Janet D. Howell  
Chair  
Senate Finance and Appropriations Committee  
Senate of Virginia

The Honorable Luke E. Torian  
Chair  
House Appropriations Committee  
House of Delegates

The Honorable Vivian E. Watts  
Chair  
House Finance Committee  
House of Delegates

Dear Senator 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 July 1, 2019 through December 31, 2019. The report includes summaries on all projects awarded AFID Facility and Planning grants since the last report. Information on previously awarded projects is available by request.

Should you have any questions regarding this submission, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Ralph S. Northam".

Ralph S. Northam

The Honorable Ralph S. Northam  
January 21, 2020  
Page 2

RSN  
Enclosures

cc: Jewel H. Bronaugh, Commissioner, Virginia Department of Agriculture and Consumer Services

**AFID Facility Grant Program**

As of December 31, 2019, there were 88 active or completed AFID Facility Grants awarded since the inception of the program, supporting a variety of agriculture and forestry based economic development projects. Of these, 78 have an executed Performance Agreement between a locality and a beneficiary company, and funds have been disbursed. Progress is being made towards completing Performance Agreements and payments for the other awardees. Total AFID Facility Grant awards for these 88 projects amount to \$6,796,900. Of this amount, \$5,687,900 has been released to the applicants. Of the \$1,082,000 remaining balance, \$217,000 will be released upon the successful execution and completion of the five outstanding Performance Agreements, and \$865,000 is committed to five applicants through executed Performance Agreements with grant payments to be made upon achievement of specific project milestones. These 88 projects represent the creation of 2,169 new jobs and 325.4 Full-Time Equivalent positions (FTEs) across 57 unique localities; \$555,444,587 in new capital investment; and \$705,292,361 in new Virginia-grown purchases. These agribusinesses have, on average, committed to purchase from Virginia approximately 79% of the additional agricultural and forest products they will use to meet their new value-added processing needs.

For the first half of FY 2020, a total of \$654,500 was committed in AFID Facility Grant funds to assist eight economic development projects in the Commonwealth, representing a commitment of \$77,438,500 in new capital investment; 216 new jobs and 14 FTEs; and \$135,149,395 in new Virginia-grown purchases. These companies have, on average, committed to purchase from Virginia approximately 88% of the additional 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 July – December 2019:**

Three Brothers' Distillery, Inc. (announced July 29, 2019) Distillery expansion	
Location	Sussex County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$12,500 AFID – building improvements
Other funds from the political subdivision and their use	\$6,250 in local matching funds – road construction \$6,250 match from Tobacco Region Opportunity Fund (TROF) Grant – road construction
New jobs	Two (2) new jobs and Two (2) FTEs
New investment	\$232,500
Minimum purchase Virginia-grown products	\$49,350 (57 tons) of Virginia-grown corn, rye, barley (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown corn, rye and barley.
Timetable for project completion	2020-2022
Prevailing average wage in locality	\$38,074
Average wage of project	\$25,500

Status	Performance Agreement executed; funds released to the county.
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Burnbridge Enterprises LLC dba Legacy Cider (announced August 9, 2019) New hard cider operation	
Location	Bedford County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$12,000 AFID – building improvements
Other funds from the political subdivision and their use	\$50,000 in local matching funds – sewer line extension
New jobs	Two (2) new jobs and Three (3) FTEs
New investment	\$300,000
Minimum purchase Virginia-grown products	\$146,000 (12,150 bushels) of Virginia-grown apples (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates a new local market for Virginia-grown apples.
Timetable for project completion	2020-2022
Prevailing average wage in locality	\$36,908
Average wage of project	\$23,520
Status	Performance Agreement sent to the county for signature.

Teal-Jones Group (announced July 25, 2019) Expansion of sawmill and dry kiln operation	
Location	Henry County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$200,000 AFID – building improvements \$200,000 Commonwealth’s Opportunity Fund Grant (COF) – building improvements \$53,600 Virginia Job Investment Program (VJIP) – job training \$48,000 Port Economic & Infrastructure Development – any lawful purpose
Other funds from the political subdivision and their use	\$600,000 local matching funds – offset costs of equipment purchase
New jobs	Fifty-three (53)
New investment	\$21,000,000
Minimum purchase Virginia-grown products	\$74,737,760 (1,868,444 tons) of Virginia-grown timber (100% of expected net new purchases)
Projected impact on agricultural and forestal producers	This project expands the market for Virginia-grown Southern Yellow Pine timber.
Timetable for project completion	2018-2022
Prevailing average wage in locality	\$33,438
Average wage of project	\$33,825

Status	Performance Agreement executed; funds released to the county.
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Teal-Jones Group (announced July 25, 2019) Expansion of sawmill and dry kiln operation	
Location	Westmoreland County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$125,000 AFID – building improvements \$125,000 COF – building improvements \$47,200 VJIP– job training \$25,264 Department of Housing and Community Development (DHCD) Enterprise Zone Real Property Investment Grant (EZ RPIG)– building improvements \$171,600 DHCD Enterprise Zone Job Creation Grant (EZ JCG) – any lawful purpose \$31,500 Port Economic & Infrastructure Development – any lawful purpose
Other funds from the political subdivision and their use	\$125,000 local cash grant – offset costs of equipment purchase
New jobs	Forty-seven (47)
New investment	\$10,750,000
Minimum purchase Virginia-grown products	\$23,851,560 (596,289 tons) of Virginia-grown timber (100% of total net new expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown Southern Yellow Pine timber
Timetable for project completion	2019-2021
Prevailing average wage in locality	\$31,129
Average wage of project	\$34,913
Status	Performance Agreement under development.

Saddleback Farm, Winery, Vineyards and Stables, LLC dba Virginia Sparkling Wine Company (announced October 28, 2019) New private-label sparkling wine operation	
Location	Nelson County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$40,000 AFID – buliding improvements
Other funds from the political subdivision and their use	\$40,000 local cash grant – buliding improvements
New jobs	Five (5) new jobs and Two (1) FTEs
New investment	\$590,000
Minimum purchase Virginia-grown products	\$336,000 (168 tons) of Virginia-grown grapes (100% of total expected purchases)

Projected impact on agricultural and forestal producers	This project expands the market for Virginia-grown grapes.
Timetable for project completion	2019-2021
Prevailing average wage in locality	\$33,475
Average wage of project	\$53,000
Status	Performance Agreement under development.

Vitality Farms, LLC dba Appalachian Biomass Processing (announced October 31, 2019) New industrial hemp fiber processing facility	
Location	Wythe County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$25,000 AFID – building improvements
Other funds from the political subdivision and their use	\$25,000 in local matching funds – building improvements
New jobs	Thirteen (13) new jobs
New investment	\$894,000
Minimum purchase Virginia-grown products	\$1,053,125 (6,025 tons) of Virginia-grown industrial hemp (69% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates market opportunities for Virginia producers of industrial hemp.
Timetable for project completion	2020-2022
Prevailing average wage in locality	\$34,325
Average wage of project	\$39,038
Status	Performance Agreement under development

Hubbard Peanut Company, Inc. (announced November 7, 2019) New peanut processing, storage and retail operation	
Location	City of Franklin
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$40,000 AFID – building improvements \$64,000 EZ RPIG – any lawful purpose
Other funds from the political subdivision and their use	\$40,000 in local matching funds – any lawful purpose
New jobs	Two (2) new jobs and Eight (8) FTEs
New investment	\$1,663,000
Minimum purchase Virginia-grown products	\$88,000 (88,000 pounds) of Virginia-grown peanuts (33% of total expected purchases)
Projected impact on agricultural and forestal producers	This project expands the market for Virginia-grown peanuts.
Timetable for project completion	2019-2021
Prevailing average wage in locality	\$30,521
Average wage of project	\$29,196
Status	Performance Agreement under development.

Dream Holdings, Inc. dba AeroFarms (announced December 11, 2019) New indoor growing operation	
Location	Pittsylvania County
Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used	\$200,000 AFID – building improvements \$200,000 COF – building improvements \$64,400 VJIP – job training \$352,000 EZ JCG – any lawful purpose \$200,000 EZ RPIG – building improvements
Other funds from the political subdivision and their use	\$525,000 – reduced price site purchase \$73,000 – local Enterprise Zone incentives \$970,960 – seven years of declining scale tax rebates \$200,000 TROF Grant – any lawful purpose
New jobs	Ninety-two (92) new jobs
New investment	\$41,836,000
Minimum purchase Virginia-grown products	\$19,524,218 (2,210,000 pounds) of Virginia-grown leafy greens (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project will be largest vertical indoor growing operation of its kind, helping to establish Virginia as a leader in this emerging industry.
Timetable for project completion	2020 - 2022
Prevailing average wage in locality	\$35,932
Average wage of project	\$34,945
Status	Performance Agreement under development.

**AFID Planning Grant Program**

Since the inception of the AFID Planning Grant, \$816,232 has been awarded to 40 active or completed projects, directly impacting 59 unique localities. Of these funded projects, 37 have successfully completed the grant, the remaining three are in progress.

During the first half of FY 2020, one AFID Planning Grant was awarded totaling \$8,750, covering one locality. A summary of the project is listed below:

**Announced AFID Planning Grant Projects for the period July – December 2020:**

Project Title: Market Analysis, Feasibility Study and Business Plan for Meat Processing Facility in Russell County

Applicant: Russell County

Amount Requested: \$11,885

Summary: Southwest Virginia has been working to diversify its economy in response to the decline of the coal industry. A regional Agricultural Strategic Plan was conducted in October 2017 to identify strategies for broadening the region’s economic base, one of which was

to expand meat processing. Russell County has identified a location for a Regional Agricultural Industrial Park and is looking for funding to identify strategies for including a meat processing facility within the park. By demonstrating the viability of a meat processing facility, Russell County will be able to leverage funds from the Virginia Department of Transportation and other economic allies to develop the park.