



COMMONWEALTH of VIRGINIA

Office of the Governor

Bettina Ring
Secretary of Agriculture and Forestry

January 23, 2019

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

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

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

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

Dear Senators and Delegates:

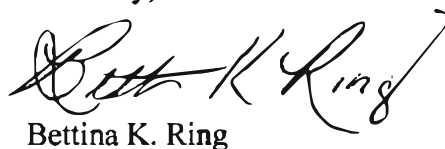
As required by § 3.2-309 of the Code of Virginia, enclosed is the biannual report for the Governor's Agriculture and Forestry Industries Development (AFID) fund covering July 1, 2018,

The Honorable Bettina K. Ring
January 23, 2019
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through December 31, 2018. The report includes details on all new projects awarded AFID Facility and Planning grants and updates on previously awarded Facility grant projects.

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

Sincerely,

A handwritten signature in black ink that reads "Bettina K. Ring". The signature is fluid and cursive, with the first name "Bettina" written in a larger, more prominent script than the last name "Ring".

Bettina K. Ring

RSN
Enclosures

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

AFID Facility Grant Program

As of December 31, 2018, there were seventy-five (75) 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, sixty-five (65) have executed Performance Agreements between the localities and the companies, and funds have been disbursed. Progress is being made in completing the Performance Agreements and payments for the other awardees. Total AFID Facility Grant awards for these 75 projects amount to \$6,080,400. Of this amount, \$5,244,200 has been released to the applicants. Of the remaining balance of \$836,200, \$796,200 will be released upon the successful execution and completion of the nine outstanding Performance Agreements. The remaining \$40,000 of this unpaid balance is committed to one applicant through an executed Performance Agreement with grant payments to be made upon achievement of project milestones. These 75 projects represent the creation of 1,956 new jobs and 286.4 Full-Time Equivalents positions (FTEs) across 49 unique localities, \$473,438,487 in new capital investment, and \$594,245,507 in new Virginia-grown purchases. These agribusinesses have, on average, committed to purchase from Virginia approximately 78% of the additional agricultural and forest products they will use to meet their new value-added processing needs.

For the first half of FY 2019, a total of \$1,176,200 was committed in AFID Facility Grant funds to assist twelve (12) new and expanding projects in the Commonwealth, which represents the commitment of \$68,706,393 in new capital investment, 249 new jobs and 46 FTEs, and \$189,832,946 in new Virginia-grown purchases. These companies have, on average, committed to purchase from Virginia approximately 72% 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 July - December 2018:

Mountain Top Timber Products, LLC (announced July 6, 2018) Expansion of wood products producer	
Location	Scott County
Grant amount committed from AFID	\$260,000 AFID Fund – building
Other funds committed by the Commonwealth	improvements \$125,000 Tobacco Region Opportunity Fund (TROF) – building improvements \$174,000 Enterprise Zone (EZ) Job Creation Grant – any lawful purpose \$30,000 EZ Real Property Improvement Grant – building improvements \$40,000 Virginia Jobs Investment Program (VJIP) funds – job training
Other funds from the political subdivision and their use	\$100,000 local EZ incentives – any lawful purpose

	\$35,000 in-kind contribution – sewer line extension
New jobs	Fifty (50)
New investment	\$3,759,000
Minimum purchase Virginia-grown products	\$14,234,496 (499,456 tons) of Virginia-grown lumber (86% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates important new market for Virginia-grown and Forest Stewardship Council certified hardwood and pulpwood.
Timetable for project completion	FY2018 – FY2022*
Prevailing average wage in locality	\$32,370
Average wage of project	\$33,480
Status	Performance Agreement executed; funds released to County.

Speyside Bourbon Cooperage, Inc. (announced July 12, 2018) New stave mill	
Location	Washington County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$200,000 AFID Fund – building improvements \$95,000 TROF– building improvements \$92,500 EZ Job Creation Grant – any lawful purpose \$100,000 EZ Real Property Improvement Grant – building improvements \$24,500 VJIP funds – job training
Other funds from the political subdivision and their use	\$2,012,500 in donated land – 80.5 acres of land valued at \$25,000 per acre – site acquisition
New jobs	Thirty-five (35)
New investment	\$9,000,000
Minimum purchase Virginia-grown products	\$13,440,000 (9,600,000 log feet) of Virginia-grown lumber (80% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates important new market for Virginia-grown white oak.
Timetable for project completion	FY2018 – FY2022*
Prevailing average wage in locality	\$36,054
Average wage of project	\$32,890
Status	Performance Agreement executed; funds released to County.

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Sugar Hill Cidery, LLC (announced July 31, 2018) New Hard Cidery	
Location	City of Norton
Grant amount committed from AFID Other funds committed by the Commonwealth	\$50,000 AFID Fund – building improvements
Other funds from the political subdivision and their use	\$50,000 – in-kind local matching funds – reduced lease rate
New jobs	Six (6)
New investment	\$467,090
Minimum purchase Virginia-grown products	\$89,000 (7,670 bushels) of Virginia-grown apples (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates a new market for Virginia-grown apples in Southwest Virginia.
Timetable for project completion	FY2019 – FY2022*
Prevailing average wage in locality	\$36,691
Average wage of project	\$18,760
Status	Performance Agreement sent to the City of Norton Industrial Development Authority for review.

InterChange Cold Storage, LLC (announced August 13, 2018) New cold storage and blast freezing facility	
Location	Rockingham County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$300,000 AFID Fund – building improvements \$650,000 Virginia Department of Transportation Economic Development Access Program fund – road improvements \$450,000 Virginia Department of Rail and Public Transportation Rail Industrial Access funds – rail improvements \$ 44,000 VJIP funds – job training
Other funds from the political subdivision and their use	\$300,000 local cash match – road and rail improvements
New jobs	Eighty-eight (88)
New investment	\$41,652,552
Minimum purchase Virginia-grown products	\$152,641,526 (96,000,960 pounds) of Virginia-grown raw poultry (80% of total expected purchases)

Projected impact on agricultural and forestal producers	This project creates important new infrastructure for Virginia's poultry industry.
Timetable for project completion	FY2019 – FY2024
Prevailing average wage in locality	\$36,847
Average wage of project	\$32,760
Status	Performance Agreement sent to the County for review.

The Winery At Bull Run, LLC (announced August 23, 2018) Expansion of farm winery	
Location	Fairfax County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$100,000 AFID Fund – building improvements
Other funds from the political subdivision and their use	\$100,000 in local matching funds – building improvements
New jobs	Ten (10) new jobs and Twenty-eight (28) FTEs
New investment	\$1,726,551
Minimum purchase Virginia-grown products	\$436,820 (185 tons) of Virginia-grown grapes (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown grapes.
Timetable for project completion	FY2018 – FY2022
Prevailing average wage in locality	\$83,706
Average wage of project	\$28,169
Status	Performance Agreement executed; funds release to the County.

Starr Solutions, LLC dba Mountain Valley Brewing (announced September 5, 2018) Expansion of farm brewery	
Location	Henry County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$20,000 AFID Fund – building improvements
Other funds from the political subdivision and their use	\$20,000 in local matching funds – building improvements
New jobs	Three (3) new jobs and Two (2) FTEs
New investment	\$174,000

Minimum purchase Virginia-grown products	\$10,892 (1,180 pounds) of Virginia-grown hops, honey and fruit (65% of total expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown hops, honey and fruit.
Timetable for project completion	FY2019 – FY2022
Prevailing average wage in locality	\$32,433
Average wage of project	\$25,200
Status	Performance Agreement executed; funds release to the County.

Belmont Peanuts of Southampton, Inc. dba Belmont Peanuts (announced September 27, 2018) Expansion of peanut processing operation	
Location	Southampton County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$30,000 AFID Fund – building improvements
Other funds from the political subdivision and their use	\$30,000 in local matching funds – building improvements
New jobs	Ten (10) new jobs and Five (5) FTEs
New investment	\$2,508,000
Minimum purchase Virginia-grown products	\$126,648 (143,918 pounds) of Virginia-grown peanuts (30% of total net new expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown peanuts.
Timetable for project completion	FY2019 – FY2022
Prevailing average wage in locality	\$35,430
Average wage of project	\$25,120
Status	Performance Agreement sent to the County for execution.

Savern Peanut Company, Inc. dba Hampton Farms (announced October 1, 2018) Expansion of peanut processing operation	
Location	Southampton County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$100,000 AFID Fund– building improvements \$6,000 VJIP funds – Incumbent worker retraining
Other funds from the political subdivision and their use	\$100,000 in local matching funds – building improvements

New jobs	Fourteen (14)
New investment	\$5,735,000
Minimum purchase Virginia-grown products	\$6,000,000 (12,000,000 pounds) of Virginia-grown peanuts (20% of total net new expected purchases by volume)
Projected impact on agricultural and forestal producers	This project expands major market for Virginia-grown peanuts.
Timetable for project completion	FY2019 – FY2022
Prevailing average wage in locality	\$35,430
Average wage of project	\$42,900
Status	Performance Agreement sent to the County for review.

Glaze & Brother Juice Company, LLC (announced October 23, 2018) New apple pressing operation	
Location	City of Winchester
Grant amount committed from AFID Other funds committed by the Commonwealth	\$17,500 AFID Fund– building improvements
Other funds from the political subdivision and their use	\$10,000 Local EZ Incentive Exterior Improvement Grant – building improvements \$7,500 Local EZ Incentive - Job Creation Grant – job training
New jobs	Five (5)
New investment	\$1,037,000
Minimum purchase Virginia-grown products	\$1,029,000 (147,000 bushels) of Virginia-grown apples (100% of total new expected purchases)
Projected impact on agricultural and forestal producers	This project creates new market for Virginia-grown commercial and heirloom apples.
Timetable for project completion	FY-2019 – FY2022
Prevailing average wage in locality	\$47,711
Average wage of project	\$26,800
Status	Performance Agreement sent to the County for review.

Premier Horticulture, Inc. (announced November 8, 2018) Expansion of growing medium production facility	
Location	King and Queen County
Grant amount committed from AFID Other funds committed by the Commonwealth	\$75,000 AFID Fund– building improvements \$75,000 Commonwealth Opportunity Fund (COF) – building improvements

	\$12,000 VJIP funds – job training
Other funds from the political subdivision and their use	\$75,000 in local matching funds – building improvements
New jobs	Twenty (20)
New investment	\$1,840,000
Minimum purchase Virginia-grown products	\$1,567,564 (4,896,207 cubic feet) of Virginia-grown pine bark (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project expands market for Virginia-grown pine bark.
Timetable for project completion	FY2018 – FY2022*
Prevailing average wage in locality	\$37,963
Average wage of project	\$34,000
Status	Performance Agreement under development.

Little Austria, LLC (announced November 30, 2018) New commercial bakery	
Location	Loudoun County
Grant amount committed from AFID	\$13,700 AFID Fund – building improvements
Other funds committed by the Commonwealth	
Other funds from the political subdivision and their use	\$13,700 in local matching funds – building improvements
New jobs	Five (5)
New investment	\$371,000
Minimum purchase Virginia-grown products	\$36,000 (36,000 pounds) of Virginia-grown apples (30% of total new expected purchases)
Projected impact on agricultural and forestal producers	This project creates new, high-profile market for Virginia-grown apples.
Timetable for project completion	FY2019 - FY2022
Prevailing average wage in locality	\$63,822
Average wage of project	\$35,200
Status	Performance Agreement sent to the County for review.

Zoll Brothers Private Cellars, LLC dba Zoll Vineyards (announced December 19, 2018) New winery	
Location	Gloucester County

Grant amount committed from AFID Other funds committed by the Commonwealth	\$10,000 AFID Fund – building improvements
Other funds from the political subdivision and their use	\$10,000 in local matching funds – building improvements
New jobs	Three (3) new jobs and Eleven (11) FTEs
New investment	\$436,200
Minimum purchase Virginia-grown products	\$221,000 (170,000 pounds) of Virginia- grown grapes, apples, honey and berries (100% of total expected purchases)
Projected impact on agricultural and forestal producers	This project creates new market for Virginia- grown grapes, apples, honey and berries.
Timetable for project completion	FY2019 – FY2022
Prevailing average wage in locality	\$33,995
Average wage of project	\$29,286
Status	Performance Agreement sent to the Attorney General’s office for final review.

Projects that have an asterisk " * " by the date in the "Timetable for project completion" row are ones that the Secretariat has determined through a return-on-investment analysis that the Commonwealth will reach its “break-even point” after the project's Performance Date and are therefore under an obligation to maintain its employment level through the break-even date.

AFID Planning Grant Program

Since the inception of the AFID Planning Grant, \$795,597 has been awarded to thirty-eight (38) active or completed projects, directly impacting 58 unique localities. Of these funded projects, thirty-three (33) have successfully completed the grant.

During the first half of FY 2019, Governor Northam announced one (1) AFID Planning Grant award totaling \$10,000, covering one locality. A summary of the project is listed below:

Project Title: Shenandoah County Agriculture and Forestry Economic Development Plan

Applicant: Shenandoah County

Amount Requested: \$10,000

Summary: Shenandoah County's Office of Tourism and Economic Development is developing a strategic plan in an effort to strengthen the county's economy and build on its agricultural-based assets. Grant funding will be used to add a robust agriculture component to this plan. Specific issues to be addressed related to agriculture include: land-use policies and zoning; market analysis; small business planning; expansion of eco- and agritourism opportunities, including viticulture expansion and the expansion of the craft beer industry and local distilleries. Shenandoah County has budgeted \$25,000 for this project.