



COMMONWEALTH of VIRGINIA

Office of the Governor

Glenn Youngkin
Governor

January 12, 2023

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

The Honorable Barry D. Knight
Chair
House Appropriations Committee
House of Delegates

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

Dear Delegates and Senators:

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, 2022 through December 31, 2022 for the Governor to provide to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance. The report includes summaries on all new projects awarded AFID Facility, Planning, and Infrastructure grants. Information and updates on previously awarded projects are 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, appearing to read 'G. Youngkin', written over a horizontal line.

Glenn Youngkin

MJR
Enclosures

The Honorable Glenn Youngkin
January 12, 2023
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cc: Joseph Guthrie, Commissioner, Virginia Department of Agriculture and Consumer Services

AFID Facility Grant Program

As of December 31, 2022, there were one hundred twenty-four (124) active or completed AFID Facility Grants awarded since the inception of the program, supporting a variety of agriculture- and forestry-based economic development projects across sixty-seven (67) unique Virginia localities. These one hundred twenty-four (124) projects total \$11,567,900 in AFID grant funds and represent the creation of 3,968 new jobs, \$1,449,550,234 in new capital investment, and \$1,413,433,725 in new Virginia-grown agriculture and forestry purchases. These agribusinesses have, on average, committed to purchase from Virginia farms and forestlands approximately 81% of the agricultural and forestry products needed to meet their new value-added processing requirements.

For the first half of FY 2023, a total of \$998,000 was committed in AFID Facility Grant funds to assist eight (8) new and expanding projects in the Commonwealth, which represents the commitment of \$321,588,037 in new capital investment, 439 new jobs and 28 FTEs, and \$127,503,734 in new Virginia-grown purchases. These companies have, on average, committed to purchase from Virginia approximately 95% 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 1 - December 31, 2022:

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| AeroFarms, LLC (announced July 26, 2022) | |
| Expansion of a large Controlled Environment Agriculture operation | |
| Location | Pittsylvania County |
| Grant amount committed from AFID | \$33,000 AFID – workforce improvements |
| Other funds committed by the Commonwealth | |
| How these funds will be used | |
| Other funds from the political subdivision and their use | \$33,000 in local matching funds – workforce improvements |
| New jobs | Sixty-six (66) new jobs |
| New investment | - |
| Minimum purchase Virginia-grown products | \$25,275,000 (2,527,500 pounds) in net new production of Virginia-grown microgreens (100% of total production) |
| Projected impact on agricultural and forestal producers | Project expands presence of an industry-leading, Controlled Environment Agriculture operation in Virginia. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$40,202 |
| Average wage of project | \$39,500 |
| Break Even | 3 rd yr., 4 th qtr. |

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| Potter’s Craft Cider, LLC (announced July 29, 2022) | |
| Relocation and expansion of craft cider production facility | |
| Location | Albemarle County |

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| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$50,000 AFID – building improvements |
| Other funds from the political subdivision and their use | \$50,000 in local matching funds – building improvements |
| New jobs | Four (4) new jobs and four (4) FTEs |
| New investment | \$900,000 |
| Minimum purchase Virginia-grown products | \$380,067 (1,438,984 pounds) of Virginia-grown apples (92% of total expected purchases) |
| Projected impact on agricultural and forestal producers | This project expands the market for Virginia-grown apples. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$53,216 |
| Average wage of project | \$50,250 |
| Break Even | 3 rd yr., 4 th qtr. |

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| Restoration Bioproducts, LLC (announced August 8, 2022) New biochar production facility | |
| Location | Sussex County |
| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$50,000 AFID – building improvements |
| Other funds from the political subdivision and their use | \$50,000 in local matching funds – building improvements |
| New jobs | Five (5) new jobs |
| New investment | \$4,199,147 |
| Minimum purchase Virginia-grown products | \$1,728,000 (34,560 tons) of Virginia-grown forest products (100% of total expected purchases) |
| Projected impact on agricultural and forestal producers | This project expands the market for Virginia-grown forest products and supports new biochar industry. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$47,593 |
| Average wage of project | \$55,000 |
| Break Even | 1 st yr., 3 rd qtr. |

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| Oldcastle Lawn & Garden, Inc. (announced August 10, 2022) Location of a new growing medium production facility | |
| Location | City of Suffolk |
| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$50,000 AFID – building improvements |
| Other funds from the political subdivision and their use | \$50,000 in local matching funds – building improvements |
| New jobs | Twenty-eight (28) new jobs |
| New investment | \$5,705,000 |

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| Minimum purchase Virginia-grown products | \$2,509,867 (117,759 tons) of Virginia-grown forest products (80% of total expected purchases) |
| Projected impact on agricultural and forestal producers | This project expands the market for Virginia-grown forest products. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$53,283 |
| Average wage of project | \$38,179 |
| Break Even | 2 nd year, 1 st quarter |

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| MurLarkey Distilled Spirits, LLC (announced August 11, 2022) Relocation and expansion of craft distillery | |
| Location | Prince William County |
| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$250,000 AFID – building improvements |
| Other funds from the political subdivision and their use | \$250,000 in local matching funds – building improvements |
| New jobs | Nineteen (19) new jobs and twenty-three (23) FTEs |
| New investment | \$8,088,890 |
| Minimum purchase Virginia-grown products | \$429,860 (885,000 pounds) of Virginia-grown grain (100% of total expected purchases) |
| Projected impact on agricultural and forestal producers | This project expands a high-profile market for Virginia-grown grain. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$47,164 |
| Average wage of project | \$40,285 |
| Break Even | 1 st yr., 3 rd qtr. |

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| Plenty Unlimited, Inc. (announced September 14, 2022) Major new Controlled Environment Agriculture (CEA) Operation | |
| Location | Chesterfield County |
| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$500,000 AFID – building improvements \$2,400,000 Commonwealth Opportunity Fund – building improvements \$334,000 Virginia Talent Accelerator Program (estimated value) – workforce training \$75,000 – Port Economic & Infrastructure Development Program grant – any lawful purpose |
| Other funds from the political subdivision and their use | \$3,500,000 Local Cash Grant – building improvements \$386,000 – Local Site Development |
| New jobs | Three hundred (300) new jobs |
| New investment | \$300,000,000 |

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| Minimum purchase Virginia-grown products | 9,440,000 kilograms of Virginia-grown produce, likely strawberries, tomatoes and leafy greens (100% of total production) |
| Projected impact on agricultural and forestall producers | This project will be largest vertical indoor growing operation of its kind, helping to establish Virginia as a leader in this new and exciting industry. |
| Timetable for project completion | 2022 - 2028 |
| Prevailing average wage in locality | \$53,554 |
| Average wage of project | \$53,555 |
| Break Even | 2 nd year, 2 nd quarter |

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| Crush Operations, LLC, dba Common Wealth Crush Co. (announced October 19, 2022) Location of a custom crush winery, bottling facility, and tasting room | |
| Location | City of Waynesboro |
| 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 | Five (5) new jobs and one (1) FTE |
| New investment | \$1,500,000 |
| Minimum purchase Virginia-grown products | \$1,128,700 (450 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 and creates an important new winemaking service. |
| Timetable for project completion | 2022 - 2025 |
| Prevailing average wage in locality | \$42,320 |
| Average wage of project | \$54,000 |
| Break Even | 2 nd yr., 2 nd qtr. |

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| Wholesome Foods (announced December 29, 2022) New USDA-inspected slaughter facility | |
| Location | Shenandoah County |
| Grant amount committed from AFID Other funds committed by the Commonwealth How these funds will be used | \$40,000 AFID – building improvements |
| Other funds from the political subdivision and their use | \$40,000 in local matching funds – building improvements |
| New jobs | Twelve (12) new jobs |
| New investment | \$1,195,000 |
| Minimum purchase Virginia-grown products | \$1,652,240 (1,093 head) of Virginia-grown beef cattle and hogs (90% of total expected purchases) |
| Projected impact on agricultural and forestal producers | This project creates a new USDA-inspected slaughter facility for Virginia livestock producers. |

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| Timetable for project completion | FY2023 - FY2025 |
| Prevailing average wage in locality | \$43,896 |
| Average wage of project | \$33,633 |
| Break Even | 3 rd yr., 1 st qtr. |

AFID Planning Grant Program

Since the inception of the AFID Planning Grant, \$1,063,232 has been awarded to fifty-two (52) active or completed projects, directly impacting sixty-three (63) unique localities. Of the funded projects, forty-five (45) have successfully completed the grant. One new AFID Planning Grant was announced during the first half of FY 2023.

Announced AFID Planning Grant Projects for the period July 1 – December 31, 2022:

Project Description: Feasibility Study for Abattoir

Applicant: **Fauquier County**

Amount Funded: **\$20,000**

This project will help fund a consultant to conduct a feasibility study to determine if the Fauquier Livestock Exchange’s location would be suitable for an abattoir. The Fauquier Livestock Exchange is located centrally within the county and is in close proximity to the Northern Virginia and Washington, D.C., markets, meaning there is potential to both increase capacity and reduce travel costs for producers accessing those markets. Grant funds will be used to analyze both: the feasibility of a meat processing facility at the Fauquier Livestock Exchange location; and how to best implement the design and marketing of the facility, if it is feasible. The consultant will also report on USDA inspection requirements and recommendations for becoming a USDA-inspected facility.

AFID Infrastructure Grant Program

The AFID Infrastructure Grant offers reimbursable grants of up to \$50,000 (prior to legislation passed by the 2022 General Assembly, the limit was \$25,000) to political subdivisions to fund community infrastructure development projects that support local food production and sustainable agriculture. Since the inception of the AFID Infrastructure grant in 2021, \$742,772 has been awarded to twenty-nine (29) active or completed projects, directly impacting twenty-four (24) unique localities.

On December 29, 2022, Governor Youngkin announced ten (10) AFID Infrastructure Grant awards totaling \$368,885. A summary of each project is listed below.

Announced AFID Infrastructure Grant Projects for the period July 1 – December 31, 2022:

Project Description: Turkey Processing

Applicant: Albemarle County

Amount Funded: \$24,000

Summary: Albemarle County requested funding to purchase grinding, vacuum packaging, and freezing equipment for Kelly Turkeys to expand its existing product line of whole birds and bone-in breasts by adding ground turkey to its offerings. In operation since 2015, Kelly Turkeys grows and processes KellyBronze birds, an internationally known breed of heritage turkeys raised using sustainable farming methods.

Project Description: Commercial Kitchen

Applicant: Bedford County

Amount Funded: \$21,500

Summary: Bedford County sought funding to support a new commercial kitchen by established meat processor EcoFriendly Foods. The company has had success selling value-added products, such as hand pies, soups, and stews, which are prepared in rented kitchen space. The company anticipates sales to double with consistent access to a kitchen facility. Grant funds will purchase commercial kitchen equipment, including a tilt skillet and additional refrigerated storage space.

Project Description: Vegetable Processing

Applicant: Carroll County

Amount Funded: \$50,000

Summary: Carroll County sought funding to support the Virginia Produce Company with the purchase and installation of high-efficiency vacuum cooling equipment for produce. Vacuum cooling safely chills produce and removes problematic surface moisture in a fraction of the time as conventional methods, while also using 75% less energy. This rapid and efficient cooling method reduces product lost through moisture damage and increases shelf life, which expands the potential customer market. The Virginia Produce Company sources from more than 40 farms in the region to supply fresh produce to major food retailers.

Project Description: Commercial Kitchen

Applicant: City of Charlottesville

Amount Funded: \$50,000

Summary: The Charlottesville Economic Development Authority requested funding to support New Hill Development Corporation, an African American led non-profit community development corporation, in the construction of a shared-use commercial kitchen. The Black Entrepreneurial Advancement and Community Opportunity Network (BEACON) kitchen will include packaging and production equipment to house up to 16

local food businesses. The BEACON kitchen will offer lower rental fees, helping producers overcome a barrier to entry for food startups.

Project Description: Commercial Kitchen

Applicant: Culpeper County

Amount Funded: \$50,000

Summary: Culpeper County sought funding to purchase and install a walk-in freezer and cooler as part of a larger commercial kitchen project in the George Washington Carver Food Enterprise Center, a non-profit focused on food security and training in the Piedmont. This facility will serve as a food business incubator and will offer courses on value-added food production, food safety, and business management. The center will primarily serve the broader Rappahannock-Rapidan region, as well as users from beyond.

Project Description: Meat Processing

Applicant: Franklin County

Amount Funded: \$33,333

Summary: Franklin County sought funding to support an expansion by KC Farms Meats, a family-owned custom meat processing business. KC Farms Meats offers custom meat processing services to 39 livestock producers in the region who sell directly to their customers. Funds will be used to purchase a new smoker and walk-in freezer, which will allow the business to expand its product offerings to include specialty sausages, hotdogs, bacon, and ham.

Project Description: Farmers' Market

Applicant: City of Galax

Amount Funded: \$15,052

Summary: The City of Galax sought funding to improve the Galax Farmers' Market. When the Galax Farmers' Market was constructed in 2000, brick pavers were built around two oak trees that have since died. As a result, the remaining space is unsightly and inaccessible to people with disabilities. This funding will be used to rebuild the patio, which will improve the appearance and overall customer experience. In addition, the new patio will increase the space available for vendors and market opportunities for local producers. Appalachian Independence, a group that advocates for people with disabilities, has provided strong support for this project.

Project Description: Apple Processing

Applicant: Nelson County

Amount Funded: \$25,000

Summary: Nelson County requested funding to purchase new UltraUV processing equipment for two apple orchards, Silver Creek and Seamans' Orchards. Due to the increased demand for fresh sweet cider, the orchards seek to upgrade to a larger UV

processing machine to triple production. The equipment will be located at a packing shed owned by the orchards and will be able to process the majority of juice apples grown in Nelson County. The UV treatment allows orchards to produce an FDA-approved product with an extended shelf life, which will allow locally produced cider to be distributed throughout the region.

Project Description: Community Cannery

Applicant: Prince Edward County

Amount Funded: \$50,000

Summary: Prince Edward County sought funding for equipment upgrades at its community cannery, a shared-use facility that is operated commercially by the food business incubator non-profit Virginia Food Works. Since 2020, the non-profit reports that nearly 100 clients have clocked nearly 1,700 hours of facility usage preparing foods for commercial sale. The public also relies on the cannery's services to prepare and process seasonal vegetables and meats to supply foods for their families and businesses. This project builds on the AFID-funded installation of a new boiler at the facility. New funding will be used to replace many vital components of the cannery's infrastructure, to include steam pipes, traps, valves, gauges, a half-ton chain hoist, pressure/temperature recorders, steam pot stems, and other equipment.

Project Description: Food Hub

Applicant: City of Roanoke

Amount Funded: \$50,000

Summary: The City of Roanoke requested funding to support the Local Environmental Agriculture Project (LEAP), a non-profit focused on creating economically viable outlets for local farmers and food producers, such as farmers markets and commercial kitchens. LEAP aggregates and distributes food to an estimated 10,000 people each year. In addition, LEAP's commercial kitchen supports over 40 food businesses with equipment, resources, and training. Their farmers markets host 50 local vendors, the majority of which are meat, produce, and dairy producers. In 2021, LEAP received support from the City of Roanoke to create a commercial kitchen and food hub in the underserved West End neighborhood. Funds will be used for the purchase and installation of a large walk-in cooler at the new food hub.