

Meeting Minutes
Alleghany Highlands Comprehensive Economic Development Strategy Committee

June 13, 2007

11:30 AM, Room 502 of the Center for Continuing Education and Workforce Services Building at
Dabney S. Lancaster Community College

Committee Members:

Present: Annette Anderson, Jack Hammond, Dave Price, Mark Taylor, Dr. Richard Teaff, Tim Tobin, John Williams, Bill Zimmerman

Absent: Suzanne Adcock, Glenn Anglin, Carolyn Barnette, Don Carter, Stephanie Clark, Robert Daniel, Butch Kemper, Alan Williams

Technical Advisors:

Present: John Strutner

Absent: Claire Collins, Tom Harris

Others Present:

Wayne G. Strickland, Executive Director, RVARC
John Hull, Regional Economic Resources Planner, RVARC
Gail Johnson, Dabney S. Lancaster Community College
Laura Lee, Office of Congressman Rick Boucher
Derek Lyall, Office of Congressman Rick Boucher
Richard Crowder, Clear LLC
Katherine Holcomb, Virginia Employment Commission
Kevin Persinger, Sonabank
H.C. Rhodes, Highlands Community Bank
Lisa Schoppmeyer, Schoppmeyer Accounting

Proceedings:

· *Meeting called to order at 11:00 AM*

Welcome and Introductions:

John Hull, Regional Economic Resources Planner, welcomed the meeting participants and asked the committee members to introduce themselves.

Updates:

- Appalachian Regional Commission Tourism Trail Grant: Mr. Hull noted that the Tourism Trail Project continues to move forward. He stated that Regional Commission staff held a project meeting on May 25 with representatives from The Crooked Road and Round the Mountain trails. He also stated that Commission staff has submitted a revised application to the State Department of Housing and Community Development. He said DHCD staff has said it is reasonable to believe the Commission will be under contract with the funding agency (by September), at which time project activities can begin.

Mr. Hull explained that the Tourism Trail Project is a tourism development/marketing project that involves repackaging regional tourism assets into a driving tour. He explained that there are a number of similar efforts including The Crooked Road (SW Virginia) and Handmade In America (Asheville, NC area).

- EDA Tech. Assistance Grant – Cluster Targeting Analysis: Mr. Hull reported that earlier in the year the Alleghany Foundation awarded the project \$23,500 and the Alleghany Highlands Economic Development Corporation awarded the project another \$2,500 providing the \$25,000 in local match required by EDA. He reported that RVARC staff have officially received a letter approving the pre-application and inviting full, final application on the project. Mr. Hull reported that RVARC staff will complete the full application within a matter of weeks and submit to the EDA Philadelphia Region Office. He reminded the committee that another two months will likely be needed by EDA staff to review the final application on the project. Mr. Hull reported that staff still hopes to have the project completed by April 2008.

Mr. Strickland stated that he hopes that the Commission will be able to proceed in July or August. He stated that staff has discussed working with the Virginia Tech's Office of Economic Development on this project.

- Alleghany Highlands Telecommunications Grants: Mr. Hull reported that Alleghany County and the City of Covington have each submitted a telecommunications planning grant to Department of Housing and Community Development Virginia Rural Broadband Planning Initiative. He stated he did not know of any deadline or known date for funding announcements but that hopefully the results of these applications will be known soon.

Mr. Strickland reported that VDOT has named completion of US 220 improvements between Eagle Rock and Iron Gate as a priority in the most recent State Six-Year Program of Improvements. He explained that completion of the project will depend heavily upon the availability of funding for transportation, but that it is certainly a good sign that the project has been included in the document.

Consideration of CEDS Committee Nominations:

Mr. Hull reported that the Nominating Committee worked on preparing a list of nominees since the previous meeting in April. Mr. Hull explained that nominations meet requirements set forth in the newly adopted bylaws and in new EDA regulations regarding the composition of the CEDS Strategy Committees.

The following list of nominees were presented before the Committee:

CEDS Committee Nominations

Mr.	Richard	Crowder	Clear, LLC
Mr.	Roy	Wright	Heirlooms of Clifton Forge
Mr.	HC	Rhodes	Highlands Community Bank
Mr.	Glenn	Perry	Regional Home Care
Ms.	Katherine	Holcomb	Virginia Employment Commission, Covington Field Office
Ms.	Lisa	Schoppme	The Book Keeper
Mr.	Kevin	Persinger	Sonabank

Chair Nominee Mark Taylor
Vice-Chair Nominee Dr. Richard Teaff

Mr. Hull asked for comments and questions. There were none.

MOTION: Committee Member Zimmerman moved to approve the slate of nominations for the CEDS Strategy Committee as well as the nominations for Chair and Vice-Chair of the Committee.

SECOND: The motion was seconded by Committee Member John Williams.

APPROVAL: The Alleghany Highlands Comprehensive Economic Development Strategy Committee unanimously approved the nominations for new members and the nominations for Chair and Vice-Chair.

Mr. Strickland congratulated the new members and Chairman Mark Taylor and Vice-Chair Dr. Richard Teaff's new roles as officers to the CEDS Committee. He stated that future meetings will be run by Chairman Taylor. He encouraged all newly nominated members to ensure their email addresses are on the sign-in sheet.

Chairman Taylor asked about Committee Member Anglin's status and whether he should remain on the proposed list. It was explained that the bylaws state that labor organizations will be represented on the Committee. It was suggested that a Committee member contact Mr. Anglin and encourage him to send an alternate to meetings he cannot make.

Consideration of Draft 2007 Annual Report to EDA including 2008 Annual Project Package and Implementation Schedule

Mr. Hull reported that a draft of the 2007 Annual Report and Annual Project Package was circulated at the previous meeting and that there were no significant changes between the drafts. He reported that the priorities named in the previous meeting have been incorporated and are on page 18 of the report.

Mr. Hull suggested that the Committee should perhaps discuss the concept of a regional business incubator. He reported that, at the Enterprise Fair held on May 14, Congressman Boucher strongly encouraged the region to pursue an incubator and that there seems to be interest in pursuing the project sooner than originally programmed.

He stated that the project is scheduled currently for fiscal year 2009-2010 and is listed as a second priority. Mr. Hull mentioned that some additional planning work will likely be in order to update the feasibility study conducted in 1999. He stated that a newer demand survey would likely be useful to determine how many potential incubator users there are in the region, what sort of physical space might be needed (small offices, manufacturing, etc), what sorts of support services might be needed, and other similar issues.

Mr. Strickland mentioned that RVARC staff has the list of attendees from the Enterprise Fair and could easily follow-up with attendees as well as contact the Allegheny Highlands Chamber of Commerce, the Small Business Development Center Network, local SCORE chapters, the Economic Development Corporation and others to obtain leads for possible incubator users.

Mr. Strickland stated that the region must be sure there is sufficient demand and sufficient support to start an incubator. He stated that such a proposition is an extensive one involving staffing, the purchase of equipment, utilities, and other expenses. He reminded the group that, depending upon the site, there could be significant renovation or construction costs to get a facility ready. He said funding can be obtained from the US Economic Development Administration and that there are other funding sources that are comfortable and familiar with such projects, but that such funding sources will want to see that the region has fully studied the issue and is convinced that the incubator will be used.

Mr. Strickland explained that incubator tenants will have to pay for space in the incubator, but the income generated usually does not cover all expenses. He explained that, in most cases, local governments are contributors to business incubator operations. Mr. Strickland stated that there are alternatives to a full incubator including a "virtual incubator" s that could provide certain support services for new business start-ups.

Vice-Chair Teaff stated that a regional incubator may not require a tremendous amount of space. He stated that one possible site exists on the Dabney S. Lancaster Community College campus. Dr. Teaff suggested a multi-use building might be a possibility depending upon survey results. In such a facility, the Allegheny Highlands Economic Development Corporation could have its offices and there could be meeting room space as well as other individual spaces for tenants.

Dr. Teaff stated that it would be terrible for the region to miss this opportunity. He agreed that the region should pursue this initiative as soon as possible. He explained that some of the funding necessary for utilities may already be available through the community college and that there are already potential institutional tenants (such as the EDC) that could serve as anchors while additional tenants are sought out.

Committee Member Tobin agreed that it would be hard to find a better site than at the community college but that there are a number of vacant buildings in the community that could serve well as an incubator. He mentioned his past involvement with an incubator project in another community. He explained that startup funding helps tremendously in establishing an incubator, but that it is sometimes difficult when such funding is depleted and localities must begin supporting an incubator project.

Mr. Tobin described how the incubator had been used as a resource in the other community. He mentioned that it was designed with a large audio/visual room with teleconferencing ability and that the facility was a resource not only to startups but to a number of community institutions.

Committee Member Crowder mentioned that a number of people who attended the Enterprise Fair were starting their business and were at the ideal stage to take advantage of an incubator facility. He stated that it is his belief that there is more than sufficient demand for such a facility.

Mr. Tobin stated that incubators often offer services and infrastructure to startups that help build legitimacy including business planning assistance and training and classes on other similar matters.

Laura Lee of Congressman Rick Boucher's Office suggested one major need in the community is to have services available to small businesses within the community, as opposed to sending local entrepreneurs to Roanoke or Harrisonburg. She suggested that establishing such facilities usually help with securing local Small Business Development Center offices.

Committee Member Hammond stated that, in his involvement with the Chamber of Commerce, he is not aware of any inquiries regarding an incubator. He stated that this does not mean startups are not interested in an incubator, but that it may simply mean local people are not aware of the possibility. If not done carefully, Mr. Hammond suggested, a survey effort may not show positive results, simply because surveyed individuals may not understand the issue.

Committee Member Anderson agreed with these sentiments and suggested that alternative approaches may be necessary to gain the feedback of small business startups that might benefit. She suggested that the local newspaper could be utilized. An article could be written with local contact information included so that interested parties could call and discuss support for an incubator project, whether they would be interested in locating in an incubator, and what type of space they might need. She also suggested that perhaps community meetings might be needed and the meetings should be advertised so that local individuals could come and learn more about the business incubator concept.

Committee Member Hammond suggested that the Alleghany Highlands Chamber of Commerce and other local institutions could certainly help, especially in getting the word out regarding an incubator.

It was also suggested that nearby incubators be contacted to determine if Highlands residents have been looking for incubator space nearby.

Mr. Strickland asked the group if they desired to amend their 2008 Annual priorities to include an incubator project.

MOTION: Committee Member Tobin moved to amend the annual priorities to include an Alleghany Highlands Business Incubator Project

SECOND: The motion was seconded by Committee Member Zimmerman.

APPROVAL: The Alleghany Highlands Comprehensive Economic Development Strategy Committee unanimously approved the amendment of the 2008 annual priorities.

Dr. Teaff stated that he would be glad to offer free space for a community information meeting on the incubator issue and that he would volunteer the use of one of the phone lines in the Center for Continuing Education and Workforce Services for people to call to express interest in an incubator.

Chairman Mark Taylor stated he thought that the project was needed and is a wonderful idea.

Committee Member Holcomb stated that a surprising number of individuals referred to VEC are not necessarily interested in going back to work for someone else, but are sometimes interested in starting their own business.

Mr. Strutner and Ms. Lee suggested that it be made clear that space in an incubator will not be free to potential tenants. He also suggested looking at how long tenants might remain in an incubator. In some communities, businesses remain for a number of years beyond what would traditionally be expected. Such businesses can become anchors that will contribute towards a large proportion of the buildings expenses to offset times when the incubator may be only partially used. These considerations must be included in a study.

Mr. Hull stated he would be in contact with staff in Dr. Teaff's office to coordinate efforts. Mr. Strickland said the Commission will contact some of the stakeholders mentioned earlier, and will also talk with Sandy Ratliff of the Virginia Department of Business Assistance in regards to some of the issues brought up in discussion.

ACTION ITEM: Coordinate incubator survey effort (RVARC and DSLCC Staff).

Mr. Strickland reminded the Committee that the incubator project would take a significant amount of time to advance. He mentioned some of the planning projects as examples of how long projects can take. Simply obtaining project funding can be a yearlong process if not longer. He said starting this project is certainly positive but it is not realistic to believe an incubator will be in place within 6 months.

MOTION: Committee Member Zimmerman moved to approve the 2007 Annual Report to EDA including amended annual priorities.

SECOND: The motion was seconded by Committee Member Price.

APPROVAL: The Alleghany Highlands Comprehensive Economic Development Strategy Committee unanimously approved the 2007 Annual Report.

ACTION ITEM: Forward final copy of 2007 Annual Report to EDA Philadelphia Region Office (RVARC Staff).

Future Meeting Schedule:

The next meeting was set for Thursday, September 13th from 11:30 AM to 1:00 PM at Dabney S. Lancaster Community College in Room 502.

Comments/Questions:

It was mentioned that the newly elected Chairman Mark Taylor would begin presiding over Committee meetings in September.

Mr. Taylor asked all Committee members to think about the CEDS group and come prepared to discuss what has been working well and what has not been working as well. He also asked the group

to be able to discuss suggestions to improve various areas where the group has not functioned as well as it should. He stated he wanted to hear individual perspectives on what may be improved.

ACTION ITEM: Come prepared to discuss possible improvements to the way the CEDS Committee functions (CEDS Committee Members).

Committee Member Crowder requested contact information for the full committee membership.

ACTION ITEM: Distribute Committee Contact info with meeting minutes (RVARC Staff).

Committee Member Price requested information on potential Virginia Employment Commission office closings and on consolidation of Workforce Investment Area regions. Mr. Hull reported on the potential for VEC closings, noting that the VEC is facing a \$23 Million shortfall (in federal funds) and is likely going to be forced to close some offices. He noted that the VEC and Secretary of Commerce and Trade are now formulating the plan for how they will proceed with this. He reported that the Regional Commission submitted a letter expressing the importance of the region's VEC offices. Ms. Lee stated that Congressman Boucher has also contacted the VEC Commissioner and expressed the importance of all the VEC offices in Southwest Virginia.

Mr. Strutner reported that he has received a letter from the Governor discussing possible consolidations and changes in the State's Workforce Investment Areas. He stated that the State may be planning to pull the Alleghany Highlands out of the WIA associated with the Roanoke Valley region and align the Highlands with Harrisonburg. He suggested that the region's governments and institutions should consider making comment on the proposed realignment of WIAs. He said he would fax a copy to the Regional Commission. Committee Members requested a copy of the letter as well.

ACTION ITEM: Forward copy of the Governor's Letter to CEDS Committee Members (RVARC Staff).

Mr. Strickland thanked the Committee and stated that the staff of the Regional Commission looks forward to working with the group in completing some of the projects over the next year.

- Meeting adjourned at 1:15 p.m.
- Minutes submitted by John M. Hull, Regional Economic Resources Planner.