

STATE OF WEST VIRGINIA

**STATE APPALACHIAN
DEVELOPMENT PLAN**

for the

**APPALACHIAN REGIONAL
COMMISSION**

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ARC State Development Plan 2014 Outline

Introduction

Section I. The Appalachian Development Planning Process

Section II. Overview of State Development Needs

- A. Identification of Counties: Distressed, At-Risk, Transitional, Competitive, and Attainment
- B. The Economy (ARC Goal 1 – Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation.)
 - 1. Population
 - 2. Employment
 - 3. Income
 - 4. Energy
 - 5. Governor's Economic Development and Energy Strategy
- C. Human Resource Development (ARC Goal 2 – Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy.)
 - Introductory Paragraph
 - 1. Secondary Education
 - 2. Higher Education
 - 3. Local Capacity Development
 - 4. Health Care
 - 5. Critical Needs
- D. Infrastructure (ARC Goal 3 – Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive.)
 - 1. Water Supply and Waste Disposal
 - 2. Industrial Sites
 - 3. Community Revitalization
 - 4. Housing
 - 5. Critical Needs
- E. Transportation (ARC Goal 4 - Build the Appalachian Development Highway System to Reduce Appalachia's Isolation.)
 - 1. Transportation
 - 2. Critical Needs

Section III. Development of Goals, Objectives, and Strategies

Section IV. Funding Allocation Method and State Program Policies

Appendix A - Social and Economic Status – ARC Matrix of WV Counties

Appendix B - Regional Development Priorities

Appendix C - Local Government Distress Index

ARC State Development Plan 2014 Planning Unit

Introduction

The purpose of the ARC State Appalachian Development Plan for West Virginia – in accordance with Section II, Chapter 5, Sections 5.1 and 5.3 of the ARC Handbook – is to establish a process to set forth goals, objectives, priorities, and policies for the Region and to identify priority programs and projects for Commission assistance. In particular, the State Appalachian Development Plan will:

- Set forth the Governor's goals, objectives, and priorities for the region and identify the needs upon which such goals, objectives, and priorities are based;
- Reflect the Commission's strategic plan, its goals and objectives, and its guiding principles; and describe the inter-relationship between economic development in the Appalachian portion of the state (in the case of West Virginia, the entire state) and the Appalachian Development Highway System corridors located in the state;
- Contain a description of the state's Appalachian development and planning organization and coordination process, including the roles of Local Development Districts and citizens; and
- Describe the methods used to measure the relative financial resources of project applicants and to ensure an equitable allocation of state contributions for projects to its Appalachian area; and explain the derivation, rationale, and application of such methods.

The State Appalachian Development Plan reflects the Governor's goals, objectives, and priorities within the context of the Commission's strategic goals and objectives.

Section I. The Appalachian Development Planning Process

The West Virginia Development Office (WVDO), as part of its ongoing strategic planning responsibilities, administers the Appalachian Development Planning Process. The WVDO is required by statute to prepare and maintain an overall Strategic Plan for Economic Development. The policies and strategies embodied in the Appalachian Development Plan reflect those elements of the overall Strategic Plan that can be addressed through the Appalachian Development Program.

The plan incorporates extensive analyses performed by WVDO Research and Strategic Planning staff, as well as the major community and economic development priorities of the 11 Regional Planning and Development Councils

(RPDCs). The RPDCs administer comprehensive, continuous area-wide action planning processes and activities that predominantly involve local elected officials and citizens. These regional processes and activities tie into numerous state and federal funding programs. The RPDCs are familiar with all aspects of local development needs within their regionally designated counties and municipalities. The Governor capitalizes on this extensive experience and knowledge base by involving them as partners in the state planning process.

The ARC State Appalachian Development Plan identifies broad statewide issues and needs that the Governor has chosen to address with ARC resources, and may be effective for the entire term of the Governor. The RPDC Plans identify priority development projects and programs in these key issue areas in the 11 Regional Planning and Development Council areas and thus provide the primary basis for implementation of the State Development Plan.

Section II. Overview of State Development Needs

A. Identification of Counties: Distressed, At-Risk, Transitional, Competitive, and Attainment

Eight counties have been designated as Distressed Counties by the Appalachian Regional Commission for FY 2014. These are shown in Figure 1. These tend to be counties whose economies are based on coal mining and other natural resource industries and are concentrated in the southern and central portions of the state, both of which are highly rural. West Virginia currently has two counties designated as Competitive Counties – Jefferson and Putnam – and no counties that have been designated as Attainment. The remaining counties are At-Risk and Transitional. The following is an analysis of statewide, Distressed, At-Risk, Transitional, and Competitive county needs in the four Commission Goal areas:

- The Economy;
- Human Resource Development;
- Infrastructure; and
- Transportation.

A matrix containing comparative needs data in each of the above topic areas by county, state, and nation can be found in Appendix A.

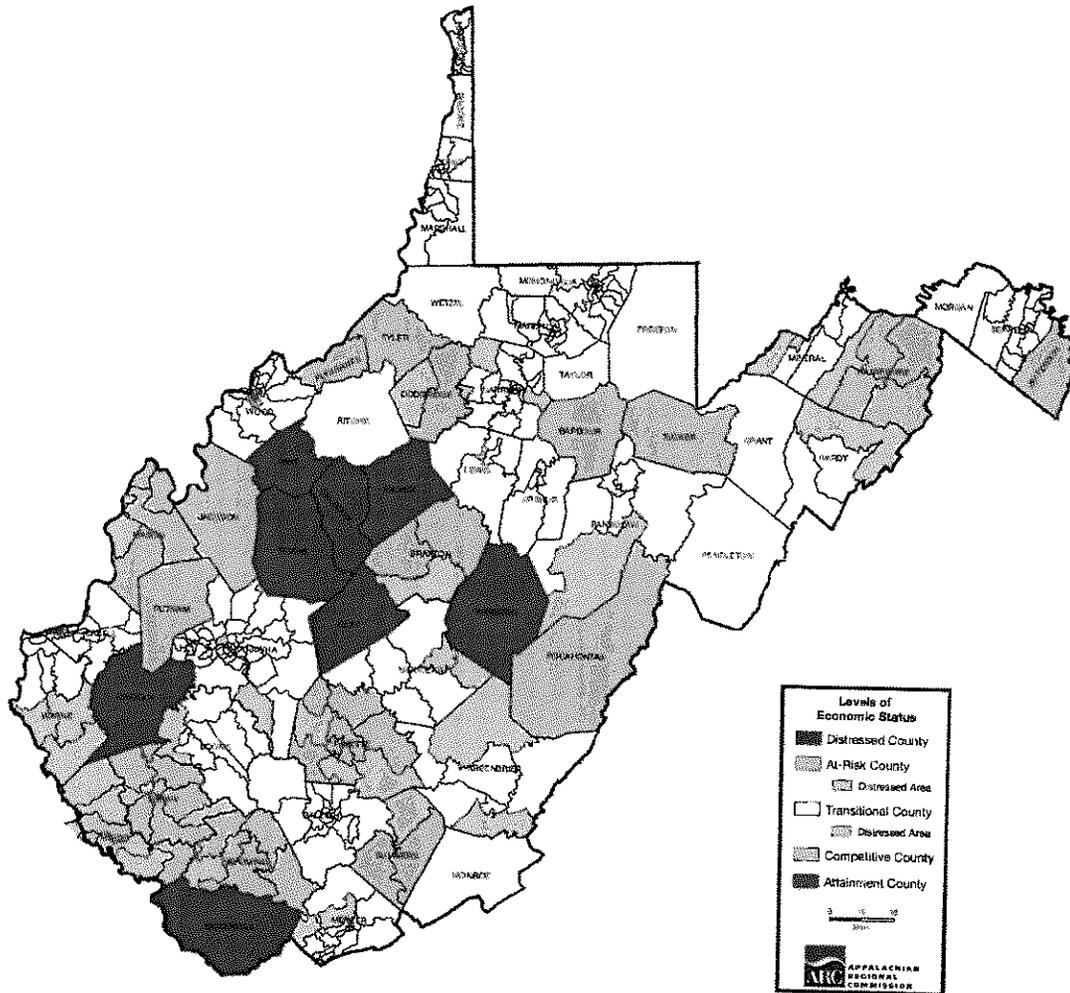
B. The Economy (ARC Goal 1 – Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation.)

Unlike most other states, West Virginia's budget fared well during the recession. In fact, the state cut business taxes every year since the recession began. Now,

while most states are getting back to normal, a lack of revenue has forced West Virginia to cut its budget, both during the current fiscal year and for the upcoming year. In fact, according to the NASBO report, West Virginia is making the second largest budget cut from FY 13 to FY 14, and is one of only eight states experiencing negative budget growth. While the state improved its economic position in some geographic areas, the 8 distressed and 15 at-risk counties still lag significantly behind.

Figure 1

FY 2014 West Virginia County ARC Economic Status and Distressed



Distress in these areas appears to correlate with dependence on natural resource industries (coal mining, gas production, logging, agriculture, etc.) and remoteness. Following is a brief comparative analysis of state and county economic trends and critical needs.

1. Population

Between 2010 and 2012, the overall growth rate for the state was relatively stable with decrease of 0.04%. Likewise, the counties tended to follow the same trend. The distressed counties averaged a population loss of the same amount, 0.04% while the at-risk counties averaged a population loss of 0.03%, compared to growth of 0.01% for the transitional counties, and 1% growth for the two competitive counties. Three of the 8 distressed counties (Lincoln, McDowell and Roane) experienced population losses, ranging from minus 1.7% (McDowell) to minus 0.04% (Lincoln and Roane) with Wirt experiencing 1.1% population growth. Nine of the 15 at-risk counties (Barbour, Fayette, Hampshire, Logan, Mingo, Summers, Tucker, Tyler and Wyoming) experienced population losses ranging from minus 0.01% (Barbour) to minus 1.1% (Wyoming). The heaviest population losses continue to occur in southern coalfield counties. Figure 2 illustrates percentage changes in population by county in West Virginia during the period 2010-2012.

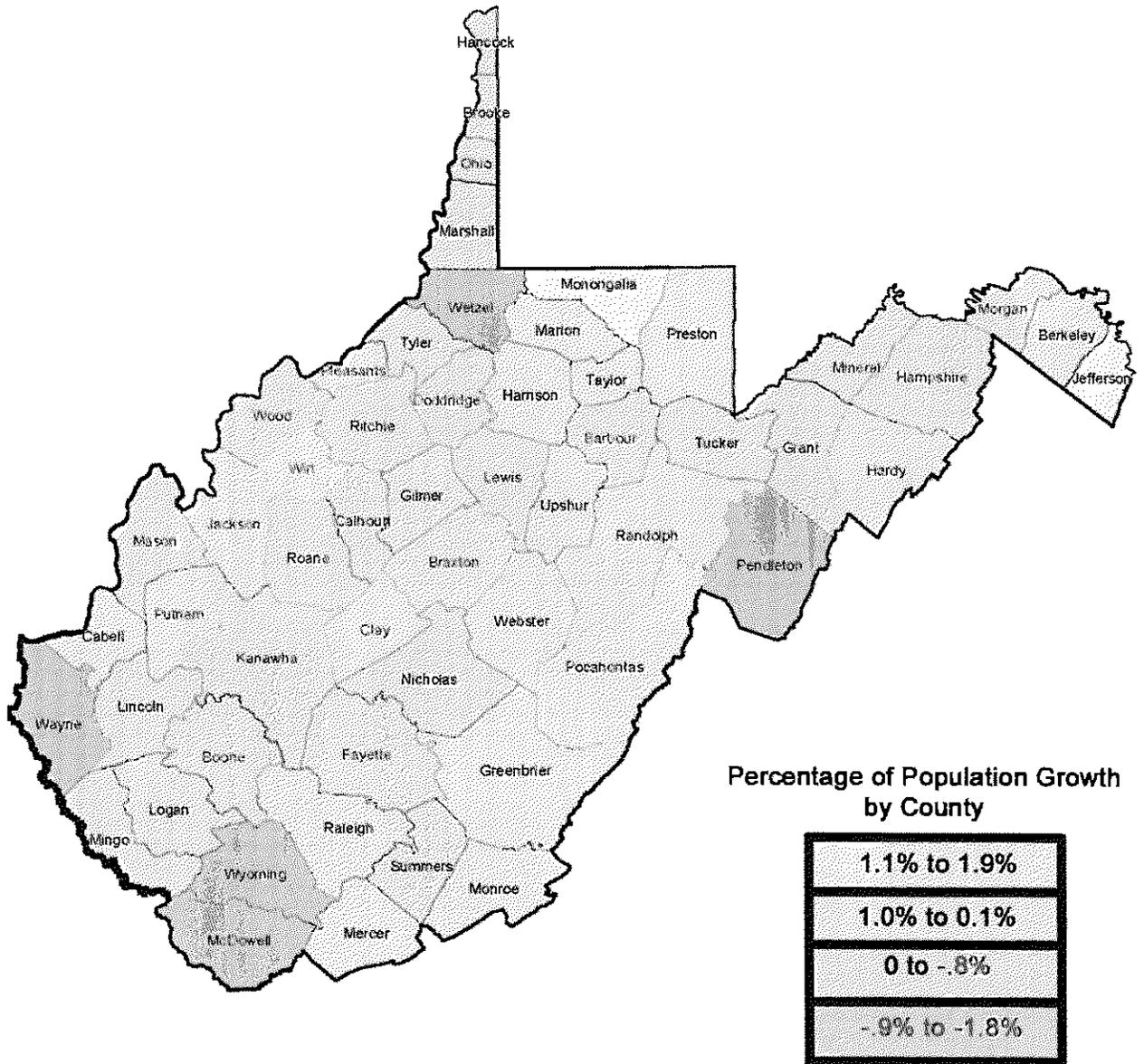
2. Employment

From 2008 to 2012, overall employment growth in the state equaled 0.2% for the period, while the U.S. as a whole equaled 0.4%. Figure 3 illustrates percentage changes in employment by county in West Virginia during the period 2008-2012.

Between 2008 and 2012, job gains in the service-providing sectors equaled (+11,500), while the goods producing sectors overall experienced a decrease in jobs (-8,100). Two of the three major goods-producing sub-sectors, Construction and Manufacturing, experienced decreases in employment (-3,300 and -7,300, respectively). The remaining major goods-producing sub-sector, Natural Resources and Mining, experienced a net increase (+2,600).

Figure 2

West Virginia Population Growth 2000 to 2010



Three of the nine service-providing sub-sectors experienced net employment gains: Professional and Business Services (+3,800), Education and Health Services (+9,300), Leisure and Hospitality (+1,600). The six sectors experiencing net decreases in employment were Trade, Transportation, and Utilities (-2,900), Information (-1,700), Financial Activities (-1,700), Wholesale Trade (-1,200), Retail Trade (-2,200) and Other Services (-600)

In 2012, there were 46,400 travel-generated jobs in West Virginia. According to the West Virginia Division of Tourism, travel-generated direct spending was \$5.1 billion in 2012, which resulted in \$707 million in travel-generated state and local taxes.

West Virginia's \$5.1 billion in travel-generated spending is a vital part of the state and local economies. In some areas of the state, it is one of the primary sources of earnings and employment. Counties with over 10% of their employment dependent upon travel-generated spending include Greenbrier (10.8%), Hancock (37.8%), Jefferson (36.5%), Pocahontas (21.6%), Ohio (10.1%) and Tucker (18.1%).

The statewide unemployment rate rose from 4.2% in 2008 to 7.3% in 2012, an increase of 3.1 percentage points. The U.S. unemployment rate rose from 5.8% to 8.1%, an increase of 2.3 percentage points, during the same timeframe.

Between 2008 and 2012, job growth in the 8 distressed counties had an average increase of 6.2%; at-risk counties had an average job increase of 7.7%; transitional counties had 5.1% average gain; while competitive counties, Putnam and Jefferson experienced a 1.5% average employment growth, and the state had overall growth of only 0.02%.

Unemployment rates for the 8 distressed counties averaged 10.5 in 2012, the 15 at-risk counties had an average unemployment rate of 9.0, the 30 transitional counties averaged an unemployment rate of 7.1, and the 2 competitive counties showed an average unemployment rate of 8.0, compared to the statewide unemployment rate of 7.3% and the National rate of 8.1%. Figure 4 illustrates the unemployment rates by county in West Virginia for 2012.

3. Income

West Virginia's per capita personal income (PCPI) growth between 2008 and 2011 outperformed the national growth rate (4.8% vs. 1.6%, respectively) increasing from \$21,007 to \$22,010; rising to 76.5% of the U.S. per capita of \$27,915. Even though West Virginia weathered the Great Recession remarkably well, the PCPI ranks 48th out of the 50 states.

Disparities in per capita income continue to exist within the counties. According to the Census Bureau's American Community Survey (ACS) the 2007-2011 per capita income in the 8 distressed counties averaged \$16,443 – 76.5% of the 2011 state average (\$22,010) but only 58.9% of the 2011 U.S. Average (\$27,915). The at-risk counties averaged \$18,488 per capita; transitional counties averaged \$21,352; and competitive counties averaged \$43,212. The county with the lowest per capita income was McDowell County (\$13,345) and the county with the highest was Jefferson County (\$29,602).

West Virginia retains a sizable indigent population. 18.7% of the state's population lived in poverty in 2011 – an increase of 1.5% since 2008, compared to 15.9% nationwide in 2011, which was up 2.7% since 2008. **Poverty in the 8 distressed counties averaged 26.9%.** McDowell County continued as the only distressed county with a poverty rate in excess of 30%, with a rate of 34.2%. The counties with continuing higher poverty rates still tend to be located in the interior region of the state and the southwestern coalfields. Figure 5 illustrates the poverty rates by county in West Virginia.

4. Energy

With the advent of shale gas drilling in West Virginia, the state has seen an increased focus on production and use for natural gas. From 2011 to 2012, for example, production in the Marcellus Shale has increased 100 percent. The establishment of the Governor's Natural Gas Task Force and the construction of new CNG and propane fueling stations have led to an increase in the number of fleets using vehicles fueled by natural gas derivatives, including an infusion of CNG vehicles in the state fleet.

West Virginia's energy expertise is not limited to natural gas production. The state will continue to advance coal use, to foster applicable renewable energy resources and to promote energy efficiency for its residents and businesses. The adoption of the 2009 International Energy Conservation Code for new residential construction and of ASHRAE 90.1-2007 for new commercial construction promises to reduce energy costs for the state's 1.8 million residents.

The ARC has played an important role in diversifying the use of surface-mined lands in West Virginia. Through support from ARC, the WV Division of Energy completed energy development projects on surface-mined lands including solar schools in Morgantown and in McDowell County, the planting of grasses and trees as energy crops in Mingo, Upshur, Randolph and Webster counties and wind assessment surveys throughout the state.

Figure 3

West Virginia Total Employment Growth 2008 - 2012

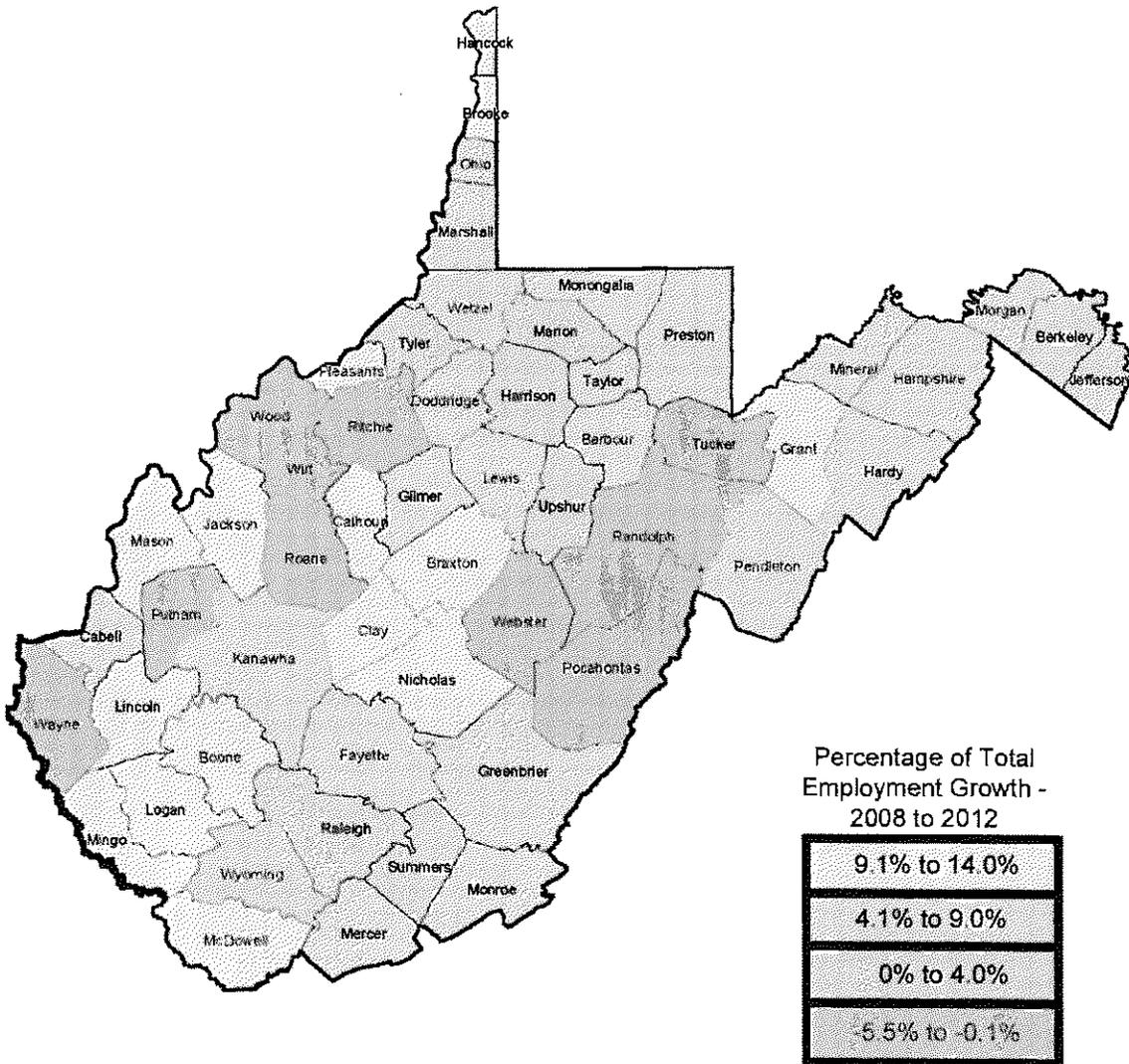


Figure 4

West Virginia 2012 Unemployment Rates

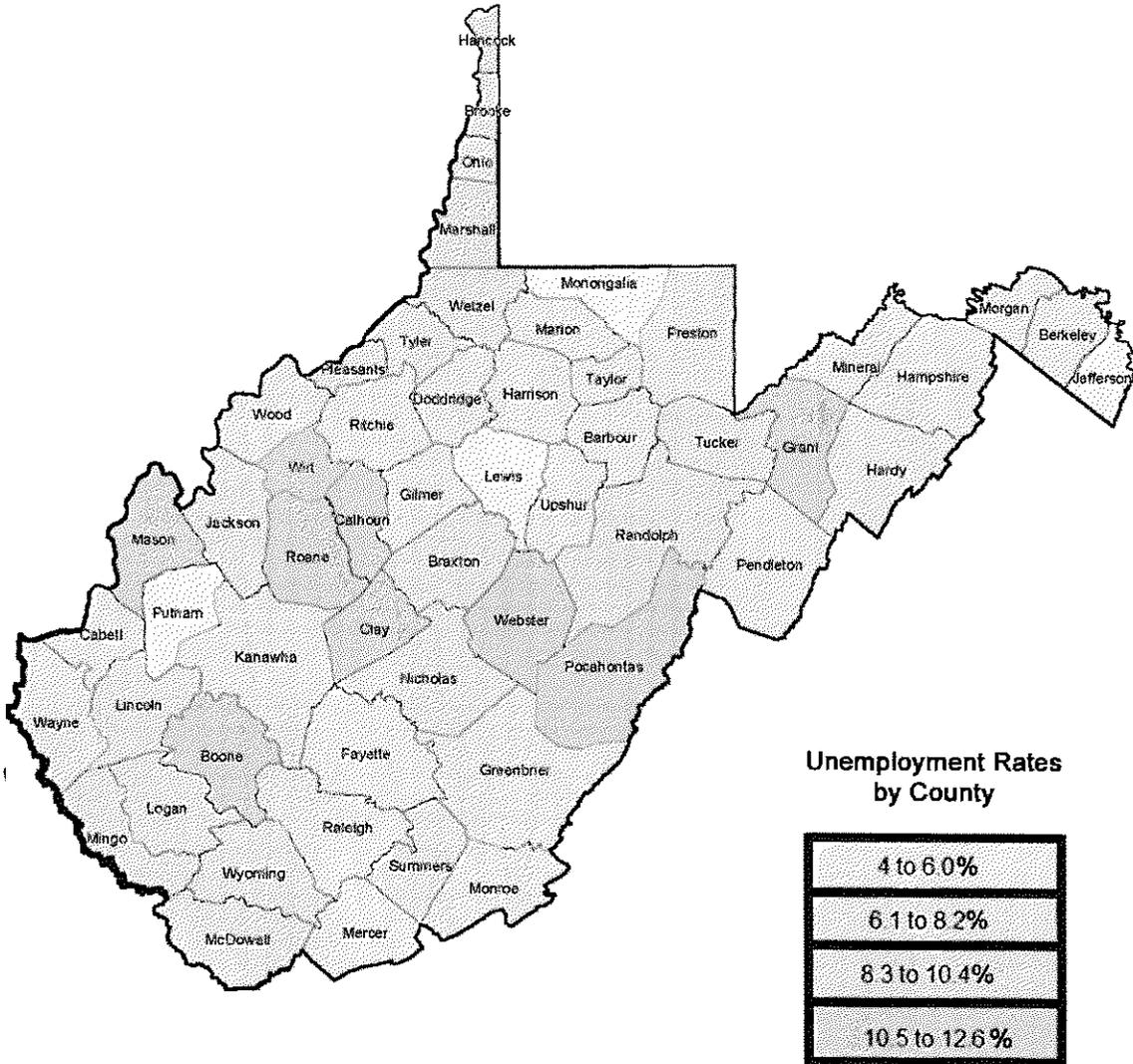
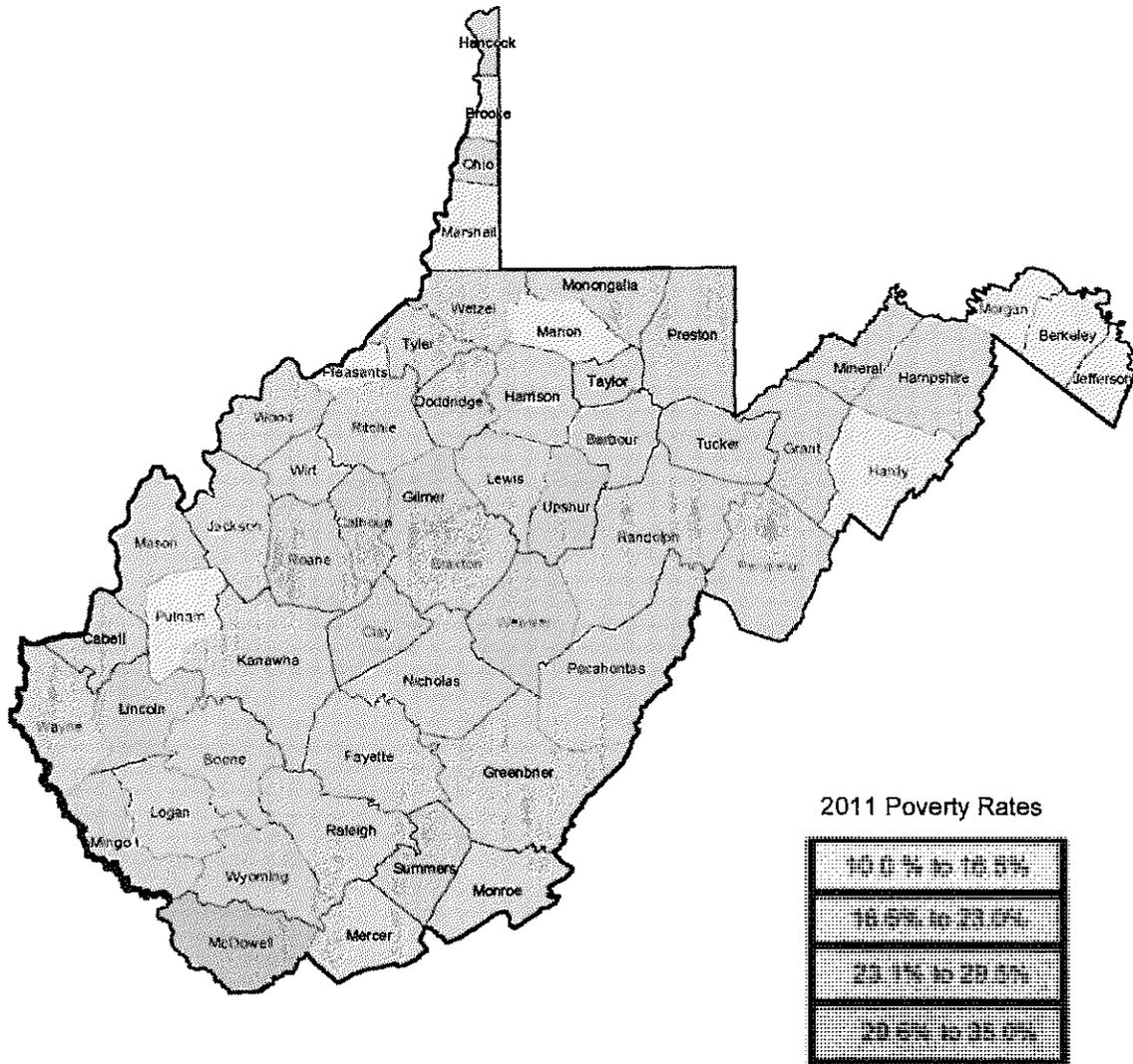


Figure 5

West Virginia 2011 Poverty Rates by County



5. Governor's Economic Development and Energy Strategy

Governor Tomblin took office in January, 2013 and his administration is moving forward in creating a more competitive business climate in the state and strengthening job opportunities and growth.

During the last several years, West Virginia has secured stable financial footing and made dramatic progress. The approach to responsible government has produced a positive business climate for new and expanding companies that want to create good jobs in West Virginia.

West Virginia powers the nation with its vast energy resources and will continue to be a leader in advancing its resources to meet national energy needs. The state hosts a growing aerospace industry, an emerging automotive sector and innovative chemical and polymer companies. West Virginia is also expanding into new sectors such as biometrics, research, high-technology and business services.

West Virginia's economic assets include:

- access to a business-friendly climate and a skilled work force,
- low business operating costs,
- a strategic location,
- low cost of living for employees,
- high quality of life and unparalleled outdoor recreational activities.

West Virginia's Economic Performance:

- More than \$13.6 billion worth of new business investments have been made in West Virginia's economy since 2005.
- The state closed its 2010 fiscal year with a surplus of more than \$102 million, the fifth year in a row with a surplus – without a tax increase.
- West Virginia removed approximately \$91 million of business tax burden in FY 2010 and over \$235 million during the past five years. The state is one of only four to be awarded an "A" by the Cato Institute's Fiscal Policy Report Card on America's Governors: 2010.
- West Virginia's skilled and flexible work force has earned a reputation for dedication, loyalty, and low-absenteeism. The state has the nation's lowest manufacturing-industry employee turnover

rate, 31 percent below the national U.S. average. The state has the second-lowest overall turnover rate.

- Since West Virginia privatized its workers' compensation market in 2006, the loss costs have decreased by more than 43 percent. This has resulted in a significant savings to employers.
- Global companies like Amazon.com, Bayer, Coldwater Creek, Dow, DuPont, Lockheed Martin, NGK, Toyota and Pratt & Whitney have discovered the advantages and benefits of adding locations in West Virginia.

Economic Development Strategy:

Governor Tomblin's economic development priorities include the following:

1. Goal: Expand and accelerate the presence of businesses within the state from high-growth and other targeted industries, providing support through multiple marketing channels.

High growth and targeted industries include energy, business services/call centers, food processing, aerospace, chemicals/plastics, technology, fabricated and special metals, automotive, wood products, and environmental/green.

2. Goal: Continue priority on infrastructure (water and wastewater) development in local communities.

Provision of reliable water and wastewater systems is essential for furthering economic development and growth. These systems:

- Influence the decisions of firms to locate in a community or region;
- Facilitate economic diversification by making it easier for a mix of businesses to develop or locate in a given area;
- Mitigate environmental pollution in streams;
- Promote better public health through the provision of clean drinking water;
- Increase land value and the tax base for a community.

3. Goal: Expand and promote the Genuine West Virginia Products Program

- Expand www.genuinewv.com brand and product program.

- Aggressively promote program benefits through multiple communication channels – including business trade associations, EDA's, WVDO mailing lists, and print and social media outlets.
- Global audiences will have greater access to information about all that is genuinely made and produced in West Virginia.
- The program is open to all qualified West Virginia companies or individuals and participation is free to all members. A searchable database by geography or category allows visitors to the site to easily find and access product information.

4. Goal: Expand and build the base of small businesses within each ON TRAC community, including finding new grant sources to provide funding.

Identify goals and assess resources needed for all ON TRAC communities; improve organizational structure and expand technical assistance to ON TRAC communities; create action plans that encourage greater community involvement and address key local problems/needs.

5. Goal: Increase the visibility of successful Main Street communities. Promote their impact upon local economic development.

Collaborate with WV Tourism to expand marketing and promotion of main Street events and attractions; utilize statewide media campaign to highlight success stories; assist Main Street communities with real estate listings on WV Commerce website; promote relocation and business opportunities of Main Street communities for web and social media outlets.

6. Goal: Broaden WV Commerce Department and economic development marketing

Exploit social media networks to attract and interact with consultants, business decision-makers, site-selectors and all audiences - including former residents and business entrepreneurs - interested in and connected to West Virginia's economic development, growth, and lifestyle.

7. Goal: Increase the level of small business assistance to three disadvantaged business audiences and to four key business clusters.

Implement a communications program to reach audience and business clusters through database marketing, utilizing target-specific marketing materials.

Disadvantaged business groups:

- Women
- Minorities
- Veterans

Key business clusters:

- Health care (physicians, clinics, pharmacies)
- Provider care (day care, nursing and respite care)
- High-technology (see objective #1)
- Provider services (professional and personal amenities)

Energy Strategy

Considering the vital role energy plays in the state, West Virginia's Energy Plan (2013-2017) maintains the state's commitment to developing energy resources – fossil, renewable and energy efficiency – to capitalize on energy resource opportunities for economic development purposes and to meet national energy needs. The plan outlines the Governor's Energy Recommendations for fossil, renewable and energy efficiency initiatives. Below are principle recommendations from the plan.

Fossil Energy

General

- Continue to monitor and publicize energy production, consumption and related data available from state, federal and private-sector vendors and report on the implications for the continued growth and development of the state's energy sector
- Advocate the economic importance of West Virginia's energy resources at the national, regional and state level both in terms of their contributions to the state economy as well as their importance in maintaining affordable and secure energy supplies.

Coal

- Partner with industry to continue development of polygeneration plant(s) converting coal to liquids
- Promote the continued use of surface-mined lands for local economic development or community needs
- Work with county economic development authorities in assessing opportunities for surface-mined lands

- Utilize the GIS and planning expertise of the Rahall Transportation Institute in order to provide assistance to counties in the development of Land Use Master Plans (LUMP)
- Provide briefings on the status of coal to the executive and legislative branches
- Interact with the National Energy Technology Laboratory (NETL), Coal Utilization Research Council, West Virginia University and other coal states on the research, technology needs, and environmental challenges facing coal
- Advocate the importance of retaining coal-powered electric generation to ensure the continuation of affordable electricity to residential, commercial and industrial users
- Market West Virginia as a location where industrial energy users have access to affordable, reliable electricity supplies
- Determine the need for providing the right of eminent domain to CO2 pipelines
- Continue to support development and adoption of state-of-the-art coal technologies including oxy-combustion technology to meet emission requirements.

Natural Gas

- Monitor and encourage development of midstream natural gas gathering and processing facilities as well as pipeline infrastructure
- Continue the efforts of the Marcellus to Manufacturing Task Force, West Virginia Department of Commerce, local development authorities, and industry in attracting downstream petrochemical manufacturing facilities

Alternative Fuels

- Work to implement recommendations of the Governor's Natural Gas Task Force through state and local agencies, private sector representatives, transportation agencies and the task force itself

Renewable Energy

Solar

- Monitor national solar integration activities, policies and research
- Review the performance of photovoltaic systems installed at state and local government facilities
- Monitor and update net metering policies as necessary

Wind

- Maintain current state legislative policy for wind.
- Monitor national wind integration activities, policies and research

- Determine if adequate wind resources exist to support commercial wind development on additional surface mined sites

Hydro

- Continue efforts with federal agencies and private companies to ensure that the current preliminarily licensed hydro projects are completed in a timely fashion
- Current rules and regulations impacting small-scale hydro should be reviewed to determine which, if any, could be eliminated or modified for application specifically to small-scale hydro

Geothermal

- Monitor technological advancements in geothermal heat recovery

Biomass

- Continue data collection on wood biomass availability and site-specific evaluations of wood biomass utilization for industry specific and electrical generation
- Determine if the use of small-scale wood-powered systems would be beneficial or cost-effective for government-owned facilities
- Promote the use of wood pellets in residential and commercial buildings

Landfill Gas

- Continued monitoring of developments in the utilization of landfill gas as a fuel is merited in light of the nine state landfills that are "candidates" as identified by the U.S. Environmental Protection Agency's Landfill Methane Outreach Program (LMOP).

Poultry Litter

- Support the utilization of poultry litter as a fuel source or value-added product

Energy Efficiency

- Make training on energy codes and energy efficient building components available to home builders, local governments, and the built community, specifically on the 2013 adoption of the 2009 IECC and ASHRAE 90.1-2007 standards.
- Continue providing energy services to West Virginia manufacturers in order to maintain a competitive advantage in energy costs.
- Provide technical assistance to manufacturing and small businesses using the resources of Projects with Industry Program, Manufacturing Extension Partnership and Industrial Assessment Center

- Establish benchmark programs for state, county school systems and local governments.

C. Human Resource Development (ARC Goal 2 – Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy.)

The transition from a goods-producing economy to a service and technology-based economy indicates a fundamental change in the occupational mix and the type and level of education and skills demanded of the state's labor force. Current occupational forecasts by the Bureau of Labor Statistics indicate that the majority of new jobs will require at least some training beyond high school.

1. Secondary Education

The US Census Bureau's American Community Survey (2007-2011) indicates that West Virginia has worked solidly to close the gap between the State and the National percentage of persons over 25 years old in completing high school. In 2000, there was a gap of 5.2 percentage points between the State (75.2%) and the nation (80.4%). In 2011, that gap had narrowed to 2.8% percentage points with West Virginia's rate being (82.6%) and the nation's being (85.4%). The high school completion rate stands at 71.8% for the 8 distressed counties with McDowell County having the lowest (59.9%) and Wirt County having the highest (85.4%). The 15 at-risk counties have a 79.2% high school completion rate average. In this group, Wyoming County has the lowest rate (73.7%) and Pleasants County has the highest rate (89.5%). The transitional counties' averaged 82.6% with Ohio County having the highest average (90.3%), and the county with lowest average in this group was Boone County (72.2%). For the 2 competitive counties, the high school completion rate was calculated at (87.8%) – Jefferson County (86.3%) and Putnam (89.3%). Persons lacking a high school education are heavily concentrated in rural southern and central West Virginia – areas that have traditionally been dependent on mining and other extractive industries. Not coincidentally, these same areas have experienced the highest outflow of jobs and the highest level of poverty.

2. Higher Education

While the secondary education graduation or completion rates have improved, it is evident West Virginia's population remains undereducated in regard to training beyond high school. Only 17.6% of the state's population (8.9% of distressed, 11.4% for at-risk, 16.5% for transitional, 26.2% for competitive) had completed 4 or more years of college in 2011, compared to 28.2% nationally. Figure 6 illustrates the college completion rate by county in West Virginia.

3. Local Capacity Development

It continues to be clear that significant improvement in the quality of life in communities must stem from local grassroots efforts. State government cannot carry the entire burden. This requires mobilization of community public and private sector leadership and implementation of a continuous community strategic planning process consisting of a shared vision and goals for the future, concrete action steps to achieve the goals, and a process for monitoring/evaluating of progress and refinement of the plan as goals are accomplished and/or needs change. Such a process requires long-term commitment by all parties involved in order to succeed. Many could benefit by pooling their resources in a cooperative, regional approach. Few if any local governments have explored the use of telecommunications technology to assist community and economic development.

Active county planning commissions are in 27 of the 55 counties in the state (Figure 7). However, none of the 8 distressed counties have planning commissions, and only 5 of the at-risk counties in the state have active planning commissions. One of those at-risk counties, Wyoming County, used a series of Flex-E-Grants to establish their planning commission.

Figure 6

West Virginia 2011 College Completion Rates by County

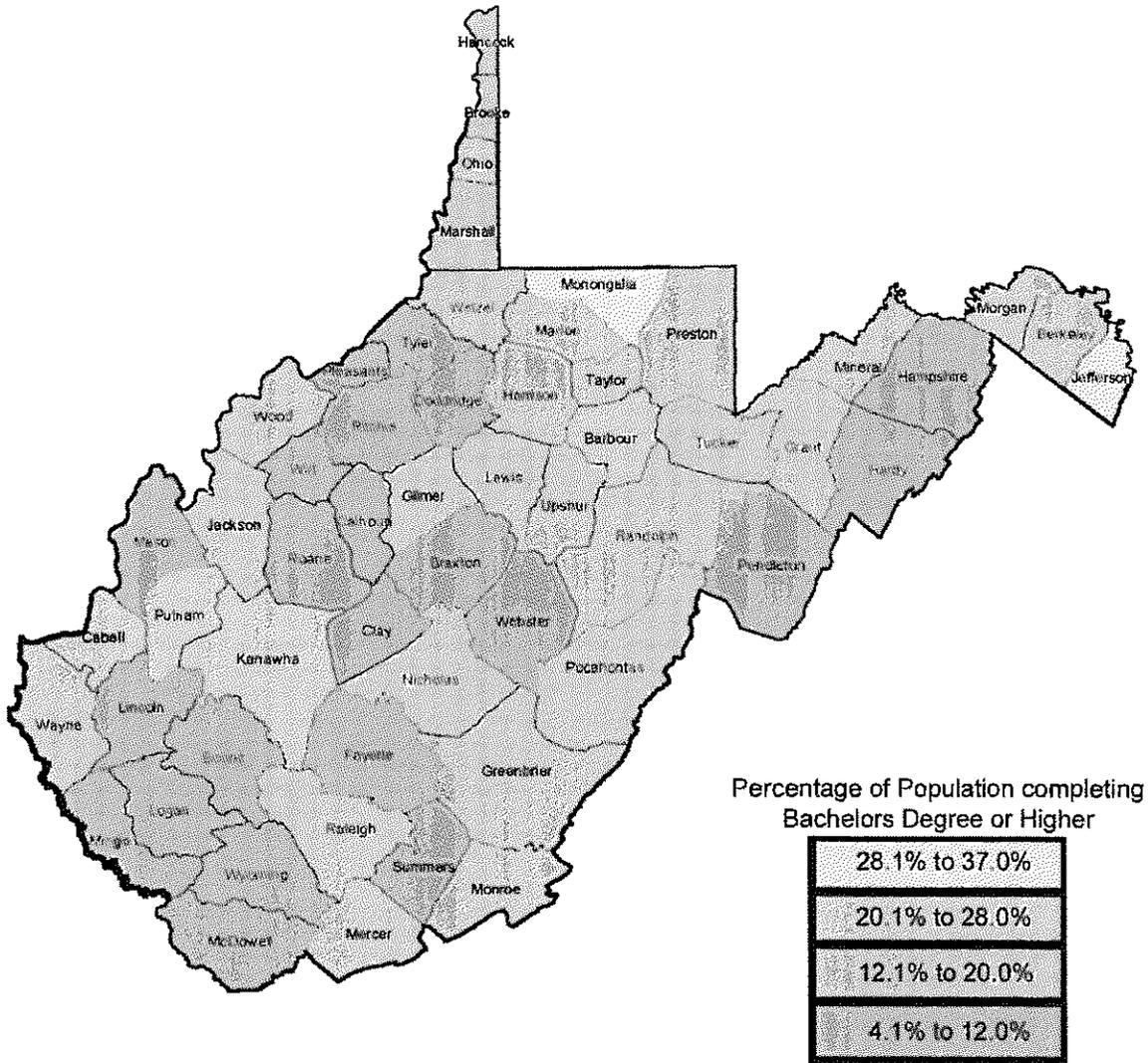


Figure 7

West Virginia 2010 County Planning Commissions



4. Health Care

The availability and quality of health care remains a major problem in West Virginia. In particular, there is a mal-distribution of primary health workers in the state, with major shortages occurring in rural areas and surpluses in the more urbanized areas.

As of October 2013, 51 (93%) of the 55 counties were either partially or fully designated as Health Professional Shortage Areas (HPSA) – which includes all 8 of the distressed counties, all 15 of at-risk counties, and even both competitive counties are designed as HPSA areas. The four counties not designated as HPSA areas are in the transitional counties.

During this same time, the ratio of primary care physicians to the total population of a county is also disconcerting. Figure 8 illustrates that 44 (80%) of the 55 counties have less than 20 physicians per 10,000 population.

The nation and West Virginia experienced slight decline in deaths of infants less than one year of age between 2008 and 2010. The nation's rate went from 6.6 in 2008 to 6.0 in 2010. During that same period, the state's infant mortality rate dropped from a rate of 7.6 deaths per 1,000 live births in 2008 to a rate of 7.3 deaths per 1,000 live births in 2010.

For 2010, the distressed counties rate averaged 7.8; 4 of the 8 distressed counties (Calhoun, Clay, Gilmer, and Webster) had a rate of 0, while McDowell County's rate was higher than 25.2. The at-risk counties, with an average of 8.5 overall, had 5 counties (Mason, Mingo, Pocahontas, Tyler and Wyoming) with rates in excess of 10.0 and one county (Tucker) had an infant mortality rate of 29.4. Additionally, the transitional counties, with an average rate of 7.1 overall, had 6 counties (Boone, Mercer, Mineral, Preston, Ritchie and Ohio) with rates in excess of 10.0, and Grant County had an infant mortality rate of 23.4. The average rate for the state's two competitive counties is 6.8. Figure 9 illustrates the state's infant mortality rates by county.

5. Critical Needs

West Virginia has positioned itself to meet the challenges previously outlined. Although the state has dramatically improved its high school graduation rate in recent years, it still lags behind the nation regarding the percent of population with an education beyond high school. The state has attempted to address these problems through programs to reduce the school dropout rate, by providing adult basic education and offering programs to increase the college-going rate. However, it is equally important that career alternatives be provided to assure that every child graduates with the necessary skills to either enter the

workforce or attend college. To that end, major emphasis will continue to be placed on school-to-work transition programs and improvement in basic skills. West Virginia continues efforts in career development, work-based learning, and in the number of schools that participate in school reform initiatives. The general strategy continues to involve multi-agency collaboration and the involvement of persons in multiple initiatives – public education, higher education, adult education, job training, employment, welfare reform, economic development, and workforce development.

The task facing state government is not necessarily to create additional local development organizations, but rather to increase the capacity of existing organizations. This involves professionally delivered assistance in the areas of leadership development and training, institution of community strategic planning processes, utilization of telecommunications and technology in local government management, and use of innovative approaches to service delivery, including public-private sector partnerships and regional approaches, wherever possible.

Figure 8

West Virginia Physicians (MDs/Dos) per 10,000 population

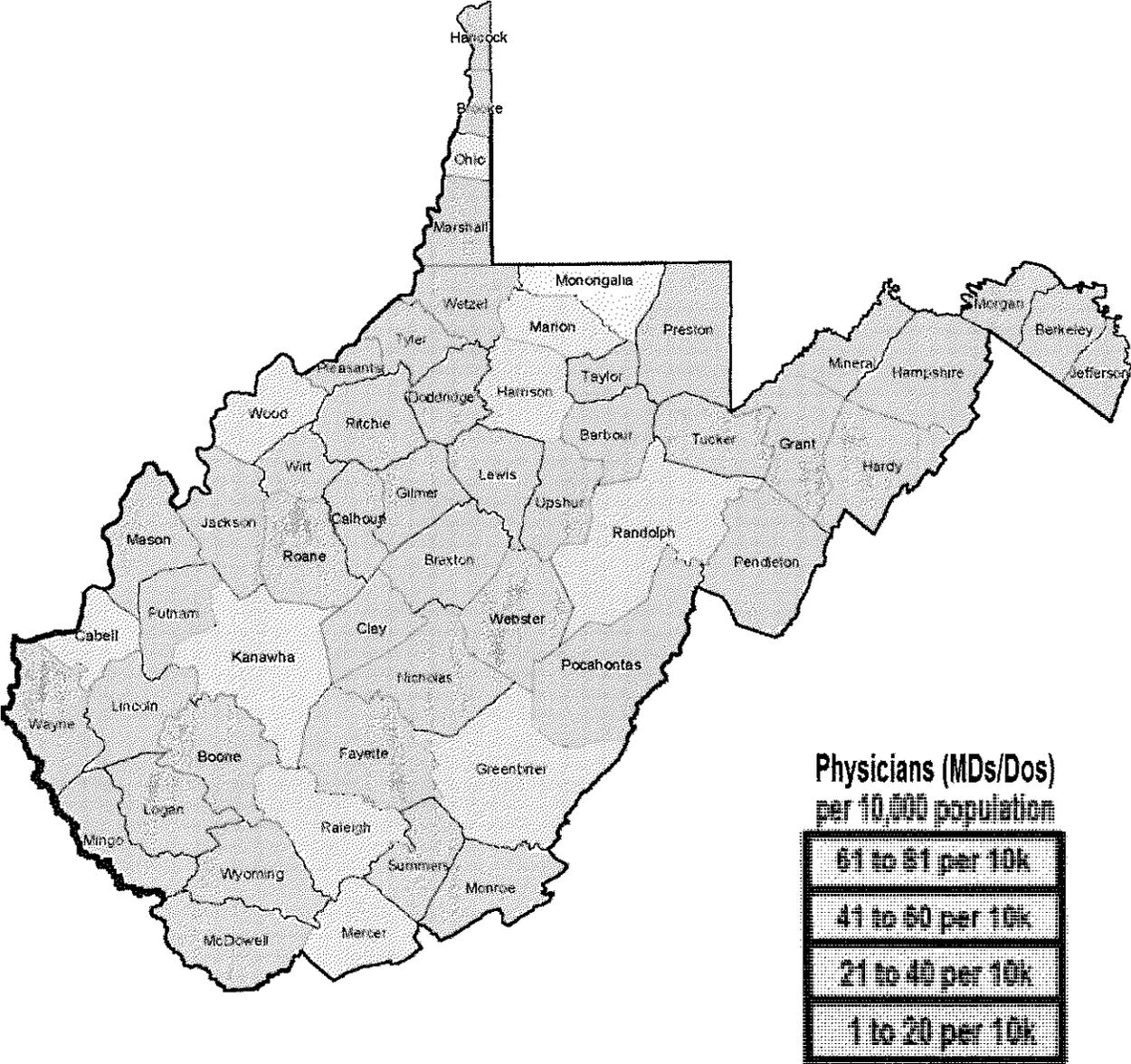
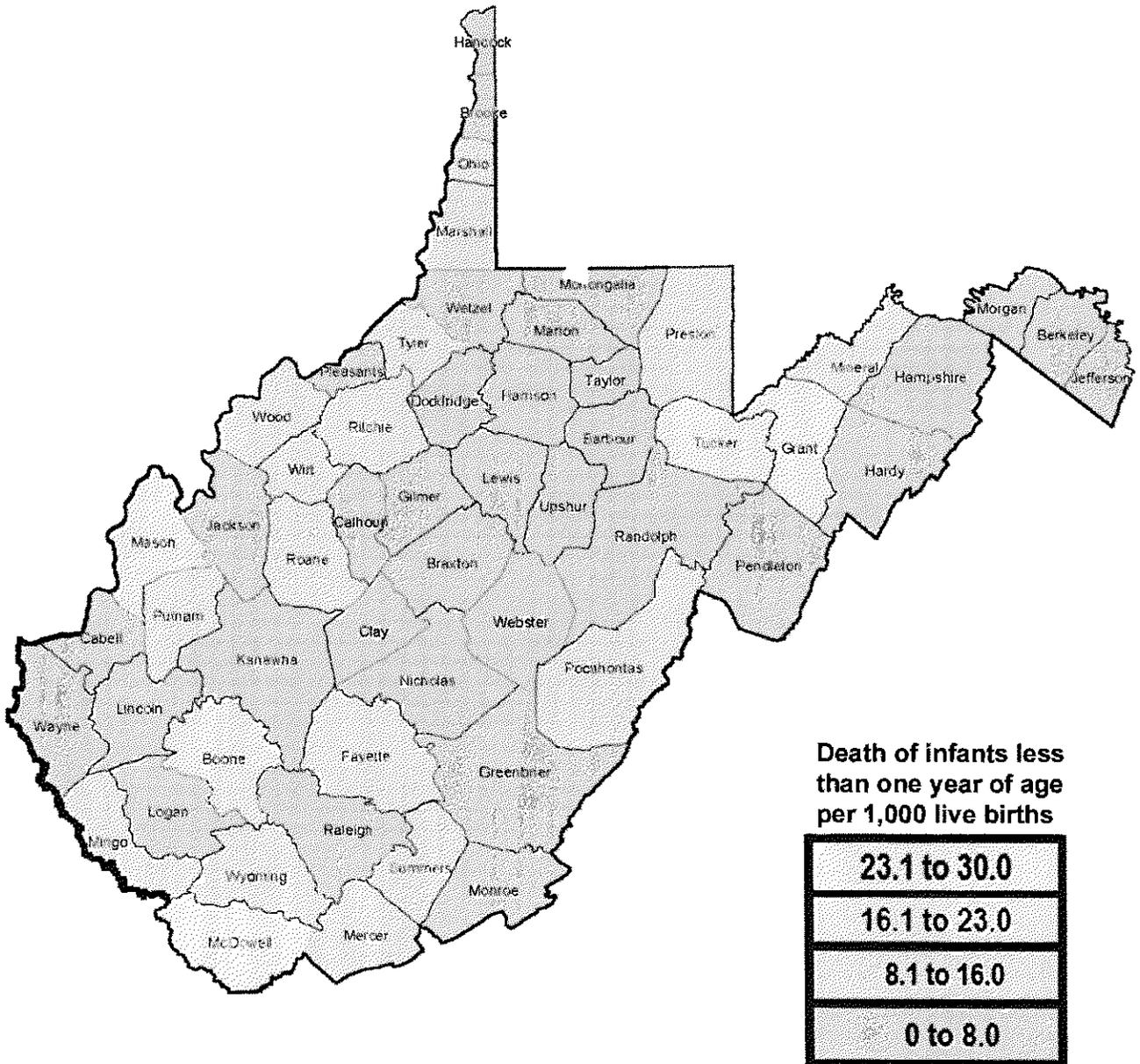


Figure 9

West Virginia 2008 Infant Mortality Rates



The most recent acute care and critical access statistics obtained from the West Virginia Health Care Cost Review Authority for 2011 revealed that West Virginia has 52 acute care and critical access hospital facilities with a ratio of 4 beds per 1,000 population. The majority of these small hospitals are located in communities with populations of less than 10,000, making them a critical component of the overall health care system in the state.

D. Infrastructure (ARC Goal 3 – Develop and Improve Appalachia’s Infrastructure to Make the Region Economically Competitive.)

1. Water Supply and Waste Disposal

A county-by-county breakdown based on the Census Bureau’s American Community Survey 2007-2011 data indicates that 11.8% of all housing units in the 8 distressed counties lack complete plumbing facilities, compared to 7.9% in the 15 at-risk counties, 5.1% in the 30 transitional counties, and 3.1% in the two competitive counties. Figure 10 illustrates the percentage of West Virginia’s housing lacking complete plumbing facilities by county.

Infrastructure such as water and wastewater systems is a significant need in West Virginia. According to the 2013 Report Card for American Infrastructure, produced by the American Society of Civil Engineers, West Virginia has \$3 billion in wastewater infrastructure needs and the state’s water infrastructure needs total \$1 billion over the next twenty years.

Provision of reliable water and wastewater systems is essential for furthering economic development and growth. Such systems:

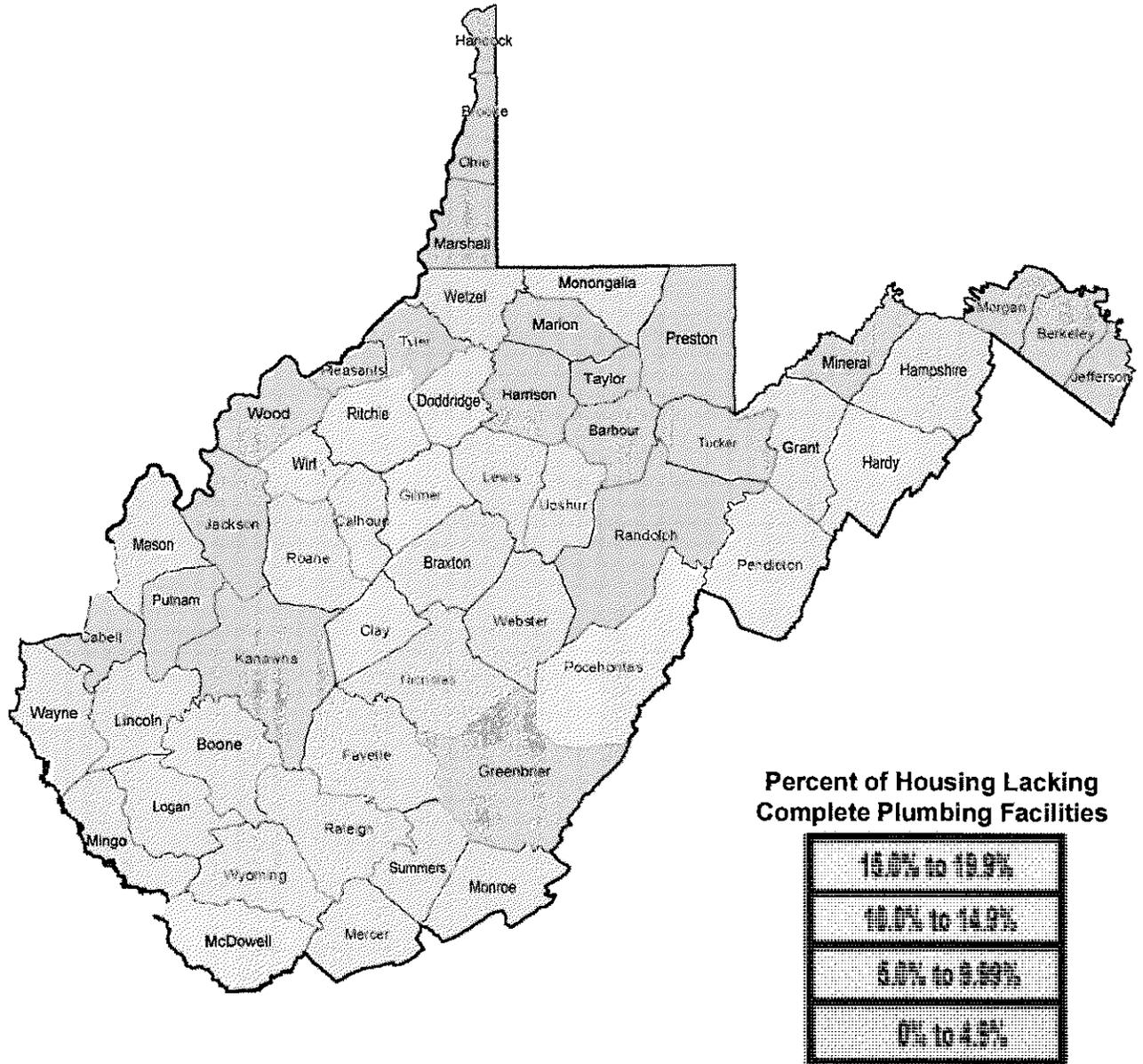
- Influence the decisions of firms to locate in a community or region;
- Facilitate economic diversification by making it easier for a mix of businesses to develop or locate in a given area;
- Mitigate environmental pollution in streams;
- Promote better public health through the provision of clean drinking water;
- Increase land value and the tax base for a community.

Infrastructure needs (water and wastewater) were identified as the top need in distressed counties by all of the LDDs in West Virginia that contained at least one distressed county (email survey of Regions 1, 2, 3, 4, 5, and 7 by the ARC Program Manager). In addition, the attached consolidated project priority lists from all 11 regional councils in the state consistently rank water and wastewater projects at the top of the list of priority projects.

For these reasons, infrastructure development remains the highest priority for the ARC program in West Virginia.

Figure 10

West Virginia Housing Lacking Complete Plumbing (ACS 5yr Average 2007-2011)



2. Industrial Sites

The lack of first-class, fully serviced business and industrial sites is a major barrier to economic development in West Virginia. The state's steep terrain places severe restrictions on industrial development activity. Moreover, much of the land that is developable (less than 5%) is found along river valleys and wetlands and is susceptible to flooding.

A review of WVDO records indicates that 35 of the 55 counties (64%) have at least 30 acres of developed industrial land available to businesses. Two of the 8 distressed counties, 11 of the 15 at-risk counties, 20 of the 30 transitional counties, and both of the competitive counties have at least this much land identified as being available for industrial development.

3. Community Revitalization

Revitalization of communities and neighborhoods to provide a high quality living environment remains a major state development goal. Efforts are underway on a number of fronts to promote this goal:

- The West Virginia Main Street program offers comprehensive technical assistance and training to 12 designated Main Street communities.
- The West Virginia ON TRAC program offers technical assistance and planning services to 18 designated ON TRAC communities.
- The Neighborhood Investment Program provides state tax credits to businesses that donate funds, materials, equipment, property, or time to local non-profit organizations to support programs that assist economically disadvantaged individuals or areas.
- The West Virginia Flex-E-Grant program, funded through a grant from the ARC and the Claude Worthington Benedum Foundation, provides funding for capacity-building initiatives in local communities, including efforts to identify and mobilize local or regional assets for economic development and revitalization.
- The Blueprint Communities program provides selected communities with planning services and coaching to mobilize local citizens and develop action plans to revitalize communities.

4. Housing

West Virginia's economic conditions continue to lag behind those of the nation. These conditions create significant housing needs that exceed the current capacity of available housing resources. According to a WVDO analysis, in 2012 approximately 12.9% of state households are inadequately housed.

5. Critical Needs

As pointed out, infrastructure needs are critical in the state. The attached appendix of consolidated priority project lists from all 11 local development districts in the state also corroborates the high priority placed on infrastructure needs. Infrastructure remains the highest priority for the ARC program in West Virginia, particularly in distressed counties and distressed areas. This priority also includes the provision of water and wastewater services to industrial parks that will increase job opportunities and stimulate economic activity and development.

The ARC program will work with other major funders in the state, including the Small Cities Block Grant Program, USDA, the state-level Infrastructure and Jobs Development Council, and lending programs to further the development of safe and reliable water and wastewater systems.

Community revitalization, including leadership development at the community level, remains a critical and often overlooked need. Capital and funding only gravitate toward communities that have momentum at the local level, that are active and organized to demand services and participate in project planning and development. West Virginia is fully committed to community revitalization programs, as outlined above, and believes that these programs provide the necessary “civic infrastructure” that is essential for all other community and economic development efforts.

Unfortunately, the need for housing assistance continues to exceed the capacity of available resources, necessitating that housing assistance be selectively targeted. Accordingly, the state has adopted the following housing assistance priorities:

- Expansion of homeownership opportunities;
- Rehabilitation of existing owner occupied housing;
- Increasing the supply of affordable rental housing units; and
- Assistance to homeless persons and other population groups with special needs.

The above housing needs will be addressed primarily through the efforts of the West Virginia Housing Development Fund, utilizing resources available through programs such as the State Neighborhood Housing and Economic Stabilization Program (NHESP); the Tax Credit Assistance Program (TCAP); the Neighborhood Stabilization Program; the 3-2-1 Buy Down Program; the Secondary Market Loan Program; the Mortgage Revenue Bond Program/First Time Home Buyer program; the Down Payment & Closing Cost Assistance program; the Mountaineer Mortgage Credit Certificate; American Dream Down Payment interest-free loan of \$10,000; and the HOME interest-free loans of up to \$40,000.

ARC involvement will be limited to utility and access road extensions that would support significant new housing developments.

E. Transportation (ARC Goal 4 - Build the Appalachian Development Highway System to Reduce Appalachia's Isolation.)

1. Transportation-Highways

In 2005, in an effort to quantify the unfunded needs associated with requested highway corridors, the executive staff of the West Virginia Division of Highways (WVDOH) requested a review and prioritization of all WVDOH planning and engineering studies. At that time, many projects were at various stages of development. Some projects were simply an idea or concept, while others had progressed through rigorous National Environmental Policy Act (NEPA) evaluations. The cost to complete all of the identified initiatives was \$20 billion, which far exceeded the State's ability to fund them. Subsequently, two WVDOH Divisions (Engineering and Planning) along with four Engineering/Planning firms, were directed to rank the list of 170 projects based on a predetermined set of criteria with the intent that the WVDOH would target its available resources on a limited number of major initiatives statewide.

Since 2005, the WVDOH has made significant progress on some of the major initiatives previously identified, such as Appalachian Development Corridors D and H, Merritts Creek Connector, the Mon/Fayette Expressway, US 35, and WV 9. Congressional earmarks have also helped the Agency move forward with other initiatives, which include but are not limited to, the Coalfields Expressway; the King Coal Highway; the Gateway Connector; WV 10; Shawnee Highway; etc. Despite these accomplishments, the WVDOH has only eliminated a fraction of the projects originally identified. From the original 170 identified projects, some were eliminated because they were completed, under construction or in a previous STIP (Statewide Transportation Improvement Plan). Since that time another 13 projects have been added to the STIP for funding. Thus, leaving 136 projects on the unfunded needs list.

West Virginia has excellent highway access via six interstate highways, as illustrated in Figure 11; and when the network of Appalachian Corridor highways is complete, as listed in Table 2, most of the state will have reasonably good access to a system of modern, divided, 4-lane expressways. In addition to the Appalachian Corridors, a number of major road upgrades are being proposed to improve access and stimulate economic development within various regions of the state. Corridor H is now the only remaining Appalachian Development Highway yet to be completed in West Virginia.

Figure 11

West Virginia Federal Interstate Highways System (I-64, I-68, I-70, I-77, I-79, and I-81)

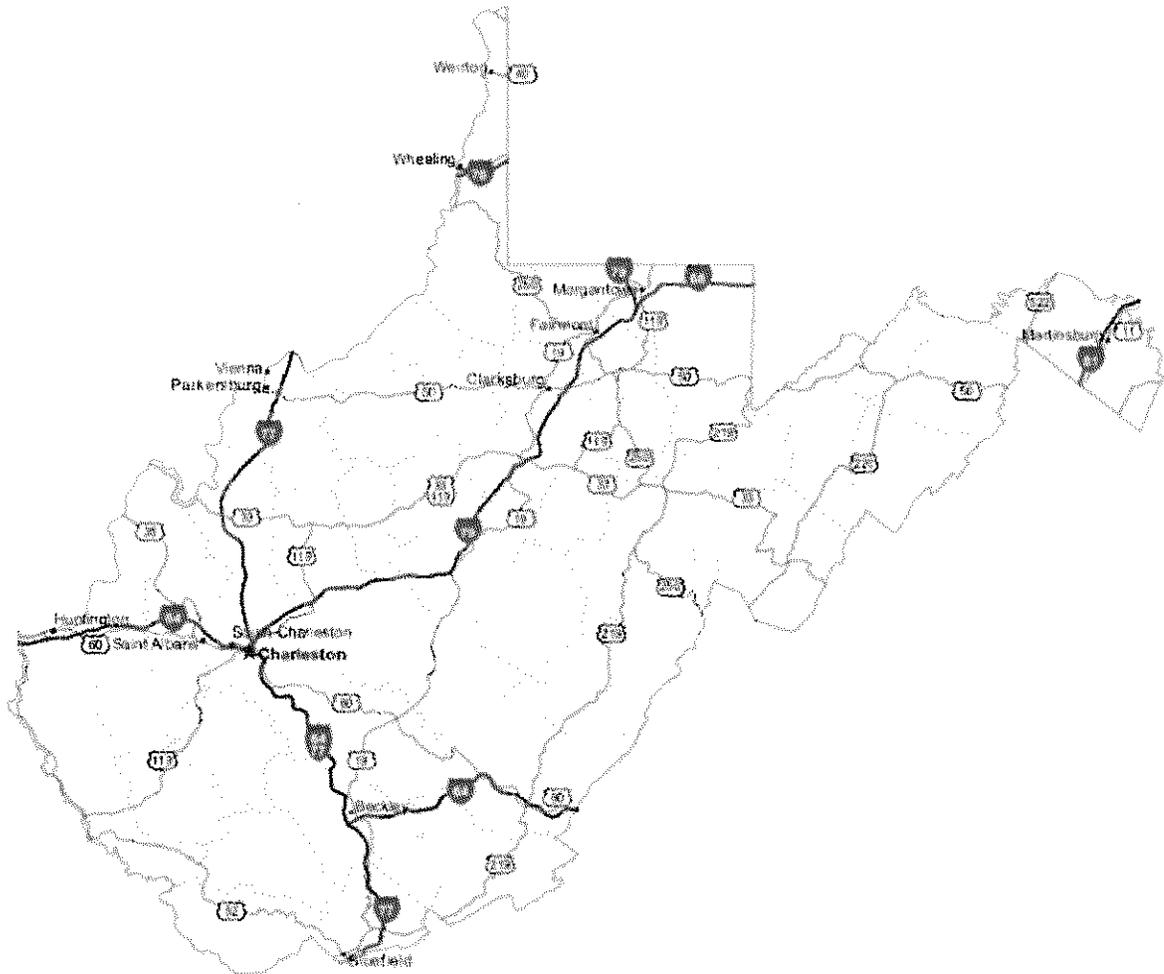


Table 2**Major West Virginia Highway Corridors for which Construction is Incomplete**

| ROUTE | TERMINI | LENGTH (MILES) | ESTIMATED COST (MILLIONS) |
|--------------------------------------|---------------------------------|----------------|---------------------------|
| ADHS Corridor D (Parkersburg Bypass) | Ohio State Line to I-77 | 0 | Complete |
| ADHS Corridor H | Elkins to Wardensville | 65 | 1,337 |
| WV 9 | Berkeley Springs to Martinsburg | 26 | 367 |
| WV 9 | Martinsburg to Charles Town | 0 | Complete |
| WV 9 | Charles Town to VA State Line | 0 | Complete |
| WV 2 & WV 68 | Parkersburg to Chester | 163 | 1,955 |
| Coalfields Expressway | VA State line to I-77 | 56 | 1,175 |
| King Coal Highway (US 52) | Bluefield to Williamson | 90 | 1,804 |
| TOLSIA Highway (US 52) | Williamson to Huntington | 62 | 1,041 |
| New River Parkway | Hinton to I-64 | 8.6 | 47 |
| Shawnee Highway | King Coal Highway to I-77 | 22 | 293 |
| Little Kanawha River Parkway | I-77 to I-79 | 66.5 | 1,221 |
| Mon/Fayette Expressway | I-68 to PA State Line | 0 | Complete |
| US 522 | VA State Line to MD State Line | 19 | 214 |
| US 35 | Point Pleasant to St. Albans | 14 | 214 |
| WV 10 | Logan to Man | 9.3 | 151 |
| I-64 Six Lane Widening | Huntington - Charleston | 46.5 | 865 |
| US 340 | Charles Town to VA State Line | 7 | 115 |

Source: West Virginia Department of Transportation, October 2013

2. Critical Needs

To assist in achieving the strategy set by the ARC, reducing Appalachia's isolation, the West Virginia Public Port Authority (WVPPA) has led the way in the development of the Heartland Intermodal Gateway (HIG) terminal at Prichard, West Virginia. With the terminal coming online by mid-2015, exporters in West Virginia and regionally will become more competitive in overseas markets while reducing demands on our state's road infrastructure and also reducing carbon emissions. Once completed and operational, the terminal will provide a central building block for a freight transportation hub in central Appalachia by leaning on the interdependency of ocean-going international ports and inland markets. The HIG is expected to move as much as 45,000 containers per year with room for expansion as future business develops. The operating catchment area for the facility will include 63 counties in four states: West Virginia, Virginia, Kentucky, and Ohio. Because of the Special Railroad and Intermodal Enhancement Fund (SRIE), the WVPPA is able provide a catalyst for economic growth within the ARC by providing assistance in construction, reconstruction and other assistance regarding railroad and intermodal access such as the case with the HIG.

The WVPPA is actively working with the International Trade Administration (ITA) to help promote U.S. exports by obtaining needed Foreign Trade Zones (FTZ's) and ports of entry within West Virginia. For example, the Heartland Intermodal Gateway at Prichard, once operational, will become a stand-alone FTZ for imports and exports for the region. Additionally, with the boon in oil and gas exploration in the northern panhandle, Wheeling and Parkersburg stand poised to be key points of entry for that industry and all the by-products associated with it.

Section III. Development Goals, Objectives, and Strategies

Commission Goal 1: Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation

Strategic Objective 1.1: Foster Civic Entrepreneurship

- 1.1.1 Support the development of broad-based local and regional leadership structures, such as community development foundations and community development financial institutions.
- 1.1.2 Support the development of regional or statewide leadership structures that strengthen the capacity of the nonprofit sector in West Virginia.
- 1.1.3 Support strategic planning initiatives for local organizations and agencies to capitalize on economic development opportunities.
- 1.1.4 Encourage public-private sector partnership and regional approaches to economic development.
- 1.1.5 Provide training and consultation services to local governments and nonprofit organizations engaged in economic development.
- 1.1.6 Encourage and support strategies that increase local leadership and community capacity, including training in community development skills, organizational development, and civic engagement.
- 1.1.7 Enhance the ability of the philanthropic sector to retain philanthropic resources to increase regional and local self-sufficiency.

Strategic Objective 1.2: Diversify the Economic Base

- 1.2.1 Promote international business investment opportunities in West Virginia, with emphasis on high growth economies.
- 1.2.2 Provide training opportunities for small- and medium-sized businesses for competitive improvement.
- 1.2.3 Provide funding and technical assistance support to local and regional economic development initiatives for business creation, retention, and expansion.
- 1.2.4 Support efforts to identify and develop regional assets, including natural, cultural, and structural assets and resources that can be utilized for economic growth and diversification.

Strategic Objective 1.3: Enhance Entrepreneurial Activity in the Region

- 1.3.1 Provide funding assistance to regional and local industrial site/parks and incubator improvements.
- 1.3.2 Support entrepreneurial opportunities for business in the information technology sector.
- 1.3.3 Support entrepreneurial activities for youth through entrepreneurship camps and small business internship programs.

- 1.3.4 Provide technical training and administrative assistance to existing regional micro loan programs.
- 1.3.5 Coordinate programs to enhance technical and managerial assistance and enrich the entrepreneurial culture for rural small businesses in targeted distressed counties.
- 1.3.6 Increase capital and equity resources for entrepreneurship opportunities.

Strategic Objective 1.4: Develop and Market Strategic Assets for Local Economies

- 1.4.1 Provide technical assistance, training, and infrastructure support for West Virginia Main Street/ON-TRAC communities.
- 1.4.2 Provide funding for, strengthen, and coordinate multi-state and local tourism marketing efforts to catalyze economic growth.
- 1.4.3 Encourage planning and capacity-building efforts to enhance the development of regional tourism and regional branding.
- 1.4.4 Encourage strategies and innovative partnerships that leverage institutions of higher education for deployment in community and economic development initiatives.
- 1.4.5 Enhance the ability of gateway communities, waterfront communities, and other localities with strategic assets to utilize those resources to generate economic growth.

Strategic Objective 1.5: Increase the Domestic and Global Competitiveness of Existing Economic Base

- 1.5.1 Assist small- and medium-sized businesses to locate/access markets for their products, with emphasis on export training and assistance that will enable them to participate in the international marketplace.
- 1.5.2 Expand technical assistance programs that support financial assistance and management support services for business formation, retention, and expansion.

Strategic Objective 1.6: Foster the Development and Use of Innovative Technologies

- 1.6.1 Provide education and training opportunity in the use of telecommunications and technology.
- 1.6.2 Encourage the use of telecommunications technology to assist community and economic development.
- 1.6.3 Create a computer access system to the state's industrial and office building/site files for local economic development organizations and site selectors via the Internet.
- 1.6.4 Develop programs to increase the readiness of industry groups and businesses to engage in electronic commerce.
- 1.6.5 Increase affordable access of advanced telecommunications for

- entrepreneurship, management technologies, or applications.
- 1.6.6 Utilize the resources of the state's colleges and universities, and other organizations, to assist the development and transfer of new processes and product technologies that will increase company productivity, improve energy and environmental performance, and create new entrepreneurial opportunities.

Strategic Objective 1.7: Capitalize on the Economic Potential of the Appalachian Development Highway System

- 1.7.1 Work with state and local planners to identify highway segments and interchange areas with major potential for economic development.
- 1.7.2 Support strategic planning initiatives that capitalize on economic development opportunities presented by the Appalachian Development Highway System.
- 1.7.3 Promote cooperative and technical assistance projects between community development leaders and highway officials that stress the connection and integration of transportation and community development.

Strategic Objective 1.8: Encourage Sustainable Economic Use of Natural Resources

- 1.8.1 Support economically sustainable uses for West Virginia's natural and environmental assets, including its forests and wood products, water features and watersheds, agricultural resources and local food systems, and scenic viewsheds.
- 1.8.2 Promote activities and initiatives that effectively use walking, cycling, and other outdoor recreation trails for local economic benefit.
- 1.8.3 Encourage research on natural resources that can make a vital contribution to sustaining economic growth in West Virginia.

Strategic Objective 1.9: Encourage Investments in Energy Projects that Create Jobs

- 1.9.1 Promote energy efficiency to enhance economic competitiveness.
- 1.9.2 Increase the use of renewable energy resources to produce alternative transportation fuels, electricity, and heat.
- 1.9.3 Support the development of conventional energy resources to produce alternative transportation fuels, electricity, and heat.
- 1.9.4 Enhance the ability of local communities to conduct planning that leads to area wide energy efficiency.

Commission Goal 2: Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy

Strategic Objective 2.1: Foster Civic Entrepreneurship

- 2.1.1 Establish and maintain collaborative relationships between training institutions and businesses to improve workforce readiness.
- 2.1.2 Strengthen school-based civic education through service learning and youth community development efforts.
- 2.1.3 Support greater involvement of young people in community activities such as tutoring, peer mediation, and serving on advisory boards.
- 2.1.4 Promote community-based dialogue and management of critical local health issues.
- 2.1.5 Encourage and support the ability of local development districts to deliver technical assistance, outreach, and education on community development opportunities and issues to local communities.

Strategic Objective 2.2: Enhance Workforce Skills through Training

- 2.2.1 Promote partnerships with community colleges, technical schools, and universities to support strategic workforce development initiatives.
- 2.2.2 Implement workforce readiness programs that will insure that all students gain the necessary skills to enable them to find and hold jobs.
- 2.2.3 Assist activities that strengthen post-secondary education programs for adults.
- 2.2.4 Assist innovative approaches that aid dislocated workers and communities that are experiencing significant economic transformation.
- 2.2.5 Encourage programs to enhance energy efficiency training, such as Building Performance Institute (BPI), Energy Star, E3-WV, Certified Energy Auditors or Green Advantage.

Strategic Objective 2.3: Increase Access to Quality Child Care and Early Childhood Education

- 2.3.1 Promote efforts that increase access to quality childcare to support workforce recruitment and retention.

Strategic Objective 2.4: Increase Educational Attainment and Achievement

- 2.4.1 Support local and regional efforts to better prepare students, out-of-school youth, and adults for post-secondary-level training.
- 2.4.2 Maintain support for and seek expansion of the Appalachian Higher Education Network and other partnerships that increase college-going and college-completion rates.
- 2.4.3 Support dropout prevention initiatives.

Strategic Objective 2.5: Provide Access to Health-Care Professionals

- 2.5.1 Continue efforts to place doctors in medically underserved areas through the state's Rural Health Training Program and other physicians' recruitment programs.
- 2.5.2 Enhance community efforts to improve health-delivery services and systems.

Strategic Objective 2.6: Promote Health through Wellness and Prevention

- 2.6.1 Encourage the formation of partnerships and innovative arrangements among health care providers in rural areas in order to assure quality care and make the most efficient use of available health care resources.
- 2.6.2 Support initiatives and programs that promote healthy lifestyles.
- 2.6.3 Improve access for health care for under-served populations.

Commission Goal 3: Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive

Strategic Objective 3.1: Foster Civic Entrepreneurship

- 3.1.1 Provide training, consultation, and financial support for local leaders and organizations to build their capacity to address infrastructure challenges.
- 3.1.2 Support partnerships and regional efforts among local and state governments, non-profit agencies, and community members engaged in infrastructure development.
- 3.1.3 Encourage water and wastewater infrastructure development through "self-help" projects that use the skills and commitment of local communities.
- 3.1.4 Assist communities to plan and develop adequate water, sewer, and solid waste disposal facilities to support economic growth and a healthful environment.

Strategic Objective 3.2: Build and Enhance Basic Infrastructure

- 3.2.1 Assist community and regional water supply and sewage disposal projects that will address serious health/environmental compliance issues or that constitute a barrier to private investment leading to job creation or retention, or community revitalization.
- 3.2.2 Assist communities in meeting federal and state pollution control requirements.
- 3.2.3 Encourage planning, design, coordination, and construction practices that improve the energy efficiency of infrastructure investments.
- 3.2.4 Support efforts to improve countywide or regional waste management, including planning, public education initiatives, and recycling programs.

- 3.2.5 Assist construction projects that incorporate energy efficient technologies, design, materials, or other energy efficient features.

Strategic Objective 3.3: Increase the Accessibility and Use of Telecommunications Technology

- 3.3.1 Support the use of computers and telecommunications technology in the classroom.
- 3.3.2 Develop programs to increase the readiness of industry groups and businesses to engage in electronic commerce.
- 3.3.3 Increase affordable access of advanced telecommunications for entrepreneurship, management technologies, or applications.

Strategic Objective 3.4: Build and Enhance Environmental Assets

- 3.4.1 Support initiatives and activities that encourage the re-use of mine-scarred lands and brownfield sites.

Strategic Objective 3.5: Promote the Development of an Intermodal Transportation Network

- 3.5.1 Support initiatives that improve commercial air service and/or stimulate economic growth in the region and state.
- 3.5.2 Support efforts to plan and develop public ports and ancillary industrial sites along the state's navigable rivers.
- 3.5.3 Support initiatives that improve rail service and/or stimulate economic growth in the region and state.
- 3.5.4 Support the planning and development of infrastructure that enhances economic development opportunities presented by intermodal transportation.
- 3.5.5 Support the construction of access roads that link economic development opportunities to the ADHS or other transportation networks.

Commission Goal 4: Build the Appalachian Development Highway System to Reduce Appalachia's Isolation

Strategic Objective 4.1: Foster Civic Entrepreneurship

- 4.1.1 Support local access road projects that would result in job creation or retention, provision of essential services, and community revitalization.

Strategic Objective 4.2: Promote On-Schedule Completion of the ADHS

- 4.2.1 Pursue completion of major economic development highway projects proposed in the highway reauthorization, with highest priority given to Corridor H and the remaining segments of the Appalachian Corridor

System.

Strategic Objective 4.3: Coordinate Work on ADHS State-Line Crossings

- 4.3.1 Work with state Department of Transportation to ensure that communication, design, and construction opportunities are coordinated with state-line crossings.

Section IV. Funding Allocation Method and State Program Policies

A. Application Process and Program Access

The Community Development Division of the WVDO administers the ARC program. As with all programs managed by our office, the ARC program application is available to local government entities and public or private non-profit organizations. Technical assistance is available from the Community Development staff during normal business hours and through our web site at www.wvdo.org. Additionally our office holds an annual application workshop, where interested citizens can receive first-hand technical assistance. The notice of the technical assistance workshop is made available via our web site, local newspapers, radio, and television outlets throughout the state.

B. Method of Evaluating Projects

West Virginia will use a two-tiered system for evaluating and selecting projects for ARC assistance. These are described below:

Tier I – Technical Evaluation

All applications are screened initially to determine if they are eligible for funding consideration. The screening process determines the following:

ARC Eligibility - All projects recommended to the Commission for final approval must demonstrate that they will contribute to the achievement of one of the Commission's strategic goals and that the project relates to one or more of the goals, objectives, and strategies set forth in the state's development plan.

Matching Funds - All projects recommended to the Commission for final approval must provide reasonable assurance of the availability of matching funds for the project scope of work.

Project Approach - All projects recommended to the Commission for final approval must demonstrate an overall scope of work that is viable and realistic.

Applications determined to be complete, feasible, and eligible are then evaluated competitively for funding consideration.

Tier 2 - Competitive Evaluation

The state will use seven general criteria to evaluate ARC projects in the various program categories. These are listed below, along with a brief description.

Project Type - Projects that meet the highest priorities of the West Virginia Development Office will receive higher weight. Priorities will be based upon project type such as infrastructure, education, or public health, and will be based upon needs documented in the state development plan.

Degree of Need - Projects that address a documented need as set forth in the state's development plan and are located in an ARC-designated distressed county, in a distressed area, or along an ADHS corridor will receive higher weight.

Investment Impact - ARC funds should not subsidize fixed costs or provide operating support; therefore, projects that promote long-term economic self-sufficiency, add value to already existing activities, or enhance the ability of a community or area to institutionalize community improvement will receive higher weight.

Investment Linkage - Projects that complement or support other federal, state, or local initiatives or demonstrate that they are an integral part of a community or regional plan will receive higher weight.

Degree of Non-ARC Funding Commitment - Projects that have a higher degree of non-ARC funding committed to the project will receive higher weight.

Outcome Measurements - Projects that demonstrate detailed outcome and performance measurements will receive higher weight.

Management Capacity - Projects that demonstrate adequate capacity to manage a project will receive higher weight.

C. State Matching Requirements and Assistance Limits

ARC participation costs will be limited to 50 percent of project costs, with the following exceptions:

1. Projects located in designated Distressed Counties or Local Access Road Projects (except in Competitive Counties) may be funded up to 80 percent of the eligible project costs.
2. Projects located in designated At-Risk Counties may be funded up to 70 percent of the eligible project costs.
3. Statewide projects may be funded up to 56 percent of the eligible project cost.
4. Multi-county projects (not statewide) may be funded as follows:
 - a. If there is a distressed county in a project:
 - and at least half the counties are distressed, the project may be funded at up to 80% of project costs;
 - and at least half the counties are in some combination of distressed and at-risk, ARC assistance can be the higher of 70% of project costs or the average percentage applicable to the various counties in the project; but
 - if fewer than half the counties are distressed, ARC assistance can be the higher of 50% of project costs or the average percentage applicable to the various counties in the project.
 - b. If there is no competitive county or attainment county in a project, and at least half the counties are at-risk, the project may be funded at up to 70% of project costs.
 - c. All other projects shall be funded at the average percentage applicable to the various counties in the project; except that the portion of a project, which is attributable to an attainment county in a project not including a distressed county, shall be considered

ineligible for ARC assistance and may not be considered for matching purposes.

5. ARC assistance is limited to 30 percent of eligible costs for projects located in a designated Competitive County.

Notwithstanding the above grant limitations, the state may request a waiver of assistance limitations when there exists substantial evidence that the beneficiaries of a project to be assisted outside a distressed county are wholly within a "pocket of distress" and require services or facilities which are beyond their financial ability or the ability of the responsible unit of local government to provide. Such "pockets of distress" must exhibit characteristics such as those used for designating counties under the Commission's Distressed Counties Program. The waiver of a grant limitation may not exceed 50 percent in a Competitive or Transitional County.

In addition to meeting the requirements of the ARDA of 1965 as amended, all projects for which approval is requested under the Area Development Program must be supported by a demonstration that they will contribute to the achievement of one or more of the Commission's strategic goals, except that the state may request, in accordance with Section 303 of the ARDA, approval of a project or projects without such supporting demonstration to take advantage of special development opportunities or to respond to emergency economic distress.

D. System for Monitoring and Evaluating Progress

All ARC projects are monitored by staff to assess progress in meeting scheduled milestones and to identify and resolve any problems that may have arisen in project performance. On-site inspections may be done at the midpoint and at project completion to assure compliance with the approved project design/scope. Interim monitoring reports are usually done by telephone or email.