Jim Justice

Governor of West Virginia

July 24, 2020

Mr. Charles Howard
Interim Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20009

Subject: West Virginia's 2021 Strategy Statement

Dear Mr. Howard:

I am extending West Virginia's current 2020 Annual Investment Strategy Statement to cover the 2021 fiscal year. This document outlines our intended use of ARC funds and is consistent with the requirements of Section 5 of the ARC Code.

The Strategy Statement identifies my priorities for investing ARC funds in West Virginia, continues to implement West Virginia's four-year development plan, and is consistent with ARC's Strategic Plan.

If you should have any questions regarding this matter, please feel free to contact Jennifer Ferrell, State Alternate, or James Bush, ARC Program Manager at 304-558-2234.

Sincerely,

Jim Justice
Governor

State Capitol | 1900 Kanawha Blvd., East, Charleston, WV 25305 | (304) 558-2000

STATE OF WEST VIRGINIA

FY 2020

ANNUAL STRATEGY STATEMENT

for the

APPALACHIAN REGIONAL COMMISSION

Jim Justice, Governor

Prepared by the

West Virginia Development Office

FY 2020 West Virginia ARC Strategy Statement

Introduction

The ARC Annual Strategy Statement is a one-year implementation plan for working towards the goals and principles outlined in the four-year State Development Plan. It includes information on the state's targeted investments for ARC funds, specific strategies for ARC-designated distressed counties, information on the state ARC program (funding guidelines, ineligible projects, solicitation and review process), and overall state strategies that are aligned with the ARC strategic plan.

Targeted Investment Priorities for FY 2020

Targeted investment priorities for the FY 2020 West Virginia ARC program include:

- reducing opioid and substance abuse **(high priority)**
- providing basic infrastructure such as water and wastewater **(high priority)**
- addressing abandoned and vacant buildings, particularly in relation to downtown revitalization or brownfields reuse **(high priority)**
- supporting workforce development
- providing technical assistance and capital to businesses and entrepreneurs
- promoting economic development in emerging sectors such as tourism, outdoor recreation, forestry, energy, and technology
- supporting industrial and commercial site development
- increasing the ability of communities to capitalize on economic assets and opportunities

The Governor reserves the right to recommend projects outside of the priorities listed above as needed to respond to special economic opportunities or unanticipated community and economic needs. Recommended projects outside of the priorities listed above must still be consistent with the goals and objectives outlined in West Virginia's 4-year ARC Development Plan and ARC's Strategic Plan "Investing in Appalachia's Future 2016-2020."

Special Objectives and Strategies for ARC-Designated Distressed Counties

In accordance with Section 7.5 of the ARC Code, **community and economic development projects in ARC-designated distressed counties will receive the highest priority for ARC funding.** The West Virginia ARC program is fully committed to providing resources in these counties so that residents "are better able to address problems, realize opportunities, and effectively participate in setting the course of their future development (ARC Code, Section 7.5)."

For FY 2020, West Virginia has 16 distressed counties. Those counties are: Boone, Braxton, Calhoun, Clay, Fayette, Gilmer, Lincoln, Logan, McDowell, Mingo, Nicholas, Roane, Webster, Wetzel, Wirt, and Wyoming. Of these counties, 5 are core distressed counties: Calhoun, Clay, Lincoln, McDowell, and Webster. These 5 counties have always been designated by ARC as distressed since the designations began in 1983. Developing viable and strategic projects in these core distressed counties is a particularly high priority for the West Virginia ARC program.

Specific objectives and strategies to address economic and community improvement in distressed counties include the following:

Objective: Build community and regional capacity to plan and implement economic and community development initiatives.

Strategies:

- Assist communities in organizing for economic and community improvement by developing local community leadership and structures
- Link local community leaders and stakeholders to outside resources
- Promote planning, analysis, and assessment activities that provide communities with knowledge of local economic assets and strategies to move forward
- Support small but visible steps and improvements that communities can make that spur further involvement and bolster community determination
- Establish regular networking and convening of community leaders and public officials from distressed counties

Partners: West Virginia Community Development Hub, West Virginia University Land Use Law Clinic

Objective: Provide basic infrastructure such as water and wastewater facilities necessary for economic development.

Strategies:

- Work with federal, state, and local agencies in planning, prioritization, and development of infrastructure projects that promote community revitalization and economic diversification
- Make strategic investments that leverage federal, state, and local support for the construction or improvement of basic public infrastructure
- Identify and develop industrial and commercial sites in distressed counties

Partners: Local Development Districts, USDA, EDA, IJDC, HUD-CDBG, Clean Water and Drinking Water State Revolving Funds, West Virginia Rural Water Association

Objective: Promote the creation of comprehensive entrepreneurial support systems for current and future entrepreneurs, including education, technical assistance, and access to capital.

Strategies:

- Support educational opportunities for high school students and adults in entrepreneurship and business creation
- Develop business education, coaching, and technical assistance services to entrepreneurs and businesses

Partners: Local Development Districts, West Virginia Small Business Development Centers, Natural Capital Investment Fund, West Virginia University, Hatfield-McCoy Regional Recreation Authority, county economic development authorities

Objective: Promote downtown revitalization.

Strategies:

- Increase the ability of communities to address dilapidated and abandoned buildings and brownfield sites
- Link local towns to regional tourism and outdoor recreation opportunities such as motorized, non-motorized, and water trails
- Improve the ability of local towns to convert abandoned landmark buildings into productive economic and civic assets
- Increase the self-sufficiency of local towns through identifying and expanding local services and goods that can replace services and goods purchased outside the community
- Implement local business visitation programs to uncover obstacles to economic development and encourage a healthier entrepreneurial climate
- Develop activities, amenities, and assets that attract people downtown
- Increase the ability of local towns to brand and market themselves, particularly in conjunction with other towns and regional efforts
- Promote initiatives such as community gardens, public markets, greenways, historic preservation, and neighborhood beautification that strengthen a sense of place, increase community pride, and spur local efforts for community improvement

Partners: West Virginia Brownfields Centers, West Virginia Land Use Law Clinic, National Coal Heritage Area, National Main Street Center, West Virginia Community Development Hub

West Virginia ARC Program and USDA-RD Persistent Poverty Counties

The United States Department of Agriculture, Rural Development (USDA-RD) has identified persistent poverty counties in the state. These are counties that have a poverty rate of 20 percent or more as measured by the 1980, 1990, and 2000 decennial censuses and the American Community Survey 5-year estimates for 2007-11.

In West Virginia, there are 8 USDA-designated persistent poverty counties: Braxton, Calhoun, Clay, Gilmer, Lincoln, McDowell, Mingo, and Webster. All 8 of these counties are also designated as distressed by ARC. **The West Virginia ARC Program will actively work with the leadership of West Virginia USDA-RD to identify projects, particularly infrastructure projects, that both programs can fund in these persistent poverty counties.** This strategic partnership will stretch limited federal grant funds over more projects and increase the impact of each grant dollar.

West Virginia Distressed Counties and ARC Partner Initiatives

ARC actively creates partnerships with other federal agencies as well as nonprofit sector organizations to bring additional resources into the Appalachian region. Several of these initiatives have involved ARC distressed counties from West Virginia. These ARC partner initiatives are outlined below:

Gateway Communities Program:

ARC has partnered with the National Endowment for the Arts and the Conservation Fund to offer training to gateway communities—communities that are entry points to Appalachia's national and state parks and forests. The training centers on how communities can capitalize on opportunities related to sustainable drivers for local economic development, cultural heritage and natural resource tourism, public arts promotion, and preservation and stewardship of community character.

In 2017, community teams from the distressed counties of McDowell and Logan participated in the training.

Local Foods, Local Places:

Local Foods, Local Places supports locally led, community-driven efforts to protect air and water quality, preserve open space and farmland, boost economic opportunities for local farmers and businesses, improve access to healthy local food, and promote childhood wellness. It consists of a partnership between the U.S. Department of Agriculture (USDA), EPA, the Centers for Disease Control and Prevention (CDC), the U.S. Department of Transportation (DOT), the U.S. Department of Housing and Urban Development (HUD), the Appalachian Regional Commission (ARC), and the Delta Regional Authority (DRA).

In 2017, the community of Whitesville in Boone County participated in the program.

Cool and Connected:

Cool & Connected is a planning assistance program that helps community members develop strategies and an action plan for using broadband to create walkable, connected, economically vibrant main streets and small-town neighborhoods that improve human health and the environment. Cool & Connected is sponsored by the U.S. Department of Agriculture Rural Utilities Service, EPA's Office of Sustainable Communities, and the Appalachian Regional Commission.

In 2017, the community of Williamson in Mingo County participated in the program.

Project Solicitation, Review, and Selection Process

Application Process:

The Community Advancement and Development Division of the West Virginia Development Office (WVDO) manages the ARC program. Technical assistance for the ARC program is available from staff during normal business hours, before and during the application process. Additionally, our office holds an on-site annual application workshop where interested citizens can receive first-hand technical assistance. Notice of the technical assistance workshop is sent directly to all of the Local Development Districts in the state, which is forwarded to the LDD's member units of local government. In addition, previous applicants to the program and any interested parties that have contacted our office regarding the ARC program are also notified about the application workshop.

Application Process Timeline for FY2020 (tentative):

ARC Application Workshop: October 2019
Application Deadline: January 31, 2020
State recommendations announced: May 2020
Submission of Applications to ARC Headquarters: June 2020

General Information on West Virginia ARC Program:

ARC resources should not be used for costs and operations normally funded by local and state government or be used to fill temporary gaps in state or local funding. ARC is an economic and community development agency; therefore, competitive applications will focus on how project activities will directly promote economic and community improvement in an area or region or address a compelling need that hinders community and economic improvement.

Because ARC funds are limited, interested applicants to the program are encouraged to review the targeted investment priorities outlined at the beginning of this strategy statement. Eligible applicants include public entities, non-profit organizations, and non-profit educational and medical facilities. Individuals and for-profit businesses are not eligible for ARC assistance.

The West Virginia ARC program has no funding limits for construction or non-construction projects. However, applicants to the program should be aware that funds are limited, and the program is highly competitive. The amount of ARC funds requested should be realistic and aligned with the needs of the project.

The length of ARC financial support for projects is generally limited to one-time awards. Grantees (those who have been awarded ARC funds) should not expect continual support for their project once it is completed. However, exceptions to this policy will be considered for project activities and services provided exclusively to ARC-designated distressed counties. Grantees fitting this exception are not guaranteed approval and will still need to reapply to the program once their project is completed. Past performance of the grantee, availability of funds, and the continued need for project services, in addition to the other established criteria, will be considered during the review process.

The policies for cost overruns and underruns for funded projects include the following:

- Requests for additional funds to address cost overruns will be considered. However, overruns of more than $500,000 or more will not be considered unless non-ARC funds are secured to share in the cost of the overrun.
- For cost underruns, ARC is entitled to its proportionate share of any underruns or unspent funds. Grantees need to contact the state ARC program manager in these cases.

Review and Selection Process:

In reviewing and recommending projects for funding, the State of West Virginia will consider the status of the county or counties that makeup the project area of an application. **Projects that are located exclusively in ARC-designated distressed counties will receive higher priority in the review process.**

Staff from the West Virginia Development Office (WVDO) review all applications for ARC funding. The review criteria are as follows:

Threshold Criteria:

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

a) <u>ARC Eligibility</u>: 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 and strategy statement.

b) Project Readiness: 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.

c) Project Approach: All projects recommended to the Commission for final approval must demonstrate a scope of work that is realistic and viable.

d) Project Effectiveness: All projects recommended to the Commission for final approval must demonstrate the ability of the applicant to manage the project effectively and contain detailed outcome measurements by which grant expenditures may be evaluated.

Applications determined to be eligible, complete, and feasible, and evidence a reasonable assurance that matching funds are or will be secured, proceed to the competitive review.

Competitive Review Criteria:

Projects will be competitively reviewed and all recommendations will be packaged together and submitted to the Governor for approval. Projects will be evaluated based on the following key strategic criteria:

a. Degree of Need: Projects in ARC-designated distressed counties and distressed areas will receive higher priority. Multi-county projects that include ARC-designated distressed, and clearly demonstrate how those distressed counties will directly benefit from the project activities, will also receive high priority.

b. Targeted Priority: Projects that address one or more of the targeted investment priorities outlined at the beginning of this strategy statement will receive higher priority.

c. Investment Impact: Projects that demonstrate strong economic development impacts, provide long-term capital improvements for economic development, or enhance already existing economic and community development efforts will receive higher priority. Strategic characteristics of a project that increase investment impact include the following:

Infrastructure projects that:

- Facilitate economic development (such as by serving commercial customers, providing needed infrastructure for commercial and industrial sites, or leveraging private sector investment)
- Serve critical community facilities such as schools, community health facilities, community centers, 4-H Camps, etc.

- Target existing population centers and downtown areas (infill strategy)
- Are located along an ARC highway corridor
- Increase the capacity of a water or wastewater system to serve more customers in the future
- Incorporate energy-efficiency features such as installing energy-efficient equipment or projects specifically addressing inflow and infiltration (I & I)
- Provide wastewater facilities that protect environmental resources tied to economic development

Non-infrastructure projects that:

- Focus on enhancing economic development in a community or region
- Address a compelling and documented need that hinders economic development or community quality of life
- Provide benefits on a continuing rather than a temporary basis
- Increase local collaboration or regional partnerships
- Strengthen the ability of local communities to undertake economic and community development activities through planning, technical assistance, and other activities

d. Investment Linkage: Projects that demonstrate how they complement existing community and economic development efforts, plans, and strategies in the project area will receive higher priority.

Projects that incorporate more of the competitive review criteria identified above will more likely be recommended for funding, based upon the amount of funds available. Recommendations are then sent to the Governor for approval. Projects that are recommended by the Governor are then sent on to ARC headquarters for final review and approval by the Commission. The WVDO reserves the right during the review process to modify the scope of work, activities, and expected outcomes for any application for ARC assistance, and to increase or decrease the amount of funds being requested. Any such modifications will be negotiated with the applicant.

State Matching Requirements and Assistance Limits

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

- 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.

- Projects located in designated At-Risk Counties may be funded up to 70 percent of the eligible project costs.

- Statewide projects may be funded up to 70 percent of the eligible project cost.

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

Multi-county projects (not statewide) may be funded as follows:

- 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; and
    - but 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.

- 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.

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.

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.

System for Monitoring and Evaluating Progress:

All ARC projects are monitored by staff to assess progress in meeting scheduled milestones and 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. Reports submitted by non-construction project grantees are reviewed by staff.