

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



REQUEST FOR PROPOSAL (“RFP”) FOR OPPORTUNITY APPALACHIA PROJECT TECHNICAL ASSISTANCE

Project Sponsor: Watauga Meats and Butchery, LLC, Vilas, NC

Project Name: High Country Value-Added Facility (Project Summary provided in Attachment B.)

Release Date: June 22, 2022
Proposal Due Date: July 22, 2022
Selection Date: July 27, 2022
Contract Period: July 29, 2022 – February 28, 2023 (or later)

REQUEST FOR PROPOSALS

Technical Assistance for Opportunity Appalachia Projects

I. Overview of Request for Proposals

Appalachian Community Capital (ACC) seeks contractual support for specified Technical Assistance for real estate project development.

The Technical Assistance contractor will report to the Program Manager of Opportunity Appalachia. The requested Scope of Services is noted in Attachment A, and may involve:

- Feasibility assessment, market/demand study
- Architectural and engineering design with experience in USDA meat processing regulations and facility design best practices
- Development of investment prospectus, preparation of pro forma financial projections, structuring of project financing
- Investor outreach for project finance/investment including federal grants and loans

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage and found [here](#). Proposals will be evaluated on contractors' qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and other project requests.

II. About Opportunity Appalachia

[Opportunity Appalachia](#) will provide technical assistance to develop and structure investable transactions, and it will create investment prospectuses and pitch decks that will be used to bring investment to rural and downtown communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, heritage tourism, and recreation.

The program recently announced selection of 34 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 1,600 permanent and 190 construction jobs and attract over \$177M in financing to develop textile manufacturing facilities; downtown development; community centers; health, wellness, and childcare centers; food and agricultural facilities; hotels; and retail enterprises in downtown and rural areas across Central Appalachia.

These proposed projects are signals of the growing investment potential in our rural and downtown communities in Central Appalachia. Opportunity Appalachia will work closely with private investors, banks, Community Development Financial Institutions, New Markets Tax Credits investors, Historic Tax Credit Investors, and Federal agencies to highlight participating communities and access financing for transactions.

Once project technical assistance is completed, a highly visible Investor Convening event will be held in early 2023 that will target both local and pre-vetted national investors, as well as federal and state funders. A curated web-based platform hosting prospectus / pitch decks will also be made available to facilitate investor due diligence.

The program is supported by the Appalachian Regional Commission, the US Department of Treasury CDFI Fund, Truist, Goldman Sachs, and the Dogwood Health Trust.

III. About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013– 2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from 295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

Target geography

Central Appalachia – North Carolina, Ohio, Tennessee, Virginia, West Virginia



IV. Project Timeline

It is anticipated that the contractor will be selected by July 15, 2022 for an estimated contract start date of July 15, 2022 through February 28, 2023.

V. Instructions to Submit a Proposal

Contractors seeking to provide the full suite of TA services should submit the items listed below. It is expected that one proposal should include all requested services, which may mean that multiple entities are providing services, with one identified lead contractor.

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested in Attachment A, with identified staffing (lead and support) for each work element.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. A Not to Exceed cost for the full engagement must be provided; costs not to exceed \$75,000. Payment Schedule to be based on deliverables / outcome milestones.
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume for all staff noted in proposal (or provided in RFQ response).
- References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed (or provided in RFQ response).

Please submit responses via email in one pdf attachment by Proposal Due Date to Kathryn Coulter Rhodes oa@acc1.org.

VI. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

- Qualifications (per those provided in the RFQ), expertise, track record, and staff bios.
- Scope of Work and Timeline
- Budget
- Requests from project sponsors

Attachment A

Requested Scope of Services

Project Sponsor: Watauga Meats and Butchery, LLC

Project Name: High Country Value-Added Facility

Project Summary provided in Attachment B.

TA Requested

- Feasibility assessment
- Market and demand study
- Architectural and engineering design with experience in USDA meat processing rules and regulations
- Financial pro forma with operating budget
- Financial structuring including application for federal grants as part of the capital stack
- Capital raise

Attachment B

Summary Information

Lead Contact: Gray Shipley

Applicant Organization: Watauga Meats and Butchery, LLC

Address: 1699 Linville Creek Road, Vilas, NC 28692

Phone: (828) 484-6328

Email: gray@shipleysfarmsbeef.com

Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s):
Note: See Appendix I for a list of eligible counties.

Watauga County, NC 189, Cove Creek 15040, Brushy Fork 90404, Cove Creek 90788

2. Service area of applicant (note if different than above, or note same): Watauga County and the surrounding High Country region of North Carolina
3. Community Development Strategy(ies): This project directly aligns and follows from work being conducted through a public-private partnership between Watauga County government and Watauga Butchery to improve food security for the Northwest North Carolina region and expand regional processing capacity for local and regional livestock producers. Phase 1 of the project is to create an animal welfare compliant "Harvest & Chill" red meat processing facility and Regional Livestock Center that will serve critical needs of farmers in the region. The COVID pandemic revealed a critical vulnerability in our local meat processing supply chain, leaving many farmers and families in our area exposed, without access to processing capacity, and struggling to maintain their farms and livestock. Phase is already underway on land owned by Watauga County. The Watauga County Commissioners approved use of this acreage and existing infrastructure for this purpose in 2020 due to critical capacity limitations at other slaughter/processing facilities in the state and to address the local and regional food security limitations and impacts to the area's agricultural economy that were exacerbated by the pandemic. The county-owned meat processing will create immediate capacity to alleviate the shortage of USDA-inspected slaughter capacity in our region when it opens later in 2023. This facility is adjacent to a new county composting project, which will make use of the slaughter facility's byproducts to capture additional value for the county. When complete the facility will be leased and operated by Watauga Butchery, to have capacity to slaughter 2,500 beef equivalents per year, which will be further processed onsite and at Watauga Butchery's existing facility in Western Watauga. This facility will bring 8 to 10 new skilled labor jobs to the county, processing over 1.5 million pounds of meat per year. The proposed Opportunity Appalachia project will focus on Phase 2 of this plan, which is the creation of a privately owned value-add facility that will allow farmers and meat processors to produce high margin, customer-centric meat products. This project aligns with the Comprehensive Economic Development Strategy (CEDS) as developed by the High Country Council of Governments, through the Economic Development Foundations of Agriculture, and Tourism.

Project Information

4. Proposed Projects (list up to 3):
 - I. **Name of Project, address:** High Country Value-Added Facility, 97 Silverstone Road, Zionville NC 28698

- **Size in Sq Ft.:** 6,000
- **Total anticipated financing need \$:** 1,300,000
- **Financing identified/anticipated, list source and dollar amount or note 'None':** USDA grant and loan programs, value TBD
- **Project description (include url link if available):**

This project will develop an existing building into a value-added facility offering farmers higher-margin meat products. This is Phase 2 of a project to improve food security in Northwest North Carolina and expand regional processing capacity for farmers, following Phase 1 creation of a slaughter and processing facility.

The project will update the building for value-added processing and create regionally branded value-added products to give local producers a new channel to grow their business. Watauga Butchery, in cooperation with Extension and NC Choices, will partner with Ellison Farms to renovate their vacant facility that was the former home of Sugar Grove Hams until it relocated 15 years ago. The facility sits 12 miles from the processing facility, and is ideally situated for repurposing at a much lower cost than new construction. Having value-added offsite provides an additional advantage of separating cooked processing methods from the raw slaughter facility because regulatory and food safety protocols require different inspectors and processes. The facility will be used as a smokehouse for smoked sausage, summer sausage, hot dogs, beef sticks, charcuterie, and other partially cooked meat products that bring premium margins. Ellison Farms will operate a community market in the front of the building, creating further markets for local producers to sell their products.

The facility will need plumbing, electrical, HVAC and wastewater systems to bring it up to code in line with USDA guidelines for food processing. We will build out dry and cold storage areas. Equipment owned by Watauga Butchery will be contributed to this project, and new equipment will be purchased. The budget includes startup costs for ramping to full capacity, and workforce training, apprenticeship, and retention to recruit and retain skilled butchery laborers. Also, this project requests Technical Assistance for the development of a Market Study for a plan for how to promote the region as a specialty food and agritourism destination. There is historic precedence, as the area has been known for generations to produce high-quality meat products. With the region seeing a rising share of tourism during the pandemic, and with the communities' commitment to local farmers and meat producers, this is a perfect opportunity to build upon that history and commitment to promote the High Country as an agritourism destination.
- **Community Impact (quantify / provide estimates):**

This project would create eight to ten quality jobs, mostly skilled labor at pay rates at or above the median high school graduate wage in the county, and would support Watauga County's desire to promote food security and economic development for its farmers, and the farmers in the greater High Country region. Additionally, we desire to focus hiring on veteran and other populations who need good career opportunities, including some targeted "second chance jobs", focusing on rehabilitation and re-entry populations who often struggle to find employment, in cooperation with local programs for those individuals.

The project will bring investment into the area and enhance business and profit opportunities for local farmers in the region, keeping processing revenue local that is often going out West currently.
- **Name(s) of project sponsors, developer, and/or business owner, if identified:**

Watauga Meats and Butchery, LLC, owned by Bob and Gray Shipley

- **Technical Assistance Needed:** Feasibility assessment, architectural design drawings, financial pro forma, financial structuring, capital raising, market assessment and study
- **Describe the connection to other proposed projects listed on this form (if applicable):** N/A

5. **Clean Energy Focus:** As work is done on the redevelopment of the identified building, all efforts will be made to include energy efficiency measures. We're particularly interested in potential applications for PV solar and solar thermal energy sources, energy efficient design, and any other cost effective technologies.
6. **Applicant Capacity:** What is the relationship of the applicant to the community? How has the community demonstrated its support of the project(s)? Describe the applicant's role and capacity for completing or overseeing project activities: The Shipley family has been farming in Watauga County for over 150 years. R.G. Shipley Sr. taught high school vocational agriculture in the community and was involved in creating and/or leading several civic, community, and agricultural organizations and boards in Watauga County and across the Southeast. R.G. helped create a community cannery, and also developed plans for a community meat locker and processing plant in the 1960s that was never constructed. His son Bob Shipley has continued his legacy of community leadership, helping promote sustainability of family farms through value-added processing services and agritourism, finding ways for farmers to generate and keep more income from their efforts. Bob and his son Gray founded Watauga Butchery in 2020 in response to independent meat processing capacity shortages that affected theirs and many other local farmers' businesses in the midst of the pandemic response. Gray has an extensive background as a former CEO of multiple startup and early stage ventures as well as international consulting, speaking, and training. Shipley Farms and Watauga Butchery have successfully executed on state and federal value added and processing expansion grants in recent years, and have a broad network of community support, including relationships with Cooperative Extension, NCSU College of Agriculture and Life Sciences, and the USDA.