

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



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

Project Sponsor: Lee County (VA) Airport Authority

Project Name: Hangar Construction (Project Summary provided in Attachment B.)

Release Date: January 13, 2023
Proposal Due Date: February 10, 2023
Selection Date: February 24, 2023
Contract Period: February 24, 2023 – September 30, 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:

- Architectural and engineering,
- Market research/demand assessment,
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing,
- Feasibility assessment,
- Identification of project developers and/or business operators,
- Investor outreach for project finance/investment,
- And other types of support.

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage. 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 8 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 280 jobs and attract over \$27M in financing to develop and expand food business hubs; outdoor recreation; childcare centers; regional airport facilities; and hotels; in downtown and rural areas across East Tennessee and Southwest Virginia.

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.

As project technical assistance is completed, investor connections will be made between projects and 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 March 2023 for an estimated contract start date of March 15, 2023 through September 15, 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: Lee County (VA) Airport Authority

Project Name: Hangar Construction

Project Summary provided in Attachment B.

TA Requested

- Market and feasibility study for the airport hangar, to include feasibility of potential flight school and airport mechanics program in partnership with Mountain Empire Community College.
- Financial structuring, pro forma and prospectus for the airport hangar.

Note: Project sponsor to work directly with airport hangar supplier to plan, engineer, and build the prefabricated hangar.

Attachment B

Summary Information

Lead Contact: Robert Bost

Applicant Organization: Lee County (VA) Airport Authority

Address:

861 Red Fletcher Rd
Jonesville, VA 24263
Phone: (508) 951-8287

Email: r.bost0110@yahoo.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.

Lee County, Virginia (census tract ID # - 9503.01018). Virginia's westernmost county, Lee possesses great natural beauty, but like many rural counties, its economy has suffered greatly. Burley tobacco production drove the county's economy for many years, but that has all but disappeared. More recently, the decline in coal mining has had a significant negative effect.

Lee County's rurality and its economic condition are expressed in several metrics. The US Census Bureau reports that its population density is 59 people/square mile compared to 202 for the rest of Virginia. The County's population decreased by 8% between 2010 and 2018. In 2018, its poverty rate was 24.8% versus 10.7% for the rest of the state. Again, in 2018, 94.45% of the county's school children were eligible for free or reduced-price lunches.

The average worker in Lee County, Virginia earned annual wages of \$35,358 as of 2022Q1. For comparison purposes, annual average wages were \$66,637 in the nation as of 2022Q1.

These data highlight the great need to find a driver to raise its economic condition of the county. This proposal which has the Lee County Airport as the centerpiece for economic growth may be the linchpin for Lee County's economic rebirth.

2. Service area of applicant (note if different than above, or note same):

Upon completion, with the addition of a Jet-A fuel tank, the service area will include the entire US. The proposed maintenance facility would be expected to serve aircraft within an area of 300-400 miles surrounding the Lee County Airport. Over 48 million live within 300 miles of the Lee County Airport. Flight time from the farthest point would generally be less than 2 hours. All aircraft require, at a minimum, a yearly inspection. A maintenance facility which can provide quality service at competitive pricing will attract aircraft and their crews from all over the region.

3. Community Development Strategy(ies):

The Lee County Airport is an under-utilized asset of the county, and in a county which is described as 'economically distressed' by ARC, the development of this asset may lead the way to an economic revitalization. The airport has a 5000-foot lighted runway, a modern terminal building and a 10,000-gallon Aviation Gas (AvGas) tank. A 10,000-gallon Jet-A tank is on order and should be installed within the next two months. AvGas is used by piston-driven aircraft. Jet-A fuel is used by corporate jets, turbo-prop planes and turbine-driven helicopters. The Jet-A tank will increase traffic for the airport and will be important for both

economic and community development. The capability to supply turbine-driven helicopters is vitally important because almost all medevac helicopters are turbine driven and, thus, require Jet-A fuel. Funding for the fuel tank was provided,, in part, by grants from the USDA and the Virginia Department of Aviation (DOAV).

To maximize the potential of the airport, the next step after Jet-A tank installation will be the construction of a hangar which would serve as an aircraft maintenance facility. This facility would include aircraft inspection services, avionics and, potentially, an aircraft painting operation. A well-run facility will draw aircraft from 300-400 miles away. Crews will need places to eat and sleep. Currently, the county has very limited dining options. In Jonesville, 7 miles east of the airport there are a couple of sit-down restaurants and several take-out options housed in gas stations. To the west, 11 miles away is the Dutch Treat, an Amish enterprise which provides sandwiches and a range of Amish-inspired food items.

A moderately priced sit-down restaurant or restaurants located at or near the airport will be a logical outgrowth of a maintenance facility.

Housing for aircraft crews will also be needed. Currently, the closest motel/hotel is in Middlesboro, KY, 30 miles away. A hotel/motel established at the airport or several miles west will draw clientele from the airport, but it will also provide lodging for tourists visiting Wilderness Road State Park and Cumberland Gap National Park, both of which have a presence in Lee County.

So, the installation of the Jet-A fuel tank and the establishment of a maintenance facility will have a major positive economic impact, not just at the airport, but also for the hospitality industry as well.

Project Information

4. Proposed Projects (list up to 3):

I. **Name of Project, address:**

Hangar Construction, Lee County Airport
Lee County Airport
773 Airport Road
Jonesville, VA 24263

- **Size in Sq Ft.:** 9,600 sq. ft.
- **Total anticipated financing need \$:** \$480,000
- **Financing identified/anticipated, list source and dollar amount or note 'None':** None
- **Project description (include url link if available):** Construction of an open aircraft hangar will require grading and the construction of a concrete pad before the building can be put up. The pad dimensions will be approximately 140 by 180 feet and will provide space for parking planes outside the hangar as well as connecting the hangar to the existing taxi way. The hangar itself will be a 80x120-foot building. Site preparation and hangar construction will employ 15-20 people.
- **Community Impact (quantify / provide estimates):** The aircraft maintenance hangar which will house aircraft mechanics and inspectors, avionics specialists and painting personnel will be the first step in a significant economic development for the county. Construction of the hangar will employ 10-15 people. Once completed, the previously mentioned functions will employ and estimated 8-10 individuals. Salaries for these functions are quite good, especially for Lee County. For example, the average salary for an aircraft inspector in Virginia is \$76,000, for an aircraft painter, \$53,800; for an avionics technician, \$48,400 and the range for an aircraft mechanic is \$57-\$69,000.

An active maintenance operation will lead to other flight-oriented programs. A program for training pilots, in essence, a flight school, would be a reasonable outgrowth. All of the airlines are facing very serious pilot shortages over the next 5-10 years. American Airlines is said to be facing a shortage of 5000-6000 pilots during this period. Airlines have removed the requirement of a college degree for pilots, so a flight school which is focused on training high school students could be terrific opportunity for Lee County's high school students. In addition, a program in conjunction with Mountain Empire Community College to train aircraft mechanics could provide a significant benefit for the region.

- **Name(s) of project sponsors, developer, and/or business owner, if identified:** Lee County Airport Authority, sponsor.
- **Technical Assistance Needed:** At this juncture, the Airport Authority is in the very earliest stage of this project. As noted previously, the Jet-A tank acquisition has been completed and installation should happen within the next two months. The actual cost of construction of the pad and hangar can be pretty precisely defined. A familiar complaint from owners of aircraft is the long lead time required to get a plane serviced--whether it be an annual inspection, and upgrade in avionics or simply a repair or replacement of parts--the lead times are extraordinary. So, there clearly is a need for the functions discussed here.
Financing for the pad and hangar needs to be determined. The feasibility of and the potential for a flight school needs to be evaluated. The plans for an aircraft mechanics program at MECC must be fleshed out. The key component--a 5,000-foot runway in excellent condition with clean approaches from both east and west--is in place. The potential to build on this infrastructure is enormous. The question before us is, "How do we proceed?" Technical assistance from ARC will be critical to the success of this undertaking.

5. **Clean Energy Focus:**

Although not currently evaluated, the placement of a solar panel array on the hangar roof should be feasible. In addition, the airport has acres of cleared flat land which may be suitable for a solar farm. The feasibility of these options need to be tested.

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 Lee County Airport was established in 2002. The aviation gas (AvGas) facility was installed in 2006 and the terminal building was constructed in 2009. With its 5000-foot runway and clear approaches, pilots describe it as the best airport in the region. However, until 2019, the terminal was unmanned and the main part of the terminal was off limits to pilots. In 2019, the Board of Supervisors made a decision to open up the terminal to pilots and to have it manned on a parttime basis. The Board also agreed to pursue the acquisition and installation of a Jet-A fuel system and agreed to cover any costs not covered by the USDA and DOAV grants.

Since 2019, as a form of community outreach, the airport has hosted car shows and craft shows in conjunction with fly-ins. These events have had a very positive response from the community and have helped the community understand the value of the airport.