

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



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

Project Sponsor: Blue Grass Resource Center

Project Name: Highland Inn Revitalization (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 February 24, 2023 through September 30, 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: Blue Grass Resource Center

Project Name: Highland Inn Revitalization

Project Summary provided in Attachment B.

TA Requested

- Full architectural and engineering documents ready for bids and construction on the Highland Inn for Phase II: Interior Renovation including ADA accessible rooms on first floor; new HVAC, plumbing and electrical; rework of kitchen and laundry; sitework to include larger deck in rear for dining; parking to include electric charging.

Note: below is a list of items already completed or in process for the project:

- Schematic Architectural designs
- Exterior Structural Stabilization completed Fall 2021
- Hazardous Materials surveys for Asbestos and Lead Paint
- Demolition plans are complete
- Operator Identification in process
- Financial pro forma and funding strategy (to be updated)
- Economic Impact study in process

Attachment B

Summary Information

Lead Contact: Betty M. Mitchell, Executive Director

Applicant Organization: Blue Grass Resource Center

Address:

P. O. Box 113, Blue Grass, Virginia 24413

68 W. Main Street, Virginia Monterey

Phone: (540) 383-9415

Email: bettymitchell@htcnet.org

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.

Highland County, Virginia which encompasses the county seat of Monterey, Virginia.

Census Tract: 9701

Highland County, VA is home to 2,232 (2020 Census) residents; a 10% drop since 2000. It has oldest median age (59.5) in Virginia and is the 4th oldest county in the US. Over 49% of the population is over the age of 60, which leaves us an incredibly small workforce. Known as Virginia's Little Switzerland, Highland County has long been a destination for visitors. Tourism and Agriculture are our largest industries. Since 1959, visitors have come to Highland County to tour maple sugar camps. The Highland Maple Festival is a significant economic driver for the County, welcoming over 50,000 visitors over two weekends each March. Revenue from the Maple Festival, Mountain Mama Bike weekend, Artists weekends, Hands and Harvest and other events serves as a significant source of income for many of the County's individuals, businesses, and non-profit organizations. In this way, accommodating visitors is essential to sustaining and improving the livelihoods of many Highland residents, making the Highland Inn a centerpiece Highland County's economic vitality.

Highland's average unemployment rate has been about 2.8 - 3.4% over the past 10 years. However, in 2011 Highland had a Workforce of 1,378 persons; in 2021 that declined to 1,188.

The County's demographics – 4th oldest in United States -- over age of 60 leaves us an incredibly small workforce. The poverty rate in Highland County, Virginia is 10.2%, .2% higher than Virginia's average.

The County's entire budget has just reach \$10 M this past year. Over half the property in the County is owned by second-homeowners.

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

SAME general service area although visitors coming to the Highland Inn come from many states and even foreign travelers at times.

3. Community Development Strategy(ies):

Downtown Development - the Highland Inn is the anchor of Main Street Monterey and the county.

Heritage Tourism and outdoor recreation/natural beauty are at the heart of our County's tourism

efforts.

Food Systems - agriculture is the leading industry in the County. The Highland Inn's fine dining gives us the ability to showcase locally grown produce, locally raised protein - lamb, beef and trout, our wonderful sweet Maple syrup, and Big Fish Cider's award-winning ciders grown from a variety of heritage apple trees.

Clean Energy - energy efficiencies through the Inn renovation project and an EV charging station for guests as well as travelers. none currently exists.

Resident Attraction - we simply must turn the tide of declining population. People rarely move to a community without first visiting. The Highland Inn will be a welcoming venue for guests and give the community a premiere location to showcase all our rural mountainous community has to offer.

Highland's Comprehensive Plans recognize tourism as a diverse and viable economic development opportunity with emphasis on regional heritage, eco-tourism, agri-tourism and outdoor recreation.

The Central Shenandoah Planning District Commission (CSPDC) maintains the region's CEDS and developed the region's 2022 Resiliency/Recovery plan which includes Tourism/Agri-Tourism as strategic initiatives. Highland Inn's programming will provide a hospitality/culinary workforce development component, a main objective in the CEDS for Highland and Bath County.

As a resident attraction tool, the Highland Inn will help reverse Highland's decreasing population trends; bringing visitors and potential residents to the community, which currently has a population of only 2,232.

Project Information

4. Proposed Projects (list up to 3):

I. **Name of Project, address:** Highland Inn Revitalization

68 West Main Street
Monterey, VA 24465

This project has been identified by a working coalition, led by the Highland Economic Development Authority as the highest priority infrastructure project in Highland County, Virginia.

- **Size in Sq Ft.:** 22,000
- **Total anticipated financing need \$:** \$3,500,000
- **Financing identified/anticipated, list source and dollar amount or note 'None':** \$176,000 County of Highland; \$342,000 DEQ Remediation grant; \$182,000 Private Donors; \$700,000 ARC; \$500,000 Private foundations/corporations pledged over 3 years; \$1.6M IRF Implementation grant;
- **Project description (include url link if available):** Highland Inn Community Revitalization Project (www.highlandinnrenovation.org) 18 room Historic Inn built in 1904 that is an economic engine for the community. Monterey's Main Street, businesses, and farms throughout the County benefit from the Inn. It is an essential tourism asset – fine dining featuring local foods/beverages and distinctive accommodations. It is the missing puzzle piece for lodging associated with the Highland Center's retreat and conference facilities designed to bring mid-week business and new residents. Redevelopment of the Inn will bring more people to the community, thus more traffic to Main Street businesses that will in turn invest in their storefronts.

This is the only walk-in lodging available in the entire county and is greatly missed while it is closed for renovation. All of the County's tourism efforts are hindered without this lodging infrastructure.

Renovation to make needed structural, cosmetic, life-safety, and functional changes to the Historic 1904 Highland Inn.

Phase I: Exterior Structural Stabilization completed Fall 2021.

Planning Phase: 2022/2023 Architectural Plans complete, Identification of Operator; updated Financial Analysis; and Funding Strategy implementation.

Phase II: 2023/2024 Interior Demolition (down to studs) and removal or remediation of hazardous materials -- asbestos and lead based paint. Several minor interior structural concerns addressed; Interior Renovation including ADA accessible rooms on first floor; new HVAC, plumbing and electrical; rework of kitchen and laundry; sitework to include larger deck in rear for dining; parking to include electric charging.

See Highland Inn Attachments found at the following link:

<https://www.dropbox.com/scl/fo/e2epjew814lvaqlg8968i/h?dl=0&rlkey=xl98c2mx8gqbr288iddbvuo01>

- **Community Impact (quantify / provide estimates):** Frozen pipes shuttered the Highland Inn during the winter of 2019. Then COVID hit in March 2020 just before the County's largest two-week event of the year - the Maple Festival. More businesses closed. Population in Highland continued declining. Community buzz was "Highland is dying on the vine". Then, late summer of 2020- the Highland Inn's exterior stabilization efforts began and it stands as a bright spot on Main Street. Proof, that Highland can thrive and grow. That this sparsely populated Appalachian community believes in itself and pulls together to accomplish a vision it has long-held: To grow the community and provide new opportunities.

Since the Inn's Phase I completion, we have seen purchase and investment in at least 4 properties on Main Street.

A pretty outside is great but, until the Highland Inn re-opens, its economic impact is limited. It is the major economic catalyst and anchor for Monterey and Highland, with County leadership knowing how critical it is to the County's future and sustainability.

To quantify this, Virginia Tech's Center for Economic and Community Engagement is developing an Economic Impact Analysis to show the impact, not just from construction but permanent jobs to be created once the Inn is re-opened and fully supporting the Tourism needs of the community. For more information: <https://www.dropbox.com/scl/fi/6jcquksfl1e2k9f7vbfju/Highland-Inn-Economic-Analysis-Scope-of-Work.docx?dl=0&rlkey=ec7ybbcs018s8d43m95yv6fnw>

- **Name(s) of project sponsors, developer, and/or business owner, if identified:** Owner & Developer: Blue Grass Resource Center Project Sponsors: Highland County Economic Development Authority; County of Highland
Substantial funding (Over \$1.8M) has been invested in the project up to this point. Funders include: Virginia Department of Housing & Community Development through their Industrial Revitalization

Fund - \$600,000 for Phase I exterior stabilization, \$27,500 for IRF Planning Grant; Dept of Environmental Quality and Virginia Economic Development Partnership - \$50,000 Remediation grant for Exterior lead paint Abatement. Other funds have come from private foundations and individuals.

We are currently working under an IRF Planning grant to identify an Operator for the project.

- **Technical Assistance Needed:** Architectural and Engineering Design Finalized for a complete set of Bid Documents to accompany grant proposals.

5. **Clean Energy Focus:**

An Energy Audit of The Highland Inn was conducted in 2017. The Audit identified a list of recommendations to improve the energy efficiency of the interior and exterior of the Highland Inn. The recommended improvements were estimated to reduce The Highland Inn's annual energy usage by over 20,500 kWh, thereby lowering greenhouse gas emissions by over 60,000 lbs per year. The Phase 1 renovations, completed in 2021, implemented many of the recommended improvements to the Inn's exterior including replacing the windows and doors and insulating the building envelop (walls, attic, roof, crawlspaces, etc.). Phase II will incorporate many of the remaining recommendations into the design of the Highland Inn's interior. In particular, Phase II will replace the Inn's antiquated and leaky wooden Walk-in refrigerator.

As the final A&E plans are being developed, the MEP company working with our architect is aware that we want as many energy-savings components as possible.

Additionally, Shenandoah Valley Electric Cooperative and Virginia Clean Cities are in discussion with the Inn owners about establishing an Electric Vehicle Charging station on the property. Currently none exists in the county for the travelling public.

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 Blue Grass Resource Center (BGRC), a 501 (c) 3 organization was established in 1999 and renovated the old Blue Grass Valley Bank building in the village of Blue Grass, (Highland County) Virginia to house a children's lending library with internet services.

In May 2019 the BGRC board worked with the Highland Economic Development Authority to purchase the historic Highland Inn from a local non-profit in order to:

- Complete the historic preservation and renovation of the Highland Inn.
- Secure long-term management of the Inn in accordance with the values and vision of the Highland community.
- Provide educational classes and internships for culinary and hospitality students.

The BGRC has already successfully managed Phase 1 of renovations to the Highland Inn, which included needed exterior structural, cosmetic, life-safety, and functional changes to the building

During 2022, with funding from Virginia Department of Housing and Community Development through an Industrial Revitalization Planning Grant, BGRC has worked to Identify an independent Operator for the Inn, has

updated Financial Projections, and created a Funding Strategy to garner the resources need to complete the renovation.

The BGRC's Executive Director, Betty Mitchell is also the volunteer Economic Development Officer for the Highland EDA and as such has spear-headed the Rural Capacity Development Initiative (RCDI) provided by DHCD to coordinate the efforts of four organizations working together on economic and community development. Those partners are: Highland EDA, The Highland Center, Highland County Chamber of Commerce and the Highland Tourism Council. That group has identified renovation of the Highland Inn as its highest priority -- to support Tourism, transient visitor traffic, and work in tandem with The Highland Center to bring midweek business to the County.

The community has donated untold hours of volunteer support for the Inn's renovation efforts, as well as substantial private donations totaling well over \$1 Million.