**March 3, 2020**

**Name: Russell County Reclamation, LLC**

**Municipality: Russell County, Virginia**

**County: Russell County, Virginia**

**Location: (Long/Lat) 36 57’ N 82 10’W**

**Primary Project Partner(s): Russell County Reclamation, LLC and the Russell County, Virginia Industrial Development Authority**

**PROJECT RECLAIM**, **Phase 2** (Final-Revised Application for Vetting & Review, 4-9-2019)

South Clinchfield, Russell County, Virginia 24225, 36 57’ N 82 10’ W

Project Partners: Russell County Reclamation, LLC and the Russell County, Virginia Industrial Development Authority

**Project Description:**

Project Reclaim, Phase 2 will place an additional 174,000 cubic yards of backfill material that will produce final grade(s) that are more uniform and level in elevation to further enhance the new industrial site.

While Phase 2 significantly enhances the development of this new industrial site, equally important is the additional layer of backfill material that will provide protection to Dumps Creek and the Clinch River.

The completion of Phase 1 grant funding will backfill 333,000 cubic yards of the estimated 507,000 cubic yard area which is defined as the AML feature. Phase 2 will fill the ***void area within the AML feature of approximately 174,000 cubic yards.***

(333,000 + 174,000 = 507,000).

Phase 1’s allocation of 333,000 backfill material will produce a level area for a future building site in addition to tiered elevations for previously described parking and lay-down areas.

The consulting engineer, ATS, confirmed that the cubic yard requirement estimates were calculated based upon the outlined area of the AML feature with an average depth by sections that generally followed the known elevation points of the directly adjacent Dumps Creek. The elevation of the AML feature’s surface and the elevations of Dumps Creek was estimated to yield depths within the AML feature to be somewhere between an average of 10’, 15’, and 25’.

According to the ATS engineering estimate of the depth are consistent with their initial projections.

At project completion, a total of 507,000 cubic yards of backfill material will have been placed within the AML Feature.

Phase 2 will significantly enhance the IDA’s efforts to market this new 32 acre industrial site and the recruitment of industrial prospects.

Various alternatives for Phase 2’s scope of work were considered. Phase 2 will surpass Phase 1’s economic benefit and enhance the stabilization of Dumps Creek and the Clinch River. Additional backfill material will provide a more stable cap to the AML feature; strengthen the placement of the Phase 1 backfill material by adding a deeper layer of covering on top of where the AML material was found.

Consideration was once again given to using other sources of backfill material such as a quarry produced stone. This option is the least cost efficient option as the cost of the delivered stone was twice the cost of onsite material. OSM’s recommended material amounts, types, and unit prices will allow for more backfill material and make the site more desirable as an industrial site.

Once the initial AML material was removed in Zones 3, 4, 35, 36, 5, and 6 the bottom of the pond revealed previously worked earth that has a soft, wet, and inconsistent quality of dirt, rock and coal fines. The inconsistency of combined material makes the option for using this combined material the least desirable type of product for use as additional elevation lifts throughout the AML feature.

Last, but not least, the locations and description of the proposed sources of backfill materials in the Phase 2 application are identical to a previously reviewed and approved NEPA process in Phase 1 making this the preferred option.

Maps are attached.

**Total Estimated Project Cost:**

The scope of work described and recommended for approval by the DMLR panel equates to $1,645,340.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | PHASE I | **PHASE II** | PHASE TOTALS |
|  |  | AML Pilot | **AML Pilot** |  |
| **Unscreened Material** |  | 160,000.00 | **72,902.00** | 232,902.00 |
| **Screened, 2"+** |  | 1,278,000.00 | **766,122.00** | 2,044,122.00 |
| **Shot Material** |  | 360,000.00 | **164,256.00** | 524,256.00 |
| **Long-Haul, 333k DY Backfill Material** |  | 749,250.00 | **435,000.00** | 1,184,250.00 |
| **Backfill Material, Special Handling** |  | 396,270.00 | **207,060.00** | 603,330.00 |
| **Sediment Pond Cleaning/Removal** |  | 24,000.00 |  | 24,000.00 |
| **Sediment Control, Fencing/Berms** |  | 33,730.00 |  | 33,730.00 |
| **Retention Pond** |  | 35,000.00 |  | 35,000.00 |
| **Erosion Control Mats** |  | 111,750.00 |  | 111,750.00 |
| **Vegetation** |  | 32,000.00 |  | 32,000.00 |
| **Road Enhancements** |  | 20,000.00 |  | 20,000.00 |
| **TOTAL** |  | 3,200,000.00 | **1,645,340.00** | 4,845,340.00 |

The method for submitting DMME’s Application for Payment’s for Project Reclaim has not changed, however the justification for billable tonnage/cubic yards has been verified. Russell County Reclamation (RCR) hired an engineer to conduct the time and motion study as well as detail out how the costs of the work being performed relates to the billable amounts.

If you need further clarification on the process, please see the attached documents which were forwarded to OSM by DMME for approval to move forward with payments to RCR.

**OSMRE AML Pilot Program Guidelines Category** *(Reference OSM Guidance Document)?* **(A, B, or Both A and B)**

Project Reclaim Phase 2 meets both Category A and B as described by OSM Guidance.

Under OSM’s published Category A, Project Reclaim Phase 2 will “create *new infrastructure”* by making additional acreage available for the development of future industrial site(s). This additional acreage is beyond the scopes of work that will be performed as part of Phase I or II and simply reflects areas that the Russell County VA, IDA will have available for future development as part of a larger industrial park. This new Industrial park will offer access to other infrastructure such as 25,000 linear feet of Norfolk Southern rail, electricity, natural gas, and an approximate back-up supply of 1.2 billion gallons of potential water supply. The site will also be marketed to targeted industry clusters from within the advanced manufacturing sector.

Under OSM’s published Category B, Project Reclaim Phase 2 will “*create favorable conditions for the economic development of the project site”* by reclaiming the AML feature into a highly marketable and desirable 32 acre regional industrial site with an active prospect. At present the Russell County IDA is working in partnership with the Office of the Governor of the Commonwealth of Virginia and the Virginia Economic Development Partnership with a prospect for this site and will pursue future prospects.

**Proposed AML Pilot Funding Amount:**

This revised Project Reclaim application is requesting $1,645,340 to complete the scope of work as detailed in Phase 2 Estimated Project Cost Estimates to backfill the area with 174,000 cubic yards of backfill material.

**Eligible for Title IV AML Funds** *(Reference OSM Guidance Document)***? (Y or N)**

**If Yes: Why is this project being proposed as a Pilot Program project?**

The large scale/scope of work and required funding to complete the reclamation work of this AML feature with traditional AML funding make this project impractical with limited available Title IV funding.

**Is there any ongoing operation and maintenance (O&M) funding requirement? (Y or N)**

**If Yes: What is the estimated annual O&M cost and source of that funding?**

It is not believed that Project Reclaim will generate any O&M costs during the reclamation construction phases. Any O&M funding that may be realized after the reclamation has been completed and conveyance to the Russell County IDA will not be a part of this OSM Pilot Grant.

**Other Project Funding Source(s) (Amount and Status):**

The Virginia Tobacco Commission awarded $2,900,000 to the development of the adjacent 165 acres to compliment and create one of the coalfields largest industrial development “Mega-Sites” for the economic developers to market for prospective businesses. This funding will specifically assist the Russell County, Virginia Industrial Development Authority with site control and re-shaping of the adjacent acreage beyond the AML feature boundary.

The combined Virginia Tobacco Commission Grant and the OSM Pilot Grants create great leverage to the overall development of this new regional industrial site.

Other potential economic development funding agencies whose funding guidelines are aligned with similar developments of projects like Project Reclaim include but are not limited to; the Appalachian Regional Commission, US EDA, US New Market Tax Credits, USDA Loan Guarantee Program, Housing and Community Development, Southwest Virginia Energy Research and Development Authority, and the Virginia Coalfield Economic Development Authority.

**Anticipated Project Start and Completion Date:**

The scope of work can commence as soon as seasonally practical upon the Authorization to Proceed being granted with an estimated 36-48 months to complete the work (weather permitting).

The attached consulting engineer’s map and cross-section illustrates the projected Phase 1 tiered final elevations. Once, these final Phase 1 elevations have been reached, Phase 2 backfill material can begin to be placed over the Phase 1 final elevations. These cut off points for Phase 1 and beginningpoints for Phase 2 will be identified by zones referenced on the ATS generated map/cross-section(s).

At the completion of Phase 1 an engineer’s report will be submitted showing projection completion prior to initiation of Phase 2.

**Current Project Status:**

Phase 2 plans have been submitted to the DMLR. RCR, LLC will need very little time to commence the scope of work once approved. An ATP with Phase 2 will result in a work schedule that will be complimentary to the overall development of Project Reclaim.

The Phase 2 additional required backfill material and other related borrow areas have been identified, reviewed and previously approved. Accordingly, there are no new anticipated NEPA issues with Phase 2’s review.

At present, in Phase 1, approximately 22,000 cubic yards of backfill material has been placed in portions of Zones 3, 4, 5, 6, 7, 8, 9, 35, and 34 (the building pad area). Work will continue on these zones to create the footprint of the building pad area while facilitating dewatering of the pond.

**Are Project designs available: (Y or N)**

The engineering firm of ATS in Abingdon, VA has submitted the Phase 2 plans to the Virginia DMLR.

**Summary of any Significant Project Issues:**

The window(s) to remove the AML material within dry seasonal conditions will always pose engineering and operational challenges to the equipment operators. Remember, RCR’s removal of the AML material will create the subsequent void. The void must be created in order to backfill the void and create the new industrial site.

In addition to the extremely large scale of the project, adverse weather conditions and continuous “De-watering” of the AML Feature are the most difficult and significant Project issues.

**Describe AML features being reclaimed and/or nexus with AML lands and features associated with the project:**

The AML feature is a pre-1977 32 acre area that has approximately 507,000 cubic yards of fines currently resting directly adjacent to Dumps Creek and only a short distance to the Clinch River. The removal of this AML Material and backfilling with the described material will result in a 32 acre regional industrial park that will also be directly adjacent to a future regional industrial site comprising an additional 165 acres.

**How likely are the project partners to complete any work required beyond the reclamation project work?**

Both the Russell County IDA and RCR, LLC are committed to jointly pursuing additional development of the site and the recruitment of prospects.

**Provide description of anticipated outcomes relative to Economic Development and/or Community Development:**

* Create additional industrial site(s) for economic developers to market to new businesses. Prospective businesses search for industrial sites that offer the best options and most flexibility for their business, future growth, and supporting industry clusters that may choose to locate nearby. With Phase 2 delivering additional level area on the AML feature, the IDA will have a new industrial site that will have a broader appeal to a much wider market of prospective businesses.
* By adding Phase 2’s 174,000 cubic yards of additional backfill material, the AML feature will be further stabilized-and will add an additional layer of protection for Dumps Creek and the Clinch River. The end result will be-a highly desirable outcome for many interested business prospects.
* Add additional acreage to the Russell County IDA’s available industrial site product mix.
* Create new jobs and generate capital investment through new business prospects.
* Prospect activity for this site was referred to and being managed by the Office of The Governor of Virginia.

**How will these outcomes be measured?**

The areas that are specific to where Phase II will raise the height of elevations on the AML feature can be recognized through the new ATS map Attachment 3 – Phase II Map. These new areas where the elevation will be raised in height are where the IDA can create future building site areas. The new amount of backfill material placed in Phase 2 will make the AML feature more level and the IDA will have additional level acreage available for future building site areas. If the IDA chooses, they can market the Phase 2 area to a larger industrial client or to multiple smaller clients. The IDA will have enhanced flexibility with the new Phase 2 area that they can utilize to meet prospect requirements. The end result from the IDA’s perspective is larger or more buildings employing more people, with the County and State generating more revenue. Please referenced Attachment 7 - Phase 2 Deliverables which charts the Goals, Outcomes, and Measures also illustrates additional benefits that Phase 2 will deliver beyond the benefits of Phase 1.

The Scope of Work of Project Reclaim’s Phase 2 request will complement the ongoing reclamation of the AML feature for the benefit of the Russell County VA, IDA’s (IDA) development of this new regional industrial park. The addition of this 174,000 cubic yards of backfill material will create more future level building areas available to the IDA to attract new businesses.

The Project Reclaim Phase 2 request for an additional 174,000 cubic yards of backfill material added to the Phase 1 allowance of 333,000 of cubic yards of backfill material results in a combined total of 507,000 cubic yards of backfill material to be placed in the AML feature’s void.

The Phase 1 deliverable of creating a building pad area for one building site of 200’ x 500’ (+/- 2.3 acres) has been constructed. The remainder of the Phase 1 backfilling is for the proposed Phase 1 site’s parking and laydown yards. These areas are tiered and sloped on elevations from five feet to twenty feet below the Phase 1 Pad. Phase 2 development will bring the reclaimed AML acres up to the approximate grade of the currently installed pad.

The placement of Phase 2’s 174,000 cubic yards of backfill material will make the reclaimed AML acreage more level and will significantly enhance the IDA’s ability to develop additional future building sites. These additional future building areas created by Phase 2 will also enable the IDA to market this new level acreage to a broader universe and greater number of qualified economic development prospects.

This combined total of 507,000 cubic yards of backfill material is equal to the engineering firm of Appalachian Technical Services, Inc. (ATS) estimated quantity of AML material to be removed from the AML feature.

The placement of the combined 507,000 cubic yards of backfill material will result in the reclaimed AML feature being much more level with additional future building areas for the benefit of the IDA to market to new business prospects to this new regional industrial site.

The Project Reclaim Phase 2 request of an additional 174,000 cubic yards of backfill material placed within the AML void will:

\* Establish a more level elevation for future building site development

\* New level acreage will enhance economic development prospect activity

\* Respond and plan for active prospect’s future expansion

\* Additional layer of protection to Dumps Creek and the Clinch River PHASE

**Long-Term benefits to the local Economy and/or Community Development (Refer to the OSMRE AML Pilot Program Guidance Section III. ‘Economic and Community Development Nexus’ for example metrics for the benefits):**

This Phase 2 scope of work will reclaim one of southwest Virginia’s largest AML features. This feature rests directly adjacent to Dumps Creek and not too far from the Clinch River.

The new 32 acre site will create a new regional industrial park that will complement and leverage development of this site and directly adjacent lands making the new site one of region’s largest industrial sites able to host prospective businesses that have not previously considered locating in this community. The results of these economic benefits anticipate the creation of new jobs and investments.

The following chart will further summarize Projects Reclaim Phase 2’s **“Goals-Objectives-Outcomes”:**

|  |  |  |
| --- | --- | --- |
| **GOAL** | **OBJECTIVE** | **OUTCOME** |
| 1. Create more level acreage on AML site for future development | Backfill with an additional 174,000 cubic yard blend(s) of suitable material | Additional level acreage for industrial site development |
|  |  |  |
| 1. Allow greater flexibility for development of new regional industrial site | Elevation grades and slopes more desirable for business prospect’s use | Ability for Southwest Virginia’s Coalfields to compete in the review of site selection process |
|  |  |  |
| 1. Mold the new 32 acre site to leverage existing adjacent infrastructure | Tie-in 25k linear feet of NS rail siding, roads, bridges, access to water, and access to electricity infrastructure and electricity | Opportunity to market to new large industry clusters that heretofore were not considering southwest Virginia as a potential site |
| 1. Attract other site development investments, public and private | Utilize OSM AML Pilot Grants as all important “seed” investments to leverage other capital | OSM AML Pilot Grants will attract new capital investments |
| 1. Deliver 32 acre regional industrial site to the   Russell County IDA | Enhances region’s ability to become relevant in the highly comparative new industrial site selection process | With new premier regional industrial site; attract new jobs, generate private capital investment. |
| 1. Further minimize AML material residue from Dumps Creek and the Clinch River | Place additional backfill material within the AML void | Adds a significant additional layer of backfill material to further cap any remaining AML residue remaining within the AML Feature |

**For DMME Use Only:**

**Primary VA AML Project Contact:**

**AML Pilot Project Name:**

**Problem Area Number and Name:**

**Project Number(s):**

**Title IV AML grant funding (Amount and Status)**