



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

August 17, 2007

Pierce R. Homer
Secretary of Transportation

(804) 786-8032
Fax: (804) 786-6683
TTY: (800) 828-1120

MEMORANDUM

TO: The Honorable John H. Chichester
The Honorable Martin E. Williams
The Honorable Vincent F. Callahan, Jr.
The Honorable Harry R. Purkey
The Honorable Leo C. Wardrup, Jr.

FROM: Pierce R. Homer, Secretary of Transportation 

SUBJECT: Report on the Transportation Partnership Opportunity Fund

Pursuant to § 33.1-221.1:8 of the Code of Virginia, the Governor is required to submit semiannual reports on the Transportation Partnership Opportunity Fund (TPOF or Fund). This memorandum will constitute that report on behalf of Governor Kaine.

On February 1, 2007, I submitted the second semiannual report outlining the activities of the Fund. At that time, 6 applications had been submitted totaling \$64,800,000. One of the applications did not qualify for funding. Between that report and July 31, 2007, several inquiries regarding potential funding were received; however, no additional applications were submitted for consideration.

During this reporting period, the General Assembly, through Chapter 896 of the 2007 Acts of Assembly, appropriated an additional \$305 million to the program. These monies are exclusively targeted for the following projects.

- Capital Beltway High Occupancy Toll Lanes
- Route 58 Hillsville Bypass
- I-64/I-264 Interchange
- Route 50 widening in Loudoun and Fairfax Counties
- An updated Environmental Impact Statement for Route 17 – Eastern Bypass in Frederick County
- Norfolk and Southern Corporation Right-of-Way located between Newtown Road and the oceanfront

The Commonwealth will negotiate the individual funding support to any of these projects as a part of the Public-Private Transportation Act or design-build contract negotiations.

The Honorable John H. Chichester
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The Honorable Leo C. Wardrup, Jr.
August 17, 2007
Page Two

The remaining five applications have been considered by the TPOF Advisory Panel, transmitted to the Secretary of Transportation and the Secretary of Commerce and Trade and have been awarded funding by the Governor.

The following identifies the recipients and the awards made from the Fund, along with their current status:

- State Route 28 Highway Transportation Improvement District Commission – completion of the 4 remaining interchanges associated with the Route 28 Corridor Improvements in Loudoun and Fairfax counties. Initially, the Commission applied for a \$30 million loan and was awarded an interest-free loan in an amount not to exceed \$25 million. Following the award of the \$25 million loan, the Commission submitted a revised application for \$25 million in grants. They were then awarded a \$5 million grant and an interest-free loan in an amount of up to \$20 million. Financing agreements were executed with the Commission for both the grant and the loan. The entire \$5 million grant has been disbursed and expended. In June 2007, the Commonwealth Transportation Board (CTB) allocated an additional \$23,936,772 in various transportation funding to the project. Provisions were included in the loan's financing agreement that allowed future contributions made by or on behalf of the Commonwealth to be substituted for any TPOF loan commitment not requisitioned by the Commission. At the time of the CTB's action none of the \$20,000,000 had been requisitioned. Therefore, VDOT has initiated the process to rescind the loan and these monies will eventually be available for future applications.
- Virginia Department of Transportation – U. S. Route 460 Coalfields Expressway and Coalfields Connector projects in Buchanan, Dickenson and Wise counties. A \$2 million grant for preliminary engineering activities in partnership with Pioneer Group, Inc. and Alpha Natural Resources LLC. The coal companies have met their first phase deliverables for the project and grant monies are being disbursed based on their documented expenses.
- Fluor Virginia Inc. and Transurban (USA) Development Inc. – I-95/I-395 Bus Rapid Transit/High Occupancy Toll Lanes in Spotsylvania, Stafford, Prince William and Fairfax counties. The team requested a \$20 million loan for certain activities associated with the project. A \$10 million, interest-free loan was awarded to the team to be used for environmental, permitting and some preliminary engineering activities for the northern phase (Quantico Creek to 14th Street Bridge) of the project. The team has the option of requesting a second \$10 million loan at the time the initial loan is amortized. A financing agreement is being finalized and negotiations are continuing with the team regarding the financing and other issues surrounding the project. A transaction is expected to be finalized during the remainder of 2007. The \$10 million is to be disbursed in a lump sum at the time of loan closing.

The Honorable John H. Chichester
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August 17, 2007
Page Three

- City of Newport News – transportation improvements associated with the Wolseley North America Headquarters economic development project within the City. The City applied for and was awarded a \$2.7 million grant to undertake transportation improvements to accommodate the increase in traffic expected as a result of the economic development project. The project will also improve traffic flow and access in the general vicinity of the Newport News/Williamsburg International Airport. Execution of a financing agreement with the City is expected to occur once all details have been finalized between the state, the City and Wolseley.
- Town of Leesburg – a 0.7 mile segment of Battlefield Parkway connecting Route 7 to the north and Kincaid Boulevard to the south. The Town requested and has been awarded a \$5,000,000 grant to eliminate a funding shortfall associated with the \$35,000,000 project and complete a financing package with other local, state and federal monies. The project will provide relief in an area of the Town that includes the Dulles Greenway, the Route 7/15 Bypass and Route 7 and is experiencing rapid growth. The CTB has approved the award of a design-build contract for delivery of the project. A draft grant agreement is under consideration by the parties and execution is expected within the next 30 days. Disbursement of the grant proceeds will then commence.

The original capitalization of the Fund was for \$50 million and the available monies have been prudently awarded based on recommendations of the TPOF Advisory Panel; thus ensuring that the limited amount of monies would be available to as many eligible projects as possible. Without partially funding the initial applications, monies would not have been available to provide the City of Newport News with the funds needed to complete the financing package for the economic development project or to assist the Town of Leesburg with their highest priority transportation project.

The Fund continues to be one of many tools available to market the Commonwealth to prospective economic development clients and to assist in developing important public-private partnerships to advance much needed transportation improvements. The additional \$305 million provided in 2007 will allow other critical transportation and transit projects to proceed, and, the \$20,000,000 that will be returned from the Route 28 project will permit the Fund to consider other eligible projects; however, a sustainable source of funding for TPOF's continuing capitalization is a critical need.

Please let me know if I can provide additional information regarding these projects or the use of the Fund.

Copy: The Honorable Patrick O. Gottschalk