



# COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475  
Richmond, Virginia 23218

Pierce R. Homer  
Secretary of Transportation

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

July 29, 2008

## MEMORANDUM

**TO:** The Honorable Charles J. Colgan  
The Honorable Yvonne B. Miller  
The Honorable Lacey E. Putney  
The Honorable Harry R. Purkey  
The Honorable Joe T. May

**FROM:** Pierce R. Homer, Secretary of Transportation *PH*

**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.

Capitalization for the Fund has come through a FY 2006 general fund appropriation of \$50,000,000 and \$305,000,000 made available through Chapter 896 of the 2007 Acts of Assembly. The \$50,000,000 may be used for any eligible applicant and project, while the \$305,000,000 is exclusively targeted for specific projects. The remainder of this report focuses on the use of the initial \$50,000,000. Attachment #1 to the report will provide a brief summary and overview of the use of the \$305 million.

For the period ending December 31, 2007, I submitted the fourth semiannual report outlining the activities of the Fund. At that time, 7 applications had been submitted totaling \$64,800,000. One of the applications did not qualify for funding. Between that report and June 30, 2008, the following requests for assistance from the Fund were received; a brief status is also provided.

- An application requesting up to \$10,000,000 in grant assistance for the Rockhouse section of the U. S. Route 460 Coalfields Expressway and Coalfields Connector project. The Virginia Department of Transportation (VDOT) applied for the assistance, but as with the Hawk's Nest section discussed below, negotiations are underway with Pioneer Group, Inc., the second private partner delivering portions of the project, whereby they may end up being the recipient. A \$5,000,000 grant for FY 2008 was awarded by the Governor for this segment. Consideration and action for a second \$5,000,000 grant is conditioned upon certain provisions being met with the initial \$5,000,000 grant.

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- A request for up to \$10,000,000 in financial assistance for the U. S. Route 460 Coalfields Expressway and Coalfields Connector project for the Hawk’s Nest section of the project. Currently VDOT is the applicant; however, activities are underway whereby Alpha Natural Resources, LLC, one of the private partners delivering the project, may ultimately be the recipient. A \$5,000,000 grant for FY 2008 was awarded by the Governor for this segment. Consideration and action for a second \$5,000,000 grant is conditioned upon certain provisions being met with the initial \$5,000,000 grant.
- The County of Prince George (County) submitted 2 applications, each requesting \$5,000,000 in TPOF grant assistance, for the on-site and off-site transportation improvements associated with the Rolls-Royce economic development project locating in the County. The Governor has awarded the assistance as requested.
- The County of Rockingham submitted an application requesting \$4,890,938 in grant assistance to complete a financing package for the Southeast Connector. The application is pending consideration by the TPOF Advisory Panel.

Several additional inquiries regarding potential funding were received; however, no further applications were submitted for consideration.

The table below summarizes the awards to date and the remaining balance from the initial capitalization.

Initial Capitalization	<u>\$50,000,000</u>		
Awards			
Rt. 28 HTIDC	\$ 5,000,000	Grant	PPTA Project
VDOT – CFX and Connector	\$ 2,000,000	Grant	PPTA Project
City of Newport News IDA	\$ 2,700,000	Grant	Economic Development Project
Town of Leesburg	\$ 5,000,000	Grant	Design-Build Project
VDOT – CFX #2	\$10,000,000	Grant	PPTA Project
County of Prince George	\$10,000,000	Grant	Design-Build & Economic Development Project
Total Awards	<u>\$34,700,000</u>		
Balance	\$15,300,000		
Interest Earnings	<u>\$ 5,757,844</u>		
Available For Award	\$21,057,844		

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

- State Route 28 Highway Transportation Improvement District Commission (Commission) – completion of the 4 remaining interchanges associated with the Route 28 Corridor Improvements in Loudoun and Fairfax counties. Ultimately, the Commission was 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 included in the loan’s financing agreement allowed future contributions made by or on behalf of the Commonwealth to be substituted for any TPOF loan commitment not requisitioned by the Commission. The loan has been rescinded and those monies returned 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 was applied for and awarded for preliminary engineering activities in partnership with Pioneer Group, Inc. and Alpha Natural Resources LLC. The coal companies have met their third and final phase of 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 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 14<sup>th</sup> Street Bridge) of the project. However, due to TPOF’s statutory requirements, the loan could not be executed in accordance with the business agreement between VDOT and Fluor-Transurban. In lieu of the TPOF loan, the CTB approved a \$10,000,000 loan from the State Infrastructure Bank. The TPOF monies have been freed up and are available for future applications.

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- City of Newport News (City) – 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 could occur once all details have been finalized between the state, the City and Wolseley.
- Town of Leesburg (Town) – a 0.7 mile segment of Battlefield Parkway connecting Route 7 to the north and Kincaid Boulevard to the south. The Town requested and was 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 is providing 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. A grant agreement has been executed with the Town and the \$5,000,000 has been fully disbursed to the project.
- Virginia Department of Transportation – U. S. Route 460 Coalfields Expressway and Coalfields Connector projects in Buchanan, Dickenson and Wise counties. Two separate \$5,000,000 grants have been awarded to VDOT; one for the Hawks Nest section and one for the Rockhouse section of the U. S. Route 460 Coalfields Expressway and Coalfields Connector project.
- County of Prince George (County) – The County has been awarded two \$5,000,000 grants, one for the on-site transportation improvements and one for the off-site transportation improvements associated with the Rolls-Royce economic development project locating in the County. The first \$5,000,000 is anticipated to be made available to the County in February 2009 and the second \$5,000,000 in August 1, 2010 to assist with financing these improvements.

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As I have pointed out previously and evidenced by this and the previous reports, 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. In order for TPOF to remain a viable source of financial assistance for these types of projects, 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

Attachment

Attachment #1  
Report on the Transportation Partnership Opportunity Fund  
Chapter 896 of the 2007 Acts of Assembly  
Item 449.10 - \$305,000,000 Appropriation

The following award was made by Governor Kaine during the past reporting period from the \$305,000,000 made available to TPOF. A brief status is also included.

- Route 50 Widening (Poland Road to Lee Road) - \$14,721,767 in grant monies. These monies will assist in completing funding for the widening of U. S. Route 50 in Fairfax County. The grant monies have been allocated to the project in the Six Year Improvement Plan.

The following two projects previously received awards by Governor Kaine.

- I-495 Capital Beltway High Occupancy Toll Lanes - \$157,207,586 in grant monies. These funds constitute a part of the Commonwealth of Virginia's financial package to support construction of key components of the project. The entire amount has been disbursed to the project.
- Route 58 Hillsville Bypass - \$77,000,000 in grant monies. The monies will assist in completing a funding package for the construction of the project. The project is under construction and disbursement of the monies is expected to begin during the first quarter of Fiscal Year 2009.

During the 2008 General Assembly session, language in the 2006 -2008 biennium budget was amended to include the I-295/Meadowville Interchange Project in the listing of projects to be funded from the \$305 million.

The remaining projects identified for funding through the \$305 million follow.

- I-64/I-264 Interchange
- Norfolk and Southern Corporation Right-of-Way located between Newtown Road and the oceanfront
- I-295/Meadowville Interchange

The City of Virginia Beach has requested \$15,000,000, from the \$305,000,000 to assist in the purchase of the Norfolk and Southern Corporation Right-of-Way located between Newtown Road and the oceanfront.

The County of Chesterfield has submitted an application requesting consideration for grant funding from these and other monies to assist with the construction of the interchange.

The Commonwealth will consider these remaining grant requests as a part of the Public-Private Transportation Act or design-build contract negotiations.

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The updated Environmental Impact Statement for Route 17 – Eastern Bypass in Frederick County, another project targeted for a portion of the \$305,000,000, has been determined not to qualify for the TPOF funds. However, other state funds, sufficient to complete the work, have been allocated in the state’s Six-Year Improvement Plan.

The following table summarizes the awards from the \$305,000,000 appropriation

Initial Capitalization	<u>\$305,000,000</u>
Awards	
U.S. Route 58 – Hillsville Bypass	\$ 77,000,000 Grant PPTA Project
I-495 Capital Beltway HOT Lanes	\$157,207,586 Grant PPTA Project
U. S. Route 50 – Fairfax County	\$ 14,721,767 Grant Design-Build Project
 Total Awards	 <u>\$248,929,353</u>
 Balance	 \$ 56,070,647