



# COMMONWEALTH of VIRGINIA

Office of the Governor

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January 29, 2009

## 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 *Pierce Homer*

**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 June 30, 2008, I submitted the fifth semiannual report outlining the activities of the Fund. At that time, 12 applications had been submitted totaling \$99,890,938. One of the applications did not qualify for funding. Between that report and December 31, 2008, the following requests for assistance from the Fund were received; a brief status is also provided.

- The Virginia Department of Transportation (VDOT) submitted an application for the \$5,000,000, FY 2009 portion of the \$10,000,000 previously requested for the Rockhouse section of the U. S. Route 460 Coalfields Expressway project. The application is pending consideration by the TPOF Advisory Panel. These monies are to be used with the previously awarded, \$5,000,000, FY 2008 grant, to complete improvements to this section.
- VDOT also submitted an application for the \$5,000,000, FY 2009 portion of the \$10,000,000 previously requested for the Hawks Nest section of the U. S. Route 460 Coalfields Expressway project. The application is pending consideration by the TPOF Advisory Panel. These monies are to be used with the \$5,000,000, FY 2008 grant previously awarded and under agreement to complete the improvements to this section.

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- An application requesting \$5,000,000 in grant assistance from the City of Newport News to support transportation improvements associated with the economic development expansion project being undertaken by Canon Virginia, Inc. 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>\$ 6,733,179</u>		
Available For Award	\$22,033,179		

The following identifies the recipients, the awards made and one pending award 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 and financing agreements were executed for a \$5 million grant and an interest-free loan in an amount of up to \$20 million. 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

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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. Most of the activity associated with this grant is now complete.
- 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 were returned for future applications.
- 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. However, due to the decline in the national and global economy, Wolseley North America has suspended plans for the expansion project in Newport News. As a result, the City has recently requested that the grant award for the \$2.7 million be rescinded. Pending action to formally rescind this award, these funds will be freed up and available for future applications.
- 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 was executed with the Town and the \$5,000,000 has been fully disbursed.

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- Virginia Department of Transportation – U. S. Route 460 Coalfields Expressway Project (CFX) in Buchanan, Dickenson and Wise counties. VDOT requested up to \$10,000,000 in financial assistance for the Hawks Nest section of the project. 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. A Grant Agreement has been executed for the \$5,000,000 in FY 2008 assistance for the Hawks Nest section and those funds are being disbursed. As noted, the FY 2009 funding is pending consideration by the TPOF Advisory Panel.
- Virginia Department of Transportation – U. S. Route 460 CFX Project in Buchanan, Dickenson and Wise counties. VDOT requested up to \$10,000,000 in grant assistance for the Rockhouse section of the CFX. 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 grant. VDOT is currently negotiating an amendment to an existing agreement with the private partner for the Rockhouse section. Following execution of the amendment, an agreement will be entered into for the \$5,000,000 in FY 2008 assistance for this section. As noted, the FY 2009 funding is pending consideration by the TPOF Advisory Panel.
- 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. Separate Grant Agreements have been finalized and signed by the County. The signature pages are currently with VDOT to complete these transactions. 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 2010.

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

No awards were made by Governor Kaine during the past reporting period from the \$305,000,000 made available to TPOF.

The following three 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 TPOF monies has begun.
- 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 Program.

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 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. However, due to issues with negotiating a sale price and other matters that have arisen, the application is currently being revised.

The County of Chesterfield submitted an application requesting consideration for funding from these and other monies to assist with the construction of the I-295/Meadowville interchange. Due to a funding gap the County is now proposing a reduced scope project to fit with the funding available, and a revised application is being submitted for consideration.

The Commonwealth will negotiate the individual funding support for these remaining projects 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, were allocated in the state’s Six-Year Improvement Program.

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