



COMMONWEALTH of VIRGINIA

Office of the Governor

Sean T. Connaughton
Secretary of Transportation

July 27, 2012

MEMORANDUM

TO: The Honorable Walter A. Stosch
The Honorable Stephen D. Newman
The Honorable Lacey E. Putney
The Honorable Harry R. Purkey
The Honorable Joe T. May

FROM: Sean T. Connaughton, Secretary of Transportation

SUBJECT: Report on the Transportation Partnership Opportunity Fund

Pursuant to Section 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 the "Fund"). This memorandum and related Attachment will constitute that report on behalf of Governor McDonnell for the period ending June 30, 2012.

To date, capitalization for the Fund has come from the following:

- \$23,600,000 and \$26,400,000 from the Toll Facility Revolving Account and from the Highway Construction Fund, respectively, pursuant to Chapter 847 of the Acts of Assembly of 2005;
- \$305,000,000 pursuant to Chapter 896 of the Acts of Assembly of 2007; and,
- \$50,000,000 made available July 1, 2011 from the Commonwealth Transportation Fund pursuant to Item 452 H. of Chapter 890 of the Acts of Assembly of 2011.

The \$305,000,000, as outlined by Chapter 896 of the 2007 Acts of Assembly, is targeted for specific projects while the other \$100,000,000 may be used for any eligible applicant and project. The body of this report focuses on the use of the \$100,000,000. The Attachment to the report provides a brief summary and overview on the use of the \$305,000,000 to date.

For the period ending December 31, 2011, the twelfth semiannual report was submitted outlining the activities of the Fund. At that time, twenty-four applications, representing nineteen separate projects, had been submitted requesting a total of \$155,602,500 in assistance, with \$68,411,912 in awards approved by the Governor

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During this reporting period of January 1, 2012 to June 30, 2012, the TPOF program experienced the following activity:

- In late September 2011, the TPOF Advisory Panel (the “Panel”) considered the County of Rockingham’s second application, dated June 7, 2011, requesting a \$5,000,000 grant for the Southeast Connector project. The Panel recommended an award of the \$5,000,000 grant, conditioned upon the successful completion of various fund transfers to complete the funding package for the project. In April 2012, the Virginia Department of Transportation (“VDOT or the “Department”) completed action on the transfers with support from the locality. In May 2012, the Panel concurred with the award documents going forward to the Governor; and on June 5, 2012, the Governor executed the decision brief. A grant agreement is currently being negotiated and is expected to be in place August 1, 2012.
- The County of Prince William submitted two applications, both dated February 7, 2012, requesting a total of \$4,978,062 in grant assistance to be used for transportation improvements associated with the United States Marine Corps Heritage Center. One application requested a \$2,242,350 grant to finance enhancements to U.S. Route 1 and other improvements at the intersection with the new, southern access point at Heritage Center Parkway. The second application requested a \$2,735,712 grant to fund an extension to Heritage Center Parkway and create the southern access point. The Panel considered the applications, recommended approval of the requests and the Governor awarded the two grants on June 5, 2012. A grant agreement between is currently being negotiated and is expected to be in place August 15, 2012.
- A grant agreement, dated March 1, 2012, was entered into between the Department and the City of Winchester for the \$4,984,500 grant awarded December 20, 2011 by the Governor for the transportation improvements associated with the expansion of the Rubbermaid Commercial Products’ existing operation.

With the close of this reporting period, twenty-six applications, representing twenty-one separate projects, have been submitted requesting a total of \$160,580,912 in TPOF assistance, with \$78,389,974 in awards approved by the Governor.

Please review the attached details. The Fund continues to be one of many tools available to market the Commonwealth to prospective economic development clients, to assist in developing

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important public-private partnerships and to advance much needed Design-Build procured transportation improvements. 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 Jim Cheng

Attachment

Semiannual Report on the Transportation Partnership Opportunity Fund Activity/Award Details to Date

The following identifies the recipients, the projects and the awards made, and actions taken from TPOF, along with their current status:

Awards/Projects with Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Grant Amount</u>	<u>Status</u>
State Route 28 Highway Transportation District Commission	Rt. 28 Corridor Improvements	Loudoun and Fairfax Counties	\$ 5,000,000	Grant fully disbursed.
VDOT	Coalfields Expressway	Buchanan, Wise and Dickenson Counties	2,000,000	Grant amended in April 2010 and additional work is ongoing.
Town of Leesburg	Battlefield Parkway	Town of Leesburg	5,000,000	Grant fully disbursed.
VDOT 2 - \$5,000,000 Grants	Coalfields Expressway – Hawks Nest Section	Buchanan, Wise and Dickenson Counties	10,000,000	Work essentially complete; first grant fully disbursed, second in final stages of being disbursed.
County of Prince George 2 - \$5,000,000 Grants	Rolls-Royce Economic Development Project	County of Prince George	10,000,000	Grants fully disbursed. Investment of \$100 million and 170 jobs.
City of Newport News	Canon Virginia, Inc. Economic Development Project	City of Newport News County of Gloucester	5,000,000	Grant amended in April 2011 and work is ongoing. Investment of \$623 million and 1,035 jobs.
County of Accomack	Mid-Atlantic Regional Spaceport (MARS) – Orbital Sciences Corp.	County of Accomack	3,427,412	Work underway and grant being disbursed. Investment of \$45+ million and 500 jobs.
Virginia Commercial Space Flight Authority (VCSFA) 2 - \$5,000,000 Grants	MARS	County of Accomack	<u>10,000,000</u>	Work underway and both grants are being disbursed. Investment of \$45+ million and 500 jobs.
Page Total			<u>\$50,427,412</u>	

Awards/Projects with Financial Close – Continued

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Grant Amount</u>	<u>Status</u>
County of Loudoun	Pacific Boulevard	County of Loudoun	\$ 3,000,000	Work underway and grant fully disbursed.
City of Winchester	Monticello Drive Extension Rubbermaid Products Economic Development Project	City of Winchester	<u>4,984,500</u>	Work underway, no grant monies requisitioned to date. Investment of \$76+ million and 71 jobs.
		Page Total	<u>\$ 7,984,500</u>	
		Financial Close Total	<u>\$58,411,912</u>	

Awards/Projects Pending Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Grant Amount</u>	<u>Status</u>
County of Prince William \$2,242,350 Grant \$2,735,712 Grant	USMC Heritage Center Transportation Improvements	County of Prince William	\$ 4,978,062	Grant agreement under review by parties and expected to be completed by August 15, 2012.
County of Rockingham June 11, 2011 Application	Harrisonburg Southeast Connector	County of Rockingham	5,000,000	Grant agreement under review by parties and expected to be completed by August 1, 2012.
VDOT 2 - \$5,000,000 Grants	Coalfields Expressway and U.S. Route 460 Connector	Buchanan, Wise and Dickenson Counties	<u>10,000,000</u>	Grant agreements pending amendment to the PPTA agreement with private partners.
		Total	<u>\$19,978,062</u>	

Awards/Projects Unable to Reach Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>Status</u>
Fluor Virginia, Inc. and Transurban USA Development, Inc.	I-95/1-395 HOT Lanes	Counties of Spotsylvania, Stafford, Prince William and Fairfax	\$10,000,000	Loan – Conflict with business agreement and TPOF statute. SIB loan approved for project.
City of Newport News	Wolseley Economic Development Project	City of Newport News	2,700,000	Grant – Decline in economy suspended plans for expansion.
VDOT 2 - \$5,000,000 Grants	Coalfields Expressway	Counties of Buchanan, Wise and Dickenson	<u>10,000,000</u>	Grant – Unable to achieve FHWA approval of project and funds rescinded.
		Total	<u>\$22,700,000</u>	

Application/Project Not Receiving Award

<u>Applicant</u>	<u>Project</u>	<u>Location</u>	<u>Grant Amount</u>	<u>Status</u>
County of Rockingham May 21, 2008 Application	Southeast Connector	County of Rockingham	\$ 4,980,938	Project denied award to due to adjusted priorities for the County.

Applications/Projects Not TPOF Eligible

<u>Applicant</u>	<u>Project</u>	<u>Location</u>	<u>Grant Amount</u>	<u>Status</u>
Virginia Port Authority	Western Freeway Rail Relocation	State of Virginia	\$ 4,800,000	Project did not meet Transportation or Economic Development Evaluation Criteria.
Holliday Properties	Capital Region Center	County of Hanover	5,000,000	Several statutory conflicts with applicant and project.
The Olde Dominion Agriculture Foundation, Inc.	Olde Dominion Ag Complex	County of Pittsylvania	<u>300,000</u>	Several statutory conflicts with applicant and project. Other funding identified for project.
		Total	<u>\$10,100,000</u>	

The table below summarizes the awards to date and the remaining balance from the \$100 million in capitalization as of June 30, 2012.

Capitalizations			
July 1, 2006	\$ 50,000,000		
July 1, 2011	50,000,000		
Interest Earnings	10,039,783		
Total Funding Available	\$110,039,783		
<u>Awards</u>		<u>Type of Assistance and Eligibility</u>	
Rt. 28 HTIDC	5,000,000	Grant	PPTA Project
VDOT - CFX	2,000,000	Grant	PPTA Project
Town of Leesburg	5,000,000	Grant	Design-Build Project
VDOT – CFX (Hawks Nest)	10,000,000	Grants	PPTA Project
VDOT – CFX (CFX/Connector Int.)	10,000,000	Grants	PPTA Project
County of Prince George	10,000,000	Grants	Economic Development
City of Newport News	5,000,000	Grant	Economic Development
County of Loudoun	3,000,000	Grant	Design-Build Project
County of Accomack	3,427,412	Grant	Economic Development
Virginia Comm. Space Flight Authority	10,000,000	Grants	Economic Development
City of Winchester	4,984,500	Grant	Economic Development
County of Rockingham	5,000,000	Grant	Design-Build Project
County of Prince William	4,978,062	Grants	Design-Build Project
Total Awards	\$ 78,389,974		
Reductions *	832,763		
Available for Award	\$ 30,817,046		

* FY 2009-2011 Indirect Costs and Governor's FY 2010 Operational Efficiencies Reductions

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

Through Item 449.10 of Chapter 847 of the Acts of Assembly of 2007, \$305,000,000 was allotted to TPOF out of the \$500,000,000 for the 2007 Transportation Initiative (the “Initiative”) projects.

In 2008, the General Assembly, through Item 462 of Chapter 879 of the Acts of Assembly of 2008, reappropriated \$180,000,000 of the \$500,000,000 back to the Commonwealth of Virginia’s General Fund. To substitute for these monies, Item 459.H. of Chapter 879 of the Acts of Assembly of 2008 authorized the issuance of \$180,000,000 of Capital Project Revenue bonds.

During this reporting period, there was no activity with the Initiative projects.

The following are TPOF’s Initiative projects receiving awards and their status:

<u>Project</u>	<u>Grant Amount</u>	<u>Location</u>	<u>Status</u>
I-495 Capital Beltway HOT Lanes	\$157,207,586	Northern Virginia	Grant fully disbursed.
Route 58 Hillsville Bypass	77,000,000	Town of Hillsville	Project in final phases of completion and grant funds being applied to project expenditures.
Route 50 Widening	14,721,767	County of Fairfax	Project is underway and grant funds will be applied to project expenditures as they are incurred.
Norfolk Southern Corporation – Right-of-Way Acquisition	20,000,000	City of Virginia Beach	Grant fully disbursed.
I-295/Meadowville Interchange	<u>5,000,000</u>	County of Chesterfield	Project complete and grant funds fully applied to project expenditures.
Total	<u>\$273,929,353</u>		

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

The remaining projects identified for funding through the 2007 Initiative and their respective status follows:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Environmental Impact Statement (EIS) for Route 37 – Eastern Bypass	County of Frederick	Project determined not to qualify for TPOF and other funds identified to perform EIS.
I-64/I-264 Interchange	City of Virginia Beach	Mutual agreement reached between City and Secretary of Transportation to fund the NSC ROW acquisition at \$20,000,000 and not the I-64/I-264 Interchange.

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

Capitalization	\$ 305,000,000	
Awards		Type of Assistance and Eligibility
I-495 Capital Beltway HOT Lanes	157,207,586	Grant PPTA Project
U. S. Route 58 – Hillsville Bypass	77,000,000	Grant PPTA Project
U. S. Route 50 Widening	14,721,767	Grant Design-Build Project
City of Virginia Beach	20,000,000	Grant Per FTA Requirements
County of Chesterfield	5,000,000	Grant Design-Build Project
Total Awards	\$ 273,939,353	
Authorization Balance	\$ 31,070,647	