



COMMONWEALTH of VIRGINIA

Office of the Governor

Sean T. Connaughton
Secretary of Transportation

January 31, 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 Fund). This memorandum will constitute that report on behalf of Governor McDonnell for the period ending December 31, 2011.

To date, capitalization for the Fund has come from monies designated in 2006 from the Toll Facility Revolving Account (\$23,600,000) and from the Highway Construction Fund (\$26,400,000); \$305,000,000 made available through Chapter 896 of the Acts of Assembly of 2007; and, \$50,000,000 made available July 1, 2011 from the Commonwealth Transportation Fund. The \$305,000,000 provided 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. This report focuses on the use of the \$100,000,000. Attachment #1 to the report provides a brief summary and overview on the use of the \$305,000,000 to date.

For the period ending June 30, 2011, the eleventh semiannual report was submitted outlining the activities of the Fund. At that time, twenty-one applications, representing seventeen (17) separate projects, had been submitted requesting a total of \$140,618,350 in assistance, with \$53,427,412 in awards approved by the Governor.

During this reporting period of June 30, 2011 to December 31, 2011, the TPOF program experienced the following activity:

- The program received \$50,000,000 recommended by Governor McDonnell and approved by the General Assembly during the 2011 General Assembly session.

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- The Secretary of Commerce and Trade's office informed staff that it was no longer necessary to reserve the \$2,500,000 being held for the City of Waynesboro for potential use with the Polymer Group Incorporated's economic development expansion project. This funding has been released back to the general pool of TPOF monies.
- On July 21, 2011, the Virginia Commercial Space Flight Authority (VCSFA) submitted an application requesting a \$5,000,000 grant to be used to complete the final phase of the overall infrastructure development of Launch Pad 0A and its associated Liquid Fueling Facility at the Wallops Flight Facility's Mid-Atlantic Regional Spaceport (MARS). The TPOF Advisory Panel (Panel) considered the application, recommended approval of the request and the Governor awarded the grant on September 15, 2011. A grant agreement, dated October 1, 2011 has been entered into between the Virginia Department of Transportation (Department or VDOT) and the VCSFA.
- In August, the Governor approved the rescission of two, previous \$5,000,000 grant awards made to the Department's Bristol District for the Rockhouse section of the Coalfields Expressway; and, approved the award of two \$5,000,000 grants, to finance work associated with the interchange located at the junction of the Coalfields Expressway and the U. S. Route 460 Connector, Phase II, Corridor Q section. The rescission and these awards were recommended by the Advisory Panel.
- The VCSFA, on September 7, 2011, submitted a second application requesting an additional \$5,000,000 grant to be used for the completion of the Liquid Fueling Facility system associated with Launch Pad 0A at MARS. The Panel considered the application, recommended approval of the request and the Governor awarded the grant on November 14, 2011. A second grant agreement, dated December 1, 2011 has been entered into between VDOT and the VCSFA.
- In late September, 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. The Department is currently taking steps to complete the transfers; following this action, a decision brief will be presented to the Governor for his action.

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- The City of Winchester (City) submitted an application dated October 18, 2011 requesting a \$4,984,500 grant to finance transportation improvements associated with the Rubbermaid Commercial Products' economic development expansion project in the City. The TPOF Advisory Panel (Panel) considered the application, recommended approval of the request and the Governor awarded the grant on December 20, 2011. The City and VDOT are in process of entering into a grant agreement for the funds.

With the close of this reporting period, twenty-four applications, representing nineteen separate projects, have been submitted requesting a total of \$155,602,850 in TPOF assistance, with \$68,411,912 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 and to assist in developing important public-private partnerships to advance much needed 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 the initial TPOF capitalization, along with their current status:

Awards/Projects with Financial Close

Recipient	Project	Location	Grant Amount	Status
State Route 28 Highway Transportation District Commission	Rt. 28 Corridor Improvements	Loudoun and Fairfax Counties	\$ 5,000,000 Grant	Grant fully disbursed.
VDOT	Coalfields Expressway	Buchanan, Wise and Dickenson Counties	\$ 2,000,000 Grant	Grant amended in April 2010 and additional work is ongoing.
Town of Leesburg	Battlefield Parkway	Town of Leesburg	\$ 5,000,000 Grant	Grant fully disbursed.
VDOT 2 - \$5,000,000 Grants	Coalfields Expressway – Hawks Nest Section	Buchanan, Wise and Dickenson Counties	\$10,000,000 Grants	Work complete; both grants 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	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	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 Grant	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	\$10,000,000 Grant	Work underway and both grants are being disbursed. Investment of \$45+ million and 500 jobs.
Total			\$50,427,412	

Awards/Projects Pending Financial Close

Recipient	Project	Location	Grant Amount	Status
County of Loudoun	Pacific Boulevard	County of Loudoun	\$ 3,000,000 Grant	Grant agreement being executed by parties. Grant to be disbursed in full following execution.
VDOT 2 - \$5,000,000 Grants	Coalfields Expressway and U.S. Route 460 Connector	Buchanan, Wise and Dickenson Counties	\$10,000,000 Grants	Grant agreement pending amendment to the PPTA agreement with private partners.
City of Winchester	Rubbermaid Commercial Products Economic Development project	City of Winchester	\$ 4,984,500 Grant	Grant agreement drafted and undergoing review; execution of agreement anticipated in February 2012.
Total			\$17,984,500	

Awards/Projects Unable to Reach Financial Close

Recipient	Project	Location	Amount	Status
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	Buchanan, Wise and Dickenson Counties	\$10,000,000 Grants	Unable to achieve FHWA approval of project and funds rescinded.
Total			\$22,700,000	

Application/Project Not Receiving Award

Recipient	Project	Location	Amount	Status
County of Rockingham	Southeast Connector	County of Rockingham	\$4,980,938 Grant	Project denied award to due to adjusted priorities for the County
Total			\$4,980,938	

Applications/Projects Not TPOF Eligible

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

The table below summarizes the awards to date and the remaining balance from the \$100 million in capitalization available for any eligible applicant and project and interest earnings on the Fund, as of December 31, 2011.

Capitalizations		
July 1, 2006	\$ 50,000,000	
July 1, 2011	\$ 50,000,000	
Interest Earnings	<u>\$ 9,494,836</u>	
Total Funding Available	\$109,494,836	
Awards		
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 Commercial Space Flight Authority	\$10,000,000	Grants Economic Development
City of Winchester	<u>\$ 4,984,500</u>	Grant Economic Development
Total Awards	<u>\$ 68,411,912</u>	
Balance	\$ 41,082,924	
Reductions *	\$ 832,763	
Awards Pending (Rockingham)	<u>\$ 5,000,000</u>	
Total Reductions and Awards Pending	<u>\$ 5,832,763</u>	
Available for Award	\$ 35,250,161	
* FY 2009-2011 Indirect Costs and Governor’s FY 2010 Operational Efficiencies Reductions		

Attachment #1
 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 (Initiative).

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 (CPR) 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:

Project	Grant Amount	Location	Status
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	\$ 5,000,000	County of Chesterfield	Project complete and grant funds fully applied to project expenditures.
Total	\$273,929,353		

Attachment #1
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The remaining projects identified for funding through the 2007 Initiative and their respective status follows:

Project	Location	Status
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		
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	