



COMMONWEALTH of VIRGINIA

Office of the Governor

Shannon Valentine
Secretary of Transportation

February 21, 2018

MEMORANDUM

TO: The Honorable Charles W. Carrico, Sr.
The Honorable Emmett W. Hanger, Jr.
The Honorable S. Chris Jones
The Honorable Thomas K. Norment, Jr.
The Honorable R. Lee Ware, Jr.
The Honorable David E. Yancey

FROM: Shannon R. Valentine, Secretary of Transportation

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SUBJECT: Report on the Transportation Partnership Opportunity Fund

Pursuant to Section §33.2-1529.1 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 the related attachment will constitute that report on behalf of Governor Northam for the period ending December 31, 2017.

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 951 of the Acts of Assembly of 2005;
- \$305,000,000 pursuant to Chapter 847 of the Acts of Assembly of 2007 and Chapter 780 of the Acts of Assembly of 2016;
- \$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.
- House Bill 1887, effective July 1, 2015 provides the TPOF with one-third of all interest, dividends, and appreciation that may accrue to the Transportation Trust Fund and the Highway Maintenance and Operating Fund.

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The \$305,000,000, as outlined by Chapter 847 of the 2007 Acts of Assembly and Chapter 780 of the 2016 Acts of Assembly, is targeted for specific projects while the remaining \$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, interest earnings to the fund and the dedicated revenue beginning in 2015. The attachment provides a brief summary and overview of the fund in its entirety as of December 31, 2017.

At the end of the previous reporting period, ending June 30, 2017, thirty-eight applications, representing twenty-nine separate projects, had been submitted requesting a total of \$202,723,682 in assistance, with approved awards totaling \$110,750,115. There are two reductions/rescissions totaling \$11,937,719 pending the Governor's approval. With this adjustment, projects that have reached financial close total \$91,816,714.

During this reporting period of July 1 to December 31, 2017, the TPOF program experienced the following activity:

The County of Frederick submitted an application on October 7, 2016 totaling \$1,995,682 to assist with extending Renaissance Drive in support of the American Woodmark relocation located adjacent to Artillery Business Center. American Woodmark expects to invest \$28,500,000 and create 50 new jobs. The grant request was approved by the Advisory Panel on November 28, 2016 and approved by the Governor on March 1, 2017. A grant agreement with the County was signed in November 2017.

The fund was closed to applications from March 8, 2017 to October 18, 2017 as the Secretary worked to fulfill Item 437.C of Chapter 836 of the 2017 Acts of Assembly.

The City of Virginia Beach submitted an application on April 28, 2017 totaling \$2,497,000 to assist with Atlantic Avenue Economic Development Partnership and Shared-Mobility Improvements. The application was not considered because the fund was not open to applications at the time of the submittal.

The County of Frederick submitted an application on October 26, 2017 totaling \$1,290,000 to provide safety and capacity improvements at Route 50 and Independent Drive in support of the Navy Federal Credit Union ("NFCU") expansion. NFCU expects to invest \$100 million and create 1,400 new jobs. The grant request was approved by the Advisory Panel on December 14, 2017 and approved by the Governor on January 11, 2018. A grant agreement is pending.

The City of Richmond submitted an application on November 6, 2017 totaling \$950,000 to assist in construction of a two-lane access road in support of Phase II of Stone

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Brewery. Stone Brewery expects to invest no less than \$8 million and create 198 permanent part-time jobs. The grant request was approved by the Advisory Panel on December 14, 2017 and approved by the Governor on January 11, 2018. A grant agreement is pending.

As of December 31, 2017, forty-one applications, representing thirty-two separate projects, have been submitted requesting a total of \$207,460,682 in TPOF assistance. The Governor has approved awards totaling \$101,052,396. There are three grants pending agreement with the Department. With this adjustment, projects that have reached financial close total \$93,812,396 (See attachment, Financial Close Total on page 2).

The Fund is one of many tools available to market the Commonwealth to prospective economic development partners. Please let me know if I can provide additional information regarding these projects or the use of the Fund.

Copy: The Honorable Esther Lee

Attachment

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 the actions taken from TPOF, along with their current status:

Awards/Projects with Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
State Route 28 Highway Transportation District Commission	Rt. 28 Corridor Improvements	Loudoun and Fairfax Counties	Grant	\$5,000,000	Grant is fully disbursed.
VDOT	Coalfields Expressway	Buchanan, Wise and Dickenson Counties	Grant	1,772,740	Grant is fully disbursed. Grant awarded was \$2,000,000. Final grant amount was \$1,772,740.
Town of Leesburg	Battlefield Parkway	Town of Leesburg	Grant	5,000,000	Grant is fully disbursed.
County of Rockingham	Harrisonburg Southeast Connector	County of Rockingham	Grant	5,000,000	Grant is fully disbursed.
County of Prince George	Rolls-Royce Economic Development Project	County of Prince George	2 Grants-\$5,000,000 each	10,000,000	Grants are fully disbursed. Investment of \$100 million and creation of 170 jobs.
County of Accomack	Mid-Atlantic Regional Spaceport (MARS) – Orbital Sciences Corp.	County of Accomack	Grant	3,250,968	Grant is fully disbursed. Grant awarded was \$3,427,412. Final grant amount was \$3,250,968.
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	Grant	5,000,000	Loan has been converted to a grant. Grant is fully disbursed.
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	Grant	5,000,000	Grant is fully disbursed.
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	2 Grants-\$5,000,000 each	10,000,000	Grants are fully disbursed. Investment of \$45+ million and creation of 500 jobs.
County of Loudoun	Pacific Boulevard	County of Loudoun	Grant	3,000,000	Grant is fully disbursed.
Department of Aviation	Emporia	City of Emporia	Grant	151,085	Grant is fully disbursed. Grant awarded was \$162,210. Final grant amount was \$151,085.
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	Grant	5,000,000	Grant is fully disbursed.
County of Accomack	Wallops Research Park	County of Accomack	Grant	4,000,000	Grant is fully disbursed.
County of Giles	Celanese Acetate	County of Giles	Grant	724,878	Grant is fully disbursed.
City of Winchester	Monticello Drive Extension Rubbermaid Products Economic Development Project	City of Winchester	Grant	\$3,046,781	A grant amendment is pending; the current balance is \$2,999,248.
Page Total				<u>\$65,946,452</u>	

Attachment

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

Awards/Projects with Financial Close - Continued

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
Economic Development Authority of the City of Newport News	Canon Virginia, Inc. Economic Development Project	City of Newport News and County of Gloucester	Grant	5,000,000	Grant was amended in April 2011 and work is ongoing. Total disbursements made are \$4,673,010; the current balance is \$142,248.
VDOT	Coalfields Expressway Hawks Nest Section	Buchanan, Wise and Dickenson Counties	2 Grants-\$5,000,000 each	9,892,200	Grants are fully disbursed. Grants awarded was \$10,000,000. Final grant amount was \$9,892,200.
County of Prince William	USMC Heritage Center Transportation Improvements	County of Prince William	2 Grants-\$2,242,350 and \$2,735,712	4,978,062	Work is underway. Total disbursements made are \$4,901,601; the current balance is \$76,461.
State Route 28 Highway Transportation Improvement District Commission	Route 28 bridge widening over the Dulles Toll Road	Loudoun and Fairfax Counties	Grant	5,000,000	Grant is fully disbursed
Economic Development Authority of the City of Newport News	Liebherr Expansion	City of Newport News and Hampton	Grant	1,000,000	Work is underway. Total disbursements made are \$73,604; the current balance is \$388,496.
Frederick County	Renaissance Drive Extension	Frederick County	Grant	\$1,995,682	Agreement has been signed and work has begun.
Subtotal				<u>\$27,865,944</u>	
Financial Close Total				<u>\$93,812,396</u>	

Awards/Projects Pending Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
Chesterfield County	I-95/ Willis Road Interchange	Chesterfield County	Grant	\$5,000,000	Decision brief has been approved by the Governor. Agreement is pending.
County of Frederick	Navy Federal Credit Union Expansion	Frederick County	Grant	\$1,290,000	Decision brief was signed by Governor McAuliffe on January 11, 2018. Agreement is pending.
City of Richmond	Stone Brewery Phase II	City of Richmond	Grant	\$950,000	Decision brief was signed by Governor McAuliffe on January 11, 2018. Agreement is pending.
Pending Financial Close Total				<u>\$7,240,000</u>	
TOTAL AWARDS APPROVED BY THE GOVERNOR				<u>\$101,052,396</u>	

Attachment

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

Awards/Projects Unable to Reach Financial Close

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
Flour Virginia, Inc and Transurban USA Development, Inc.	I-95/I-395 HOT Lanes	Spotsylvania, Stafford, Prince William and Fairfax Counties	Loan	\$10,000,000	Conflicts with business agreement and TPOF statue. SIB loan was approved for the project and repaid at closing.
City of Newport News	Wolseley Economic Development Project	City of Newport News	Grant	2,700,000	Due to the decline in the economy the plan for expansion were suspended.
VDOT	Coalfields Expressway Rockhouse Section	Buchanan, Wise and Dickenson Counties	2 Grants-\$5,000,000 each	10,000,000	Project was unable to achieve FHWA approval and the funds have been rescinded.
VDOT	Coalfields Expressway and U.S. Route 460 Connector	Buchanan, Wise and Dickenson Counties	2 Grants-\$5,000,000 each	10,000,000	Project has become eligible for 100% federal funding. TPOF funds have been rescinded since they were no longer needed.
Total				<u>\$32,700,000</u>	

Awards/Projects Not Receiving Award

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
County of Rockingham	Southeast Connector	County of Rockingham	Grant	\$4,980,938	The project was denied award due to adjusted priorities for the County.
City of Virginia Beach	Atlantic Avenue	City of Virginia Beach	Grant	2,497,000	The fund was not open to applications at the time of submittal.
Total				<u>\$7,477,938</u>	

Awards/Projects Not TPOF Eligible

<u>Recipient</u>	<u>Project</u>	<u>Location</u>	<u>Type of Assistance</u>	<u>Amount</u>	<u>Status</u>
Virginia Port Authority	Western Freeway Rail Relocation	Commonwealth of Virginia	Grant	\$4,800,000	The project did not meet Transportation or Economic Development Evaluation Criteria.
Holliday Properties	Capital Region Center	County of Hanover	Grant	5,000,000	There were several statutory conflicts with the application and project.
The Olde Dominion Agriculture Foundation, Inc	Old Dominion Ag Complex	County of Pittsylvania	Grant	300,000	There were several statutory conflicts with the application and project. Other funding has been identified for the project.
The Route 28 Highway Transportaiton Improvement District Commission	Rt. 28 Corridor Improvements-Northbound Widening	Loudoun and Fairfax Counties	Grant	5,000,000	Due to changes in section 33.2-1529.1, TPOF can no longer be used for PPTA projects.
County of Prince William	Commuter Parking Garage	County of Prince William	Grant	5,000,000	The project did not meet Economic Development Evaluation Criteria.
Total				<u>\$20,100,000</u>	

Attachment

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

The table below summarizes the awards to date and the remaining balance from the \$100 million in capitalization as of December 31, 2016.

Capitalizations

July 1, 2006	\$50,000,000
July 1, 2011	50,000,000
Interest Earnings*	14,823,698
Total Funding Available	<u>\$114,823,698</u>

<u>Project</u>	<u>Amount</u>	<u>Type of Assistance</u>	<u>Eligibility Criteria</u>
Town of Leesburg	\$5,000,000	Grant	Design-Build Project
County of Loudoun	3,000,000	Grant	Design-Build Project
County of Rockingham	5,000,000	Grant	Design-Build Project
County of Prince William	4,978,062	Grant	Design-Build Project
County of Accomack	4,000,000	Grant	Design-Build Project
County of Prince George	10,000,000	Grants	Economic Development
City of Newport News	5,000,000	Grant	Economic Development
County of Accomack	3,250,968	Grant	Economic Development
Virginia Comm. Space Flight Authority	10,000,000	Grants	Economic Development
City of Winchester**	3,046,781	Grant	Economic Development
Virginia Comm. Space Flight Authority	5,000,000	Grant	Economic Development
Virginia Comm. Space Flight Authority	5,000,000	Grant	Economic Development
Virginia Comm. Space Flight Authority	5,000,000	Grant	Economic Development
Department of Aviation	151,085	Grant	Economic Development
County of Giles	724,878	Grant	Economic Development
EDA of Newport News	1,000,000	Grant	Economic Development
County of Chesterfield*	5,000,000	Grant	Economic Development
County of Frederick	1,995,682	Grant	Economic Development
County of Frederick*	1,290,000	Grant	Economic Development
City of Richmond*	950,000	Grant	Economic Development
Rt. 28 HTIDC	5,000,000	Grant	PPTA Project
State Route 28 HTIDC	5,000,000	Grant	PPTA Project
VDOT – CFX	1,772,740	Grant	PPTA Project
VDOT – CFX (Hawks Nest)	9,892,200	Grants	PPTA Project
VDOT – CFX (CFX/Connector Int.)	-	Grants	PPTA Project

Total Awards	\$101,052,396
Reductions***	<u>1,057,773</u>
Available for Award	<u>\$12,713,529</u>

*2nd Quarter Interest Earnings are not included

**Approved by Governor; Pending Grant Agreement

***FY 2009-2016 Indirect Costs and Governor's FY 2010 Operational Efficiencies Reductions

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

**Chapter 847 of the Acts of Assembly of 2007 and Chapter 780 of the Acts of Assembly of 2016
Item 449.10 and Item 453 G - \$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 Projects Revenue bonds.

Item 453 G of Chapter 780 of the Acts of Assembly of 2016 dedicated the \$31,070,647 that was remaining from the previous allocation to Road Improvements at military installations and improvements at interstate rest areas throughout the Commonwealth.

Item 437 C and Item 4-1.03 of Chapter 836 of the Acts of Assembly of 2017 dedicated the any funds deposited pursuant to Item 453 G.2 of Chapter 836 of the Acts of Assembly of 2017 to fund additional facilities at Mid-Atlantic Regional Spaceport.

The following are the 2007 TPOF's Initiative projects receiving award 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 is fully disbursed.
Route 58 Hillsville Bypass	77,000,000	Town of Hillsville	Grant is fully disbursed.
Route 50 Widening	14,721,767	County of Fairfax	Project is underway and the grant funds will be applied to the project expenditures as they occur.
Norfolk Southern Corporation (NSC) - Right-of-Way Acquisition	20,000,000	City of Virginia Beach	The funds were paid out in August 2011 based on the grant agreement with the City. The funds were returned in March 2017 because the project did not advance and repayment was required. See Chapter 836 (2017), Item 453 G.1.
I-295/Medowville Interchange	5,000,000	County of Chesterfield	Grant is fully disbursed.
Total	\$273,929,353		

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

<u>Project</u>	<u>Location</u>	<u>Status</u>
Environmental Impact Statement (EIS) for Route 37 - Eastern Bypass	County of Frederick	It was determined that the project did not qualify for TPOF and other funds were identified to perform EIS.
I-64/I-264 Interchange	City of Virginia Beach	A mutual agreement was reached between the City and the Secretary of Transportation to fund the NSC ROW acquisition at \$20,000,000 instead of the I-64/I-264 Interchange. The funds were paid out in August 2011 based on the grant agreement with the City. The funds were returned in March 2017 because the project did not advance and repayment was required.

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

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

Project	Capitalization	\$305,000,000	Type of Assistance	Eligibility Criteria
<u>Project</u>	<u>Grant Amount</u>		<u>Type of Assistance</u>	<u>Eligibility Criteria</u>
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
NSC Right-of-Way Acquisition*	0		Grant	Per FTA Requirements
I-295/Medowville Interchange	5,000,000		Grant	Design-Build Project
Road Improvements to military installations	23,110,000		Grant	Item 453 G of Chapter 780, 2016 Acts of Assembly
Improvements at interstate rest areas	7,960,647		Grant	Item 453 G of Chapter 780, 2016 Acts of Assembly
Mid-Atlantic Regional Spaceport	20,000,000		Grant	Item 437 C of Chapter 836, 2017 Acts of Assembly
Total Awards	<u>\$305,000,000</u>			
Authorization Balance	<u><u>\$0</u></u>			

*See Norfolk Southern Corporation right of Way Acquisition on page 5