VIRGINIA INLAND PORT STUDY

Q1 2025 General Assembly Update

Submitted by:

Virginia Port Authority

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SUPPORTING DOCUMENTATION

Report of the Virginia Economic Development Partnership Authority and Virginia Port Authority. (2023). *Inland Port Study: Feasibility Analysis of Locating an Inland Port in the Commonwealth (2022 Appropriation Act, Item 125.Q.)*

Virginia Inland Port Study Q4 2023 General Assembly Update – December 1, 2023

Virginia Inland Port Study Q1 2024 General Assembly Update – March 1, 2024

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I. EXECUTIVE SUMMARY

This is the sixth update in accordance with the Biennial Budget (HB 6001 from the 2023 Special Session I), Item 113 T.4.

This document provides an update to ongoing work associated with the potential for a new inland port facility in the Mount Rogers Planning District and related next steps, for which the Commonwealth allocated additional funds in the FY2025-FY2026 budget to pursue further development.

Readers of this update are encouraged to familiarize themselves with the project's intent by reviewing the initial Inland Port Study ("Inland Port Study: Feasibility Analysis of Locating an Inland Port in the Commonwealth") which was jointly released with the Virginia Economic Development Partnership [VEDP] and previous updates, the most recent of which was released in December 2024.

This sixth update:

- Focuses on work accomplished over the most recent past three months, through March 1, 2025.
- Provides information regarding concept development and related efforts.
- Outlines efforts planned for the remainder of calendar year 2025.

II. PROGRESS TO DATE

Design of the facility through 2024 explored a range of concepts that ultimately identified a preferred configuration that offered potential flexibility in managing the capital investment needed to begin operations and support economic activity within the area. At issue was a concept for an alternative rail service model that, if commercially viable, could reduce the magnitude of infrastructure needed by the facility to interchange rail cars with the railroad, particularly for the early years of operation.

Following completion of the preliminary design (30% design) milestone, the Virginia Port Authority [VPA] worked with the railroad and potential customers to confirm that this alternative rail service model (referred to as "local rail service") is indeed viable for commencement of facility operations.

With confirmation that the configuration shown in the 30% design is acceptable, the VPA design team (internal VPA Engineering supported by hired outside expertise) has focused on continued refinement of the design.

The business case for the facility is complex. While the preferred design offers flexibility in managing construction costs, the required capital investment is unlikely to be fully covered by the existing industries expected to use the facility at launch. VPA will be conducting a broader economic impact study to understand how the facility could attract additional economic development to the region, which will help inform potential investment by the Commonwealth. VPA issued a request for proposals on February 17, 2025 in support of this effort.

A. Design Refinement

The VPA Design Team is now working to refine the preliminary design to confirm and clarify its expected construction cost and position the project for regulatory permitting and eventually procurement should the project continue to advance.

Efforts over the past quarter have focused on confirming the terminal processes and technology systems that will be deployed to ensure they are supported by the site layout.

Site grading and drainage design has likewise been a focus to confirm the design is in accordance with Virginia stormwater requirements and prepare the drainage analyses needed for agency approval. Refinements to the rail alignments have also been part of this effort.

B. Field Investigations and Right-of-Entry Scoping

The field investigations performed in 2024 were generally confined to the main project site within the Oak Park Industrial Site. With the project footprint better defined with a preliminary design, additional field investigations are planned within the site and within the railroad's right-of-way. Future efforts may include the evaluation of surrounding infrastructure and topography to support final design and analysis efforts.

C. Stakeholder Coordination

The local rail service concept revisits the original basis of operation that required the facility to accommodate a fully assembled 12,000 foot long train off the railroad's main line while rail cars are being picked up or delivered. The new operational concept relies on the existing railyard in Bristol to be the staging point for the inland port's container cars, with a local train then moving the cars to and from the site. While operationally more complex, the approach substantially reduces infrastructure needed at the site for its initial operations. While the railroad and potential customers initially expressed concern about the viability of this operational model, VPA's ongoing discussions with project stakeholders have concluded that although it is less efficient and operationally more costly than the original operating model, it is a viable approach for initial operations.

As throughput at the facility grows, this configuration of the facility maintains the opportunity to expand the trackage needed to receive rail cars directly from the passing intermodal train, consistent with the original, more-efficient basis of operation.

III. DEVELOPMENT LOOKAHEAD

As was reported in the Q4 2024 update, engineering and business case development remain the focus of efforts going into 2025.

Engineering work will advance to a 60% design stage to strengthen cost projections and enhance planning accuracy for the proposed inland port. Reaching this design milestone will provide essential details on construction sequence, material requirements, and potential property impacts, all of which are necessary for improving the confidence of the project budget.

With a refined understanding of these technical requirements, VPA will be better equipped to evaluate the financial resources required and make data-driven, analytically grounded decisions regarding the project's feasibility and funding strategies. Achieving 60% design will also create a stronger basis for coordinating with regulatory bodies and stakeholders, setting a clear path for any remaining design, permitting, and environmental assessments.

Commercial analyses will be expanded to better understand the economic potential of the inland port and its potential impact on regional trade and development. Targeted outreach to potential customers will help clarify the operational value of this facility to the surrounding community and businesses and provide essential insights into job creation, supply chain efficiencies, and long-term growth opportunities that this inland port could stimulate.

In addition, the comprehensive economic impact study will be performed to provide a detailed analysis regarding job creation, potential to increase further investment in the region, and local and state tax impacts.

By aligning a more detailed economic forecast with technical planning, VPA and its partners will have a comprehensive foundation for understanding the inland port's broader value to the state and region, ultimately enabling informed decision-making on this project.

The VPA will initiate the preparation of an Environmental Impact Report [EIR] in compliance with Code of Virginia § 10.1-1188 in the second half of 2025.

The VPA anticipates the following milestone updates to the designated legislative and executive oversight entities over the next calendar year as it progresses the design to the 60% level and expands its commercial assessment of the project:

- Calendar Q2 (June 2025): Design progress update based on additional field investigations.
- Calendar Q3 (September 2025) Completion of 60% design and comprehensive economic impact study, updated opinion of probable cost, and anticipated

schedule for project delivery. Progress update on the EIR and other permit agency interactions. This update will inform funding decisions for construction of the facility should the project continue to advance.