



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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COMMONWEALTH TRANSPORTATION BOARD WORKSHOP AGENDA

Residence Inn Downtown Charlottesville
315 West Main Street
Charlottesville, Virginia 22903
May 23, 2023
8:30 a.m.

1. FY 2024 Urban and Arlington/Henrico
Street Maintenance Payments
Russell Dudley, Virginia Department of Transportation
2. Periodic Regulatory Review
Regulatory Reduction Program
Jo Anne Maxwell, Virginia Department of Transportation
3. Chapter 425- Recommendations of Stakeholder Advisory Group for Revision of
Secondary Street Acceptance Requirements
Robert Hofrichter, Virginia Department of Transportation
4. Smart Scale Proposed Project Cancellation
R-Cut Route 60 and Woodridge/Old Buckingham (UPC 115415)
Richmond District
Kimberly Pryor, Virginia Department of Transportation
5. Transportation Safety Performance
2024 Safety Measure Targets
Margie Ray, Office Intermodal Planning and Investment
6. Transportation Partnership Opportunity Fund – Guidelines Update
John Lawson, Deputy Secretary of Transportation
7. SMART SCALE Round 5 Consensus Scenario
Kimberly Pryor, Virginia Department of Transportation
Brooke Jackson, Office Intermodal Planning and Investment
8. SMART SCALE Program Review Updates
Brooke Jackson, Office Intermodal Planning and Investment

Agenda
Meeting of the Commonwealth Transportation Board
Workshop Session
May 23, 2023
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9. VTRANS Guiding Principles
Jitender Ramchandani, Office Intermodal Planning and Investment
10. Director's Items
Jennifer DeBruhl, Virginia Department of Rail and Public Transportation
11. Commissioner's Items
Stephen Brich, Virginia Department of Transportation
12. Secretary's Items
Shep Miller, Secretary of Transportation

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FY 2024 URBAN AND ARLINGTON/HENRICO STREET MAINTENANCE PAYMENTS

| Russ Dudley, Local Assistance Division

May 23, 2023

Urban Maintenance Program Street Maintenance Payments

Eligibility Requirements for Maintenance Payments:

Urban street acceptance criteria established in Code Section 33.2-319

CTB approves mileage additions/deletions

CTB established annual payment rates

Arterial Routes Inspected annually

Payment - General

Payments based on moving lane miles (lanes available to traffic during peak-traffic hours)

CTB approves payment amounts to localities

Localities annual growth rate is based upon the base rate of growth for VDOT's maintenance program

Payments to localities made quarterly

Payment Categories – Based on Functional Classifications

Principal and Minor Arterial Roads

Collector Roads and Local Streets

County (Arlington/Henrico) Street Maintenance Payments

Eligibility Requirements for Maintenance Payments:

Established by Code Section: 33.2-366

These counties maintain their own system of local roads

CTB establishes maintenance payments

Annual submission of additions/ deletions provided by county

Annual arterial inspection not required by Code

Payment - General

No differential in payment rates based on Functional Classifications

CTB approves payment amounts to localities

Annual growth rate is based upon the base rate of growth for VDOT's

Maintenance Program

Payments to localities made quarterly

Additional Quarterly Payments

Overweight Permit Fees – Distributed equally across Urban System and Arlington/Henrico Counties based on lane mileage

\$1 Million (\$250,000 quarterly) to City of Chesapeake for additional maintenance costs of Moveable Bridges; Payments began in 2005

\$1 Million Virginia Port Authority Payment compensating Localities with Tax-exempt Real-estate (Newport News, Portsmouth, Norfolk, Warren County)

Proposed FY 2024 Urban Locality Payments

- **FY 2024 Urban Budget = \$510,405,059**
 - *FY 2023 Budget = \$468,216,630*
- **Payment Rates:**
 - Principal and Minor Arterial Roads ≈ \$28,317.05 per lane mile
 - Collector Roads and Local Streets ≈ \$16,625.85 per lane mile
- **FY2024 overweight permit fee distribution = \$310,195**
 - Rate of \$11.74 per lane mile
- **Continue \$1M to Chesapeake to address additional costs associated with movable bridges**
- **VPA Tax Exempt Payments to Warren County, Newport News, Portsmouth, Norfolk - \$1M shared based on throughput (\$1M not included above)**

Proposed FY 2024 Arlington/Henrico Payments

- **FY 2024 Arlington/Henrico Budget = \$86,262,546**
 - **FY2023 Arlington/Henrico Budget = \$78,608,347**
- **Payment Rates:**
 - Arlington = \$23,573.25 per lane mile
 - Henrico = \$17,153.17 per lane mile
- **FY2024 overweight permit fee distribution = \$54,422**
 - Rate = \$11.74 per lane mile

Next Steps

June Resolution Approving Urban Inventory / Payments to Urban Localities

June Resolution Approving Payments to Arlington and Henrico Counties





PERIODIC REGULATORY REVIEW/REGULATORY REDUCTION PROGRAM

Commonwealth Transportation Board

| Jo Anne Maxwell

May 23, 2023

Periodic Regulatory Review – APA Requirement

The Administrative Process Act requires any agency that adopts regulations to periodically review those regulations, including consideration of:

- **the extent to which regulations remain supported by statutory authority/do not duplicate/overlap/conflict with state or federal law;**
- **the nature of complaints/comments received from the public;**
- **whether the regulations are necessary for the protection of public health, safety and welfare;**
- **whether the regulations are clearly written and easily understandable;**
- **whether the regulations' economic impacts on small businesses and families are minimized as much as possible; and**
- **the length of time since the regulation has been evaluated.**

See § 2.2-4007.1 and § 2.2-4017 of the Code of Virginia

Periodic Regulatory Review Process Authorities

Executive Order 19 – Issued June 30, 2022

- **Creates new Office of Regulatory Management (ORM) to, among other things, work with each regulatory agency to review all existing regulations, required once every four years, to reduce the overall regulatory burden on the public.**

NEW ORM Procedures

- **Will outline the periodic review requirements, including a new economic analysis comprised of a benefit-cost analysis, consideration of local government impact and economic impacts on families and small businesses, and the count of regulatory requirements embedded in the regulation.**

Chapter 444 of the 2018 Acts of Assembly

- **Requires the Department of Planning and Budget (DPB) to track and report to the General Assembly annually which agencies are complying with the periodic review requirements.**

Regulatory Reduction Program

ORM has issued guidance on EO 19, requiring each agency to reduce the agency's discretionary regulatory burden on the public by 25%

- Reductions can be made by cutting discretionary regulatory requirements identified in the agency's regulatory baseline catalog or by streamlining regulatory requirements (i.e., reducing costs, time, paperwork, etc.)
- Reductions are counted only when the regulatory process making the reductions has been completed
 - Regulatory process typically includes:
 - 1) a Notice of Intended Regulatory Action (NOIRA), followed by executive branch review and 30 days public comment;
 - 2) a Proposed stage where actual amendments to regulatory language are drafted, followed by executive branch review and 60 days public comment; and
 - 3) a Final stage, where the agency considers the previous public comment(s) and adopts final amendments to the regulatory language, followed by executive branch review and 30 days public comment.

2023 CTB Periodic Review

- **This year, regulatory reduction efforts will be included as part of the CTB's periodic review process**
- **VDOT staff will be reviewing each section of the reviewed regulations in detail to identify requirements that can be streamlined or cut.**
- **Regulations to be reviewed:**
 - 24VAC30-151 Land Use Permit Regulation
 - 24VAC30-200 Vegetation Control Regulations on State Right-of-Way
 - 24VAC30-401 Change of Limited Access Control
 - 24VAC30-580 Guidelines for Considering Requests for Restricting Through Trucks on Primary and Secondary Highways
 - 24VAC30-620 Rules, Regulations and Rates Concerning Toll and Bridge Facilities

2023 CTB Periodic Review

- **Periodic Reviews may be initiated by posting Notice on Townhall**
 - Can be a Notice of a periodic review action
 - Can be a Notice of Intended Regulatory Action (NOIRA) if it appears that an amendment of a regulation will be warranted—expedites the process
 - VDOT has identified amendments that will be needed and thus is recommending that the CTB authorize a NOIRA be filed now for the following regulations:
 - **24VAC30-151** **Land Use Permit Regulation**
 - **24VAC30-200** **Vegetation Control Regulations on State Right-of-Way**

If authorized by CTB, VDOT staff will file a NOIRA for:

- 24VAC30-151 Land Use Permit Regulation
- 24VAC30-200 Vegetation Control Regulations on State Right-of-Way

Notices of periodic reviews will be filed for:

- 24VAC30-401 Change of Limited Access Control
- 24VAC30-580 Guidelines for Considering Requests for Restricting Through Trucks on Primary and Secondary Highways
- 24VAC30-620 Rules, Regulations and Rates Concerning Toll and Bridge Facilities

VDOT staff will review regulations, and present and seek CTB approval of periodic review results and proposed amendments in Fall 2023

- Proposed stage of Land Use Permit and Vegetation Control regulations could then be filed in late 2023 or early 2024 (after CTB approval)
- Final stage for Land Use Permit and Vegetation Control regulations could be filed in mid 2024



Virginia Department of Transportation



CHAPTER 425

RECOMMENDATIONS OF STAKEHOLDER ADVISORY GROUP FOR REVISION OF SECONDARY STREET ACCEPTANCE REQUIREMENTS

PRESENTATION TO THE COMMONWEALTH TRANSPORTATION BOARD

| Robert W. Hofrichter

May 23, 2023

Chapter 425 Requirements and Stakeholder Advisory Group

- **Chapter 425 enacted by the 2022 Acts of Assembly**
 - Amended § 33.2-334 to require that the regulatory provisions for the Secondary Street Acceptance Requirements (SSAR) Connectivity Elements:
 - *“shall include flexibility to limit the number of connections to adjacent property or highway networks as deemed appropriate”*
 - Directed VDOT to convene a stakeholder advisory group (SAG) to make recommendations to enhance connectivity flexibility in the SSAR
 - Required that SAG recommendations be presented to the CTB
- **SAG was established and met five times from September 2022 to February 2023 to finalize recommendations**
- **SAG was composed of representatives from development industry, local government (including emergency services), environmental advocacy organizations, and VDOT**

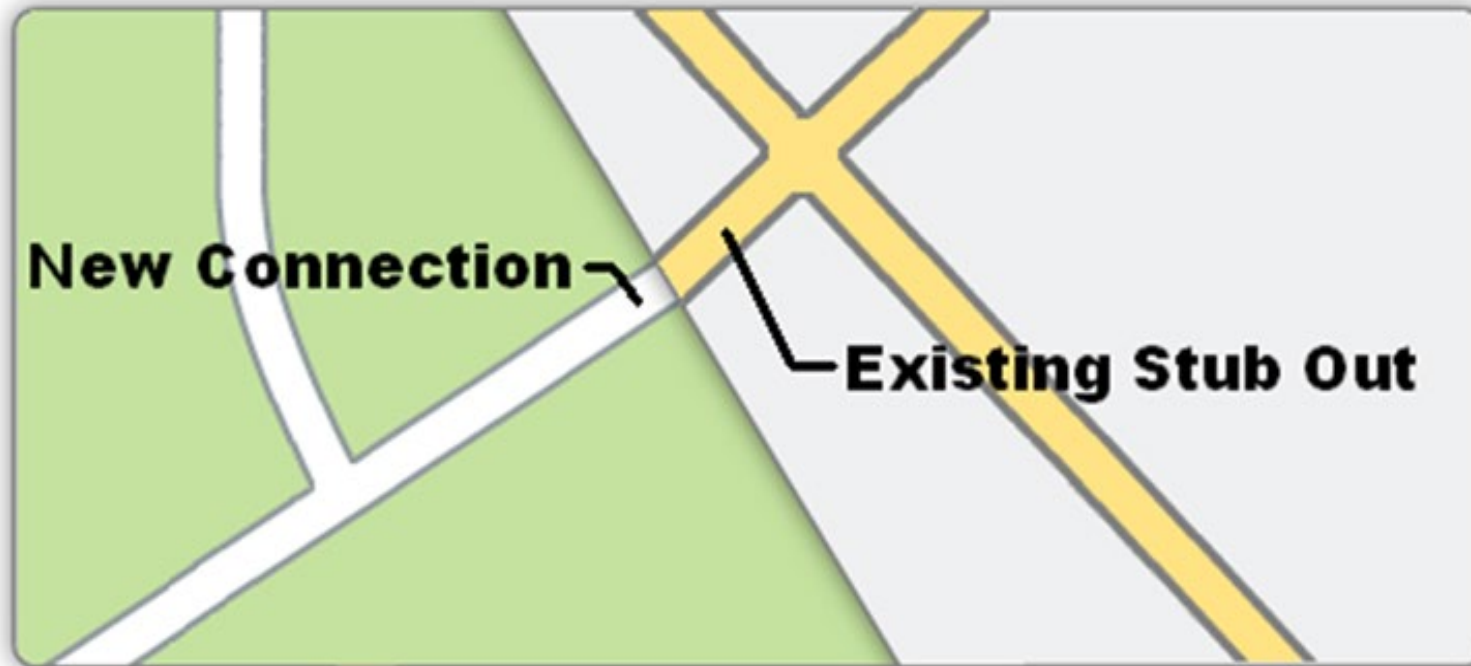
Chapter 425 SAG Membership

- **Development Industry**
 - Andrew Clark, Homebuilders Association of Virginia (HBAV)
 - Craige Shelton, HBAV, HH Hunt
 - Kayla Ord, HBAV, Gorove Slade
 - Scott Dunn, HBAV, Timmons
 - Phil Abraham, Virginia Association for Commercial Real Estate
- **Local Government**
 - Jeremy Bennet (James Hutzler as backup), Virginia Association of Counties (VACO)
 - Phil North, VACO, Roanoke County
 - Steve Sandy, VACO, Franklin County
 - Kristen Umstattd, VACO, Loudoun County
 - Mike Watkins, Virginia Fire Chiefs Association, Goochland County
- **Environmental Advocacy**
 - Trip Pollard, Southern Environmental Law Center
 - Wyatt Gordon, Virginia Conservation Network
 - Brantley Tyndall, Virginia Bicycle Federation
- **VDOT**
 - Kevin Gregg - Chair
 - Harley Joseph, PE
 - Lynne Lloyd
 - Kathryn Pobre
 - Robert Hofrichter

Existing SSAR Connectivity Requirements - 1

Existing Stub out Connection(s) (24VAC30-92-60 [C.1]); exception for

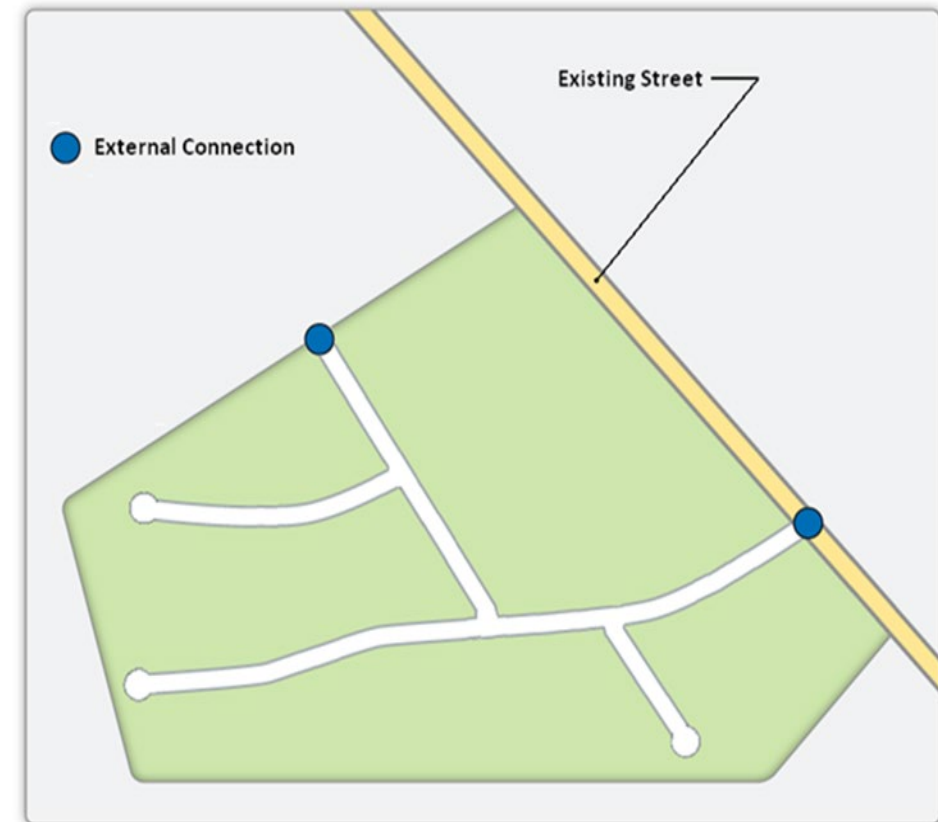
- Unsafe conditions



Existing SSAR Connectivity Requirements - 2

Multiple Connections--at least two external connections to publicly maintained highways (one can be stub out for future connection) (24VAC30-92-60 [C.2]); exceptions for:

- **Adjoining property built out (and not expected to be re-developed in 20 years) and no stub out**
- **Adjoining property zoned for use with traffic that would be incompatible with the development**
- **No reasonable connection possible due to factors outside control of developer, such as conservation easements, water features, steep grades, restricted property (limited access, railroad, government installation)**



Existing SSAR Connectivity Requirements - 3

Additional Connections to those in item 2 (above) required for 200+ dwelling units or 2000+ VPD (24VAC30-92-60 [C.3]); exceptions for:

- Same situations as previously listed plus
- High density (8+ lots/acre, Floor Area Ratio (FAR) .4 or more) and number of connections would be contrary to public interest



SSAR: Frequency and Reasons for Approved Connectivity Exceptions

- **During 2022, 32% of all SSAR network additions required a connectivity exception**
- **During 2021 and 2022, 53 SSAR connectivity exceptions were approved by VDOT staff (only 2 exceptions were denied during this period)**
- **Main reasons for the approval of connectivity exceptions**
 - **Adjacent built out area**
 - **Excessive grades**
 - **Conservation easements**
 - **Jurisdictional wetlands**

SAG Recommended Connectivity Revisions

- **Recommendation #1**
 - Clarify that the list of exceptions is not exclusive, but a sample of possible factors
- **Recommendation #2**
 - Explicitly add utility easements for underground trunk lines to the list of factors
- **Recommendation #3**
 - Allow changes in phasing but still preserve ultimate connectivity by allowing current phase to be accepted if later phase that allows it to meet connectivity is under construction
- **Recommendation #4**
 - **For larger (200+ lots/2000 VPD) phases:**
 - Add process driven by locality planning desires
 - Add vegetation preservation (open space and tree canopy) as explicit factor
 - Add exception if work outside of property accessible by developer is needed

Chapter 425 Next Steps

- **CTB approval of SAG recommendations (June CTB Meeting)**
- **Begin process of amending SSAR in Summer 2023**
- **After CTB's approval, VDOT will complete required APA regulatory process.**
- **Final adoption of amendments will be brought to CTB for approval.**



COMMONWEALTH TRANSPORTATION BOARD

Secondary Street Acceptance Requirements

Effective December 31, 2011

24VAC30-92-10. Definitions.

The following words and terms when used in these regulations shall have the following meanings unless the context clearly indicates otherwise:

"Abandonment" in all its forms means the legislative action reserved for and granted to the local governing body to extinguish the public's right to a roadway under the jurisdiction of the Virginia Department of Transportation pursuant to §§ 33.1-151 and 33.1-155 of the Code of Virginia.

"Accessible route" means a public or private continuous unobstructed, stable, firm and slip-resistant path connecting all accessible elements of a facility (which may include parking access aisles, curb ramps, crosswalks at vehicular ways, walks, ramps and lifts) that can be approached, entered and used by persons with disabilities. An accessible route shall, to the maximum extent feasible, coincide with the route for the general public.

"ADT" means average daily traffic count (see "projected traffic").

"Applicable former requirements" means the 2005 Subdivision Street Requirements for developments submitted prior to July 1, 2009, and the 2009 edition of the Secondary Street Acceptance Requirements for developments submitted between July 1, 2009, and January 31, 2012, inclusive.

"Best management practice" or "BMP" means schedules of activities; prohibitions of practices, including both structural and nonstructural practices; maintenance procedures; and other management practices to prevent or reduce the pollution of surface waters and groundwater systems from the impacts of land-disturbing activities.

"Clear zone" means the total border area of a roadway including, if any, parking lanes or planting strips that is sufficiently wide for an errant vehicle to avoid a serious accident. (See the Road Design Manual, 2011 (VDOT) and its Appendix B (1) (the Subdivision Street Design Guide) for details.)

"Commissioner" means the chief executive officer of the Virginia Department of Transportation or his designee.

"Conceptual sketch" means a drawing of the proposed development showing the location of existing and proposed land uses, any existing and proposed transportation facilities, and any additional information required so that the reviewer can determine the appropriate functional classification of the proposed street or streets and verify if the connectivity standards have been met.

"Cul-de-sac" means a street with only one outlet and having an appropriate turnaround for a safe and convenient reverse traffic movement.

"Dam" means an embankment or structure intended or used to impound, retain, or store water, either as a permanent pond or as a temporary storage facility.

"Department" or "VDOT" means the Virginia Department of Transportation.

"Design speed" means a speed selected for purposes of design and correlation of those features of a street such as curvature, super elevation, and sight distance, upon which the safe operation of vehicles is dependent.

"Developer" means an individual, corporation, local government, or registered partnership engaged in the subdivision, improvement, or renovation of land.

"Discontinuance," in all its forms, means the legislative act of the Commonwealth Transportation Board, pursuant to § 33.1-150 of the Code of Virginia, that determines that a road no longer serves public convenience warranting its maintenance with funds at the disposal of the department.

"District administrator" means the department employee assigned the overall supervision of the departmental operations in one of the Commonwealth's construction districts.

"District administrator's designee" means the department employee or employees designated by the district administrator to oversee the implementation of this regulation.

"Drainage Manual" means the department's Drainage Manual, 2002.

"Dwelling unit" means a structure or part of a structure containing sleeping, kitchen, and bathroom facilities that is suitable for occupancy as a home or residence by one or more persons.

"Easement" means a grant of a right to use property of an owner for specific or limited purpose.

"FAR" means floor area ratio, which is the ratio of the total floor area of a building or buildings on a parcel to the land area of the parcel where the building or buildings are located.

"Functional classification" means the assigned classification of a roadway based on the roadway's intended purpose of providing priority to through traffic movement and access to adjoining property as determined by the department, based on the federal system of classifying groups of roadways according to the character of service they are intended to provide.

"Governing body" means the board of supervisors of the county, but may also mean the local governing body of a town or city, if appropriate, in the application of these requirements.

"Level of service" means a qualitative measure describing operational conditions within a vehicular traffic stream, and their perception by motorists and passengers. For the purposes of these requirements, the applicable provisions of the Highway Capacity Manual, 2010 (TRB) shall serve as the basis for determining "levels of service."

"Locally controlled grade separation structure" means a grade separation structure that does not qualify for maintenance by the department but was established within the right-of-way of a street intended for state maintenance.

"Local official" means the representative of the governing body appointed to serve as its agent in matters relating to subdivisions and land development.

"Multiuse trail" means a facility designed and constructed for the purpose of providing bicycle and pedestrian transportation, located within a dedicated public way and is anticipated to be maintained by an entity other than the department.

"Municipal separate storm sewer system" or "MS4" means all separate storm sewers that are designated under 4VAC50-60-380 as municipal separate storm sewer systems.

"Municipal Separate Storm Sewer System Management Program" or "MS4 Program" means a management program covering the duration of a permit for a municipal separate storm sewer system that includes a comprehensive planning process that involves public participation and intergovernmental coordination, to reduce the discharge of pollutants to the maximum extent practicable, to protect water quality, and to satisfy the appropriate water quality requirements of the Clean Water Act and corresponding regulations and the Virginia Stormwater Management Act and attendant regulations, using management practices, control techniques, and system, design and engineering methods, and such other provisions that are appropriate.

"Network addition" means a group of interconnected street segments and intersections shown in a plan of development that are connected to the state highway system.

"Parking bay" means an off-street area for parking two or more vehicles that provides access to a public street.

"Parking lane" means an area, generally seven or eight feet in width, adjacent to and parallel with the travel lane of a roadway that is used for parking vehicles.

"Pavement Design Guide" means the Pavement Design Guide for Subdivision and Secondary Roads in Virginia, 2009 (VDOT).

"Permit Regulations" means the department's Land Use Permit Regulations (24VAC30-151).

"Phased development (streets)" means the method outlined in 24VAC30-92-80 (phased development of streets) whereby the acceptance of certain streets into the secondary system of state highways may be considered before being completely developed in accordance with all applicable requirements (e.g., two lanes of a four-lane facility are considered for acceptance in advance of lanes three and four being finished).

"Plan of development" means any site plat, subdivision plan, preliminary subdivision plat, conceptual subdivision sketch, or other engineered or surveyed drawings depicting proposed development of land and street layout, including plans included with rezoning proposals.

"Plans" means the standard drawings, including profile and roadway typical section, that show the location, character, dimensions, and details for the proposed construction of the street.

"Planting strip" means a section of land between the curb face and the pedestrian accommodation or shared use path.

"Plat" means the schematic representation of the land divided or to be divided.

"Projected traffic" means the number of vehicles, normally expressed in average daily traffic (ADT), forecast to travel over the segment of the street involved.

"Public street" means a street dedicated to public use and available to the public's unrestricted use without regard to the jurisdictional authority responsible for its operation and maintenance.

"Requirements" means the design, construction, public benefit, and related administrative considerations herein prescribed for the acceptance of a street for maintenance by the department as part of the secondary system of state highways.

"Right-of-way" means the land, property, or interest therein, usually in a strip, acquired for or devoted to a public street designated to become part of the secondary system of state highways.

"Roadway" means the portion of the road or street within the limits of construction and all structures, ditches, channels, etc., necessary for the correct drainage thereof.

"Secondary system of state highways" means those public roads, streets, bridges, etc., established by a local governing body pursuant to § 33.1-229 of the Code of Virginia and subsequently accepted by the department for supervision and maintenance under the provisions of Articles 6 (§ 33.1-67 et seq.) and 11 (§ 33.1-150 et seq.) of Chapter 1 of Title 33.1 of the Code of Virginia.

"Shared use path" means a facility that is designed and constructed according to the Road Design Manual, 2011 (VDOT), for the purpose of providing bicycle and pedestrian transportation.

"Specifications" means the department's Road and Bridge Specifications, 2007, revised 2011, including related supplemental specifications and special provisions.

"Standards" means the applicable drawings and related criteria contained in the department's Road and Bridge Standards, 2008, revised 2011.

"Storm sewer system" means a conveyance or system of conveyances and its appurtenances, including roads with drainage systems, municipal streets, catch basins, curbs, gutters, ditches, manmade channels, or storm drains.

"Street" means any roadway that is created as part of a plan of development, other subdivision of land, or is constructed by or at the direction of the local governing body and is a public way for purposes of vehicular traffic, including the entire area within the right-of-way.

"Stub out" means a transportation facility (i) whose right-of-way terminates at a parcel abutting the development, (ii) that consists of a short segment that is intended to serve current and future development by providing continuity and connectivity of the public street network, (iii) that based on the spacing between the stub out and other streets or stub outs, and the current terrain there is a reasonable expectation that connection with a future street is possible, and (iv) that is constructed to the property line.

"Subdivision" means the division of a lot, tract, or parcel into two or more lots, plats, sites, or other divisions of land for the purpose, whether immediate or future, of sale or of building development. Any resubdivision of a previously subdivided tract or parcel of land shall also be interpreted as a "subdivision." The division of a lot or parcel permitted by § 15.2-2244 of the Code of Virginia will not be considered a "subdivision" under this definition, provided no new road or street is thereby established. However, any further division of such parcels shall be considered a "subdivision."

"Subdivision Street Design Guide" means Appendix B (1) of the Road Design Manual, 2011 (VDOT).

"Swale" means a broad depression within which stormwater may drain during inclement weather, but that does not have a defined bed or banks.

"Total maximum daily load" or "TMDL" is a water quality term that means the sum of the individual wasteload allocations for point sources, load allocations (LAs) for nonpoint sources, natural background loading and a margin of safety. TMDLs can be expressed in terms of either mass per time, toxicity, or other appropriate measure. The TMDL process provides for point versus nonpoint source trade-offs.

"Traveled way" means the portion of the secondary street designated for the movement of vehicles, exclusive of shoulders, parking areas, turn lanes, etc.

"Tree well" means an opening on a sidewalk, generally abutting the curb, where a tree may be planted.

["Underground Utility Trunk Easement" means an easement for the accommodation of a utility which has an existing underground utility trunk or transmission line \(cable, pipeline, or similar facility\); such lines are not used for distribution of the utility's services to individual customers, but rather for long distance carrying or transmission purposes.](#)

"VPD" means vehicles per day.

"VPH" means vehicles per hour.

"Wasteload allocation" or "wasteload" or "WLA" means the portion of a receiving surface water's loading or assimilative capacity allocated to one of its existing or future point sources of pollution. WLAs are a type of water quality-based effluent limitation.

"Watercourse" means a defined channel with bed and banks within which water flows, either continuously or periodically.

24VAC30-92-20. Applicability, effective date, and transition.

A. Applicability. This regulation is intended to govern secondary street development and the criteria for acceptance of these streets by the department for subsequent maintenance. The Road Design Manual, 2011 (VDOT) and its Appendix B (1), the Subdivision Street Design Guide offer guidance on the design and construction features of secondary street development and set out design parameters deemed appropriate for most land development scenarios. However, the business of land development is fluid and the department, in consultation with the local official, is prepared to consider innovative transportation approaches associated with land development proposals that are consistent with the design and connectivity requirements of this chapter and the Subdivision Street Design Guide, Appendix B (1) of the Road Design Manual, 2011 (VDOT). However, when not specifically addressed in one of those documents, the relevant requirements of the Road Design Manual, 2011 (VDOT), standards, specifications, the Pavement Design Guide for Subdivision and Secondary Roads in Virginia, 2009 (VDOT) and associated instructions shall govern.

These requirements apply to all streets designated to be maintained by the department as part of the secondary system of state highways, except for streets whose construction was funded by state highway construction allocations. The department's review and approval shall apply only to streets proposed for addition to the secondary system of state highways maintained by the department. Any plans submitted for review that contain only streets proposed for maintenance by entities other than the department may be reviewed for general guidance at the discretion of the district administrator but will not be officially approved. However, any such review shall not represent the department's commitment to accept such streets for maintenance irrespective of the quality of the construction of the street or streets.

Any streets proposed to be privately maintained shall have a notation on the plat and impacted deeds that clearly indicates that as a prerequisite for the streets' future acceptance, the streets must be improved to the department's prevailing requirements for acceptance at no cost to the department. All notations made on plats or similar instruments pursuant to this section shall be in accordance with § 33.1-72.2 of the Code of Virginia.

B. Grandfathering.

1. Streets where the street layout has been proffered pursuant to § 15.2-2297, 15.2-2298, or 15.2-2303 of the Code of Virginia prior to February 1, 2012, may, at the discretion of the developer, be considered for acceptance in accordance with the applicable former requirements, provided the requirements of § 15.2-2307 of the Code of Virginia have been met. This grandfathering shall not apply to any streets where the proffered layout may be adjusted, without requiring a significant affirmative governmental zoning action to modify such proffered conditions, to meet the requirements of this chapter, unless a site plan, subdivision plat, or preliminary plat relying on such proffered street layout has been submitted for approval prior to February 1, 2012. In such instances the grandfathering may, at the discretion of the developer, apply to the applicable site plan, subdivision plat, or preliminary subdivision plat. Notwithstanding any other provision of this subsection, the grandfathering provided based upon proffers shall not be lost or adversely impacted due to a

modification of the relevant plan or plat so long as no more than 20% (cumulative) of the original street centerline mileage is eliminated, realigned, or added compared to the proffered layout and the modification is not expected to result in an increase in traffic generation.

2. Streets that are part of a recorded plat or final site plan valid pursuant to § 15.2-2261 of the Code of Virginia and approved in accordance with §§ 15.2-2286 and 15.2-2241 through 15.2-2245 of the Code of Virginia prior to February 1, 2012, shall be considered for acceptance in accordance with the applicable former requirements as long as such plats or plans remain valid under applicable law. However, such streets may be considered for acceptance under requirements of this chapter at the discretion of the developer.

3. Streets that are part of a preliminary subdivision plat valid pursuant to § 15.2-2260 of the Code of Virginia approved in accordance with §§ 15.2-2286 and 15.2-2241 through 15.2-2245 of the Code of Virginia prior to February 1, 2012, shall be considered for acceptance in accordance with the applicable former requirements for a period of up to five years or such longer period as such preliminary subdivision plat is valid under applicable law, provided the requirements of § 15.2-2260 of the Code of Virginia have been met. Such grandfathering shall apply to construction plans, site plans, and final plats submitted and approved in furtherance of such preliminary subdivision plat for as long as such plans or plats remain valid under applicable law. However, such streets may be considered for acceptance under requirements of this chapter at the discretion of the developer.

4. Streets that are part of a street construction plan approved by the department prior to February 1, 2012, shall be considered for acceptance in accordance with the applicable former requirements. However, such streets may be considered for acceptance under requirements of this chapter at the discretion of the developer.

5. If requested by the applicable locality, the applicable former requirements shall apply if the applicant has submitted at a minimum a conceptual sketch that includes all of the elements required under 24VAC30-92-70 A prior to February 1, 2012. Subdivisions 1 through 4 of this subsection shall take precedence over this subdivision in any instances of a conflict.

C. Effective date. All streets proposed for acceptance by the department after January 1, 2012, shall be considered for acceptance in accordance with this chapter, except as provided for in this section and as may be waived by the commissioner pursuant to this chapter.

D. Transition. Prior to February 1, 2012, the department will consider complete plats and plans developed in accordance with the applicable former requirements or these requirements. Any plat or plan initially submitted to the department for consideration after January 31, 2012, however, shall be in accordance with these requirements.

24VAC30-92-30. Local subdivision ordinances.

Exemptions or variances in local ordinances. Any requirements of ordinances adopted by the governing body that are not in conflict with these provisions shall become the department's requirements in that locality and govern. Any street proposed for addition to the secondary system of state highways maintained by the department shall comply with applicable requirements as herein provided or the local ordinance, when such provisions are not in conflict with this chapter.

24VAC30-92-40. Continuity of public street system.

The continuity of a publicly maintained street system is a prerequisite to the addition of any street or network addition into the secondary system of state highways.

A street or network addition may only be accepted into the secondary system of state highways for state maintenance if it is the continuation of the network of public streets whose maintenance has been officially accepted by the department or, if appropriate, a city, town or county, and such street or network addition meets the requirements of this chapter.

24VAC30-92-50. (Repealed.)

24VAC30-92-60. Public benefit requirements.

A. Public benefit. A street or network addition may only be accepted by the department for maintenance as part of the secondary system of state highways if it provides sufficient public benefit to justify perpetual public maintenance as defined by this chapter. A street shall be considered to provide sufficient public benefit if it meets or exceeds the public service, pedestrian accommodation, and connectivity requirements of this chapter.

B. Public service requirements. In the event the governing body requests the addition of a street or network addition before it meets these public service provisions, the district administrator will review each request on an individual case basis and determine if the acceptance of a street prior to normal service requirements is justified, provided the street or network addition meets all other applicable requirements including the connectivity requirements of this chapter. At the request of the local governing body, subject to approval by the district administrator, the public service requirements may be reduced for individual streets serving state or local economic development projects.

1. Individual streets. For the purpose of these requirements, public service may include, but is not necessarily limited to, streets meeting one or more of the following situations:

a. Serves three or more occupied units with a unit being a single-family residence, owner-occupied apartment, owner-occupied residence in a qualifying manufactured home park, a stand-alone business, or single business entity occupying an individual building, or other similar facility. Also, streets serving manufactured home parks may only be

considered when the land occupied by the manufactured home is in fee simple ownership by the residents of such manufactured home.

b. Constitutes a connecting segment between other streets that qualify from the point of public service.

c. Such street is a stub out.

d. Serves as access to schools, churches, public sanitary landfills, transfer stations, public recreational facilities, or similar facilities open to public use.

e. Serves at least 100 vehicles per day generated by an office building, industrial site, or other similar nonresidential land use in advance of the occupancy of three or more such units of varied proprietorship. Any addition under this provision shall be limited to the segment of a street that serves this minimum projected traffic and has been developed in compliance with these requirements.

f. Constitutes a part of the network of streets envisioned in the transportation plan or element of a locality's comprehensive plan that, at the time of acceptance, serves an active traffic volume of at least 100 vehicles per day.

2. Multifamily, townhouse, and retail shopping complexes. A through street that serves a multifamily building may be considered for maintenance as part of the secondary system of state highways if it is deemed by the department to provide a public service and provided it is well defined and the district administrator's designee determines that it is not a travel way through a parking lot.

Entrance streets and the internal traffic circulation systems of retail shopping complexes qualify only if more than three property owners are served and the district administrator's designee determines that it is not a travel way through a parking lot.

3. Network additions. A network addition shall be considered to provide service if each street within the addition meets at least one of the criteria in subdivision 1 of this subsection.

4. Special exceptions. There may be other sets of circumstances that could constitute public service. Consequently, any request for clarification regarding unclear situations should be made in writing to the district administrator's designee.

C. Connectivity requirements. All streets in a development as shown in a plan of development shall be considered for acceptance into the secondary system of state highways as one or multiple network additions. However, streets with a functional classification of collector and above may be eligible for acceptance as individual streets.

For the purposes of this subsection, connection shall mean a street connection to an adjacent property or a stub out that will allow for future street connection to an adjacent property.

The connectivity requirements of this chapter shall not apply to the following: a frontage road or reverse frontage road as defined in the Access Management Regulations: Principal Arterials (24VAC30-72) or Access Management Regulations: Minor Arterials, Collectors, and Local Streets (24VAC-30-73), streets petitioned for acceptance into the secondary system of state highways through the Rural Addition Program pursuant to §§ 33.1-72.1 and 33.1-72.2 of the Code of Virginia, or streets petitioned for acceptance into the secondary system of state highways through the Commonwealth Transportation Board's Rural Addition Policy provided such streets were constructed prior to January 1, 2012.

1. Stub out connection standard. If a stub out or stub outs maintained by the department adjoin the property of a development with a network addition or individual street proposed for acceptance into the secondary system of state highways, such network addition or individual street must connect to such stub out or stub outs to be eligible for acceptance into the secondary system of state highways. The district administrator may waive this requirement if the existing stub out is of such design as to make such a connection unsafe.

2. Multiple connections in multiple directions standard. The streets within a network addition may be accepted into the secondary system of state highways if the network addition provides at least two external connections, one of which must be to a publicly maintained highway and the other providing a connection to a different highway or a stub out to an adjoining property. Local street stub outs generally should not exceed 500 feet in length. If a stub out is constructed, the applicant shall post a sign in accordance with the department's standards that indicates that such stub out is a site for a future roadway connection. Nothing in this chapter shall be construed as to prohibit a stub out from providing service to lots within a development. The district administrator's designee shall waive or modify the second required connection of this standard if one or more of the following situations renders the provision of such connection impracticable:

a. The adjoining property is completely built out, its state is such that redevelopment within 20 years is unlikely, and there is no stub out (either constructed or platted) to the property served by the network addition;

b. The adjoining property is zoned for a use whose traffic is incompatible with the development being served by the network addition, providing, however, that in no case shall retail, residential, or office uses be considered incompatible with other retail, residential, or office uses; or

c. There is no reasonable connection possible to adjoining property or adjacent highways due to a factor outside the control of the developer of the network addition, including but not limited to such as the presence of conservation easements not put in place by the developer of the network addition, underground utility trunk easement not put in place by the developer of the network addition, water features such as rivers or lakes, jurisdictional wetlands, grades in excess of 15% whose total elevation change is greater than five feet, limited access highways, railroads, or government property to which access is restricted.

d. The network addition was constructed in accordance with an overall plan of development approved by the department and the locality as meeting all the requirements of this chapter, and the additional phase of the development allowing the network addition to meet connectivity is under construction.

3. Additional connections standard. Network additions providing direct access to (i) more than 200 dwelling units or (ii) lots whose trip generation is expected to be over 2,000 VPD may be accepted into the secondary system of state highways if the network addition provides an additional external connection beyond that required under subdivision 2 of this subsection for each additional 200 dwelling units or 2,000 VPD or portion of each over and above the initial 200 dwelling units or 2,000 VPD. For the purposes of this requirement, each external connection of collector facilities that are elements of the county's transportation plan and to which there is no direct lot access provided counts as two external connections. The district administrator's designee shall waive or modify this additional connections standard if one or more of the following situations renders the provision of such connection impracticable:

a. The adjoining property is completely built out, its state is such that redevelopment within 20 years is unlikely, and there is no stub out (either constructed or platted) to the property served by the network addition;

b. The adjoining property is zoned for a use whose traffic is incompatible with the development being served by the network addition, providing, however, that in no case shall retail, residential, or office uses be considered incompatible with retail, residential, or office uses;

c. In developments with a median density of more than eight lots per acre or with a FAR of 0.4 or higher, where the number of connections provided would be contrary to the public interest; or

d. There is no reasonable connection possible to adjoining property or adjacent highways due to a factor outside the control of the developer of the network addition, including but not limited to such as the presence of conservation easements not put in place by the developer of the network addition, underground utility trunk easement not put in place by the developer of the network addition, water features such as rivers or lakes, jurisdictional wetlands, grades in excess of 15% whose total elevation change is greater than five feet, limited access highways, railroads, or government property to which access is restricted.

e. The network addition was constructed in accordance with an overall plan of development approved by the department and the locality as meeting all the requirements of this chapter, and the additional phase of the development allowing the network addition to meet connectivity is under construction.

f. The district administrator's designee may also waive or modify this additional connections standard if, in the written opinion of the applicant and locality's Chief

Executive or designee, the provision of such connection is impracticable or unwarranted due to (i) topographic constraints; (ii) incompatibility with existing adjoining development; (iii) the adjoining property is completely built out as envisioned in the locality's comprehensive plan with no expectation of redevelopment in the next 20 years and there is no stub out (either constructed or platted) to the property served by the network addition; (iv) the connection would impact the developer's ability to comply with any local ordinances related to the preservation of open space or trees during the land development process, after a good faith effort to comply with connectivity requirements and local ordinances; (v) the connection would require work outside the right of way (existing or proposed) or easements on an adjoining property outside of the control of the developer; or (vi) other factors as determined by the applicant and locality's Chief Executive or designee. The district administrator's designee shall respond to requests for such connectivity exceptions within 30 calendar days of receipt of a completed VDOT request form.

4. Individual street standard. Streets that are not part of a network addition shall be accepted into the secondary system of state highways upon petition by the local governing body as long as they meet the requirements of the applicable design standard and one terminus of the street is an intersection with a roadway that is part of the existing publicly maintained highway network and the other terminus is either an intersection with a roadway that is part of the existing publicly maintained highway network or a stub out to an adjoining property. Streets considered for individual acceptance should be (i) streets that provide a connection between two existing publicly maintained streets or (ii) streets with a functional classification as collector or higher.

5. Connectivity exceptions. Where the above standards for waiver or modification have been met, the connectivity requirements for a network addition shall be waived or modified by the district administrator's designee. The developer shall submit any request for connectivity waiver or modification to the district administrator's designee with a copy to the local official. The district administrator's designee shall respond to requests for connectivity exceptions within 30 calendar days of receipt of a request. For projects where a scoping meeting pursuant to the Traffic Impact Analysis regulations (24VAC30-155) will be held, requests for exceptions and supporting data should be presented and discussed.

6. In instances where there is potential for conflict between this chapter and the Access Management Regulations: Principal Arterials (24VAC30-72) or the Access Management Regulations: Minor Arterials, Collectors, and Local Streets (24VAC30-73), the following shall apply:

a. For streets with a functional classification of collector where additional connections necessary to meet the connectivity requirements of this chapter cannot be accommodated within the applicable spacing standards and cannot otherwise be met through connections to lower order roadways or stub outs, such spacing standards shall be modified by the district administrator's designee to allow for such connection. Such connection or connections shall be required to meet intersection sight distance standards specified in the Road Design Manual, 2011 (VDOT).

b. For streets with a functional classification of minor arterial where additional connections necessary to meet the connectivity requirements of this chapter cannot be accommodated within the applicable spacing standards and cannot otherwise be met through connections to lower order roadways or stub outs, the district administrator's designee shall, in consultation with the developer and the local official, either modify the applicable spacing standards to allow for such connection or connections, or modify the connectivity requirements of this chapter to account for the inability to make such connection. Such connection shall be required to meet intersection sight distance as specified in the Road Design Manual, 2011 (VDOT).

c. For streets with a functional classification of principal arterial where additional connections necessary to meet the external connectivity requirements of this chapter cannot be accommodated within the applicable spacing standards and cannot otherwise be met through connections to lower order roadways or stub outs, the connectivity requirements shall be modified by the district administrator's designee to account for the inability to make such connection.

7. Failure to connect. If a local government approves a subdivision plat for a new development that does not connect to a stub out or stub outs in an adjacent development and such development's network addition or individual street would meet the applicable requirements of this chapter if it connected to a stub out or stub outs in the adjacent development, the network addition or individual street may or may not be accepted into the secondary system of state highways for maintenance pursuant to the authority granted to the district administrators in accordance with 24VAC30-92-100.

24VAC30-92-70. Administrative procedure.

A. Conceptual sketch. A conceptual sketch of the development that shows sufficient information for the department to review and concur with the proposed functional classification for each street in the development shall be provided to the district administrator's designee by the local official prior to preparing detailed construction plans for review. Any preliminary or conceptual plat, plan or sketch that conforms to the locality's zoning requirements or subdivision ordinance is acceptable if the information required by this subsection is shown. The submittal should include:

1. The general location and configuration, including the terminus, of each street, and the traffic volume anticipated when the land served is fully developed in accordance with the land uses anticipated.
2. The location, area, and density or floor area ratio (FAR) of each type of proposed land use within the development.
3. The location of any proposed transportation facility including any public transportation facilities as well as bicycle and pedestrian accommodations within the development's boundaries included in the comprehensive plan of the governing body.
4. The proposed functional classification for each street in the development.
5. The connectivity of the network addition as proposed, if applicable.
6. The location of stub outs on adjoining property and the existing land use of such adjacent property, if applicable, and the location of any proposed stub outs within the network addition, if applicable.
7. Any waiver or modification of the connectivity requirements or pending requests therefore pursuant to 24VAC30-92-60 C.
8. General preliminary information on the type of any storm sewer system, such as BMP, outfalls, or conveyance channels, that is proposed to be located within the right-of-way as described in 24VAC30-92-120 L 2 and if the project is located in a MS4 regulated area or a TMDL watershed.
9. Other available information pertinent to the intended development, including but not limited to any proposed phased development of streets pursuant to 24VAC30-92-80.

B. Conceptual sketch review. The district administrator's designee will review the layout and functional classification of streets shown in the concept sketch and within 45 calendar days notify the local official in writing, as well as the developer, if applicable, of his concurrence or recommendations and whether or not the streets in the proposed network addition meet the connectivity and other requirements of this chapter. This concurrence will be valid as long as the basic concept for the development, including the general street layout and design, as submitted

for review, remains unchanged. The district administrator's designee shall also review any unresolved request for modifications to the connectivity requirements and include his decision in the written notification to the local official and the developer. As part of his review, the district administrator's designee shall review the provision of collector and other higher order streets and if necessary make recommendations for the provision of such streets to address the traffic generated by the development.

C. Plan of development submission. Plats or plans, or both, together with other pertinent data as herein prescribed, shall be submitted to the local official in accordance with the practices of the local government and to the district administrator's designee for all proposed developments whose streets are intended to be added to the secondary system of state highways maintained by the department. The district administrator's designee may, subject to the availability of staff and upon the request of the local official, cooperate in the review of proposed developments to be developed to these standards but not initially intended for addition to the secondary system of state highways maintained by the department. The department may recover the costs for this service in accordance with 24VAC30-92-140.

D. Plan review. Upon receipt of the plats or plans, or both, the district administrator's designee will arrange for the appropriate review to determine compliance with the requirements of this chapter and other applicable VDOT requirements. The general procedure for this review is described in the Guidance Document for the Commonwealth Transportation Board's Secondary Street Acceptance Requirements, 2011 (VDOT).

E. Plan approval. The district administrator's designee will advise the appropriate local official and the developer, if applicable, as to the results of the review.

1. If the street development proposed by the plats or plans, or both, is determined to be in compliance with these requirements, the district administrator's designee will provide written confirmation of this finding. This action signifies the district administrator's designee's approval of the street layout and design shown on the plats or plans, as submitted. Any subsequent revision, additions, or deletions thereto shall require specific written approval of the district administrator's designee for each such change.

2. If a revision of the submitted plats or plans is determined necessary, the district administrator's designee will list the required changes in a written response to the local official and the developer, if applicable. Upon completion of the specified revisions, the plats or plans will be resubmitted for review and approval by the district administrator's designee.

The department's approval of a street construction plan shall constitute its commitment to accept the street or network addition depicted thereon when all applicable provisions of these requirements are satisfied and the streets have been constructed according to the approved construction plan and supporting specifications. However, during the department's or other approved inspection of construction as specified by this chapter, if a situation is discovered that was not addressed on the approved plan that could, in the opinion of the district administrator's designee, adversely affect public safety or the integrity of either the roadway or the adjacent

property, acceptance of the street or network addition shall be deferred until the situation is corrected.

The department's approval of a street construction plan shall expire after a period of five years if construction has not commenced, in which case the subdivision street construction plan shall be resubmitted for subsequent review and approval. This shall not affect the adequacy of the approved concept plan as depicted on a recorded final plat, as provided for under § 15.2-2241 of the Code of Virginia.

Network additions will only be accepted when the entire network addition has been constructed, except in such instances where the constructed portion meets the applicable public benefit requirements of this chapter.

F. Street acceptance. Upon the satisfactory completion of construction of the street or streets in a network addition, the department will advise the local governing body regarding the street or network addition's readiness for acceptance and the local governing body, in consultation with the district administrator's designee, will initiate its acceptance into the secondary system of state highways maintained by the department provided:

1. The developer dedicates the prescribed right-of-way to public use.
2. The street has or streets in the network addition have been constructed in accordance with the applicable specifications, standards and the plats or plans approved by the department.
 - a. Traffic control markings, signs, and devices have been installed in accordance with VDOT standards, specifications, and practices.
 - b. Speed limits have been set in accordance with Article 8 (§ 46.2-870 et seq.) of Chapter 8 of Title 46.2 of the Code of Virginia. For any streets with speed limits different from those set out in § 46.2-870 or §§ 46.2-873 through 46.2-875 of the Code of Virginia, traffic engineering investigations supporting such speed limits have been submitted to VDOT.
3. The developer furnishes all required information and data to the district administrator's designee and the local government official pertaining to the development's stormwater management system that are pertinent to the locality's, department's, or other entity's Municipal Separate Storm Sewer System (MS4) permit, if applicable.
4. The street or streets in a network addition provides sufficient public benefit as prescribed in 24VAC30-92-60 and meets the requirements of this chapter.
5. The street or streets in the network addition has been properly maintained since its completion.
6. The developer furnishes the surety and fees in accordance with 24VAC30-92-140.

7. The governing body or other responsible parties have executed all agreements prescribed by these requirements, unless specifically waived on an individual case basis by the department employee, or his successor or his designee, responsible for overseeing these requirements and the final acceptance of streets as part of the secondary system of state highways maintained by the department.

8. The governing body, by proper resolution, requests the department to accept the street or streets in the network addition for maintenance as part of the secondary system of state highways under its jurisdiction. The resolution shall include the governing body's guarantee of an unrestricted and unencumbered right-of-way as dedicated, plus any necessary easements for fills, drainage, or sight distance.

Upon the department's determination that the requested street or network addition is in compliance with the applicable provisions of these requirements, the governing body will be officially advised of the street or network addition's acceptance into the secondary system of state highways and the effective date of such action. This notification serves as the district administrator's designee's authority to begin maintenance thereon.

24VAC30-92-80. Phased development of streets.

A. Policy. Certain streets that require four or more travel lanes to accommodate the projected traffic may be accepted by the department for maintenance after completion of the first two lanes to an acceptable, initial phase of construction, upon the request of the governing body. It is recognized that there is a distinction between those streets that benefit the regional transportation network and those that primarily serve the development of land and local traffic, and, therefore, the criteria for phased construction for each situation differs as described in subsection B of this section.

However, in all cases, the right-of-way required for the road at its complete stage of construction shall be dedicated and accepted as part of the initial street acceptance. In addition, the initial phase of construction shall be designed and constructed to facilitate construction of the remaining phase in a manner that will avoid the need to reconstruct the initial two lanes.

Consideration for the acceptance of any street under the provisions of this section shall be limited to the phased development of only the street's roadway. All other applicable requirements, e.g., public benefit, drainage easements, and administrative procedures, shall apply.

B. Criteria.

1. For streets included in the transportation plan of the locality's comprehensive plan that serve diverse areas of the region or locally, no special agreement or acknowledgement is needed as a prerequisite to acceptance, provided:

a. The street is part of a transportation corridor that was formally adopted as a part of the locality's comprehensive transportation plan prior to the local governing body's approval of the plat or plan for the development of the adjacent land.

b. The transportation corridor is a major thoroughfare planned primarily to move through traffic.

c. When fully developed the street must satisfy the department's functional classification criteria as a major collector or higher.

d. The street has a projected traffic volume of 8,000 vehicles per day or less for a period of 10 years following the date of the acceptance for maintenance by the department.

2. For all other streets, the local governing body's resolution requesting acceptance of the initial two-lane section must include provisions that acknowledge:

a. The local governing body agrees that all costs incurred in the street's complete construction, including right-of-way, engineering, utility adjustment, etc., shall be provided from funds other than those derived from state revenue sources administered by the department, except as may be expressly authorized by the department.

b. The local governing body agrees that it is its responsibility to ensure that the roadway is completed as needed to accommodate the traffic. However, the locality also acknowledges that a determination that the street needs to be completed to its ultimate section will be made by the district administrator's designee once it is determined that the first two lanes will not sustain an acceptable level of service for the functional classification of the roadway in accordance with the Highway Capacity Manual, 2010 (TRB).

C. Procedures.

1. Plats or plans, or both, for the street's complete development, in accordance with all applicable provisions of these requirements, shall be submitted for approval.

2. The plats or plans shall also delineate the street's initial development as proposed pursuant to this section. In no case shall this design provide less than one-half of the roadway typical section required by the applicable requirements for the street's complete development.

3. Unless waived by the district administrator's designee, a capacity analysis shall be submitted to document that an acceptable level of service will be maintained for the intended duration of the initial phase of development. In determining an acceptable level of service, the beneficial effect of the proposed street on the overall transportation network will be considered.

4. A determination will be made by the department in consultation with the locality as to whether the street can be approved for phased development and as to which criterion in subsection B of this section applies.

5. Upon the district administrator's designee's determination that the proposal is in compliance with the applicable provisions of this section, the plans may be approved accordingly.

6. Upon completion of the street's initial phase in accordance with approved plans, its compliance with all other applicable provisions of this section, and the inclusion of the appropriate language in the resolution, the street may be accepted for maintenance by the department as part of the secondary system of state highways.

24VAC30-92-90. Connections to or work within streets maintained by the department.

A. Connections to streets maintained by the department. A land use permit issued by the department is required for new connections of any kind to existing streets maintained by the department. Due to the wide variation in prevailing conditions, each location shall be evaluated individually to determine exact requirements. Therefore, it is incumbent upon the developer or his designee to apply for a land use permit at the appropriate time to ensure the desired completion of the development. Such application shall be made to the district administrator's designee and shall be consistent with the approved plats or plans for the subdivision or the document reviewed for the connection of a street that is to remain privately maintained. In no instance where the proposed connection to the existing streets maintained by the department involves a stub out shall a land use permit be unreasonably withheld.

B. Relocations, adjustments, and improvement of streets maintained by the department. All work performed within the existing right-of-way of streets maintained by the department, including pavement widening, the addition of turn lanes, realignments and relocations of existing streets, shall be coordinated with and approved by the department as follows:

1. All such work shall be accomplished pursuant to a land use permit issued by the department after the required right-of-way has been dedicated to public use or as otherwise required by the department.

2. All work, including the relocation, adjustment, and improvement of existing streets under VDOT jurisdiction shall be subject to the department's direction rather than these requirements. Such work should include overlaying and restriping the old and new portions of the roadway as may be required by the district administrator's designee.

3. The relocation of streets maintained by the department shall only be accomplished with the consent of the local governing body.

4. Traffic, both vehicular and pedestrian, should be maintained on streets under the department's jurisdiction until the new portion has been accepted by the department for maintenance unless the department authorizes a closure of the road to traffic.

5. No street or roadway maintained by the department and actively used by the public shall be abandoned or vacated unless a new street serving the same citizens has been constructed and accepted for maintenance by the department.

24VAC30-92-100. Discretionary authority.

The district administrator's designees are authorized considerable discretionary authority regarding the design of secondary streets functionally classified as "local." The department's district administrators are authorized considerable discretion regarding the design of secondary streets functionally classified as "collector" or above and the acceptance of streets into the secondary system of state highways.

24VAC30-92-110. Appeal.

The district administrator is authorized to consider and render a ruling on unresolved differences of opinion between the developer and the district administrator's designee that pertain to the interpretation and application of these requirements.

To obtain this review, the developer shall provide the district administrator, the district administrator's designee, and the local official a written request for such action, describing any unresolved issue. After reviewing all pertinent information, the district administrator will advise the developer in writing regarding the decision of the appeal, and provide a copy of the decision to the local official and the district administrator's designee. All correspondence requesting an appeal should include copies of all prior correspondence with the local official and department representatives regarding the issue or issues. The district administrator shall advise the developer of the decision on the appeal within 30 calendar days.

The developer may request a meeting with the district administrator concerning the appeal, and the district administrator shall respond within 10 business days and provide to the developer a date, time, and location for such meeting. After reviewing all pertinent information, the district administrator shall advise the developer in writing regarding the decision on the appeal, and provide a copy of the decision to the district administrator's designee and the local official.

The developer may further appeal the district administrator's decision to the commissioner. All correspondence requesting an appeal should include copies of all prior correspondence with the local official and department representatives regarding the issue or issues. The commissioner shall advise the developer of the decision on the appeal within 30 calendar days.

24VAC30-92-120. Design and agreement requirements.

A. General requirements. Most criteria addressing the design of new streets can be found in the Road Design Manual, 2011 (VDOT) and its Appendix B (1), the Subdivision Street Design Guide. However, the following provisions are provided for guidance, particularly in regard to features that require agreements or formal acknowledgements of the governing body before VDOT's acceptance of the street or streets within a development.

When an agreement is required between the local governing body and the department as a prerequisite to the acceptance of a street, nothing in these requirements shall preclude the local governing body from entering into separate agreements with other entities to fulfill its responsibilities. However, if the provisions are intended to ensure the safety of the public using the street, the department reserves the right to approve the involvement of the other party or parties.

All streets functionally classified as local shall have a design speed equal to the posted speed limit, except for streets functionally classified as local with a projected traffic volume of 400 vehicles per day or less, which may have a design speed less than the posted speed limit.

The department, locality, and developer shall take measures to minimize the impacts of through traffic on streets functionally classified as local and accepted into the secondary system of state highways under these regulations. Such measures shall include initial street designs that manage motor vehicle speed to match local context.

B. Geometric requirements. Geometric requirements for new streets are established in the Road Design Manual, 2011 (VDOT) and its Appendix B (1), the Subdivision Street Design Guide. Sufficient off-street parking must be provided by the local governing body in accordance with this chapter if streets in a proposed network addition are constructed in accordance with design requirements for streets with off-street parking.

C. Turn lanes. Left or right turn lanes shall be provided at intersections when the department determines that projected turning movements warrant their installation. These facilities shall be designed in accordance with the Road Design Manual, 2011 (VDOT) and its Appendix B (1), the Subdivision Street Design Guide and, if necessary, additional right-of-way shall be provided to accommodate these facilities.

D. Pavement structure.

1. Pavement design. The pavement structure for new streets shall be in accordance with the Pavement Design Guide for Subdivision and Secondary Roads in Virginia, 2009 (VDOT), including any prescribed underdrains. Prior to construction of the pavement sub-base and finish courses, the district administrator's designee shall approve the proposed pavement design.

2. Special pavement surfaces. The district administrator's designee may approve special pavement surfaces, such as the use of stamped pavement. However, if the pavement design is a type not addressed by the Pavement Design Guide for Subdivision and Secondary Roads in Virginia, 2009 (VDOT), an agreement shall be provided by the governing body that addresses the future maintenance of such pavement.

3. Pavement additions to existing streets. When an existing VDOT-maintained roadway is to be widened to accommodate additional lanes or the addition of turn lanes, the necessary pavement design shall be obtained from the district administrator's designee and the entire surface of the roadway (old and new portions) may be required to be overlaid and restriped if

required by the district administrator's designee. The district administrator's designee shall not require the entire surface of the roadway to be overlaid and restriped when the only pavement addition to the existing roadway was for bicycle lanes unless extenuating circumstances require that the entire surface of the roadway be overlaid and restriped.

E. Parking.

1. Perpendicular and angle parking along streets is normally prohibited. However, perpendicular and angle parking along streets may be considered if the features along the street cause the street to readily appear to be a street rather than a travel way through a parking lot.

Street design that anticipates limited or no on-street parking shall be approved when sufficient off-street parking is provided in accordance with this chapter. Street design that anticipates the restriction of on-street parking on one side of the street shall be approved when sufficient off-street parking is provided for buildings on the side of the street where it is anticipated parking will be restricted.

2. For streets designed without on-street parking, a minimum of two off-street parking spaces per dwelling unit shall be provided in proximity of the unit that they are intended to serve. Such spaces, which may be provided in a parking bay, driveway, or garage facilities, shall be provided outside of the street's right-of-way. The district administrator's designee may approve lesser parking requirements for individual developments or classes of developments when evidence is presented to support such an approval such as proximity to transit service or the nature of the development. Entrances to parking bays and garage facilities shall be designed in accordance with the appropriate provisions of the Access Management Regulations: Principal Arterials (24VAC30-72) and Access Management Regulations: Minor Arterials, Collectors, and Local Streets (24VAC30-73).

3. In instances where the local governing body has determined, through adoption of a parking ordinance or other similar ordinance, that lesser parking requirements are sufficient for certain classes of development, such lesser requirements shall govern.

4. The department shall not prohibit roadway design that allows for the provision of on-street parking on any roadway with a functional classification of collector or local where the posted speed limit is 35 miles per hour or less.

F. Cul-de-sacs and turnarounds. An adequate turnaround facility shall be provided at the end of each cul-de-sac to permit the safe and convenient maneuvering by service vehicles. Various configurations of turnarounds are illustrated in the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)); however, alternative configurations may be approved by the district administrator's designee. Additional right-of-way shall be provided as required by the design of the turnaround. Normally, any nontraveled way areas within the turnaround, such as an island, shall be included in the dedicated right-of-way of the facility unless the department and the locality are able to reach an agreement for the maintenance of such nontraveled way areas. Nothing in this chapter shall prohibit the provision of stormwater

management facilities in the nontraveled way areas of a cul-de-sac, provided the requirements of subsection L of this section are met.

For circular turnarounds, a well-defined, identifiable street segment, equal to the normal lot width along the intersected street that serves the cul-de-sac, or 50 feet, whichever is greater, shall extend from the intersected street to the turning area.

G. Curb and gutter. For the purpose of these requirements, the use of curb and gutter is an acceptable roadway design, rather than a requirement. However, when used, curb and gutter shall be designed in accordance with the Road Design Manual and the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)) and only one curb and gutter design may be used along the length of a street.

1. Driveway entrance requirements. Without regard to the curb design used, the curb shall incorporate a driveway entrance apron, as illustrated in the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)), to provide a smooth transition from the gutter invert or roadway surface onto the driveway.

2. Curb ramps. All streets that incorporate accessible routes for pedestrian use shall, without regard to the curb design used, include curb ramps at intersections for use by persons with disabilities and shall incorporate other applicable provisions of the Americans with Disabilities Act (42 USC § 12101 et seq.).

H. Private entrances. All private entrances shall be designed and constructed in accordance with the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)).

I. Pedestrian, bicycle, and shared use path facilities. The Commonwealth Transportation Board's "Policy for Integrating Bicycle and Pedestrian Accommodations," 2004 emphasizes accommodating pedestrian and bicycle traffic. Any street proposed for VDOT acceptance shall accommodate pedestrian and bicycle traffic in accordance with the Commonwealth Transportation Board's policy and this chapter. Pedestrian and bicycle facilities should be generally uniform between intersections and included in the initial construction of the street, prior to VDOT acceptance.

1. Pedestrian accommodation requirements. Pedestrian accommodations shall be provided based upon density of development, the plans for or existence of public schools in the vicinity, the presence of existing pedestrian accommodations, and the operational nature of the fronting street. In all developments with pedestrian accommodations, such accommodations shall connect with existing pedestrian accommodations and allow for connection to future pedestrian accommodations to adjacent parcels. If multiple requirements apply to a street, the greater accommodation requirement shall govern. The district administrator's designee may waive or modify these requirements for the provision of pedestrian accommodations in situations when the accommodation exception provisions of the Commonwealth Transportation Board's policy are met.

a. Pedestrian accommodations shall be provided along both sides of the street or provisions made that provide equivalent pedestrian mobility for streets with an ADT over 400 that are located in a development with a median lot size of one-quarter acre or smaller or when the ADT for the street is over 8,000.

b. Pedestrian accommodations shall be provided along at least one side of the street or provisions made that provide equivalent pedestrian mobility for streets with an ADT over 400 that are located in a development with a median lot size between one-quarter acre and one-half acre or when the ADT for the street is between 2,000 and 8,000.

c. Pedestrian accommodations shall be provided along at least one side of the street or provisions made that provide equivalent pedestrian mobility within one-half street centerline mile of a public school.

d. When connecting to a stub street that has pedestrian accommodations, the new street shall also include pedestrian accommodations.

e. Pedestrian accommodations shall be provided along both sides of, or provisions made that provide equivalent pedestrian mobility along, streets functionally classified as collectors or arterials with three or more travel lanes. In no instance shall any sidewalk abut the curb or the edge of a collector or higher order street, unless the sidewalk is at least eight feet wide. In such instances tree wells shall be provided. In instances where it is necessary to retrofit streets with pedestrian accommodations to allow the streets to be accepted into the secondary system of state highways, the pedestrian accommodations less than eight feet wide may abut the curb or the edge of the street.

2. Maintenance of pedestrian and bicycle accommodations. Pedestrian and bicycle facilities are eligible for VDOT acceptance and maintenance based on the criteria of this section. A copy of an agreement or other document showing the proposed maintenance responsibilities of pedestrian and bicycle facilities shall be provided to VDOT for any pedestrian accommodation outside of the VDOT right-of-way that is used to meet the accommodation requirements of this subsection.

a. Compliant facilities. Pedestrian and bicycle facilities, including shared use paths as defined under § 46.2-100 of the Code of Virginia, shall be accepted as part of the street or network addition, unless otherwise requested by the governing body, provided they are located fully within the dedicated right-of-way of the street and they are constructed in accordance with applicable criteria and standards of the department.

(1) Sidewalk criteria. Sidewalks shall be constructed in accordance with the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)).

(2) Bicycle facility criteria. Bicycle facilities contiguous with the street shall be in accordance with the department's design and construction criteria set forth in the Road Design Manual, 2011.

(3) Shared use path criteria. Shared use paths shall be constructed in accordance with the Road Design Manual, 2011 and closely follow the vertical alignment of the roadway without meandering on and off the right-of-way.

b. Noncompliant sidewalk, bicycle, and shared use paths. Noncompliant sidewalk, bicycle, and shared use paths that fail to meet requirements of the department's standards for construction, alignment, or placement within the dedicated right-of-way of the street shall be deemed to be noncompliant and not qualify for maintenance unless a design waiver or exemption is granted by the department. Noncompliant sidewalks and shared use paths may be constructed of stabilizer convenient to the applicant. Noncompliant facilities may co-exist within the dedicated right-of-way of the street under a land use permit issued by the district administrator's designee to the local governing body responsible for having established the facility through its subdivision process or other development process.

Such permits will clearly specify the responsibility for maintenance of the facility and related activities to the extent the facility occupies the street's right-of-way. The permit applicant should be an entity that can be reasonably expected to have perpetual maintenance capability.

J. Bridge, drainage, and other grade separation structures. Bridges, drainage, and other grade separation structures shall be designed and constructed in accordance with all applicable department criteria and standards. The district administrator's designee may require special review of the plans and construction inspection.

The department will accept grade separation structures as part of new streets, provided the structure is a drainage structure or is intended to separate the movement of registered motor vehicles. In addition, the department will accept grade separation structures intended to separate pedestrians or bicyclists or any combination thereof from traffic using the roadway, provided:

1. The structure is available for unrestricted public use;
2. The structure is accessible to pedestrian accommodations situated along the street; and
3. The projected traffic volume of the street is (i) not less than 4,000 ADT or (ii) if the structure otherwise serves as part of the principal pedestrian access to a school or a mass transit facility including stops and stations and a peak hour traffic volume of 450 VPH or greater.

In all other instances, the grade separation structure shall be deemed to be a locally controlled grade separation structure within the right-of-way of the street, in which case the street will only be accepted as part of the secondary system of state highways maintained by the department after the local governing body and the department have executed an agreement acceptable to the department that (i) acknowledges the department has no responsibility or liability due to the presence of the structure and (ii) assures the burden and costs of inspection, maintenance, and

future improvements to the structure are provided from sources other than those administered by the department.

In all cases, whether the structure is accepted as an integral part of the roadway for maintenance by the department or it remains a locally controlled structure, the lighting, safety, and security of those using such facilities shall remain a responsibility of local government.

K. Dams. The department will only consider accepting streets for maintenance that traverse dams when all of the following provisions are satisfied. For the purpose of this section, a roadway will be considered to traverse a dam if any part of the fill for the roadway and the fill for the dam overlap or if the area between the two embankments is filled in so that the downstream face of the dam is obscured or if a closed drainage facility from a dam extends under a roadway fill.

1. Agreements with the governing body. Except as exempt under subdivision 6 of this subsection, the governing body acknowledges by formal agreement the department's liability is limited to the maintenance of the roadway and that the department has no responsibility or liability due to the presence of the dam, the maintenance of which shall remain the responsibility of an owner, other than the department, as established by § 33.1-176 of the Code of Virginia.

2. Design review. An engineer licensed to practice in the Commonwealth of Virginia shall certify that the hydraulic and structural design of any dam, as described below, is in accordance with current national and state engineering practice and that all pertinent provisions of the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)) have been considered. Prior to approval of the roadway construction plans, the hydraulic and structural design of a proposed dam shall be reviewed by the department and meet the department's satisfaction if:

- a. A roadway is considered to traverse a dam; or

- b. A roadway is located below but sufficiently close to the dam that a catastrophic breach could endanger the roadway or the safety of those using the roadway.

3. Right-of-way requirements. The right-of-way of roads considered to occupy dams shall be recorded either as an easement for public road purposes or as a dedication specifically to the governing body. Right-of-way dedicated in the name of the Commonwealth or any of its agencies is not acceptable if it includes a dam, and roads through such right-of-way will not be accepted as a part of the secondary system of state highways maintained by the department.

4. Supplemental, alternative access. To be considered for VDOT maintenance, roadways that traverse a dam must be supplemented by an appropriate alternative roadway facility for public ingress or egress having suitable provisions that ensure perpetual maintenance.

5. Permits. All applicable federal and state permits associated with dams shall be secured and filed with the locality prior to VDOT's acceptance of any street that traverses a dam.

6. Dams exempt from agreements. The acceptance of roadways that traverse dams shall be exempt from the requirements for an agreement with the governing body, as required by subdivision 1 of this subsection, if all of the following is satisfied:

- a. The dam is used to create a stormwater detention or retention facility;
- b. The maximum depth of the water retained by the impoundment at its 100-year storm flood elevation is not greater than four feet; and
- c. The surface area of the impoundment at full flood is not greater than two acres and is beyond the right-of-way dedicated to public use.

L. Roadway drainage.

1. Policy and procedures. All drainage facilities shall be designed in accordance with the department's Drainage Manual, 2002 and supplemental directives or the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)) as may be appropriate. All drainage computations supporting a proposed drainage design shall be submitted to the department for review as part of the documents necessary for the approval of a construction plan.

2. Stormwater management. Whereas the department considers matters regarding stormwater management associated with the construction of streets to be under the authority of the local governing body, decisions regarding stormwater management in the construction of streets are deferred to the locality. However, stormwater management, including the construction of detention or retention facilities, or both, is recognized as an available design alternative or BMP for water quantity, quality, or both. Where the developer is required by regulations promulgated by an agency or governmental subdivision other than the department or the developer chooses to use stormwater management facilities in the design of a subdivision or other development, the governing body shall, by formal agreement, and as a prerequisite for the transfer of jurisdiction over the street to the department, acknowledge that the department is not responsible for the operation, maintenance, retrofitting, or liability of the stormwater management facility or facilities associated with the subdivision or the development. Any retrofits required to comply with a TMDL WLA will be the responsibility of the locality. However, in the event the governing body has executed a comprehensive, localitywide agreement with the department addressing these matters, a specific agreement addressing stormwater management controls in the subdivision or development will not be required as a condition for street acceptance.

Stormwater management controls for VDOT projects are to be designed in accordance with the approved VDOT Erosion and Sediment Control and Stormwater Management Program Standards and Specifications, 2010, as annually approved by the Department of Conservation and Recreation, the Virginia Erosion and Sediment Control Regulations (4VAC50-30), and the Virginia Stormwater Management Program (VSMP) Permit Regulations (4VAC50-60), and, if applicable, VDOT's MS4 Program Plan, 2008. While these controls may be necessary whenever a street maintained by the department is widened or relocated, the department does

not require them in the development of new streets because such activity is regulated by the local governments. However, developers and counties may find these controls useful in managing land development activity.

Generally devices and treatments intended to mitigate the impact of stormwater shall be placed off of the right-of-way and shall be designed to prevent the backup of water against the roadbed. However, such devices and treatments may be placed within the right-of-way if the department and the local governing body have executed an agreement that (i) acknowledges the department has no responsibility or liability due to the presence of the devices or treatments, or both; (ii) assures the burden and costs of inspection, maintenance, VSMP permit requirements, TMDL WLA requirements, retrofitting or other future improvements to the devices and treatments, or other costs related to the placement of such devices or treatments within the right-of-way are provided from sources other than those administered by the department; (iii) a professional engineer licensed by the Commonwealth or the manufacturer as required by the department, certifies the construction of the facility to plans reviewed by the department; and (iv) design requirements of the facility are included in the department's Drainage Manual, 2002, the Department of Conservation and Recreation's Stormwater Management Handbook, First Edition, 1999, or supplemental directives.

Where development activity results in increased runoff to the extent that adjustment of an outfall facility is required, such adjustment shall be at the developer's expense and shall be contained within an appropriate easement.

The department is required to implement the Municipal Separate Storm Sewer System (MS4) permit for facilities located on its right-of-way. To comply with these requirements, the local governing body shall provide to the district administrator's designee all aspects of a proposed development's storm sewer system and associated stormwater management plan that are pertinent to the locality's or the department's MS4 permit. Additionally, the local governing body shall provide to the district administrator's designee an inventory of all outfalls to waters of the United States, physical interconnections with other stormwater systems, stormwater management devices, or both related to the project that are located within VDOT right-of-way as a condition of street acceptance in accordance with the VDOT MS4 Stormwater Outfall Inventory Manual, 2011. VDOT shall not accept a street for maintenance as part of the secondary system of state highways that are not in compliance with conditions of the pertinent MS4 permit and VDOT's MS4 Program Plan, 2008, as such conditions existed at the time of the relevant street construction plan's approval. VDOT shall not accept a street for maintenance if there is an illicit discharge to the system, as defined by 4VAC50-60-10 until the illicit discharge is eliminated.

3. Drainage easements.

- a. An acceptable easement shall be provided from all drainage outfalls to a natural watercourse, as opposed to a swale.
- b. The department normally accepts and maintains only that portion of a drainage system that falls within the limits of the dedicated right-of-way for a street. The department's

responsibility to enter drainage easements outside of the dedicated right-of-way shall be limited to undertaking corrective measures to alleviate problems that may adversely affect the safe operation or integrity of the roadway.

c. In the event drainage to a natural watercourse is not accomplished or is interrupted, an acceptable agreement from the governing body may be considered as an alternative to providing an easement to a natural watercourse, provided the agreement acknowledges that the department is neither responsible nor liable for drainage from the roadway.

M. Other design considerations.

1. Guardrail. Guardrail shall be used when required by the district administrator's designee, consistent with the Road Design Manual, 2011. For placement considerations, see the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)).

2. Landscaping and erosion control. All disturbed areas within the dedicated right-of-way and easements of any street shall be restored with vegetation compatible with the surrounding area. Where there is visual evidence of erosion or siltation, acceptance of the street as part of the secondary system of state highways maintained by the department will be postponed until appropriate protective measures, in accordance with VDOT's construction practices, are taken. Except as otherwise approved by the district administrator's designee, planting of trees or shrubs on the right-of-way shall be in accordance with the Road Design Manual, 2011 (VDOT) and its Appendix B (1) (the Subdivision Street Design Guide).

3. Lighting. Roadway, security, or pedestrian lighting, when required by the governing body or desired by the developer, shall be installed in accordance with the Road Design Manual, 2011 (VDOT) and its Appendix B (1) (the Subdivision Street Design Guide). However, VDOT shall not be responsible for the maintenance or replacement of lighting fixtures or the provision of power for lighting.

4. Railroad crossings.

a. Short-arm gates with flashing signals, flashing signals alone, or other protective devices as deemed appropriate by the department shall be provided at any at-grade crossing of an active railroad by a street.

b. Crossings of railroad right-of-way are subject to the requirements of the railroad. Streets to be accepted by the department for maintenance as part of the secondary system of state highways that cross railroad right-of-way will only be considered if the protective measures outlined under this section have been fully installed and an agreement between the railroad, the developer, and the local governing body has been executed. Prior to execution, such agreements shall be presented to the department for consideration in consultation with the Department of Rail and Public Transportation.

5. Utilities. Local governments, the development community, and the utility community are encouraged to coordinate and consolidate their interests as part of the initial development plan.

a. Underground utilities. The department allows the placement of underground utilities within the dedicated right-of-way of streets, but normally restricts placement to areas outside of the travel lanes. However, if the governing body has established adequate requirements approved by the department for the design, location, and construction of underground utilities within the right-of-way of streets, including provisions that ensure that adequate testing and inspection is performed to minimize future settlement, those requirements shall become the department's requirements and govern provided those requirements exceed the department's requirements.

Manholes shall not be placed in sidewalk, multiuse trail, or shared use path facilities, within five feet of curb ramps or within driveway entrances.

When location of the utilities outside of the pavement area is not practical such as in high density developments incorporating the principles of new urbanism as described in § 15.2-2223.1 of the Code of Virginia, such installations:

- (1) Are acceptable within the shoulders along the street or within the parking area.
- (2) May be acceptable beneath the travel lanes of the street or alley when provisions are made to ensure adequate inspection and compaction tests and:
 - (a) Longitudinal installations and manholes are located outside of the normal travel lanes; or
 - (b) Longitudinal installations and manholes are placed in the center of a travel lane out of the wheel path.

b. Open-cutting of hard-surfaced roadways. The department usually prohibits the open-cutting of hard-surfaced roads except in extenuating circumstances. Therefore, all underground utilities within the right-of-way, as determined necessary by good engineering practice to serve the complete development of adjacent properties, shall be installed during the street's initial construction and prior to the application of its final pavement surface course. This shall include extensions of all necessary cross-street connections or service lines to an appropriate location beyond the pavement and preferably the right-of-way line.

In the event it is necessary to open the street pavement to work on utilities after the surface has been placed, additional compaction tests and paving as necessary to restore the integrity and appearance of the roadway may be required at the discretion of the district administrator's designee.

c. Cross-street conduits. To facilitate the placement of future underground utilities, cross-street conduits are encouraged, with placement of such conduits occurring on each street at intersections.

d. Aboveground utilities. All aboveground utilities shall be installed behind the sidewalk or as close as possible to the limits of the street's right-of-way but shall not encroach on the sidewalk, the shared use path, or any clear zone.

To assure the unencumbered dedication of the right-of-way for street additions, easements or other interests within the platted right-of-way shall be quitclaimed of any prior rights therein. In exchange, a permit may be issued by the department for a utility to occupy the area involved. This permit will be processed by the district administrator's designee upon acceptance of the street into the secondary system of state highways maintained by the department. No fee is required for permits so issued. However, the approval of the permit shall be contingent upon the utility's compliance with applicable provisions of the Land Use Permit Regulations (24VAC30-151).

24VAC30-92-130. Right-of-way width, spite strips, and encroachments.

A. Right-of-way width. A clear and unencumbered right-of-way shall be dedicated to public use for any street proposed for addition to the secondary system of state highways maintained by the department. However, in certain rare extenuating circumstances involving a party beyond the influence of the developer, an easement for transportation purposes may be approved by the district administrator's designee in lieu of dedicated right-of-way. In all other cases, any easement that might interfere with the public's unencumbered use of the street shall be quitclaimed in exchange for a land use permit as outlined in 24VAC30-92-120 M 5.

The width of right-of-way shall be as indicated in the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)) and the Road Design Manual, 2011 (VDOT) and shall be sufficient to include all essential elements of the roadway intended to be maintained by the department, including pedestrian, multiuse trail, bicycle, or shared use path facilities and clear zone. However, supplemental easements may be used to accommodate sight distance requirements and slopes for cuts and fills. The right-of-way requirements are defined in the Subdivision Street Design Guide (Appendix B (1) of the Road Design Manual, 2011 (VDOT)) and the Road Design Manual, 2011 (VDOT).

When an existing state maintained road is widened, the additional right-of-way should be dedicated as follows:

1. If the existing right-of-way consists of a prescriptive easement, to the degree that the developer controls the land, the right-of-way shall be dedicated to public use from the centerline of the alignment.
2. If the existing right-of-way is dedicated to public use, the additional right-of-way shall be dedicated to public use.

3. If the existing right-of-way is titled in the name of the department or the Commonwealth, the additional right-of-way shall be deeded to the department or to the Commonwealth, consistent with the title of the existing right-of-way.

B. "Spite strips." Plans that include a reserved or "spite" strip that prohibits otherwise lawful vehicular access to a street from the adjacent properties, whether within or outside the subdivision or development, will not be approved.

C. Encroachments within the right-of-way. Recording of a plat causes the fee title interest of areas dedicated to public use to transfer to the local governing body. Therefore, objects installed within the right-of-way for purposes other than transportation may be considered an unlawful encroachment in the right-of-way and prevent the right-of-way from being considered clear and unencumbered.

Posts, walls, signs, or similar ornamental devices that do not interfere with roadway capacity, encroach into a clear zone, or interfere with prescribed sight distance requirements, or are not in conflict with Chapter 7 (§ 33.1-351 et seq.) of Title 33.1 of the Code of Virginia may be permitted within the right-of-way. However, specific authorization by the district administrator's designee or as authorized under the Land Use Permit Regulations (24VAC30-151) is a requisite for these devices or any other encroachment located within the right-of-way. For the purposes of this subsection, mailboxes installed on breakaway posts may occupy the right-of-way without permit. Otherwise, encroachments that do not fall within the clear zone may be allowed within the right-of-way pursuant to a land use permit issued by the district administrator's designee.

24VAC30-92-140. Surety and fees.

A. Policy. Except as otherwise provided herein, the developer shall provide surety to guarantee the satisfactory performance of the street, an inspection fee to cover the department's cost of inspecting the new street, and an administrative cost recovery fee to recover the department's costs associated with the review of subdivision or other development plans and the administrative processing of the acceptance of new streets as determined in this section. All surety and fees collected under this section shall be based on the date of the local governing body's request and the aggregate mileage of new streets in that request, rounded up to the next tenth of a mile. In the event of extenuating circumstances beyond the developer's control, the commissioner or his designee may waive all or a portion of any of the surety and fees.

B. Surety. The department reserves the right to inspect, or have inspected, the street proposed for acceptance into the secondary system of state highways at any stage of construction and prior to street acceptance. The developer, contractor, and third-party inspector, if applicable, shall cooperate with the assigned VDOT personnel to provide the access and information necessary to verify that construction of the street is in accordance with the street's approved design and appropriate standards and specifications. A determination by the district administrator's designee that the required cooperation has not been extended shall be grounds for VDOT to refuse to accept the street for maintenance as part of the secondary system of state highways. A determination of noncooperation may be appealed as specified by this chapter (see 24VAC30-92-110).

1. Type of surety and expiration. The developer shall provide surety to guarantee the satisfactory performance of the street. In the event the developer fails to provide surety or any of the fees described in this section within the 30-day period following the local governing body's request for the department to accept the maintenance of a street, the department's or other entity's previous final inspection of the street shall be considered void and a new inspection shall be required. An acceptable surety may be in the form of a performance bond, cash deposit, certified check, irrevocable letter of credit, third-party escrow account, or other form mutually satisfactory to the department and the developer. Under no circumstances shall the department or any agency of the Commonwealth be named the escrow agent nor shall funds deposited with the department as surety be subject to the payment of interest.

a. Amount of surety. The surety shall be \$3,000 for each tenth of a lane mile, or portion thereof, to be accepted by the department for maintenance as part of the secondary system of state highways. The Commonwealth Transportation Board may adjust the surety on an annual basis based on increases or decreases in the producer price index for highway and street construction materials up to an amount not to exceed \$5,000 for each tenth of a lane mile or portion thereof.

b. Length of surety. The surety shall guarantee performance of the street for one year from the date of its acceptance into the secondary system of state highways.

2. Alternatives to surety.

a. In jurisdictions where the staff of the governing body administers a comprehensive street construction inspection program that has been approved by the department, the surety shall be waived upon certification by the governing body that the proposed addition has been constructed in accordance with approved plans and specifications.

b. If requested by the developer and subject to availability of departmental personnel or consultants, VDOT may perform the construction inspection equivalent to that required for third-party inspection of any street or streets proposed to be added to the secondary system of state highways. In such cases, the developer shall bear all costs incurred by the department, the surety shall be waived, and no street inspection fee pursuant to subsection D of this section shall be charged.

c. A third-party inspection process shall be acceptable to the department if:

(1) The developer or construction contractor arranges for a firm not otherwise related to the developer or contractor to provide inspection services for the construction of the streets in the development;

(2) Inspection and testing methodology and frequency are accomplished in accordance with VDOT Materials Division's Manual of Instructions, 2011 and the Virginia Department of Transportation Road and Bridge Specifications, 2007, revised 2011; and

(3) A report is submitted to the department summarizing the inspections steps taken, certifying the results of the inspection and testing as accurate, and confirming that the street or streets were built to the approved specifications and pavement design, signed and stamped by a professional engineer licensed to practice as such in the Commonwealth.

C. Administrative cost recovery fee.

1. Application of the administrative cost recovery fee. To recover a portion of the department's direct costs associated with the review of plans or plans of development, and the administrative processing of the acceptance of new streets, an administrative cost recovery fee shall be required from the developer at the time the streets are accepted by the department. The amount of this cost recovery fee shall be computed at a base rate of \$500 per addition, without regard to street length, plus \$250 per tenth of a centerline mile, or portion thereof.

2. Alternatives to the administrative cost recovery fee. As an alternative to the administrative cost recovery fee, the department may use one of the following approaches to recover its direct costs:

a. For any development, at the developer's request, the department may establish an account for the purpose of tracking these costs and billing the developer not more often than every 30 days;

b. For large, complex, multiuse developments, the department, at its option, may establish an account for the purpose of tracking these costs and billing the developer not more often than every 30 days. However, the cost recovery fee assessed under this provision shall not be greater than two times the prevailing administrative cost recovery fee structure; or

c. If requested to provide plan review for streets that are not intended for maintenance by the department, the department may establish an account for the purpose of tracking these costs and billing the developer not more often than every 30 days.

D. Street inspection fee. To recover a portion of the department's direct costs associated with the inspection of subdivision streets, an inspection fee shall be required from the developer at the time the streets are accepted by the department.

The inspection fee shall be computed at a base rate of \$250 per addition, without regard to street length, plus \$125 per tenth of a centerline mile, or portion thereof.

The street inspection fee shall be reduced by 75% if either a third-party inspection process pursuant to subdivision B 2 c of this section or a local street inspection certification process pursuant to subdivision B 2 a of this section was used.

If requested to provide inspection services for subdivision streets that are not intended for maintenance by the department, the department may establish an account for the purpose of tracking these costs and billing the developer not more often than every 30 days.

24VAC30-92-150. (Repealed.)

DOCUMENTS INCORPORATED BY REFERENCE (24VAC30-92)

Information pertaining to the availability and cost of any of these publications should be directed to the address indicated for the specific document. Requests for documents of the Virginia Department of Transportation (VDOT) may be obtained from the department at 1401 E. Broad St., Richmond, Virginia 23219; however, department documents may be available over the Internet at www.virginiadot.org.

VDOT Drainage Manual, 2002.

VDOT Guidance Document for the Commonwealth Transportation Board's Secondary Street Acceptance Requirements, 2011.

[Highway Capacity Manual, 2010, Transportation Research Board, 500 Fifth Street, NW, Washington, DC 20001.](#)

[VDOT Materials Division Manual of Instructions, 2011.](#)

[VDOT Pavement Design Guide for Subdivision and Secondary Roads in Virginia, 2009.](#)

[VDOT Policy for Integrating Bicycle and Pedestrian Accommodations, 2004.](#)

VDOT Road and Bridge Specifications, 2007, revised 2011.

[VDOT Road and Bridge Standards, 2008, revised 2011.](#)

[VDOT Road Design Manual, 2011.](#)

[VDOT Erosion and Sediment Control and Stormwater Management Program Standards and Specifications, 2010.](#)

[VDOT MS4 Program Plan, 2008, Location and Design Division.](#)

[VDOT MS4 Stormwater Outfall Inventory Manual, 2011, Maintenance Division.](#)

Virginia Stormwater Management Handbook, First Edition, 1999, Virginia Department of Conservation and Recreation, Division of Soil and Water Conservation, Stormwater Management, 203 Governor Street, Suite 206, Richmond, VA 23219-2094.



SMART SCALE PROPOSED PROJECT CANCELLATION

R-CUT Route 60 and Woolridge\Old Buckingham (UPC
115412) – Richmond District

| Kimberly Pryor

May 23, 2023

SMART SCALE Policy - Project Cancellation

SMART SCALE Policy on Project Cancellation, December 2021

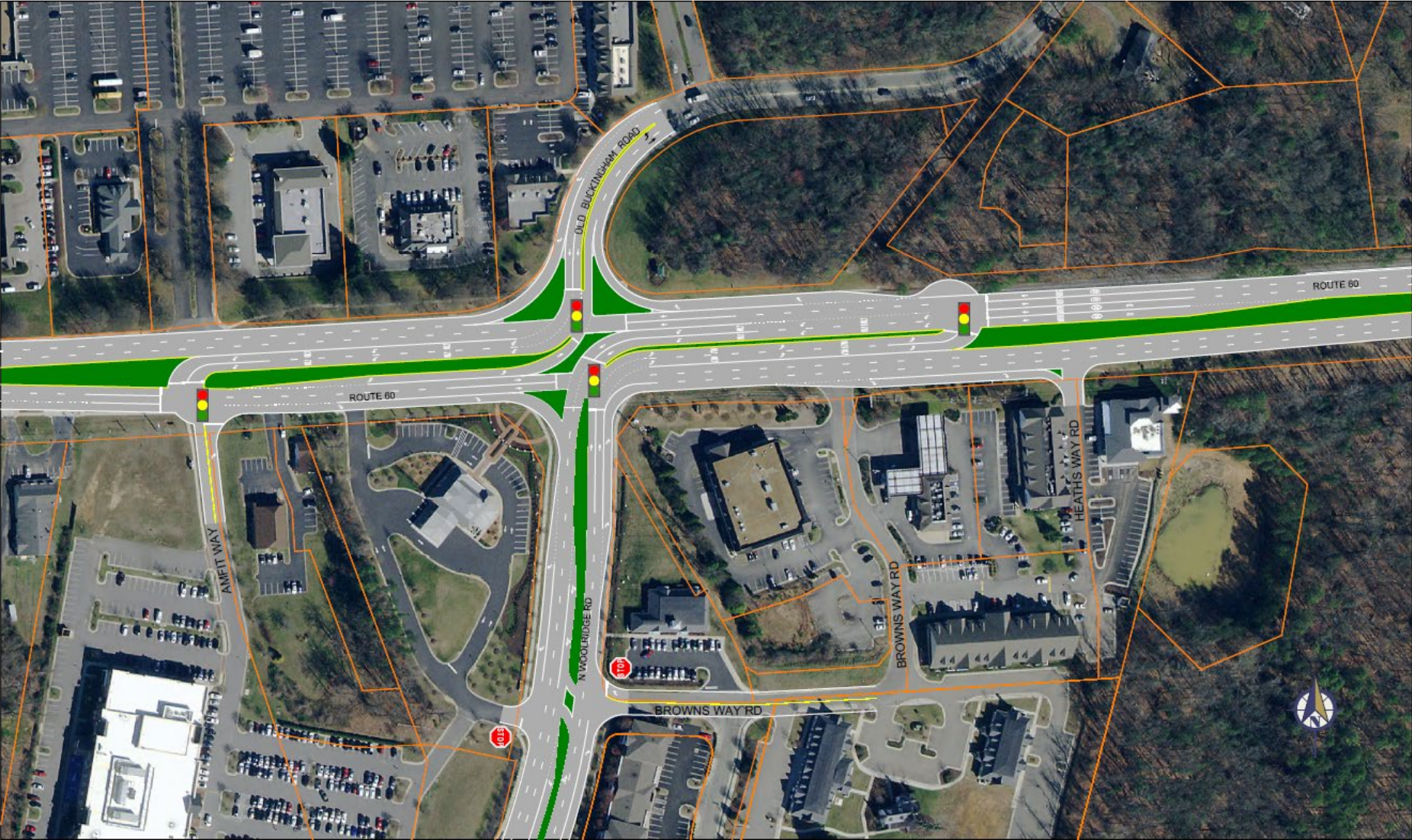
- A project that has been selected for funding through either the High Priority Projects Program or Construction District Grant Program may be cancelled only by action of the Board

Project Information

R-Cut Route 60 and Woolridge/Old Buckingham UPC 115412

- **Submitted by Chesterfield County in Round 3 of SMART SCALE**
 - Total Original Project Cost: \$13,239,000
 - Total SMART SCALE Request: \$13,239,000
 - Request funded with DGP funds
- **Original Scope Included:**
 - Modify existing traffic signal and restrict side street left turns at the intersection of Route 60 and Woolridge Road/Old Buckingham Road
 - Install new traffic signals at the intersections of Amfit Way and Heaths Way Road
 - Remove the westbound left turn lane on Route 60 to Heaths Way Road
 - Pedestrian accommodations (crosswalks, accessible ramps, pedestrian-actuated signals, pedestrian refuge)
 - Restripe side street approaches
- **Benefits were primarily due to safety**

Project Location



Project Snapshot

	Design Build
Total \$	\$13.2M
SMART SCALE \$	\$13.2M (DGP)
Score	7.6
Funding Scenario	13/20
Current Project Estimate	\$21.8M
Current Expenditures	\$334K

Change in Project Cost

What changed after project selection?

- Due to significant public opposition to the project in response to the Citizen Information Meeting held in April 2021, Chesterfield County requested to place the project on hold to determine next steps
- As a result of the project delay, the estimate has increased significantly due to inflation and market changes for unit pricing
- Chesterfield County concurs that the current project is not positioned to move forward
- VDOT and Chesterfield County have agreed to work together to determine a new project at this location for application in another funding program or a subsequent round of SMART SCALE

Recommendation for Action

- **Approve proposed project cancellation in June 2023**
- **Initiate a study in partnership with Chesterfield County to identify an alternative scope**
- **Submit revised project for SMART SCALE Round 6 or another funding program**





COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

Transportation Safety Performance 2024 Safety Measure Targets

May 23, 2023

Margie Ray



VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

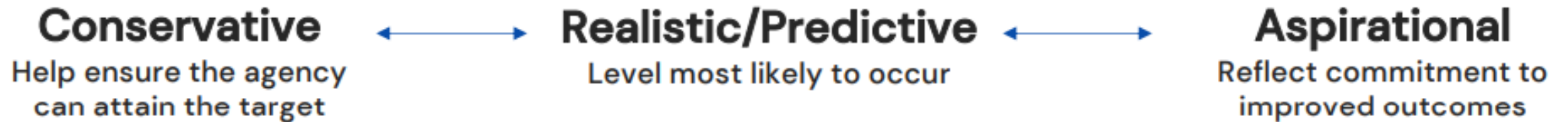


Federal Safety Target Setting

- Provide background on target setting requirements and Virginia's methods
- New 2024 federal target reporting requirements
- Proposed target setting approach
- Performance and proposed 2024 targets
- Aspirational safety performance goals
- Performance and proposed 2024 aspirational goals
- Next Steps

Background

Federal Target Setting Philosophy



National Academies of Sciences, Engineering, and Medicine 2022. *Guide to Effective Methods for Setting Transportation Performance Targets*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/26764>.

Background

Safety Performance Management Requirements

- Code of Virginia 2.2-229 – CTB to establish performance targets for surface transportation
- Federal law establishes performance targets for Safety (5 measures)
- Safety targets must be set annually for the next calendar year
- VDOT and Department of Motor Vehicles' Highway Safety Office coordinate on 3 of the 5 performance measures
- DMV must report targets to NHTSA by June 30
- VDOT must report targets to FHWA by August 31

Background

Safety Performance Management Federal Measures

- **Number of fatalities*** - person involved died at scene or within 30 days
- **Number of serious injuries*** - suspected serious injury, typically taken to hospital
- **Rate of fatalities*** - per 100M vehicle miles traveled
- **Rate of serious injuries** - per 100M vehicles miles traveled
- **Number of non-motorized fatalities and serious injuries** - bicyclists and pedestrians

* Three Federal measures requiring coordination and consistency with the DMV Highway Safety Office (HSO)

Background

Virginia's Target Setting Method

- Since 2020 target setting, an analytical model with several factors has been adjusted annually to predict target year fatalities and serious injuries
- Factors include vehicle miles traveled; demographics and employment; weather; liquor sales; VDOT maintenance and operations programs spending and DMV behavioral programs spending
- Additionally, the expected annual reductions of SMART SCALE and VHSIP projects that were recently or soon to be completed are subtracted from the model predictions

New 2024 Federal Target Setting Requirements

- The 2021 BIL (IIJA) requires that States set 2024 safety targets that **demonstrate level or improved performance** and provide justification for each target that explains why the target is appropriate and evidence-based
- VDOT and DMV must submit federal targets that are the same for:
 - Fatalities
 - Fatality Rate (per 100M VMT)
 - Serious Injuries

Proposed Target Setting Approach

2022 Performance Comparison with 2024 Target Setting Method

- Estimated low- and high-range 2024 models to predict range of targets

Measure	2022 Actual Value	2024 Low-Range Prediction*	2024 High-Range Prediction*
Fatalities	1,005	1,015	1,068
Serious Injuries	7,137	7,177	7,250
Non-Motorized Fatalities + Serious Injuries	765	766	772
Fatality Rate**	1.217	1.199	1.261
Serious Injury Rate**	8.643	8.477	8.563

- Model predictions are slightly higher than 2022 values for fatalities (F), serious injuries (SI), and non-motorized F+SI
 - This increase conflicts with federal guidance to demonstrate level or improved performance

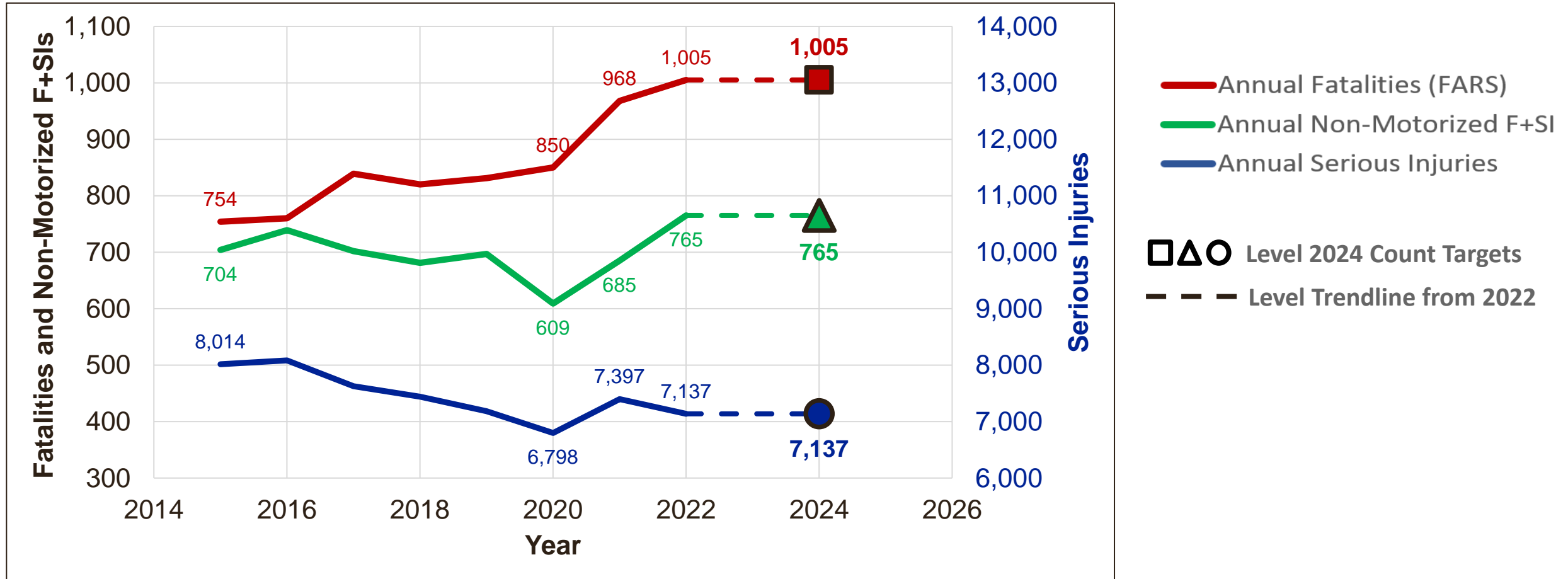
*Prediction incorporates expected reductions from project investments.

**Rate calculations assume a 1.3% growth in VMT per year.

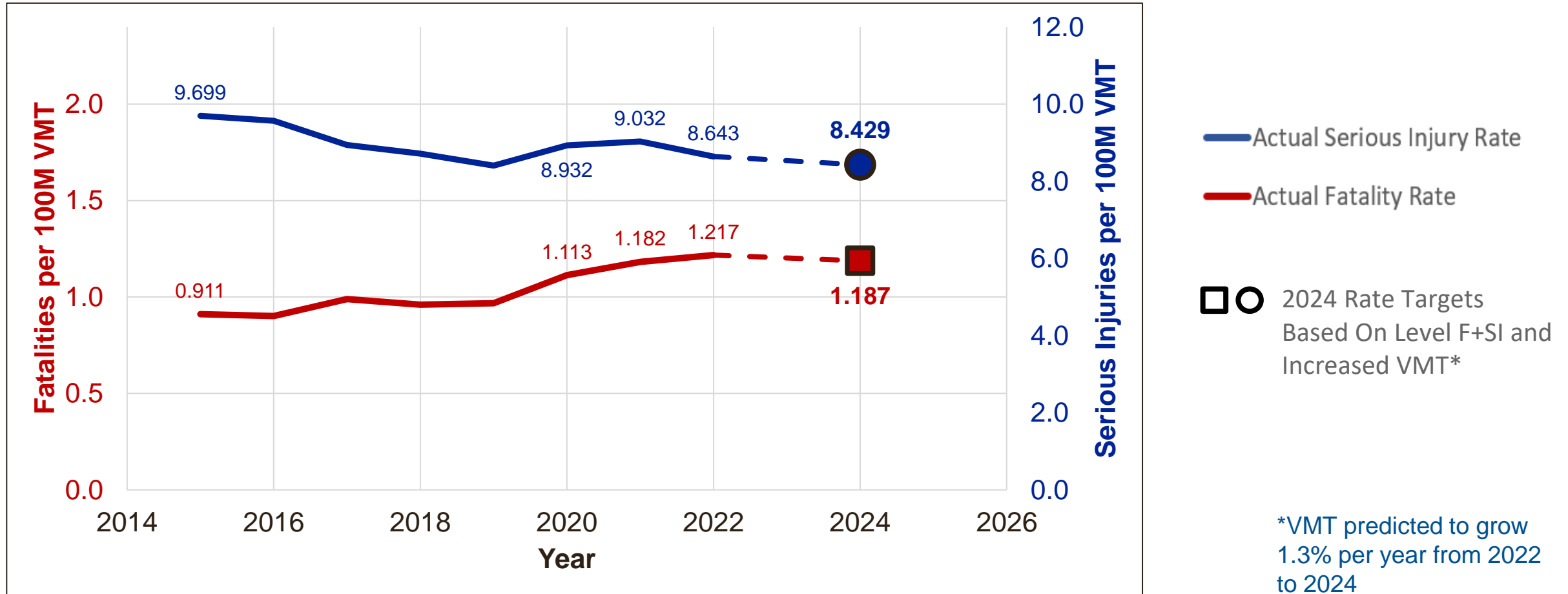
Proposed Target Setting Approach

- Set 2024 targets for fatalities (F), serious injuries (SI), and non-motorized F+SI equal to 2022 values
 - **Level** targets for the three “count” measures
- Calculate 2024 fatality and serious injury rates using the level “count” measures targets and predicted VMT growth
 - “Rate” measures decrease due to level “count” measures and increased VMT

Performance and Proposed 2024 Targets Level Count Measures



Performance and Proposed 2024 Targets Calculated Rate Measures



Aspirational Safety Performance Goals

- 2022-2026 Strategic Highway Safety Plan (SHSP) set a goal to reduce the number of fatalities and serious injuries by half by 2045
 - A two percent reduction each year
- Aspirational goals for 2023, adopted by CTB last June, were to reduce the 2021 number of fatalities and serious injuries by half by 2045
- Updated Virginia Highway Safety Investment Strategy was adopted by CTB last September to improve performance

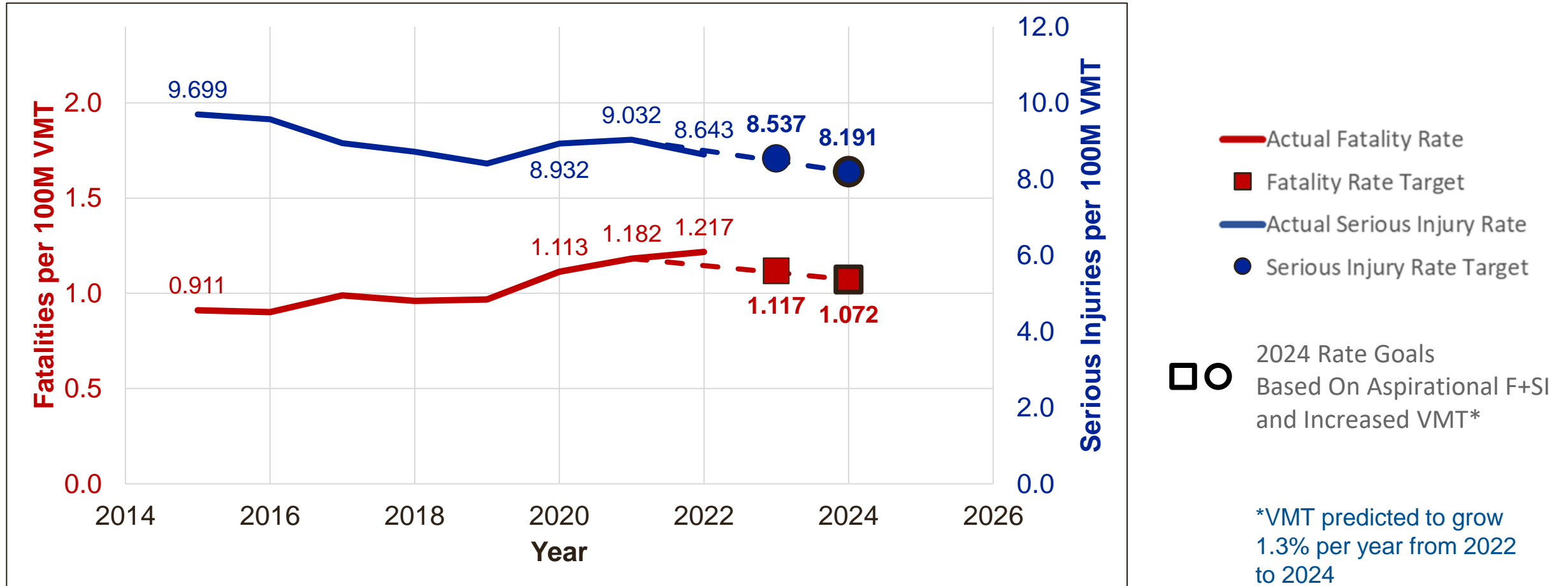


Performance and Proposed 2024 Aspirational Goals

Count Measure



Performance and Proposed 2024 Aspirational Goals Rate Measures



Next Steps

Proposed 2024 Safety Targets and Aspirational Goals

- CTB adoption of proposed targets and goals at June meeting.

Measure	2022 Actual Values	Proposed 2024 Targets	Proposed 2024 Aspirational Goals
Fatalities	1,005	1,005	908
Serious Injuries	7,137	7,137	6,935
Non-Motorized Fatalities + Serious Injuries	765	765	642
Fatality Rate*	1.217	1.187	1.072
Serious Injury Rate*	8.643	8.429	8.191

*VMT predicted to grow 1.3% per year from 2022 to 2024



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Thank you.



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Transportation Partnership Opportunity Fund (TPOF) 2023 Updated Guidelines and Criteria

John Lawson – Deputy Secretary of Transportation

May 23, 2023



VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION



Authorization and History of the Transportation Partnership Opportunity Fund (TPOF)

- **TPOF was created by Chapter 847 of the 2005 Acts of Assembly and amended by Chapter 684 of the 2015 Acts of Assembly**
 - **Purpose was to provide funds to address the transportation aspects of economic development opportunities, including, but not limited to, the creation of jobs and to promote private investment and economic development.**
- **The Act authorized monies to be awarded or directed from the fund by the Governor as grants (up to \$5 million), revolving loans (up to \$30 million), or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth for qualifying projects**

Authorization and History of the Transportation Partnership Opportunity Fund (TPOF)

- Requires semi-annual reporting by the Governor and Grant specific reporting by the Secretary of Transportation to the House and Senate
- The guidelines and criteria were developed by VDOT on behalf of the Commonwealth Transportation Board in 2005 and updated in February 2016 and July 2018
- The TPOF Advisory Panel, chaired by a Deputy Secretary of Transportation, and consisting of VDOT's Chief Financial Officer, an Executive Officer of the applicable modal oversight agency (if necessary), a Deputy Secretary of Commerce and Trade, and a representative of the Department of Planning and Budget will evaluate those applications to ensure that the applicant(s) meets the transportation and economic development evaluation criteria

2023 Updates to the Guidelines and Criteria

- Updated to reflect the new purposes, uses and reporting requirements set out in Chapter 547 of the 2023 Acts of Assembly
- The existing applicant process for grants, loans and other special financing methods, funds remains unchanged
- The Governor may direct Funds to the Board for transportation projects determined to be necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth's transportation programs
 - Recommended by the Secretary of Transportation and Secretary of Commerce and Trade
 - No cap on directed funds but there are additional approvals and reporting requirements
- Property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth's transportation programs has been added as a use of the fund

2023 Updated Guidelines and Criteria Major Changes – Funds directed to the Board

- **If funds are directed from the Fund by the Governor to the Board in excess of \$5 million the Secretary of Transportation shall submit a report on it to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations within 30 days**
- **The report shall include:**
 - The name of the transportation project
 - The locality in which the transportation project is being developed
 - The amount of the grant or loan made or committed to the transportation project
 - The purpose for which it will be used
 - The number of jobs retained or created or projected to be retained or created by the transportation project
 - The expected rate of return on investment of the transportation project
 - The amount of a company's investment in the Commonwealth

2023 Updated Guidelines and Criteria Major Changes – Funds directed to the Board

- **If any direction of funds pursuant to this purpose in a cumulative amount in excess of \$35 million on any one project shall be submitted for review to the Major Employment and Investment (MEI) Project Approval Commission (Commission)**
 - The Commission will complete the review within 14 days
 - If the Commission recommends against such direction of funds, authorization by the General Assembly is required
 - The funds may be directed as planned if the Commission doesn't provide a recommendation concerning the Governor's planned use of the funds within 14 days

Next Steps

- **June** – CTB approval of the updated Guidelines and Criteria and direction to VDOT staff to deliver the revised Guidelines and Criteria to the Governor

Capitalization of TPOF

- **History of Previous Funding provided to TPOF - \$405 million**
 - \$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 and directed by Chapter 847 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
 - 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
- **Balance as of December 31, 2022 - \$3,940,324**
- **Most recent semi-annual report of the Fund has been included with this presentation.**



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VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION





COMMONWEALTH of VIRGINIA

Office of the Governor

W. Sheppard Miller III
Secretary of Transportation

April 13, 2023

MEMORANDUM

TO: The Honorable Terry L. Austin
The Honorable George L. Barker
The Honorable Janet D. Howell
The Honorable Barry D. Knight
The Honorable David W. Marsden
The Honorable Roxann L. Robinson

FROM: W. Sheppard Miller, III
Secretary of Transportation

A handwritten signature in black ink, appearing to read "W. Sheppard Miller, III".

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 constitute that report on behalf of Governor Glenn Youngkin for the period ending December 31, 2022.

During this reporting period of July 1, 2022 to December 31, 2022, the TPOF program experienced the following activity:

- Economic Development Authority ("EDA") of New Kent County submitted an application requesting \$2,000,000 to assist in constructing a roadway extension in support of an economic development project that is building a new warehouse and distribution facility. The Governor announced that AutoZone will invest \$185.2 million to construct an 800,000 square foot distribution center and direct import facility, creating 352 full-time jobs. The TPOF Advisory Panel ("the Panel") met on May 18, 2022 regarding its evaluation of the application and recommended it to the Governor for award. The EDA of New Kent was awarded a grant in the amount of \$2,000,000 by Governor Youngkin on June 28, 2022 and the related agreement between the New Kent EDA and the Department of Transportation ("VDOT") was executed on October 4, 2022.

The Honorable Terry L. Austin
The Honorable George L. Barker
The Honorable Janet D. Howell
The Honorable Barry D. Knight
The Honorable David W. Marsden
The Honorable Roxann L. Robinson
April 13, 2023
Page 2

- Stafford County submitted an application requesting \$1,392,000 to fund road improvements to Wyche Road in support of DHL's new distribution center. The Governor announced that the company will make an investment of \$72 million and create 577 full-time jobs. The Panel met on May 18, 2022 to evaluate the application and subsequently recommended the Governor award the requested grant. Governor Youngkin awarded a grant in the amount of \$1,392,000 to Stafford County on June 28, 2022 and an agreement between the County and VDOT was executed on October 4, 2022.
- The Economic Development Authority ("EDA") of Warren County submitted an application for a \$155,516 grant to complete roadway improvements to facilitate travel to a new Nature's Touch Frozen Food Production Facility. On November 16, 2021, Governor Northam announced the award of a Virginia Investment Performance ("VIP") Grant of \$400,000 to the Warren County EDA to establish the production facility. These improvements represent a \$40.3 million investment by Nature's Touch and the creation of 67 new jobs. The Panel met on May 18, 2022 regarding its evaluation of the application and recommended the Governor award the requested TPOF grant. The Economic Development Authority of Warren County was awarded a grant in the amount of \$155,516 by Governor Youngkin on June 28, 2022. An agreement is pending between the EDA of Warren County and VDOT.
- Buchanan County submitted an application on August 3, 2022 in the amount of \$3,300,000. The County subsequently determine that it no longer needed the requested funding and withdrew the application on August 10, 2022.

As of December 31, 2022, forty-nine applications related to thirty-nine separate projects have been received, requesting a total of \$228,031,970 in TPOF assistance. Governors have approved awards totaling \$105,464,265. The Fund has an uncommitted balance of \$3,940,324 remaining out of the capitalizations and interest income available for awards.

To date, the Fund has been capitalized in the amount of \$441,348,890 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.
- TPOF is provided with one-third of all interest, dividends, and appreciation that may accrue to the Transportation Trust Fund and the Highway Maintenance and Operating Fund pursuant to Chapter 1230 of the Acts of Assembly of 2020. Through December 31, 2022, TPOF has received \$38,064,360 in interest earnings.

The Honorable Terry L. Austin
The Honorable George L. Barker
The Honorable Janet D. Howell
The Honorable Barry D. Knight
The Honorable David W. Marsden
The Honorable Roxann L. Robinson

April 13, 2023

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The \$305,000,000 contribution, as outlined by Chapter 847 of the 2007 Acts of Assembly and Chapter 780 of the 2016 Acts of Assembly, was targeted for specific projects while the remaining \$100,000,000 and the interest earnings 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 summary and overview of the fund in its entirety as of December 31, 2022.

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.

cc:

The Honorable Caren Merrick, Secretary of Commerce and Trade
The Honorable Stephen E. Cummings, Secretary of Finance

Attachment

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, 2022.

Capitalizations

July 1, 2006	\$50,000,000
July 1, 2011	50,000,000
Interest Earnings	38,064,360
Total Funding Available	<u>\$138,064,360</u>

Project	Amount	Type of Assistance	Award Date	Eligibility Criteria
VDOT – CFX	1,772,740	Grant	4/28/2006	PPTA Project
City of Newport News	5,000,000	Grant	8/22/2006	Economic Development
State Route 28 HTIDC	5,000,000	Grant	8/22/2006	PPTA Project
Town of Leesburg	5,000,000	Grant	2/12/2007	Design-Build Project
County of Prince George	10,000,000	Grants	5/19/2008	Economic Development
			4/3/2008	
VDOT – CFX (Hawks Nest)	9,892,200	Grants	and 2/25/2009	PPTA Project
County of Loudoun	3,000,000	Grant	5/3/2010	Design-Build Project
County of Accomack	3,250,968	Grant	9/30/2010	Economic Development
Virginia Comm. Space Flight Authority	5,000,000	Grant	9/15/2011	Economic Development
City of Winchester	47,533	Grant	12/20/2011	Economic Development
			11/14/2011	
Virginia Comm. Space Flight Authority	10,000,000	Grants	and 12/7/2012	Economic Development
County of Rockingham	5,000,000	Grant	6/5/2012	Design-Build Project
County of Prince William	4,978,062	Grant	6/5/2012	Design-Build Project
Virginia Comm. Space Flight Authority	5,000,000	Grant	1/25/2013	Economic Development
Virginia Comm. Space Flight Authority	5,000,000	Grant	2/5/2013	Economic Development
Department of Aviation	151,085	Grant	2/13/2013	Economic Development
County of Accomack	4,000,000	Grant	7/26/2013	Design-Build Project
County of Giles	724,878	Grant	7/26/2013	Economic Development
Rt. 28 HTIDC	5,000,000	Grant	7/26/2013	PPTA Project
EDA of Newport News	1,000,000	Grant	1/5/2015	Economic Development
City of Richmond*	950,000	Grant	1/11/2018	Economic Development
			1/11/2018	
County of Frederick	1,169,602	Grant	and 8/1/2018	Economic Development
Virginia Port Authority	5,000,000	Grant	10/4/2018	Transportation Service
Virginia Comm. Space Flight Authority	5,000,000	Grant	11/13/2018	Economic Development
Virginia Comm. Space Flight Authority	7,500,000	-	7/1/2020	Chapter 1289 Item 431 (a)(b)
Transportation Initiatives	20,000,000	-	7/1/2020	Chapter 552 Item 447.10 (b)
City of Hampton	979,681	Grant	1/11/2021	Economic Development
EDA of New Kent County	2,000,000	Grant	6/28/2022	Economic Development
County of Stafford	1,392,000	Grant	6/28/2022	Economic Development
EDA of Warren County*	155,516	Grant	6/28/2022	Economic Development
Total Awards	\$132,964,265			
Reductions**	<u>1,159,772</u>			
Available for Award	<u>\$3,940,324</u>			

*Grant agreement pending

**FY 2009-2022 Indirect Costs and Governor's FY 2010 Operational Efficiencies Reduction

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

Recipient	Project	Location	Type of Assistance	Amount	Date of Award	Status
VDOT	Coalfields Expressway	Buchanan, Wise and Dickenson Counties	Grant	1,772,740	4/28/2006	Grant is fully disbursed. Grant awarded was \$2,000,000. Final grant amount was \$1,772,740.
State Route 28 Highway Transportation District Commission	Rt. 28 Corridor Improvements	Loudoun and Fairfax Counties	Grant	\$5,000,000	8/22/2006	Grant is fully disbursed.
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	8/22/2006	Grant is fully disbursed.
Town of Leesburg	Battlefield Parkway	Town of Leesburg	Grant	5,000,000	2/12/2007	Grant is fully disbursed.
VDOT	Coalfields Expressway Hawks Nest Section	Buchanan, Wise and Dickenson Counties	2 Grants-\$5,000,000 each	9,892,200	4/3/2008 and 2/25/2009	Grants are fully disbursed. Grants awarded were \$10,000,000. Final grant amount was \$9,892,200.
County of Prince George	Rolls-Royce Economic Development Project	County of Prince George	2 Grants-\$5,000,000 each	10,000,000	5/19/2008	Grants are fully disbursed.
County of Loudoun	Pacific Boulevard	County of Loudoun	Grant	3,000,000	5/3/2010	Grant is fully disbursed.
County of Accomack	Mid-Atlantic Regional Spaceport (MARS) – Orbital Sciences Corp.	County of Accomack	Grant	3,250,968	9/30/2010	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	9/15/2011	Grant is fully disbursed.
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	2 Grants-\$5,000,000 each	10,000,000	11/14/2011 and 12/7/2012	Grants are fully disbursed.
City of Winchester	Monticello Drive Expansion-Rubbermaid Products expansion	City of Winchester	Grant	47,533	12/20/2011	The City was unable to complete original project due to ROW issues. Grant amount is equivalent to the first disbursement made in good faith of award.
County of Rockingham	Harrisonburg Southeast Connector	County of Rockingham	Grant	5,000,000	6/5/2012	Grant is fully disbursed.
County of Prince William	USMC Heritage Center Improvements	County of Prince William	2 Grants-\$2,242,350 and \$2,735,712	4,978,062	6/5/2012	Grant is fully disbursed.

Page Total **\$67,941,503**

Attachment

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

Awards/Projects with Financial Close - Continued

Recipient	Project	Location	Type of Assistance	Amount	Date of Award	Status
Virginia Commercial Space Flight Authority (VCSFA)	MARS	County of Accomack	Grant	5,000,000	1/25/2013	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	2/5/2013	Grant is fully disbursed.
Department of Aviation	Emporia	City of Emporia	Grant	151,085	2/13/2013	Grant is fully disbursed. Grant awarded was \$162,210. Final grant amount was \$151,085.
County of Accomack	Wallops Research Park	County of Accomack	Grant	4,000,000	7/26/2013	Grant is fully disbursed.
County of Giles	Celanese Acetate	County of Giles	Grant	724,878	7/26/2013	Grant is fully disbursed.
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	7/26/2013	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	1/5/2015	Grant is fully disbursed.
County of Frederick	Navy Federal Credit Union Expansion	Frederick County	Grant	1,169,602	1/11/2018 and 8/01/2018	Grant is fully disbursed. Grant awarded was \$1,290,000. Final grant amount is \$1,169,602.
Virginia Commercial Space Flight Authority	Rocket Lab- Venture Class Launch Pad	Accomack County	Grant	5,000,000	11/13/2018	Work is underway. Grant is fully disbursed.
Virginia Port Authority	Operation of second barge service at Richmond Marine Terminal	City of Richmond	Grant	5,000,000	10/4/2018	Grant is fully disbursed.
Economic Development Authority of the City of Hampton	Project Enterprise	City of Hampton	Grant	979,681	1/11/2021	Grant is fully disbursed. Grant awarded was \$979,772. Final grant amount is \$979,680.78.
Economic Development Authority of New Kent County	Project Solstice	New Kent County	Grant	2,000,000	6/28/2022	Grant is fully disbursed.
Stafford County	Projec Mover	Stafford County	Grant	1,392,000	6/28/2022	Work is underway, no disbursements made to date.
Page Total				\$36,417,246		
Prior Page Total				\$67,941,503		
Financial Close Total				\$104,358,749		

Attachment

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

Awards/Projects Pending Financial Close

Recipient	Project	Location	Type of Assistance	Amount	Date of Award	Status
City of Richmond	Stone Brewery Phase II	City of Richmond	Grant	950,000	1/11/2018	Decision brief was signed by Governor McAuliffe. Agreement is pending.
EDA Warren County	Nature	Warren County	Grant	155,516	6/28/2022	Decision brief was signed by Governor Youngkin. Agreement is pending.
Pending Financial Close Total				\$1,105,516		
TOTAL AWARDS APPROVED BY THE GOVERNOR				\$105,464,265		

Funding Initiatives

Funding to Virginia Commercial Space Flight Authority to provide assistance for construction of a hangar for unmanned vehicle operations and to support the development of an improved launch team maintenance facility complex	7,500,000	Appropriated in Item 431 A. and B. of Chapter 1289 (2020 Appropriation Act), Effective July 1, 2020.
Funding for various Transportation Initiatives	20,000,000	Appropriated in Item 447.10 B of Chapter 552 (2021 Special Session Appropriation Act), Effective July 1, 2021.
Funding Initiatives Total		\$27,500,000
TOTAL AWARDS/ FUNDING PROVIDED BY FUND		\$132,964,265

Awards/Projects Unable to Reach Financial Close

Recipient	Project	Location	Type of Assistance	Amount	Date of Award	Status
Flour Virginia, Inc and Transurban USA Development, Inc.	1-95/I-395 HOT Lanes	Spotsylvania, Stafford, Prince William and Fairfax Counties	Loan	\$10,000,000	8/22/2006	TPOF loan could not be executed in accordance with the business agreement between VDOT, Fluor and Transurban at the preliminary stage of project development under TPOF's statutory requirements. A State Infrastructure Bank (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	8/22/2006	Due to the decline in the economy the plans for expansion were suspended.
VDOT	Coalfields Expressway Rockhouse Section	Buchanan, Wise and Dickenson Counties	2 Grants-\$5,000,000 each	10,000,000	4/11/2007 and 2/25/2009	Project was unable to receive 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	8/12/2011	Project has become eligible for 100% federal funding. TPOF funds have been rescinded since they were no longer needed.
Chesterfield County	I-95/ Willis Road Interchange	Chesterfield County	Grant	\$5,000,000	8/16/2016	Grant returned. Economic Development project withdrawn, no longer eligible for TPOF.
County of Frederick	Renaissance Drive Extension	Frederick County	Grant	1,995,682	3/1/2017	Grant Returned. Scope of project changed and TPOF was no longer needed.
Unable to Reach Financial Close Total				\$39,695,682		

Attachment

Awards/Projects Not Receiving Award

Recipient	Project	Location	Type of Assistance	Amount	Status
County of Rockingham	Southeast Connector	County of Rockingham	Grant	\$4,980,938	The project was denied award due to ARRA funding received for Port Republic Road in the area.
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.
City of Virginia Beach	Atlantic Avenue	City of Virginia Beach	Grant	2,744,000	The project was denied award because City-controlled state transportation funds were available for the project and TPOF cannot be used to supplant existing or programmed funds.
Not Receiving Award Total				<u>\$10,221,938</u>	

Awards/Projects Not TPOF Eligible

Recipient	Project	Location	Type of Assistance	Amount	Status
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 Transportation Improvement District Commission	Rt. 28 Corridor Improvements-Northbound Widening	Loudoun and Fairfax Counties	Grant	5,000,000	The project did not meet the Economic Development Criteria.
County of Prince William	Commuter Parking Garage	County of Prince William	Grant	5,000,000	The project did not meet the Economic Development Criteria.
Not Eligible Total				<u>\$20,100,000</u>	

Attachment

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:

Project	Grant Amount	Location	Status
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	Grant is fully disbursed.
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/Meadowville 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:

Project	Location	Status
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.

Attachment

**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	Grant Amount	Type of Assistance	Eligibility Criteria
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/Meadowville 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	\$305,000,000		
Authorization Balance	\$0		

*See Norfolk Southern Corporation Right-of-Way Acquisition on page 6

The Commonwealth of Virginia

The
Transportation Partnership
Opportunity Fund

Guidelines and Criteria

July ~~18, 2018~~1, 2023

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| Appendix A: Chapter [684546](#) of the [20152023](#) Acts of Assembly

Appendix B: Assistance Application

Appendix C: Transportation Partnership Opportunity Fund – Draft Grant Agreement

Appendix D: The Commonwealth’s Opportunity Fund Guidelines

Appendix E: The Virginia Investment Partnership Grant Program Guidelines

Introduction

Chapter ~~684~~546 of the ~~2015~~2023 Acts of Assembly (the “Act”) is the legal framework creating the Transportation Partnership Opportunity Fund (“TPOF” or the “Fund”). The Fund is to be used by the Governor to provide funds to address the transportation aspects of economic development opportunities or to enhance the economic development opportunities of the Commonwealth transportation programs.

The Act

The Act authorizes monies to be awarded from the Fund by the Governor as grants, revolving loans, or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth of Virginia.

It is the intent of the Act to provide funds to address the transportation aspects of economic development opportunities, including, but not limited to, the creation of jobs and to promote private investment and economic development.

The following guidelines and criteria have been developed by the Commonwealth Transportation Board (the “CTB”~~or “Board”~~), in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade to guide the process of applying for and receiving financial assistance from the Fund.

The complete text of the Act has been included as Appendix A to these guidelines. Although guidance is provided herein with regard to application of the Act, it will be incumbent upon all entities to read the Act in its entirety, and to comply with the provisions of the Act.

Transportation Partnership Opportunity Fund Administration

Monies in the Fund ~~will~~may be awarded by the Governor to Applicants in the form of grants, (up to \$5 million), revolving loans or other financing tools and equity contributions. Loans from the Fund will be interest free and are available up to the maximum of \$30 million, based on funding availability. Loan terms will vary but shall not exceed seven (7) years. ~~The Act also authorizes the Governor to award grants of up to five (5) million dollars.~~

The Act also authorizes the Governor to direct funds to the Board for transportation projects determined to be necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth’s transportation programs when recommended by the Secretary of Transportation and Secretary of Commerce and Trade.

Assistance or commitments from the Fund will be limited to the total value of money that is available in the Fund. The fund shall consist of (i) one-third of all interest, dividends, and appreciation that may accrue to the Transportation Trust Fund and the Highway Maintenance and Operating Fund and (ii) any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. Funding available

will also include repayments to the Fund of loans, any revocation of assistance provided to entities that fail to meet performance criteria, any interest and dividends earned on the Fund and any other appropriations may be used for additional loans or grants for other projects.

After award to an Applicant or direction to the Board by the Governor, the Fund will be administered by the CTB acting through the Virginia Department of Transportation (“VDOT”), in consultation with the Secretary of Commerce and Trade. VDOT will manage the overall administration of the TPOF, with the Secretary of Commerce and Trade and the Virginia Economic Development Partnership providing guidance with respect to the economic development features of the program.

Eligible Applicants

Financial assistance from the Fund may be awarded to any agency or political subdivision of the Commonwealth of Virginia.

Eligible Projects

~~The financial assistance~~ Grants or revolving loans to Applicants or Funds directed to the Board may be used for transportation capacity development, on and off site; road, rail, mass transit or other transportation access costs beyond the funding capability of existing programs; studies of transportation projects including but not limited to environmental analysis, geotechnical assessment, survey, design and engineering, advance right-of-way acquisition, traffic analysis, toll sensitivity studies, financial analysis, property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth’s transportation programs, or any else permitted by law. Funds may be used for any transportation project or any transportation facility within the Commonwealth of Virginia.

Transportation aspects of economic development projects that are also eligible for funding through the Revenue Sharing Program, the Economic Development Access Program, the Rail Industrial Access Program, the Rail Preservation Program or the Rail Enhancement Program, may be eligible to receive financial assistance from the Fund. However, it must be demonstrated that such additional funding is necessary. Amounts received from these other funding sources, or used to leverage additional monies from the Fund, may not also be used for the required non-state match.

Monies from the Fund are not to be used to supplant existing or programmed funds from other existing public sources, but are to be used to support projects and activities beyond the funding capability of existing programs.

Monies awarded to Applicants from the Fund that are to be used for transportation aspects of an economic development project must meet the economic development criteria of the *Commonwealth’s Opportunity Fund Or*, in cases where the project is solely retaining jobs, the project must meet the economic development criteria of the *Virginia Investment Partnership Grant Program Or*, for state agency transportation services that provide non-

highway alternatives for the movement of freight, the service must enhance economic development opportunities and regional connectivity within the Commonwealth.

Funds used to match the Commonwealth's Opportunity Fund **CANNOT** be used to match the TPOF, although both sources of monies can be used for a project. Funds from the Virginia Tobacco Indemnification and Community Revitalization Commission may be allowed as matching funds for this purpose.

Project Ownership

Projects that are developed with monies from the Fund shall not become private property and shall be maintained by the appropriate entity pursuant to applicable agreements following completion. Any reports, studies, analysis, and other forms of intellectual property created or developed using monies from the Fund shall become property of the Commonwealth.

Application Process

VDOT, in cooperation with the Secretary of Commerce and Trade and the Virginia Economic Development Partnership, will accept applications from eligible applicants for consideration. A copy of the application is provided as Appendix B. All applications for assistance from the Fund shall be sent to VDOT's Chief Financial Officer (the "CFO") and addressed as follows:

Transportation Partnership Opportunity Fund
Attn: Chief Financial Officer
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219-2000

All applications will be reviewed to determine that the minimum eligibility requirements have been satisfied. The minimum eligibility requirements are as follows:

Application Assistance Requirements

For an applicant to be eligible for assistance the applicant must meet the mandatory requirements PLUS one of the other listed criteria

Mandatory Requirements

- The applicant **MUST** be an agency or political subdivision of the Commonwealth,
- The project addresses the needs identified in the appropriate state, regional or local transportation plan.

PLUS ONE of the following:

- The project meets the economic development criteria of the **Commonwealth’s Opportunity Fund**.
- In cases where the project is solely retaining jobs; the project must meet the economic development criteria of the **Virginia Investment Partnership Grant Program**.
- In cases where the funding is for state agency transportation services that provide non-highway alternatives for the movement of freight, the service must enhance economic development opportunities and regional connectivity within the Commonwealth.

Following an applicant’s selection for evaluation, meetings may be conducted with the applicant. The purpose of the meetings will be to review and confirm the information contained in the application. Representatives of the applicant, VDOT staff and staff from the applicable modal oversight agency and the Virginia Economic Development Partnership staff, as appropriate, shall participate in the meetings.

Application Evaluation Criteria

Following receipt of the applications and a review by staff to assure the basic statutory requirements have been met, a TPOF Advisory Panel, chaired by a Deputy Secretary of Transportation, and consisting of VDOT’s Chief Financial Officer, an Executive Officer of the applicable modal oversight agency, ~~a Deputy Secretary of Transportation, (if necessary)~~, a Deputy Secretary of Commerce and Trade, and a representative of the Department of Planning and Budget will evaluate those applications to ensure that the applicant(s) meets the transportation and economic development evaluation criteria. Applicants meeting the evaluation criteria become eligible to receive assistance, subject to the availability of funding. In circumstances where the total amount of assistance requested exceeds the total amount of funding available, eligible applications that include applicant matching funds or equity contributions and projects that are in an advanced state of readiness-to-proceed, will receive priority consideration for assistance.

General Evaluation Criteria

- Projects with a high level of matching funds will be considered highly desirable.
- Projects that clearly show how funds will advance the development of a transportation facility will be considered highly desirable.
- Financial feasibility of the project plan of finance, including the capacity to repay any loan and mitigate risks.
- Extent to which funding would advance the project’s or facility’s schedule to an earlier completion date.

Transportation Evaluation Criteria

- The entity’s experience implementing similar projects, including the use of new technologies.

- Comparative benefits resulting from the development of the proposed transportation project or facility.
- Evidence that the state agency transportation service has provided and/or will provide non-highway alternatives for the movement of freight and has enhanced economic development opportunities and will enhance future economic development in the impacted areas.

Economic Development Evaluation Criteria

- Project must meet minimum criteria established in the Commonwealth's Opportunity Fund Guidelines. Or,
- For projects in which no net new jobs are being created, the project must meet minimum criteria established in the Virginia Investment Partnership Grant Program Guidelines. Or,
- For state agency transportation service applicants, provide evidence that the service has supported economic development and job creation and will continue to enhance future economic development opportunities that will support job creation and capital investment.

Advisory Panel Notification

Following evaluation by the TPOF Advisory Panel, the VDOT Chief Financial Officer shall provide findings and recommendations of the Panel to the Secretary of Transportation, the Secretary of Commerce and Trade and the applicable modal oversight board and agencies.

Awarded Financing ~~Commitment~~ Notification

Following notification by the TPOF Advisory Panel, the Secretary of Transportation and the Secretary of Commerce and Trade will submit to the Governor a recommendation of funding for the successful applicants. Once assistance from the Fund is approved and awarded by the Governor, a ~~written commitment~~ ~~(the~~ ~~“Financing Commitment”~~~~)~~ notification will be provided to the potential recipient. The ~~commitment~~ notification will outline the type of assistance to be provided and in the case of a loan, the required security provisions, the loan term and payment provisions, the amount of assistance to be provided and any conditions that must be met by the applicant prior to loan closing or grant award. The ~~commitment~~ notification must be acknowledged and accepted and signed by the potential recipient ~~and returned to VDOT~~ within ~~thirty (30)~~ 10 business days of the ~~commitment~~ notification date to preserve the funding. ~~The Financing Commitment, once executed, establishes a legal obligation for~~ Once the funding subject to appropriation and notification is accepted, the terms and conditions of the Financing Commitment, as well as the recipient’s legal obligation to perform. ~~Department and applicant will enter into an agreement.~~

Loan/Grant Award Agreement for Economic Development Transportation Projects

An agreement shall be executed between the Commissioner of the Virginia Department of Transportation and the appropriate local government, state agency, or political subdivision that receives the principal benefit of financing from the Fund before disbursement of any monies awarded to an Applicant.

In the case where project is qualifying based on COF or VIP, the agreement will include a statement that the recipient will reach the specified job creation or retention and/or capital investment levels within thirty-six (36) months after final disbursement of funds ~~and maintain those levels at least throughout the thirty-six (36) month period~~ or in accordance with the corresponding COF or VIP agreement.

If those performance criteria are not met, the entity shall repay to the Fund, an amount as required by the terms and conditions of the Grant/Loan & Performance Agreement (Award Agreement). The Commissioner may, however, in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade, grant a partial or total waiver to the repayment or extend the performance period if it can be demonstrated that the transportation improvements developed with monies from the Fund had other economic benefits to a locality of the Commonwealth beyond that directly attributable to the private entity which was the basis for an application for monies from the Fund.

In the case of state agency transportation services, the anticipated benefits to the Commonwealth will be defined in the agreement and should be met within eighteen (18) months of final disbursement. If that performance criteria is not met, the applicant will become ineligible for future funds until the agreed upon benefit is met.

Loan Closing/Grant Award/Agreement

A Loan

~~Any conditions or prerequisites to receiving the assistance that are outlined in the Financing Commitment must be met prior to execution of the Award Agreement. VDOT and the applicant will enter into an agreement for the funds. The~~ Award Agreement will include the security provisions for the assistance, repayment terms along with the amortization schedule, representations and warranties, finance plan requirements, borrower covenants, disbursement requirements, monitoring and reporting requirements and will specify any other terms and conditions for the financial assistance.

Directed Funds to the Board

Upon the direction of funds to the Board in excess of \$5 million, the Secretary of Transportation shall within 30 days submit a report on such direction of funds to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations. The report content will comply with all requirements set forth in the Code of Virginia.

Any funds directed to the Board in a cumulative amount in excess of \$35 million on any one project, shall be submitted for review to the MEI Project Approval Commission (the "Commission"). The Commission shall completed such review within 14 days.

Disbursement Process

Disbursement of the awarded financial assistance can begin following execution of an Award Agreement. Assistance from the Fund may be paid to the recipient based on costs incurred for the project. In some instances, disbursement may be allowed on a lump sum basis, subject to sufficient justification, where a portion, up to the maximum amount of assistance approved, could be disbursed at a single time.

Recipients will submit a disbursement request to VDOT. VDOT will review the request for completeness and if acceptable approve the request for disbursement. VDOT will notify the recipient within thirty (30) days of any deficiencies in any disbursement request. Upon approving the disbursement request, VDOT will then forward the request to the Virginia Department of the Treasury (the "Treasury") for payment.

Directed funds recommended by the Governor will be allocated to the project through the Six-Year Improvement Program and administered by the Virginia Department of Transportation or the applicable locality.

Loan Term/Repayment

Loans from the Fund will have their term set by the Governor. Terms and repayment provisions will vary depending on the type of project and the availability of revenues or other funds. All loans must be repaid within seven (7) years of the date of loan closing. The frequency of payments of principal will vary according to the recipient and will be established as a part of the loan closing process. Loan recipients will make their payments to the Treasury.

VDOT will be responsible for monitoring and ensuring repayment of the loans.

Recipient Reporting Requirements

Recipients of TPOF awarded assistance will be required to provide VDOT and the Secretary of Commerce and Trade with various reports, certificates and documents during the project development phase as well as throughout the life of any loan.

Submittals of annual audited and interim, unaudited financial statements, approved budgets and use of funds reporting may be required as a condition of accepting assistance from the Fund. In addition, the recipient shall provide disclosure of any material events that could affect its ability to complete and, if applicable, operate the project.

Submittal of an annual and interim social economic report will be required in order to properly document and track job creation or retention, investment and general economic improvements of the project.

Other special reporting requirements may be required on a case-by-case basis.

All reporting requirements will be included in the financing agreement. Recipient reports will be due April 1 and October 1 during the term of any outstanding loan or, for awarded grant recipients, until completion of the assisted project or ~~thirty-six (36) months~~ completion of the capital investment and job creation period, whichever comes first~~last~~. VDOT shall seek to minimize reporting requirements for smaller grants and loans.

|

Appendix A

Chapter ~~684546~~ of the ~~20152023~~ Acts of Assembly

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 33.2-1529.1 as follows:

§ 33.2-1529.1. Transportation Partnership Opportunity Fund

A. There is hereby created the Transportation Partnership Opportunity Fund (the Fund) to be used by the Governor to provide funds to address the transportation aspects of economic development opportunities. ~~The Fund shall consist of (i) one-third of all interest, dividends, and appreciation that may accrue to the Transportation Trust Fund and the Highway Maintenance and Operating Fund or to enhance the economic development opportunities of the Commonwealth's transportation programs. The Fund shall consist of~~ (i) funds pursuant to subdivision B 3 of § 33.2-1524 and (ii) any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. The Fund shall be established on the books of the Comptroller, and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. All interest and dividends that are earned on the Fund shall be credited to the Fund. The Governor shall report to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation as funds are awarded in accordance with this section.

B. The Fund shall be a subfund of the Transportation Trust Fund. Provisions of this title and Title 58.1 relating to the allocations or disbursements of proceeds of the Commonwealth Transportation Fund, the Transportation Trust Fund, or the Highway Maintenance and Operating Fund shall not apply to the Fund.

C. 1. Funds shall be awarded from the Fund by the Governor as grants, revolving loans, or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth. Loans shall be approved by the Governor and made in accordance with procedures established by the Board and approved by the Comptroller. Loans shall be interest-free and shall be repaid to the Fund. The Governor may establish the duration of any loan, but such term shall not exceed seven years. The Department shall be responsible for monitoring repayment of such loans and reporting the receivables to the Comptroller as required.

2. The Governor may direct funds from the Fund to the Board for transportation projects determined to be necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth's transportation programs when recommended by the Secretary of Transportation and Secretary of Commerce and Trade. Upon the direction of funds pursuant to this subdivision in excess of \$5 million, the Secretary of Transportation shall within 30 days submit a report on such direction of funds to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations. Such report shall be sent to the Chairmen and the staff directors of such committees. Such report shall include the name of the transportation project to which the funds are being directed, the locality in which the transportation project is being developed, the amount of the grant or loan made or committed to the transportation project from the Fund and the purpose for which it will be used, the number of jobs retained or created or projected to be retained or created by the transportation project, the expected rate of return on investment of the transportation project, and the amount of a company's investment in the Commonwealth. Any direction of funds pursuant to this subdivision in a cumulative amount in excess of \$35 million on any one project shall be submitted for review to the MEI Project Approval Commission (the Commission) established pursuant to § 30-309. The Commission shall complete such review within 14 days. In the event that the Commission does not recommend such direction of funds, such direction of funds shall not be made unless subsequently authorized by the General Assembly. Absent a recommendation within such 14-day period that the funds should not be directed, or in the event that the Commission does not provide a recommendation within such 14-day period, the funds shall be directed.

D. Grants, funds directed to the Board, or revolving loans may be used for transportation capacity development on and off site; road, rail, mass transit, or other transportation access costs beyond the funding capability of existing programs; studies of transportation projects, including environmental analysis, geotechnical assessment, survey, design and engineering, advance right-of-way acquisition, traffic analysis, toll sensitivity studies, and financial analysis; property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth's transportation programs; or anything else permitted by law. Funds may be used for any transportation project or any transportation facility. Any transportation infrastructure completed with moneys from the Fund shall not become private property, and the results of any studies or analysis completed as a result of a grant or loan from the Fund shall be property of the Commonwealth.

E. The Board, in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade, shall develop guidelines and criteria that shall be used in awarding grants or making loans from the Fund; however, no grant—provided pursuant to subdivision C 1 shall exceed \$5 million and no loan—provided pursuant to subdivision C 1 shall exceed \$30 million. No grant or loan shall be awarded until the Governor has provided copies of the guidelines and criteria to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation. The guidelines and criteria shall include provisions including the number of jobs and amounts of investment that must be committed in the event moneys are being used for an economic development project, a statement of

how the studies and analysis to be completed using moneys from the Fund will advance the development of a transportation facility, a process for the application for and review of grant and loan requests, a timeframe for completion of any work, the comparative benefit resulting from the development of a transportation project, assessment of the ability of the recipient to repay any loan funds, and other criteria as necessary to support the timely development of transportation projects. The criteria shall also include incentives to encourage matching funds from any other local, federal, or private source.

F. Within 30 days of each six-month period ending June 30 and December 31, the Governor shall provide a report to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation that shall include the following information: the locality in which the project is being developed, the amount of the grant or loan made or committed from the Fund and the purpose for which it will be used, the number of jobs created or projected to be created, and the amount of a company's investment in the Commonwealth if the project is part of an economic development opportunity.

G. The Governor shall provide grants and commitments from the Fund in an amount not to exceed the total value of the moneys contained in the Fund. If the Governor commits funds for years beyond the fiscal years covered under the existing appropriation act, the State Treasurer shall set aside and reserve the funds the Governor has committed, and the funds set aside and reserved shall remain in the Fund for those future fiscal years. No grant or loan shall be payable in the years beyond the existing appropriation act unless the funds are currently available in the Fund.

H. Nothing herein shall be construed to authorize the use of eminent domain for any purposes prohibited by § 1-219.1 or Article I, Section 11 of the Constitution of Virginia.

The Commonwealth of Virginia

The
Transportation Partnership
Opportunity Fund

Assistance Application

July ~~2018~~2023

THE COMMONWEALTH OF VIRGINIA

**APPLICANTS MUST COMPLETE ALL SECTIONS
PLEASE READ THE INSTRUCTIONS PRIOR TO COMPLETING THIS
APPLICATION**

SECTION 1 – Contact Information	
Applicant's Legal Name:	
Other Names Under Which Applicant Does Business:	
Federal Tax Identification Number:	
Business Address:	
Mailing Address (If different from above):	
Contact Person Name:	
Contact Person Title:	
Contact Person Mailing Address (If different from above):	
Telephone Number:	(xxx) xxx-xxxx
Fax Number:	(xxx) xxx-xxxx
E-mail Address:	

SECTION 2 – Assistance Requested	
Type of Assistance Requested. (GRANT / LOAN)	
Amount of Assistance Requested. (In WORDS)	xxxxxx Dollars
Amount of Assistance Requested. (In Numbers)	\$0,000,000.00

State how the project addresses the needs identified in the appropriate state, regional or local transportation plan.

State in detail how the project meets one of the following requirements:

- The project meets the economic development criteria of the Commonwealth’s Opportunity Fund.

OR

- In cases where the project is solely retaining jobs, the project must meet the economic development criteria of the Virginia Investment Partnership Grant Program.

OR

- For state agency transportation service applicants, provide evidence that the service has supported economic development and job creation and will continue to enhance future economic development opportunities that will support job creation and capital investment.

SECTION 3 – Project Information

Please ensure that you have reviewed the instructions prior to commencing this section

1. Project Name.

--

2. Project Executive Summary. (Maximum 2 Pages)

--

3. Project Location and General Description of the Environment. (Mark if required as Exhibit A)

--

4. Project Development Process.

--

5. Purpose of TPOF Assistance.

--

6. Project Description.

--

7. Project Social and Economic Impact.
8. Project Schedule. (Mark if required as Exhibit B)
9. Permits and Approvals. (Mark if required as Exhibit C)
10. Project Management and Compliance Monitoring Plan. (Mark if required as Exhibit D)
11. Maintenance and Operations Plans. (Mark if required as Exhibit E)

SECTION 4 – Plan of Finance

Please ensure that you have reviewed the instructions prior to commencing this section

1. Estimated Project Cost. (Uses of Funds) (Mark if required as Exhibit F)

--

2. Sources of Funds.

--

3. Pro Forma Cash Flow. (Mark if required as Exhibit G)

--

4. Risks and Mitigation. (Mark if required as Exhibit H)

--

5. Financial Statements (if applicable) (Mark if required as Exhibit I)

--

SECTION 5 – Applicant Organization Information

Please ensure that you have reviewed the instructions prior to commencing this section

1. Describe the applicant’s legal framework including past history and ownership structure. (Mark if required as Exhibit J)

2. Describe the legal authority of the applicant to carry out the proposed project activities.

3. Identify whether governmental entities, other than the applicant, must approve the submission of the application package, the funding of activities or the carrying out of activities described in the application. Provide documentation in the form of an exhibit as applicable

4. Describe the applicant’s organizational structure and the applicant’s relationship to any subsidiaries or affiliates. (Mark if required as Exhibit K)

5. Provide an organization chart (Mark if required as Exhibit L)

6. Describe the applicant’s prior 5 experience as it relates to carrying out projects similar to that being proposed (Mark if required as Exhibit M)

Project:
Year:
Description:
Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

7. Describe any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or federal contract, or other charges which may reflect on the applicant's financial position or ability to complete the project **(Mark if required as Mark Exhibit N)**

Applicant may be required to provide documentation regarding this section.

APPLICATION INSTRUCTIONS

GENERAL

- Please provide detailed answer to all application questions (where applicable) in the space provided. Applicants can use more space than provided to answer the questions in this application.
- If additional exhibits or attachments are needed, please mark and make note of the attachments within the space provided in the application.
- It is important that application complete all applicable sections of this application.
- Application should be completed in Times New Roman 12 Size Font.

SECTION 3 – Project Information

This section requires narrative information and exhibits. To help avoid any delays in the processing this application it is important that ALL attached and numbered exhibits correspond to their respective items.

1. **Project Name.** Assign a short name to the project for identification purposes.
2. **Project Executive Summary.** (Maximum 2 Pages)
3. **Project Location and General Description of the Environment.** Describe the location of the project, including major intersecting highway and rail routes. Attach a map as Exhibit A. Include the county or counties that the project will serve.
4. **Project Development Process.** Is this project to address the transportation aspects of an economic development opportunity?
5. **Purpose of TPOF Assistance.** Describe what aspect of the project for which the assistance will be used. Provide a breakdown of the proposed use of the assistance.
6. **Project Description.** Describe the need for the project, its basic design features and what the project is intended to accomplish. Include an assessment of the current condition of all transportation facilities relating to the project. For a construction project, describe the difference in the current project scope as compared to any approved environmental documents or study alternatives. If no environmental assessments or reviews have been completed on the project, provide an explanation and a schedule outlining the steps to comply with the National Environmental Policy Act. Describe how the funds provided will enhance the transportation aspects of economic development opportunities for the local area and the State in general.

7. **Project Social and Economic Impact.** Describe how the project will improve or enhance the current social and economic situation within the project area. This section should include,– the number of jobs created (if qualifying under COF criteria) or retained (if qualifying under the VIP criteria) as a result of the project and the amounts of investment that will be committed in the event that the funds are being used for an economic development project. Include a statement as to how the studies and analyses to be completed using moneys from the TPOF will advance social and economic development.
8. **Project Schedule.** Provide a timeline that shows the estimated start and completion dates for each major phase or milestone of the project development, construction and/or acquisition. Indicate the applicant’s current status with respect to the timeline. Indicate the extent to which TPOF assistance will expedite the schedule or aid in meeting the schedule. List any other critical path issues. (Exhibit B)
9. **Permits and Approvals.** List all major permits and approvals necessary for construction of the project and the date, or projected date of the applicant’s receipt of such permits and approvals. The list should include permits and approvals required under local, regional, state and federal laws and regulations. Indicate when outstanding approvals by the governing entities are expected. Describe the status of the environmental review documents. *Copies of ALL permits and approvals will be required upon execution of a financing agreement.* (Exhibit C)
10. **Project Management and Compliance Monitoring Plan.** Include a comprehensive project management and monitoring plan that will assure the project sponsor’s ability to deliver the project as planned, fulfill all project commitments and ensure compliance with all terms of the financing agreement, including all applicable regulations and provisions of law. (Exhibit D)
11. **Maintenance and Operations Plans.** Include a description of the maintenance and operations plan for the project. Include projections of maintenance and operations expenses and the source of payment for these expenses. (Exhibit E)

SECTION 4 – Plan of Finance

This section pertains to the plan of finance for the project. This section also requests narrative information and exhibits. To help avoid any delays in the processing this application it is important that ALL attached and numbered exhibits correspond to their respective items.

1. **Estimated Project Cost (Uses of Funds).** Provide a detailed budget for the project. The budget should include all applicable and anticipated expenses and cost for administrative services, feasibility studies, preliminary engineering and environmental assessments, right-of-way acquisition, vehicle acquisition, construction, construction administration, project management and inspection and other engineering or technical services, contingencies and any other cost categories as may be necessary. All cost estimates should be shown on a year-of-expenditure, cash basis that include any necessary explanations as to assumptions used to determine estimates. (Exhibit F)
2. **Sources of Funds.** Provide a table that reflects the amount of funding from each source of funds for the project, including the TPOF funding. Include, as applicable, federal grants and/or loans, state grants and/or loans, local grants and/or loans, private investment and/or equity contributions, bond proceeds, other borrowings and any other sources of funding that will be used for the project. In addition, provide in narrative form the following information for each source of funding. Supplement the narrative with a chart showing the flow of funds.

Description of TPOF Funding:

- The entity requesting the grant or loan.
- If a grant is being requested, outline when the funding is expected or needed.
- If a loan is being requested, outline the following:
 - Evidence of authorization to commit to loan repayment(s);
 - The source of repayment(s) for the TPOF loan;
 - If project revenues are the source of repayment, the priority of repayment of the loan with respect to project revenues;
 - If non-project revenues are the source of repayment (e.g. general revenues, appropriations, etc.), the priority of repayment of the loan with respect to borrowing entity's other liabilities;
 - The security features for the loan, including any pledged revenues and collateral;
 - Debt service coverage on the loan.
 - Whether the source of repayment is contingent on the project's completion;
 - Whether the source of repayment is subject to future allocations, appropriation and/or governing body approval; and
 - Proposed payment schedule.

Description of other governmental grants and or assistance:

- The specific governmental entity providing the grant.
- The timing for receipt of the grant, including the key steps that must occur in order to receive the grant, such as environmental permits, receipt of other funding, resolutions adopted by the entity, budget appropriations, etc. Provide relevant documentation for those steps that have occurred.
- Any known level of commitment associated with the grant.
- Requirements that will be imposed by the entity on the use of the grant monies or the project.

Description of other loans, debt or other borrowing:

- The lender and legal entity borrowing the money.
- The source of repayment for all other debt and the priority of payment relative to other project borrowing.
- Security features for all other debt, including any pledged revenues and collateral.
- Covenants related to the financial or operational performance of the project, such as coverage levels, and the incurrence of additional debt.
- Structure, including the term, amortization and whether the loan will be fixed or variable rate and expected fixed rate or expected spread to specified index for variable rate debt.
- Anticipated credit ratings if funds are to be borrowed through a public debt offering.
- Any credit enhancement or other guarantees.
- The timing for the borrowing or issuance of debt, including the key steps that must occur. Provide relevant documentation for those steps that have occurred.

Description of equity and private investment:

- The entity, or entities, providing the equity or private investment.
- The mechanism(s) for how the investor(s) will be repaid, for example from excess cash flow, periodic scheduled payments, lump-sum payment from additional debt incurred in the future, etc.
- The expected rate of return and justification for the rate of return.
- Any anticipated revenue sharing with any entity.
- The timing for receipt of the investment, including the key steps that must occur in order to receive the funds. Provide relevant documentation for those steps that have occurred.
- Any major conditions or requirements that will be imposed by the investor(s) on the project.

Description of any other form of assistance not covered above.

3. **Pro Forma Cash Flow.** Provide pro forma cash flows, reflecting the flow of funds and showing revenues, all debt repayment, (if applicable), including any loans under the TPOF, (if applicable), maintenance and operations expenses and any payments to equity/private investors. Provide a detailed description of assumptions and justification of the assumptions. (Exhibit G)
4. **Risks and Mitigation.** Identify the risks to the project completion and the sufficiency of revenues to repay the loan. Samples of these types of risk could include cost escalation, timing of approvals and permits, litigation, and availability of other funding. Identify the mitigation strategies for any acknowledged risks, including any payment and performance guarantees. (Exhibit H)
5. **Financial Statements.** Provide year-end audited financial statements for the past three years for each project team member and the parent entities. (Exhibit I)

SECTION 5 – Applicant Organization Information

This section requests narrative information and exhibits. To help avoid any delays in the processing this application, it is important that ALL attached and numbered exhibits correspond to their respective items.

1. Describe the applicant’s legal framework. Include a copy of the statutory authority under which the entity was created. If applicant is the lead applicant, provide details of the agreement with any other entities. (Exhibit J)
2. Describe the legal authority of the applicant to carry out the proposed project activities. This description should include discussion of the applicant’s ability to levy taxes, issue debt, charge tolls or other fees and/or receive assistance from the Transportation Partnership Opportunity Fund. Provide documentation in the form of an exhibit as applicable.
3. Identify whether governmental entities, other than the applicant, must approve the submission of the application package, the funding of activities or the carrying out of activities described in the application. Provide documentation in the form of an exhibit as applicable.
4. Describe the applicant’s organizational structure and the applicant’s relationship to any subsidiaries or affiliates. Include the legal names of key principals and staff and any recent or proposed changes to the organization structure. If applicant is part of a joint venture, identify all partners and each partner’s relationship to any subsidiaries or affiliates. (Exhibit K)
5. Provide an organization chart, in the form of an exhibit, to include the major parties involved in any aspect of the project. Include the major service contractors that have been, or will be, retained for the project. (Exhibit L)
6. Describe the applicant’s prior experience as it relates to carrying out projects similar to that being proposed. Include prior experience in relation to the implementation of any new technology and the success of the use of such technology. (Exhibit M)
7. Describe any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or federal contract, or other charges which may reflect on the applicant’s financial position or ability to complete the project. (Exhibit N)

Appendix C

TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND DRAFT AWARD AGREEMENT

This **Award Agreement** (this “Agreement”) is made and entered into as of **MONTH DAY YEAR**, by and among the **Virginia Department of Transportation** (“VDOT” or the “Department”), an agency of the Commonwealth of Virginia (the “Commonwealth”) and the _____ (the “Recipient” or the “County, City, Agency, EDA”).

Explanatory Statement

A. The Transportation Partnership Opportunity Fund (“TPOF” or the “Fund”) was created under Section §33.2-1529.11 of the Code of Virginia (the “Code”) to provide funds to address transportation aspects of economic development opportunities.

B. The Governor is authorized to award assistance from the Fund in various forms to an agency or political subdivision of the Commonwealth.

C. The Recipient is a duly created and validly existing political subdivision of the Commonwealth and is eligible to receive financial assistance from the Fund.

D. The Recipient submitted an application requesting **SUM IN WORDS (\$x,xxx,xxx.00)** in the form of a grant from the Fund to assist in **NAME OF THE PROJECT** as defined in Exhibit A (the “Project Description” or the “Project”). The Project facilitates an economic development opportunity for the Commonwealth, thereby meeting the Transportation Evaluation Criteria established for the Fund, and will be administered by the Recipient. The projected costs of the Project are identified in Exhibit B (the “Project Budget and Sources of Funds”) to this Agreement.

E. The TPOF Advisory Panel (the “Panel”) has evaluated the application and has found that it meets the requirements of the Code and the Transportation Evaluation Criteria established in the Fund’s Guidelines and Criteria, dated ~~January 2016~~ July 2023. The Panel recommended on **MONTH DAY YEAR** to the Secretary of Transportation and the Secretary of Commerce and Trade, an award by the Governor of a **SUM IN WORDS (\$x,xxx,xxx.00)** grant, subject to certain conditions.

F. On **MONTH DAY YEAR** the Governor approved the award of the **SUM IN WORDS (\$x,xxx,xxx.00)** grant (the “Grant”) to the Recipient. A copy of the Decision Brief signed by the Governor is provided as Exhibit C.

G. Sufficient monies exist in the Fund to consider the recipient’s request for financial assistance.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. Purpose of Agreement. The purpose of this Agreement is to provide for the terms and conditions required for making the grant, the disbursement and application or use of the proceeds of the Grant and other matters related thereto.

2. Disbursement Authorization and Application and Use of TPOF Grant Proceeds.

(a) Requisition. In order to requisition disbursement of the Grant proceeds, the Recipient shall submit to VDOT, a completed requisition for disbursement of the Grant proceeds signed by an authorized representative of the Recipient. The requisition will contain all information called for by, and otherwise be substantially in the form of Exhibit D (the “Requisition For Disbursement”) to this Agreement.

(b) Disbursement. Disbursement of the grant proceeds will be on a *reimbursable* basis, with a frequency of no more than one (1) requisition for disbursement per month.

(c) Application and Use of Grant Proceeds. The Grant proceeds shall be used for the sole purpose of funding the cost and expenses of the activities and tasks undertaken by the Recipient in the development and procurement of the Project as generally summarized in the Project Budget and described in more detail in the Recipient’s TPOF application (the “Work” or “Work Product”). Project expenditures, will be composed of but not limited to right-of-way acquisition, professional and inspection services, construction contractor payments and a contingency. The Grant will be limited to **SUM IN WORDS (\$x,xxx,xxx.00)** and along with the other identified monies, is expected to be adequate to fully fund the tasks identified in the Project Budget. Any Project cost exceeding the amount of the Grant shall be paid for by the Recipient using its own monies.

(d) Performance Date. Means xxx xxx, 20xx. ~~If the Recipient, in cooperation with VDOT, deems that full faith and reasonable efforts have been made and are being made by the Recipient to achieve the Targets, VDOT may extend the Performance Date by Six (6) Months. If the Performance date is extended, this new Performance Date will for the purpose of this agreement will be the Performance Date.~~

~~The performance date shall only be extended twice during the life of the project.~~

(e) Targets. The Recipient agrees that the capital investment will be \$XXX and the number of jobs created/retained will be XXX. These amounts will be achieved on or prior to the Performance date ~~and shall be maintained for a total of thirty-six (36) months after the Performance Date.~~

The average annual wage of new jobs will be \$xxxxx.xx and the % of new jobs sourced from the local community shall be xxx%.

The capital investment is limited to the capital investment specific for this grant.

(f) Reporting Period. The reporting period is from the date of this Agreement to ~~thirty six (36) months after~~ the Performance Date.

3. Project Schedule.

Every good faith effort shall be made by the Recipient to cause the completion of components of the Work no later **MONTH DAY YEAR.**

4. Reports and Records.

(a) Maintenance Requirements. Full and detailed accounts and records shall be maintained, as appropriate, by the Recipient for the Project and the Grant and such controls shall be exercised as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and standards, so as to provide complete records to fully support the use of the Grant proceeds to pay any cost and/or expense charged to the Work. During the performance of the Work, access shall be afforded by the parties to each other and their representatives and agents to the records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data, including but not limited to electronic schedules and other electronic data (all collectively referred to as the "Books and Records") relating to the Work. Such Books and Records shall be maintained at the [Insert: Recipient's address]

(b) Periodic Reports. On April 1 and October 1 of each year until the End of the Reporting Period, the Recipient shall provide to VDOT's Chief Financial Officer a summary outlining the use of the TPOF monies and the status of the Project. This report should also provide an update on all progress made in order to achieve the projects investment and employment targets. In addition, the Recipient shall promptly notify VDOT of any material events that could affect the Recipient's ability to meet its financial obligations toward the Project.

5. Extension in the Performance Date. If ~~Date~~ If the Recipient has not achieved at least 90% of its new jobs and capital investment targets by the Performance Date set forth in this agreement, an extension may be granted, as long as the Recipient can provide sufficient evidence to VDOT that a full faith effort is underway in achieving its Targets. Generally, an extension will be granted only in circumstances under which it is reasonable to believe that the Recipient is likely to make significant progress toward meeting its performance targets by the extension date.

6. Failure of Compliance: If Targets criteria are not met, the Recipient will be issued a Notice of Failure and will be held responsible for any repayments as calculated by VDOT. The recipient will have a period of Thirty (30) days to respond to a failure and repayment notice, after which time the Recipient will be required and responsible for

returning the grant monies to the Commonwealth within ninety (90) days of the Notice of Failure.

7. Repayment Obligation. Repayment obligations will be assessed based on an equal weighting of the targets. In the event that the project covers Jobs and Investment, each Target is weighted at 50% and the repayment obligation will be based on the combined level of failure of the Targets. For projects that only have a single Target, this target will be the only calculation for repayment obligation.

The formula for calculating the failure for Job Targets

$$\frac{\text{Target Jobs less Actual Jobs}}{\text{Target Jobs}}$$

The formula for calculating the failure in Capital Investment Targets

$$\frac{\text{Target Capital Investment less Actual Capital Investment}}{\text{Target Capital Investment}}$$

A 100% claw back may be required if at any time VDOT concludes that the Recipient will be unable to meet its new jobs and capital investment targets by the Performance Date OR a failure of reaching Targets is equal or greater than 75% of the combined target failures.

8. Representations. The Recipient further represents, covenants and agrees as follows:

(a) The Recipient has full right, power and authority to execute and deliver this Agreement, to perform its obligations under the Agreement and to carry out the tasks associated with the Work and the Project.

(b) Any of the transportation improvements completed with TPOF funds shall be accomplished using applicable industry standards and specifications.

(c) To the best of the Recipient's knowledge, there are no pending or threatened suits or actions of any nature that may have an adverse effect on the Recipient's condition (financial or otherwise) or its ability to perform under the Agreement and there has been no material adverse change in the financial condition of the Recipient as indicated in the information furnished to VDOT.

(d) The Recipient shall be responsible for all activities necessary to complete the Project and shall coordinate with Department staff for all reviews, approvals and necessary oversight as required.

9. Public Property. The Work Product shall not become private property, but shall become or remain public property following completion.

10. Amendment. The provisions of this Agreement may be amended, modified or waived only by written instrument executed by both parties.

11. Applicable Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia.

12. Permits. The Recipient shall obtain all necessary permits for all Work associated with the Project.

13. Notices. All notices, approvals, consents, requests and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person, or when sent by Federal Express or a comparable express courier service, or when mailed by registered or certified mail, postage prepaid, addressed to the parties at the following addresses or such other addresses as a party may designate by prior written notice to the other:

(a) if to VDOT:

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219
Attn: Chief Financial Officer

with a copy to:

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219
Attn: Director, Financial Planning Division

and

Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
Attn: Senior Assistant Attorney General, Chief - Transportation Section

(b) if to the Recipient:

14. Entire Agreement. This Agreement, together with the Exhibits, constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior or contemporaneous, oral or written agreements or understanding with respect to such subject matter.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement on the date first written above.

VIRGINIA DEPARTMENT OF TRANSPORTATION

By: _____

Name: Stephen C. Brich, P.E.

Title: Commissioner of Highways

Recipient

By: _____

Name:

Title:

EXHIBIT A
PROJECT DESCRIPTION

**EXHIBIT B
PROJECT BUDGET
AND SOURCES OF FUNDS**

TPOF Project Budget	
Task	Estimated Cost
Total	\$

Sources of Funds	
Source	Amount
Transportation Partnership Opportunity Fund	\$
Total	\$

EXHIBIT C
EXECUTED DECISION BRIEF

**EXHIBIT D
REQUISITION FOR DISBURSEMENT**

[ON RECIPIENT LETTERHEAD]

[Date]

Mrs. ~~Laura A. Farmer, Director~~ Misty Upson,
Debt & Finance Manager
Financial Planning Division
Virginia Department of Transportation
1401 East Broad Street
~~Old Highway Building—4th Floor~~
Richmond, Virginia 23219

Re: Transportation Partnership Opportunity Fund

Dear Mrs. ~~Farmer~~ Upson:

This requisition, Number _____, is submitted in connection with the Grant Agreement dated as of _____ (the "Agreement"), between the Virginia Department of Transportation and _____ (the "Recipient").

The undersigned authorized representative of the Recipient hereby requests disbursement of proceeds under the Agreement in the amount of \$ _____, for the purposes of payment of project costs as set forth in Schedule 1 attached hereto.

Attached hereto are the invoices relating to the items for which payment is requested and that have been approved by the Recipient.

The undersigned certifies that i) the amounts requested by the requisition will be applied solely and exclusively to the payment, or to the reimbursement of the Recipient for the payment of project costs, and ii) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition.

This requisition includes an accompanying Certificate of the Project Manager/Project Engineer as to the performance of work.

Sincerely,

Recipient's Authorized Representative
Title

Attachments

**SCHEDULE 1
TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT**

REQUISITION NUMBER: _____

RECIPIENT:

PROJECT NAME:

CERTIFYING SIGNATURE: _____

TITLE: _____

Cost Category	Amount Budgeted	Previous Disbursements	Expenditures This Period	Total Expenditures To Date	Net Balance Available
TOTALS					

Total Amount of Assistance
Previous Disbursements
Balance
This Request
Proceeds Remaining

**TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND
CERTIFICATE OF THE PROJECT MANAGER/PROJECT ENGINEER
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT**

This Certificate is being executed and delivered in connection with Requisition Number __, dated _____, 20 __, submitted by the _____ (the "Recipient"), pursuant to the Grant Agreement dated _____, between the Virginia Department of Transportation and the Recipient.

The undersigned consulting engineer for the Recipient hereby certifies that, insofar as the amounts covered by this requisition include payments for labor or to contractors, builders or materialmen, i) such work was actually performed or such materials, supplies and/or equipment were actually furnished to or installed in the construction portion of the Transportation Partnership Opportunity Fund project and ii) expenditures for such work have not been submitted as a part of a previous requisition.

[Project Manager/Project Engineer Firm]

By: _____

Date: _____, 20 ____

Appendix D

GUIDELINES FOR THE COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND PROGRAM

The Commonwealth's Development Opportunity Fund (COF) is a "deal-closing" fund to be employed at the Governor's discretion to secure a company location or expansion in Virginia. Administered by the Virginia Economic Development Partnership (VEDP), the COF serves as a final resource for Virginia in the face of serious competition from other states or countries.

The COF grant is a negotiated amount determined by the Secretary of Commerce and Trade, based on the recommendation of VEDP, and subject to approval of the Governor.

Guiding Principles:

1. General: COF grants are made at the discretion of the Governor with the expectation that grants awarded to a locality or authority will result in a favorable decision for Virginia. Although the COF may be used to make loans, the practice has been to use the COF for grants.
2. Allocations: In accordance with COV § 2.2-115 C "Beginning with the five fiscal years from fiscal year 2006-2007 through fiscal year 2010-2011, and for every five fiscal years' period thereafter, in general, no less than one-third of the moneys appropriated to the Fund in every such five-year period shall be awarded to counties and cities having an annual average unemployment rate that is greater than the final statewide average unemployment rate for the calendar year that immediately precedes the calendar year of the award. However, if such one-third requirement will not be met because economic development prospects in such counties and cities are unable to fulfill the applicable minimum private investment and new jobs requirements set forth in this section, then any funds remaining in the Fund at the end of the five-year period that would have otherwise been awarded to such counties and cities shall be made available for awards in the next five fiscal years' period." VEDP will compile a report at each fiscal year end to include the most current five-year period to ensure compliance is maintained.

COV § 2.2-115 F.1.: "The guidelines and criteria shall include provisions for geographic diversity and a cap on the amount of funds to be provided to any individual project. At the discretion of the Governor, this cap may be waived for qualifying projects of regional or statewide interest. In developing the guidelines and criteria, the VEDP shall use the measure for Fiscal Stress published by the Commission on Local Government of the Department of Housing and Community Development for the locality in which the project is located or will be located as one method of determining the amount of assistance a locality shall receive from the Fund." The maximum amount of a COF grant through June 30, 2019 is \$1,500,000. In very unique circumstances, this limit may be exceeded for projects that are determined to be of statewide or regional interest.

3. Multiple Grants: Localities may receive more than one COF grant during a fiscal year. Grants may be made for more than one project for a single company, but the projects must clearly represent separate investments for separate projects.
4. Relocations: COV § 2.2-115 D “...the Fund shall not be used for any economic development project in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality, unless the procedures set forth in § 30-310 are followed. The Secretary of Commerce and Trade shall enforce this policy and for any exception thereto shall, pursuant to § 30-310, submit such projects to the MEI Project Approval Commission established pursuant to § 30-309.”
5. Downsizing: If the company has existing operations in Virginia and has closed, downsized, consolidated, or laid off employees within the past 30 months prior to such company filing a COF application, there may be a bias toward not approving such application. The company will be offered an opportunity to explain such actions and to provide assurances regarding the expected new jobs and capital investment.
6. Hiring of Virginia Residents: In the performance agreement for the COF grant, the company will be strongly encouraged to ensure that at least 30% of the new jobs are offered to “Residents” of the Commonwealth, as defined in COV § 58.1-302.
7. Use of COF Proceeds: In accordance with COV § 2.2-115 D of the COF Act, COF Proceeds “may be used for public and private utility extension or capacity development on and off site; public and private installation, extension, or capacity development of high-speed or broadband Internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction of publicly or privately owned buildings or build-out of publicly or privately owned buildings; training; or grants or loans to an industrial development authority, housing and redevelopment authority, or other political subdivision for purposes directly relating to any of the foregoing. In no case may COF proceeds be used, directly or indirectly, to pay or guarantee the payment for any rental, lease, license, or other contractual right to the use of any property.”
8. Political Contributions: For a company receiving a COF grant based upon an application made on or after July 1, 2016, there is a notification requirement for certain political contributions. For any political contributions, gifts or other items with a value greater than \$100 made by the company to the Governor or his/her political action committee or his/her campaign committee from the date of the application for the COF grant until one year after the COF grant is awarded, the Governor, or his/her political action committee or campaign committee must notify the Virginia Conflict of Interest and Ethics Advisory Council that such a contribution, gift or other item of value over \$100 has been received.

Statutory Eligibility:

1. The COF has several levels of qualification based on such measures as a locality's unemployment rate and poverty rate.

General Eligibility Thresholds: COV § 2.2-115 E.1.a. and E.1.b.

- a) 50 new jobs/\$5 million capital investment; or
- b) 25 new jobs/\$100 million capital investment
- c) The average annual wage for the new jobs must be at least equal to the prevailing average annual wage in the locality, excluding fringe benefits
- d) If the average annual wage is twice the prevailing average annual wage, the Governor may reduce the new jobs threshold to as low as 25

2. Eligibility Thresholds in Localities with Above-Average Unemployment or Above-Average Poverty (so-called distressed localities): COV § 2.2-115 E.2 and E.4

- a) For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide unemployment rate for that calendar year or with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year, the thresholds are:
 - a) 25 new jobs / \$2.5 million capital investment
 - b) Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage
 - c) If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project

3. Eligibility Thresholds in Localities with Above-Average Unemployment and Above-Average Poverty (so-called double distressed): COV § 2.2-115 E.3. and E.4

- a) For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide unemployment rate for that calendar year and with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year, the thresholds are:
 - (1) 15 new jobs / \$1.5 million capital investment
 - (2) Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage
 - (3) If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance

and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project

4. In accordance with COV § 2.2-115 A "Prevailing average wage" means that amount determined by the Virginia Employment Commission to be the average wage paid workers in the city or county of the Commonwealth where the economic development project is located. The prevailing average wage shall be determined without regard to any fringe benefits.
5. Data from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) is the primary source of annual unemployment rates (<https://data.virginialmi.com>).
6. Capital Investment Waiver for Remote Work: In circumstances where a company will create at least the minimum number of new jobs required by Code, and at least 75% of those jobs will be new teleworking jobs for which the majority of the work is performed remotely, the Governor may reduce or waive the COF capital investment requirement. For new teleworking jobs to be considered, the jobs must be held by Virginia residents and pay at least 120% of the Virginia Minimum Wage as defined by the Virginia Minimum Wage Act (§ 40.1-28.8 et seq.)

Local Matches:

1. Qualifying Local Matches: Localities must at least match dollar-for-dollar with local funds the amount requested from the COF. Previously invested local funds, grants of moneys from other government sources (except as noted below with respect to the Tobacco Region Opportunity Fund), and contributions from private interests which benefit from the project's location may not be counted as part of the local match. A local match may be funded by an in-kind contribution from the locality for the direct benefit of the grantee, such as infrastructure development, fee waivers, or free or reduced-price land or buildings.
2. Local Match Waiver: In very unique circumstances, the Governor may waive or reduce the requirement for a local match for projects that the Governor has determined are of statewide or regional interest. Criteria such as vacancy and unemployment or poverty rates in the immediate area of the proposed site may be considered in the decision-making process. If the minimum private capital investment is reduced or waived for a company creating jobs of which at least 75% will be new teleworking jobs in Virginia, the Governor may provide full or partial relief from the local matching requirement as well.
3. Local Enterprise Zone incentives may be counted toward the local match where the locality makes actual expenditures after the project is announced to benefit the project.
4. Grants for a project made to the locality from the Tobacco Region Opportunity Fund may be used as up to one-half of the local match for the COF grant.
5. Date by Which Local Matches Must be Provided: Local matches generally must be made by the performance date by which the company is obligated to complete its

capital investment and job creation and maintenance. Generally, this period is three years.

Application Process

1. Once the due diligence process is complete and a COF grant has been pre-approved for a company, the company can submit an application to VEDP.
2. Two Documents: Applications should consist of two documents: 1) a community letter sent by the chief appointed official of any county, city, town or other applicable political subdivision to the President and Chief Executive Officer of VEDP, and (2) a letter sent by the company to the locality where the project will be located. The company letter should accompany the community letter.
3. Community Letter: It is expected that the letter from the community will use the following format and include the following information:
 - a) A summary statement presenting the importance of the project to the community and why support from the COF is being sought;
 - b) Amount requested;
 - c) The expected use of the funds;
 - d) Description of the project, including:
 - (1) Company name and information (website, stock exchange ticker)
 - (2) Type of operation (i.e. manufacturing, distribution, etc.)
 - (3) Headquarters location
 - (4) Virginia operations (if any exist)
 - (5) What the company is planning to do in Virginia
 - (6) Employment impact on current operations in Virginia
 - e) Location of the project, including the community, and its population, current unemployment and poverty rates and prevailing average annual wage;
 - f) Details of capital investment, including, but not limited to, the value of property to be leased under a capital lease, or other investments of capital that add to the local tax revenues;
 - g) Jobs anticipated to be created and maintained by the company's performance date (generally three years after the locality receives a grant payment), information on "jobs saved," average salary level and total yearly payroll of jobs created;
 - h) Local and state financial participation, specifying new moneys to be allocated to the project and how those funds will be used;
 - i) Description of other public funds that have been or will be expended for the project, such as training or past public expenditures for road, utility extension or site development;
 - j) If the project for which a COF grant is being requested involves the relocation of a business from one Virginia locality to another, the community applying for the grant must officially notify the community from which the business is moving. For such projects, a statement must be included in the COF application that this notification has taken place, and must also provide the reasons for the move and the out-of-state competition;

- k) If applicable, an acknowledgement that the COF grant proceeds will be disbursed in installments, as certain milestones are achieved; and
 - l) Any other current or background information pertinent to the project that might assist the Governor in making an informed decision based on complete knowledge. Communities are obliged to disclose any information that could reflect negatively on the project.
4. Company Letter: It is expected that the letter from the company will use the following format and include the following information:
- a) An indication from the company that without support from the COF, there is a possibility that the project could be located outside of Virginia and that only one site in Virginia is under consideration for the project;
 - b) An indication from the company of the number of new jobs expected to be created (and saved, if any) and maintained, payroll and salary levels and a statement confirming the company offers its employees a standard package of fringe benefits;
 - c) An indication of the capital investment expected to be made by or on behalf of the company at the facility in the community by the performance date, which is generally three years, including an indication of the extent to which the company expects to make the capital investment through the use of operating or capital leases;
 - d) An affirmation that the proposed project will not result in a closing, loss of jobs, consolidation, or change to any existing operations in Virginia for the duration of the performance period;
 - e) If applicable, an acknowledgement that the COF grant proceeds will be disbursed in installments, as certain milestones are achieved;
 - f) An affirmation that the company has not closed, downsized, consolidated, or laid off employees at existing operations in Virginia within the past 12 months prior to the application date, or, if it has, additional assurances regarding the stability of the new jobs and capital investment.
 - g) A copy of the company's W-9.

Performance Agreement

1. Performance Agreement Between VEDP, Community and Company: Since a COF grant is awarded to a community, the community is required to enter into a performance agreement with the company before it may receive the COF grant. This is to ensure that the company will meet the new job and capital investment levels as stated in its application and as agreed to. It is expected that the performance agreement will also have the community's industrial or economic development authority, and VEDP as parties. (§2.2- 115 F.2.a.).
2. Targets and Statutory Criteria: The performance agreement will set forth the (i) capital investment target; (ii) new jobs target; (iii) wage target; (iv) fair market value of all funds the Commonwealth is expected to provide; (v) fair market value of the local match; (vi) prevailing average wage in locality; (vii) performance date; (viii) reporting and target verification procedures; and (ix) any repayment obligations.

3. Disbursement of COF Grant: The performance agreement generally will call for the COF grant to be disbursed by VEDP to the locality. The performance agreement will then contain the terms and conditions under which the locality may cause the COF grant proceeds to be disbursed to the company. In some circumstances, but only with the consent of the locality, VEDP may cause the COF grant proceeds to be disbursed directly to the company, upon the terms and conditions to be set forth in the performance agreement.
4. Performance Date: The performance agreement will include an end-date by which the company will achieve the capital investment and new jobs targets (“Performance Date”). The Performance Date is generally 36 months after the date the project is announced. Further, if the date by which the Commonwealth is expected to reach its break-even point, as determined by a return-on-investment analysis prepared by VEDP, is later than the Performance Date, there will be another obligation of the company to maintain its new jobs through the break-even date. If the company has not achieved at least 90% of its new jobs and capital investment targets by the Performance Date set forth in the performance agreement, the locality, in consultation with VEDP, may request an extension of up to 15 months. Any extension of the Performance Date requires prior approval by VEDP’s Project Review and Credit Committee (“PRACC”) and the VEDP Board of Directors. Any additional extensions must be approved by PRACC, the VEDP Board, and the Major Employment and Investment (MEI) Project Approval Commission. COV § 2.2-115 F.2.b. and 2.2-2237.2.
5. Business Income Tax Information: For VEDP to demonstrate the value of the COF program and other economic development incentives, it would be helpful for the company to share with VEDP the Virginia corporate income taxes paid by the company. VEDP has no access to this information, unless the company volunteers to provide it to VEDP. It is expected that each performance agreement will contain a provision that substantially reads as follows: With each annual progress report, the company shall report to VEDP the amount paid by the company in the prior calendar year in Virginia corporate income tax [or, as applicable, shall provide to VEDP a copy of its Virginia income tax form filed with respect to its status as a passthrough entity]. VEDP has represented to the company that it considers such information to be confidential proprietary information that is exempt from public disclosure under the Virginia Freedom of Information Act and that such information will be used by VEDP solely in calculating aggregate return-on-investment capital analyses for purposes of gauging the overall effectiveness of economic development incentives.
6. Office of the Attorney General (OAG) Review: Once VEDP, the locality and the company are comfortable with the language of the performance agreement, the performance agreement must be presented to the OAG for review of proper legal form. The OAG will have up to seven (7) days to provide written comments regarding the performance agreement.

To find out more about the Commonwealth's Development Opportunity Fund (COF):
[Commonwealth's Development Opportunity Fund \(COF\) | Virginia Economic
Development Partnership \(vedp.org\)](#)

Appendix E

GUIDELINES FOR THE VIRGINIA INVESTMENT PERFORMANCE GRANT PROGRAM

The Virginia Investment Performance Grant (VIP) encourages continued capital investment by existing Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development, and utilization of advanced technology. The program targets existing manufacturers or research and development services supporting manufacturing. There must be an active and realistic competition between Virginia and another state or country for attracting the project, and matching local financial participation is expected.

The amount of each VIP grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) Return-on-Investment analysis and recommendation, and is subject to the approval of the Governor.

Guiding Principles

1. General: To be eligible for a VIP grant, a minimum of \$25 million in capital investment is required by an eligible existing Virginia manufacturer or research and development service, as these terms are defined below.
2. Although no minimum new job creation is required for a VIP grant, the investment must not result in any net reduction in employment from the date of the completion of the capital investment through one year from the date of completion. New job creation associated with the capital investment may, however, result in an increased negotiated VIP grant benefit under this program. Even if there is no requirement to create new jobs, there may be a requirement to maintain a certain level of existing full-time jobs.
3. Investments resulting from ongoing VEDP projects will be eligible for consideration for a VIP grant, but only if the investments have not yet been publicly announced. Investments made with no prior VEDP involvement, and/or investments previously announced, committed or begun will not be eligible for consideration for a VIP grant.
4. Allocations: COV § 2.2-5101, A through C references that the fund is subject to the appropriation by the General Assembly of sufficient moneys to the Investment Performance Grant sub-fund, any eligible manufacturer or research and development service that is not eligible for a MEE grant under COV § 2.2-5102 shall be eligible for an investment performance grant as provided in this section. VEDP established an application process by which eligible manufacturers and research and development services may apply for a grant. An application for a VIP grant shall not be approved for payment until VEDP has verified that the capital investment has been completed. The amount of the VIP grant that an eligible manufacturer or research and development service shall be eligible to receive shall be determined by the Secretary of Commerce & Trade (SCT), based on the recommendation of VEDP, and contingent upon approval by the Governor. The determination of the appropriate amount of a VIP grant shall be based on the application of guidelines that establish criteria for correlating the amount of a VIP grant to the relative value to the Commonwealth of the eligible investment.

5. Multiple Grants: An applicant may be granted more than one VIP grant at a time if the scope of each project has a different timeframe and independently meets the minimum investment and all other criteria expressed herein. An applicant that has an active VIP grant but separately meets the investment threshold and employment requirements for a new project may apply for an additional VIP grant. For an investment occurring in phases or stages, however, the Commonwealth will consider as one project a phased-in investment if: (i) the entire investment is announced at one time, (ii) the phases are clearly related to one project, and (iii) the entire investment proceeds normally to completion, without extraordinary delays. If these conditions are met, the negotiated amount will reflect the entire single investment. If the applicant participates currently in another production grant program sponsored by the Commonwealth for a project, or another grant program under the Act, as defined below, it shall not be eligible for a VIP grant for that project.

Application Process

1. Once the due diligence process is complete and a VIP grant has been pre-approved for a company, the company can submit an application to VEDP.
2. The applicant shall submit a detailed letter of application for a VIP grant directly to the President and Chief Executive Officer of VEDP providing the following information:
 - a) The amount and timing of the expected capital investment;
 - b) The extent to which, if applicable, the expected capital investment produces (i) measurable increases in capacity, productivity, or both, (ii) measurable decreases in the production of flawed product, or (iii) measurable advances in knowledge, research, or the application of research findings for the creation of new or significantly improved products or processes that support manufacturing;
 - c) The number of new jobs expected to be created and maintained because of the capital investment, if any, and a timeline for their creation;
 - d) (A) The average annual wages expected to be paid for the new jobs, if any, (B) whether a package of fringe benefits will be provided by the applicant to a typical employee (the statute requires standard fringe benefits), and (C) a comparison of the expected average annual wages with the average manufacturing wage for the locality or region;
 - e) The amount of other incentives requested of, or offered by, the Commonwealth and the locality, including grants, tax credits or exemptions, and other cost-avoidance incentives;
 - f) General corporate information about the applicant, including date of establishment, tenure and nature of presence in Virginia, and amount of previous capital investment and existing employment; and
 - g) Other factors as may be presented and demonstrated by the applicant that might affect the calculation of the net present value of benefits to Virginia. Specifically, applicants may present marginal corporate income (or analogous) tax revenues to Virginia attributable to the investment for which the VIP grant is made. If accepted, these revenues would be included in the calculation of the net present value of benefits to Virginia.

Amount of VIP Grant Award

1. Except as provided in the next paragraph, no one VIP grant may exceed \$3,000,000. In the aggregate, no more than \$-4 million in total VIP grants may be paid-out in any one year. The total aggregate amount of outstanding VIP grants approved after July 1, 2019 cannot exceed \$20 million.
2. Although each VIP grant generally cannot exceed \$3,000,000, a VIP grant may be for as much as \$5,000,000 for a project that meets more than one of the extraordinary characteristics set forth below:
 - a) Desirable workforce characteristics (e.g. significant job numbers, especially high wage levels, or sophisticated skill sets)
 - b) Strategic industry sector
 - c) Significant impact on or transformation of the local/regional economy
 - d) Significant R&D component, especially if in concert with Virginia’s public higher educational institutions
 - e) Considerable capital investment
 - f) Likelihood of attracting a significant supply chain or other significant follow-on opportunities
3. The maximum \$5 million grant is intended to be reserved for special projects deemed meritorious of such a significant investment by the Commonwealth.
4. The VIP grant will be paid in five annual installments at the times described below under “Performance Agreement – VIP Grant Payout Schedule.”

Performance Agreement

1. General Provisions: Once negotiated and agreed upon, the amount, terms and conditions of a VIP grant shall be reflected in a performance agreement expected to be executed by the applicant no later than 120 days after the public announcement of the project by the Governor.
2. Targets and Statutory Criteria: The performance agreement will set forth the (i) capital investment target; (ii) new jobs target, if applicable; (iii) wage target, if applicable; (iv) prevailing average manufacturing wage in the locality; (v) expected performance date; (vi) reporting and target verification procedures; and (vii) any grant reduction circumstances.
3. Performance Date: The performance agreement shall contain an end-date by which the capital investment and, if applicable, new job creation, is expected to have been completed (a “Projected Completion Date”). It is VEDP’s strong preference that this Projected Completion Date will be three years, but no more than five years, from the date the performance agreement is signed, but extensions will be considered on a case-by-case basis.
4. Any extension of the Projected Completion Date shall require the prior approval of VEDP’s Project Review and Credit Committee (“PRACC”) and the Board of Directors of VEDP. If the Projected Completion Date is extended, VEDP will notify the company of any such extension. Generally, the extension should be granted only in circumstances under which it is reasonable to believe that the company is likely to make significant progress toward meeting its performance targets by the extension date. In the unlikely event that a second extension request will be considered, that extension will require the approval of PRACC, the Board of Directors of VEDP and the Major Employment and Investment (MEI) Project Approval Commission.

5. **Initial Company Notification:** The performance agreement will require the VIP grantee to notify VEDP in writing within ninety (90) days of the completion of the capital investment and any new job creation or existing job maintenance, certifying the amount of capital investment and, if applicable, the number of net new jobs created and maintained at the facility, the average annual wage rates paid to such employees and a summary of the fringe benefits package offered by the VIP grantee to a typical employee (an “Initial Company Notification”).
6. **Subsequent Company Notification:** One year after the completion of the capital investment and, if applicable, any new job creation, the performance agreement will require the VIP grantee to certify to VEDP whether there has been a net reduction in employment in the year since the completion of the capital investment (a “Subsequent Company Notification”). If so, provided in the performance agreement, whether there has been a net reduction in employment in such year may be determined solely with respect to the employment related to the improvements made by the capital investment. If, for example, the capital investment updated a single production line, it may be possible to look solely at that production line in determining whether there has been a reduction in employment during that one-year period.
7. The performance agreement will likely require other notices to VEDP as may be necessary to administer the VIP grant program.
8. **VIP Grant Payout Schedule:** Beginning with the fiscal year in which the verified Initial Company Notification has been on file at VEDP for 36 months, and pursuant to the provisions of the Act, the Commonwealth will make five equal annual grant installment payments to the VIP grantee. In fiscally stressed localities, installment payments can begin in the fiscal year in which the verified Initial Company Notification has been on file at VEDP for 24 months.

Conditions to Payouts of VIP Grants; Reductions

1. **Annual Appropriation:** VIP grant installment payments are subject to annual appropriation by the Virginia General Assembly. If there are insufficient moneys in the Investment Performance Grant subfund to pay all VIP grant payments due to intended recipients, the provisions of COV § 2.2-5104 of the Act shall govern the distribution of the available funds.
2. **Conditions to Payouts:** VIP grant installment payments are subject to the conditions that (i) the capital investment remains in place during the payment period, (ii) the Subsequent Company Notification has not revealed a net reduction in employment, (iii) if applicable, the new jobs have been maintained during the payment period, and (iv) the facility continues to operate throughout the payment period at substantially the same level as existed at the time of the completion of the capital investment. If the capital investment does not remain in place, if the new jobs have not been maintained, or if the facility is no longer so operated, the performance agreement will require the VIP grantee to provide immediate notice to VEDP. In the event that conditions (i), (iii) or (iv) are not met, the installment payments on the VIP grant will cease, but the VIP grantee will not be required to return any VIP grant installments previously paid.
3. **No Payouts:** If the VIP grantee does not achieve the statutory minimum capital investment requirement of \$25 million or does not maintain at least steady employment in the one-year period after the completion of the capital investment, no VIP grant payment will be made. If the VIP grantee achieves the statutory minimum capital

investment and maintains steady employment but does not achieve at least 50% of the capital investment goal and any jobs goal stated in the performance agreement, no VIP grant payment will be made.

4. **Reduced Payouts; Allocations:** If the VIP grantee achieves the statutory minimum capital investment goal and maintains steady employment and achieves between 50% and 100% of the targeted capital investment and new jobs, the total VIP grant to be paid shall be diminished proportionately.
5. In the event that the total VIP grant is reduced, the VIP grant will still be paid out as provided in the Act, so long as the capital investment remains in place during the payment period, the new jobs, if applicable, have been maintained during the payment period, and the facility continues to operate throughout the payment period at substantially the same level as existed at the time of the completion of the capital investment. For this purpose, in the performance agreement, it is expected that the VIP grant will be allocated between the capital investment goal and the job creation or retention goal. Generally, the VIP grant will be allocated three-quarters to the capital investment goal and one-quarter to the job creation or retention goal. For example, if the VIP grantee achieves 60% of its capital investment goal and 75% of its job retention and creation goal, the VIP grant will be diminished proportionately to 60% of that portion allocable to the capital investment and 75% of that portion allocable to jobs retained and created, to be paid out on the schedule described above. If there is no new job creation goal, the entire VIP grant may be allocated to the capital investment goal.

Local Matches

1. **Qualifying Local Matches:** Localities are expected to provide local matches at least equal to 50% of the VIP grant. Previously invested local funds, grants of moneys from other government sources, and contributions from private interests which benefit from the project's location may not be counted as part of the local match. A local match may be funded by an in-kind contribution from the locality for the direct benefit of the grantee, such as infrastructure development, fee waivers, or free or reduced-price land or buildings. Local Enterprise Zone incentives may be counted toward the local match where the locality makes actual expenditures after the project is announced to benefit the project.
2. **Date by Which Local Matches Must be Provided:** Local matches generally must be made by the performance date by which the company is obligated to complete its capital investment and job creation and maintenance. Generally, this period is three to five years.

To find out more about the Virginia Investment Performance Grant (VIP): [Virginia Investment Performance Grant \(VIP\) | Virginia Economic Development Partnership \(vedp.org\)](https://www.vedp.org)

The Commonwealth of Virginia

The
Transportation Partnership
Opportunity Fund

Guidelines and Criteria

July 1, 2023

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Appendix A: Chapter 546 of the 2023 Acts of Assembly

Appendix B: Assistance Application

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Appendix E: The Virginia Investment Partnership Grant Program Guidelines

Introduction

Chapter 546 of the 2023 Acts of Assembly (the “Act”) is the legal framework creating the Transportation Partnership Opportunity Fund (“TPOF” or the “Fund”). The Fund is to be used by the Governor to provide funds to address the transportation aspects of economic development opportunities or to enhance the economic development opportunities of the Commonwealth transportation programs.

The Act

The Act authorizes monies to be awarded from the Fund by the Governor as grants, revolving loans, or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth of Virginia.

It is the intent of the Act to provide funds to address the transportation aspects of economic development opportunities, including, but not limited to, the creation of jobs and to promote private investment and economic development.

The following guidelines and criteria have been developed by the Commonwealth Transportation Board (the “CTB” or “Board”), in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade to guide the process of applying for and receiving financial assistance from the Fund.

The complete text of the Act has been included as Appendix A to these guidelines. Although guidance is provided herein with regard to application of the Act, it will be incumbent upon all entities to read the Act in its entirety, and to comply with the provisions of the Act.

Transportation Partnership Opportunity Fund Administration

Monies in the Fund may be awarded by the Governor to Applicants in the form of grants (up to \$5 million), revolving loans or other financing tools and equity contributions. Loans from the Fund will be interest free and are available up to the maximum of \$30 million, based on funding availability. Loan terms will vary but shall not exceed seven (7) years.

The Act also authorizes the Governor to direct funds to the Board for transportation projects determined to be necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth’s transportation programs when recommended by the Secretary of Transportation and Secretary of Commerce and Trade.

Assistance or commitments from the Fund will be limited to the total value of money that is available in the Fund. The fund shall consist of (i) one-third of all interest, dividends, and appreciation that may accrue to the Transportation Trust Fund and the Highway Maintenance and Operating Fund and (ii) any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. Funding available will also include repayments to the Fund of loans, any revocation of assistance provided to

entities that fail to meet performance criteria, any interest and dividends earned on the Fund and any other appropriations may be used for additional loans or grants for other projects.

After award to an Applicant or direction to the Board by the Governor, the Fund will be administered by the CTB acting through the Virginia Department of Transportation (“VDOT”), in consultation with the Secretary of Commerce and Trade. VDOT will manage the overall administration of the TPOF, with the Secretary of Commerce and Trade and the Virginia Economic Development Partnership providing guidance with respect to the economic development features of the program.

Eligible Applicants

Financial assistance from the Fund may be awarded to any agency or political subdivision of the Commonwealth of Virginia.

Eligible Projects

Grants or revolving loans to Applicants or Funds directed to the Board may be used for transportation capacity development, on and off site; road, rail, mass transit or other transportation access costs beyond the funding capability of existing programs; studies of transportation projects including but not limited to environmental analysis, geotechnical assessment, survey, design and engineering, advance right-of-way acquisition, traffic analysis, toll sensitivity studies, financial analysis, property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth’s transportation programs, or any else permitted by law. Funds may be used for any transportation project or any transportation facility within the Commonwealth of Virginia.

Transportation aspects of economic development projects that are also eligible for funding through the Revenue Sharing Program, the Economic Development Access Program, the Rail Industrial Access Program, the Rail Preservation Program or the Rail Enhancement Program, may be eligible to receive financial assistance from the Fund. However, it must be demonstrated that such additional funding is necessary. Amounts received from these other funding sources, or used to leverage additional monies from the Fund, may not also be used for the required non-state match.

Monies from the Fund are not to be used to supplant existing or programmed funds from other existing public sources but are to be used to support projects and activities beyond the funding capability of existing programs.

Monies awarded to Applicants from the Fund that are to be used for transportation aspects of an economic development project must meet the economic development criteria of the *Commonwealth’s Opportunity Fund* **Or**, in cases where the project is solely retaining jobs, the project must meet the economic development criteria of the *Virginia Investment Partnership Grant Program* **Or**, for state agency transportation services that provide non-highway alternatives for the movement of freight, the service must enhance economic development opportunities and regional connectivity within the Commonwealth.

Funds used to match the Commonwealth’s Opportunity Fund **CANNOT** be used to match the TPOF, although both sources of monies can be used for a project. Funds from the Virginia Tobacco Indemnification and Community Revitalization Commission may be allowed as matching funds for this purpose.

Project Ownership

Projects that are developed with monies from the Fund shall not become private property and shall be maintained by the appropriate entity pursuant to applicable agreements following completion. Any reports, studies, analysis, and other forms of intellectual property created or developed using monies from the Fund shall become property of the Commonwealth.

Application Process

VDOT, in cooperation with the Secretary of Commerce and Trade and the Virginia Economic Development Partnership, will accept applications from eligible applicants for consideration. A copy of the application is provided as Appendix B. All applications for assistance from the Fund shall be sent to VDOT’s Chief Financial Officer (the “CFO”) and addressed as follows:

Transportation Partnership Opportunity Fund
Attn: Chief Financial Officer
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219-2000

All applications will be reviewed to determine that the minimum eligibility requirements have been satisfied. The minimum eligibility requirements are as follows:

Application Assistance Requirements

For an applicant to be eligible for assistance the applicant must meet the mandatory requirements PLUS one of the other listed criteria

Mandatory Requirements

- The applicant **MUST** be an agency or political subdivision of the Commonwealth,
- The project addresses the needs identified in the appropriate state, regional or local transportation plan.

PLUS ONE of the following:

- The project meets the economic development criteria of the **Commonwealth’s Opportunity Fund**.

- In cases where the project is solely retaining jobs; the project must meet the economic development criteria of the **Virginia Investment Partnership Grant Program**.
- In cases where the funding is for state agency transportation services that provide non-highway alternatives for the movement of freight, the service must enhance economic development opportunities and regional connectivity within the Commonwealth.

Following an applicant's selection for evaluation, meetings may be conducted with the applicant. The purpose of the meetings will be to review and confirm the information contained in the application. Representatives of the applicant, VDOT staff and staff from the applicable modal oversight agency and the Virginia Economic Development Partnership staff, as appropriate, shall participate in the meetings.

Application Evaluation Criteria

Following receipt of the applications and a review by staff to assure the basic statutory requirements have been met, a TPOF Advisory Panel, chaired by a Deputy Secretary of Transportation, and consisting of VDOT's Chief Financial Officer, an Executive Officer of the applicable modal oversight agency (if necessary), a Deputy Secretary of Commerce and Trade, and a representative of the Department of Planning and Budget will evaluate those applications to ensure that the applicant(s) meets the transportation and economic development evaluation criteria. Applicants meeting the evaluation criteria become eligible to receive assistance, subject to the availability of funding. In circumstances where the total amount of assistance requested exceeds the total amount of funding available, eligible applications that include applicant matching funds or equity contributions and projects that are in an advanced state of readiness-to-proceed, will receive priority consideration for assistance.

General Evaluation Criteria

- Projects with a high level of matching funds will be considered highly desirable.
- Projects that clearly show how funds will advance the development of a transportation facility will be considered highly desirable.
- Financial feasibility of the project plan of finance, including the capacity to repay any loan and mitigate risks.
- Extent to which funding would advance the project's or facility's schedule to an earlier completion date.

Transportation Evaluation Criteria

- The entity's experience implementing similar projects, including the use of new technologies.
- Comparative benefits resulting from the development of the proposed transportation project or facility.

- Evidence that the state agency transportation service has provided and/or will provide non-highway alternatives for the movement of freight and has enhanced economic development opportunities and will enhance future economic development in the impacted areas.

Economic Development Evaluation Criteria

- Project must meet minimum criteria established in the Commonwealth's Opportunity Fund Guidelines. Or,
- For projects in which no net new jobs are being created, the project must meet minimum criteria established in the Virginia Investment Partnership Grant Program Guidelines. Or,
- For state agency transportation service applicants, provide evidence that the service has supported economic development and job creation and will continue to enhance future economic development opportunities that will support job creation and capital investment.

Advisory Panel Notification

Following evaluation by the TPOF Advisory Panel, the VDOT Chief Financial Officer shall provide findings and recommendations of the Panel to the Secretary of Transportation, the Secretary of Commerce and Trade and the applicable modal oversight board and agencies.

Awarded Financing Notification

Following notification by the TPOF Advisory Panel, the Secretary of Transportation and the Secretary of Commerce and Trade will submit to the Governor a recommendation of funding for the successful applicants. Once assistance from the Fund is approved and awarded by the Governor, written notification will be provided to the potential recipient. The notification will outline the type of assistance to be provided and in the case of a loan, the required security provisions, the loan term and payment provisions, the amount of assistance to be provided and any conditions that must be met by the applicant prior to loan closing or grant award. The notification must be acknowledged and accepted by the potential recipient within 10 business days of the notification date to preserve the funding. Once the notification is accepted, the Department and applicant will enter into an agreement.

Loan/Grant Award Agreement for Economic Development Transportation Projects

An agreement shall be executed between the Commissioner of the Virginia Department of Transportation and the appropriate local government, state agency, or political subdivision that receives the principal benefit of financing from the Fund before disbursement of any monies awarded to an Applicant.

In the case where project is qualifying based on COF or VIP, the agreement will include a statement that the recipient will reach the specified job creation or retention and/or capital

investment levels within thirty-six (36) months after final disbursement of funds or in accordance with the corresponding COF or VIP agreement.

If those performance criteria are not met, the entity shall repay to the Fund, an amount as required by the terms and conditions of the Grant/Loan & Performance Agreement (Award Agreement). The Commissioner may, however, in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade, grant a partial or total waiver to the repayment or extend the performance period if it can be demonstrated that the transportation improvements developed with monies from the Fund had other economic benefits to a locality of the Commonwealth beyond that directly attributable to the private entity which was the basis for an application for monies from the Fund.

In the case of state agency transportation services, the anticipated benefits to the Commonwealth will be defined in the agreement and should be met within eighteen (18) months of final disbursement. If that performance criteria is not met, the applicant will become ineligible for future funds until the agreed upon benefit is met.

A Loan Award Agreement will include the security provisions for the assistance, repayment terms along with the amortization schedule, representations and warranties, finance plan requirements, borrower covenants, disbursement requirements, monitoring and reporting requirements and will specify any other terms and conditions for the financial assistance.

Directed Funds to the Board

Upon the direction of funds to the Board in excess of \$5 million, the Secretary of Transportation shall within 30 days submit a report on such direction of funds to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations. The report content will comply with all requirements set forth in the Code of Virginia.

Any funds directed to the Board in a cumulative amount in excess of \$35 million on any one project, shall be submitted for review to the MEI Project Approval Commission (the "Commission"). The Commission shall completed such review within 14 days.

Disbursement Process

Disbursement of the awarded financial assistance can begin following execution of an Award Agreement. Assistance from the Fund may be paid to the recipient based on costs incurred for the project. In some instances, disbursement may be allowed on a lump sum basis, subject to sufficient justification, where a portion, up to the maximum amount of assistance approved, could be disbursed at a single time.

Recipients will submit a disbursement request to VDOT. VDOT will review the request for completeness and if acceptable approve the request for disbursement. VDOT will notify the recipient within thirty (30) days of any deficiencies in any disbursement request.

Upon approving the disbursement request, VDOT will then forward the request to the Virginia Department of the Treasury (the “Treasury”) for payment.

Directed funds recommended by the Governor will be allocated to the project through the Six-Year Improvement Program and administered by the Virginia Department of Transportation or the applicable locality.

Loan Term/Repayment

Loans from the Fund will have their term set by the Governor. Terms and repayment provisions will vary depending on the type of project and the availability of revenues or other funds. All loans must be repaid within seven (7) years of the date of loan closing. The frequency of payments of principal will vary according to the recipient and will be established as a part of the loan closing process. Loan recipients will make their payments to the Treasury.

VDOT will be responsible for monitoring and ensuring repayment of the loans.

Recipient Reporting Requirements

Recipients of TPOF awarded assistance will be required to provide VDOT and the Secretary of Commerce and Trade with various reports, certificates and documents during the project development phase as well as throughout the life of any loan.

Submittals of annual audited and interim, unaudited financial statements, approved budgets and use of funds reporting may be required as a condition of accepting assistance from the Fund. In addition, the recipient shall provide disclosure of any material events that could affect its ability to complete and, if applicable, operate the project.

Submittal of an annual and interim social economic report will be required in order to properly document and track job creation or retention, investment and general economic improvements of the project.

Other special reporting requirements may be required on a case-by-case basis.

All reporting requirements will be included in the financing agreement. Recipient reports will be due April 1 and October 1 during the term of any outstanding loan or, for awarded grant recipients, until completion of the assisted project or completion of the capital investment and job creation period, whichever comes last. VDOT shall seek to minimize reporting requirements for smaller grants and loans.

Appendix A

Chapter 546 of the 2023 Acts of Assembly

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 33.2-1529.1 as follows:

§ 33.2-1529.1. Transportation Partnership Opportunity Fund

A. There is hereby created the Transportation Partnership Opportunity Fund (the Fund) to be used by the Governor to provide funds to address the transportation aspects of economic development opportunities or to enhance the economic development opportunities of the Commonwealth's transportation programs. The Fund shall consist of (i) funds pursuant to subdivision B 3 of § [33.2-1524](#) and (ii) any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. The Fund shall be established on the books of the Comptroller, and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. All interest and dividends that are earned on the Fund shall be credited to the Fund. The Governor shall report to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation as funds are awarded in accordance with this section.

B. The Fund shall be a subfund of the Transportation Trust Fund. Provisions of this title and Title 58.1 relating to the allocations or disbursements of proceeds of the Commonwealth Transportation Fund, the Transportation Trust Fund, or the Highway Maintenance and Operating Fund shall not apply to the Fund.

C. 1. Funds shall be awarded from the Fund by the Governor as grants, revolving loans, or other financing tools and equity contributions to an agency or political subdivision of the Commonwealth. Loans shall be approved by the Governor and made in accordance with procedures established by the Board and approved by the Comptroller. Loans shall be interest-free and shall be repaid to the Fund. The Governor may establish the duration of any loan, but such term shall not exceed seven years. The Department shall be responsible for monitoring repayment of such loans and reporting the receivables to the Comptroller as required.

2. The Governor may direct funds from the Fund to the Board for transportation projects determined to be necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth's transportation programs when recommended by the Secretary of Transportation and Secretary of Commerce and Trade. Upon the direction of funds pursuant to this subdivision in excess of \$5 million, the Secretary of Transportation shall within 30 days submit a report on such direction of funds to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations. Such report shall be sent to the Chairmen

and the staff directors of such committees. Such report shall include the name of the transportation project to which the funds are being directed, the locality in which the transportation project is being developed, the amount of the grant or loan made or committed to the transportation project from the Fund and the purpose for which it will be used, the number of jobs retained or created or projected to be retained or created by the transportation project, the expected rate of return on investment of the transportation project, and the amount of a company's investment in the Commonwealth. Any direction of funds pursuant to this subdivision in a cumulative amount in excess of \$35 million on any one project shall be submitted for review to the MEI Project Approval Commission (the Commission) established pursuant to § [30-309](#). The Commission shall complete such review within 14 days. In the event that the Commission does not recommend such direction of funds, such direction of funds shall not be made unless subsequently authorized by the General Assembly. Absent a recommendation within such 14-day period that the funds should not be directed, or in the event that the Commission does not provide a recommendation within such 14-day period, the funds shall be directed.

D. Grants, funds directed to the Board, or revolving loans may be used for transportation capacity development on and off site; road, rail, mass transit, or other transportation access costs beyond the funding capability of existing programs; studies of transportation projects, including environmental analysis, geotechnical assessment, survey, design and engineering, advance right-of-way acquisition, traffic analysis, toll sensitivity studies, and financial analysis; property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth's transportation programs; or anything else permitted by law. Funds may be used for any transportation project or any transportation facility. Any transportation infrastructure completed with moneys from the Fund shall not become private property, and the results of any studies or analysis completed as a result of a grant or loan from the Fund shall be property of the Commonwealth.

E. The Board, in consultation with the Secretary of Transportation and the Secretary of Commerce and Trade, shall develop guidelines and criteria that shall be used in awarding grants or making loans from the Fund; however, no grant provided pursuant to subdivision C 1 shall exceed \$5 million and no loan provided pursuant to subdivision C 1 shall exceed \$30 million. No grant or loan shall be awarded until the Governor has provided copies of the guidelines and criteria to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation. The guidelines and criteria shall include provisions including the number of jobs and amounts of investment that must be committed in the event moneys are being used for an economic development project, a statement of how the studies and analysis to be completed using moneys from the Fund will advance the development of a transportation facility, a process for the application for and review of grant and loan requests, a timeframe for completion of any work, the comparative benefit resulting from the development of a transportation project, assessment of the ability of the recipient to repay any loan funds, and other criteria as necessary to support the timely development of transportation projects. The criteria shall also include incentives to encourage matching funds from any other local, federal, or private source.

F. Within 30 days of each six-month period ending June 30 and December 31, the Governor shall provide a report to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Appropriations and on Transportation that shall include the following information: the locality in which the project is being developed, the amount of the grant or loan made or committed from the Fund and the purpose for which it will be used, the number of jobs created or projected to be created, and the amount of a company's investment in the Commonwealth if the project is part of an economic development opportunity.

G. The Governor shall provide grants and commitments from the Fund in an amount not to exceed the total value of the moneys contained in the Fund. If the Governor commits funds for years beyond the fiscal years covered under the existing appropriation act, the State Treasurer shall set aside and reserve the funds the Governor has committed, and the funds set aside and reserved shall remain in the Fund for those future fiscal years. No grant or loan shall be payable in the years beyond the existing appropriation act unless the funds are currently available in the Fund.

H. Nothing herein shall be construed to authorize the use of eminent domain for any purposes prohibited by § [1-219.1](#) or Article I, Section 11 of the Constitution of Virginia.

The Commonwealth of Virginia

The
Transportation Partnership
Opportunity Fund

Assistance Application

July 2023

THE COMMONWEALTH OF VIRGINIA

**APPLICANTS MUST COMPLETE ALL SECTIONS
PLEASE READ THE INSTRUCTIONS PRIOR TO COMPLETING THIS
APPLICATION**

SECTION 1 – Contact Information	
Applicant's Legal Name:	
Other Names Under Which Applicant Does Business:	
Federal Tax Identification Number:	
Business Address:	
Mailing Address (If different from above):	
Contact Person Name:	
Contact Person Title:	
Contact Person Mailing Address (If different from above):	
Telephone Number:	(xxx) xxx-xxxx
Fax Number:	(xxx) xxx-xxxx
E-mail Address:	

SECTION 2 – Assistance Requested	
Type of Assistance Requested. (GRANT / LOAN)	
Amount of Assistance Requested. (In WORDS)	xxxxxx Dollars
Amount of Assistance Requested. (In Numbers)	\$0,000,000.00

State how the project addresses the needs identified in the appropriate state, regional or local transportation plan.

State in detail how the project meets one of the following requirements:

- **The project meets the economic development criteria of the Commonwealth’s Opportunity Fund.**

OR

- **In cases where the project is solely retaining jobs, the project must meet the economic development criteria of the Virginia Investment Partnership Grant Program.**

OR

- **For state agency transportation service applicants, provide evidence that the service has supported economic development and job creation and will continue to enhance future economic development opportunities that will support job creation and capital investment.**

SECTION 3 – Project Information

Please ensure that you have reviewed the instructions prior to commencing this section

1. Project Name.

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2. Project Executive Summary. (Maximum 2 Pages)

--

3. Project Location and General Description of the Environment. (Mark if required as Exhibit A)

--

4. Project Development Process.

--

5. Purpose of TPOF Assistance.

--

6. Project Description.

--

7. Project Social and Economic Impact.
8. Project Schedule. (Mark if required as Exhibit B)
9. Permits and Approvals. (Mark if required as Exhibit C)
10. Project Management and Compliance Monitoring Plan. (Mark if required as Exhibit D)
11. Maintenance and Operations Plans. (Mark if required as Exhibit E)

SECTION 4 – Plan of Finance

Please ensure that you have reviewed the instructions prior to commencing this section

1. Estimated Project Cost. (Uses of Funds) (Mark if required as Exhibit F)

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2. Sources of Funds.

--

3. Pro Forma Cash Flow. (Mark if required as Exhibit G)

--

4. Risks and Mitigation. (Mark if required as Exhibit H)

--

5. Financial Statements (if applicable) (Mark if required as Exhibit I)

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SECTION 5 – Applicant Organization Information

Please ensure that you have reviewed the instructions prior to commencing this section

1. Describe the applicant’s legal framework including past history and ownership structure. (Mark if required as Exhibit J)

2. Describe the legal authority of the applicant to carry out the proposed project activities.

3. Identify whether governmental entities, other than the applicant, must approve the submission of the application package, the funding of activities or the carrying out of activities described in the application. Provide documentation in the form of an exhibit as applicable

4. Describe the applicant’s organizational structure and the applicant’s relationship to any subsidiaries or affiliates. (Mark if required as Exhibit K)

5. Provide an organization chart (Mark if required as Exhibit L)

6. Describe the applicant’s prior 5 experience as it relates to carrying out projects similar to that being proposed (Mark if required as Exhibit M)

Project:
Year:
Description:
Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

Project:

Year:

Description:

Project Cost:

Project Status:

7. Describe any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or federal contract, or other charges which may reflect on the applicant's financial position or ability to complete the project **(Mark if required as Mark Exhibit N)**

Applicant may be required to provide documentation regarding this section.

APPLICATION INSTRUCTIONS

GENERAL

- Please provide detailed answer to all application questions (where applicable) in the space provided. Applicants can use more space than provided to answer the questions in this application.
- If additional exhibits or attachments are needed, please mark and make note of the attachments within the space provided in the application.
- It is important that application complete all applicable sections of this application.
- Application should be completed in Times New Roman 12 Size Font.

SECTION 3 – Project Information

This section requires narrative information and exhibits. To help avoid any delays in the processing this application it is important that ALL attached and numbered exhibits correspond to their respective items.

1. **Project Name.** Assign a short name to the project for identification purposes.
2. **Project Executive Summary.** (Maximum 2 Pages)
3. **Project Location and General Description of the Environment.** Describe the location of the project, including major intersecting highway and rail routes. Attach a map as Exhibit A. Include the county or counties that the project will serve.
4. **Project Development Process.** Is this project to address the transportation aspects of an economic development opportunity?
5. **Purpose of TPOF Assistance.** Describe what aspect of the project for which the assistance will be used. Provide a breakdown of the proposed use of the assistance.
6. **Project Description.** Describe the need for the project, its basic design features and what the project is intended to accomplish. Include an assessment of the current condition of all transportation facilities relating to the project. For a construction project, describe the difference in the current project scope as compared to any approved environmental documents or study alternatives. If no environmental assessments or reviews have been completed on the project, provide an explanation and a schedule outlining the steps to comply with the National Environmental Policy Act. Describe how the funds provided will enhance the transportation aspects of economic development opportunities for the local area and the State in general.

7. **Project Social and Economic Impact.** Describe how the project will improve or enhance the current social and economic situation within the project area. This section should include, the number of jobs created (if qualifying under COF criteria) or retained (if qualifying under the VIP criteria) as a result of the project and the amounts of investment that will be committed in the event that the funds are being used for an economic development project. Include a statement as to how the studies and analyses to be completed using moneys from the TPOF will advance social and economic development.
8. **Project Schedule.** Provide a timeline that shows the estimated start and completion dates for each major phase or milestone of the project development, construction and/or acquisition. Indicate the applicant's current status with respect to the timeline. Indicate the extent to which TPOF assistance will expedite the schedule or aid in meeting the schedule. List any other critical path issues. (Exhibit B)
9. **Permits and Approvals.** List all major permits and approvals necessary for construction of the project and the date, or projected date of the applicant's receipt of such permits and approvals. The list should include permits and approvals required under local, regional, state and federal laws and regulations. Indicate when outstanding approvals by the governing entities are expected. Describe the status of the environmental review documents. *Copies of ALL permits and approvals will be required upon execution of a financing agreement.* (Exhibit C)
10. **Project Management and Compliance Monitoring Plan.** Include a comprehensive project management and monitoring plan that will assure the project sponsor's ability to deliver the project as planned, fulfill all project commitments and ensure compliance with all terms of the financing agreement, including all applicable regulations and provisions of law. (Exhibit D)
11. **Maintenance and Operations Plans.** Include a description of the maintenance and operations plan for the project. Include projections of maintenance and operations expenses and the source of payment for these expenses. (Exhibit E)

SECTION 4 – Plan of Finance

This section pertains to the plan of finance for the project. This section also requests narrative information and exhibits. To help avoid any delays in the processing this application it is important that ALL attached and numbered exhibits correspond to their respective items.

1. **Estimated Project Cost (Uses of Funds).** Provide a detailed budget for the project. The budget should include all applicable and anticipated expenses and cost for administrative services, feasibility studies, preliminary engineering and environmental assessments, right-of-way acquisition, vehicle acquisition, construction, construction administration, project management and inspection and other engineering or technical services, contingencies and any other cost categories as may be necessary. All cost estimates should be shown on a year-of-expenditure, cash basis that include any necessary explanations as to assumptions used to determine estimates. (Exhibit F)
2. **Sources of Funds.** Provide a table that reflects the amount of funding from each source of funds for the project, including the TPOF funding. Include, as applicable, federal grants and/or loans, state grants and/or loans, local grants and/or loans, private investment and/or equity contributions, bond proceeds, other borrowings and any other sources of funding that will be used for the project. In addition, provide in narrative form the following information for each source of funding. Supplement the narrative with a chart showing the flow of funds.

Description of TPOF Funding:

- The entity requesting the grant or loan.
- If a grant is being requested, outline when the funding is expected or needed.
- If a loan is being requested, outline the following:
 - Evidence of authorization to commit to loan repayment(s);
 - The source of repayment(s) for the TPOF loan;
 - If project revenues are the source of repayment, the priority of repayment of the loan with respect to project revenues;
 - If non-project revenues are the source of repayment (e.g. general revenues, appropriations, etc.), the priority of repayment of the loan with respect to borrowing entity's other liabilities;
 - The security features for the loan, including any pledged revenues and collateral;
 - Debt service coverage on the loan.
 - Whether the source of repayment is contingent on the project's completion;
 - Whether the source of repayment is subject to future allocations, appropriation and/or governing body approval; and
 - Proposed payment schedule.

Description of other governmental grants and or assistance:

- The specific governmental entity providing the grant.
- The timing for receipt of the grant, including the key steps that must occur in order to receive the grant, such as environmental permits, receipt of other funding, resolutions adopted by the entity, budget appropriations, etc. Provide relevant documentation for those steps that have occurred.
- Any known level of commitment associated with the grant.
- Requirements that will be imposed by the entity on the use of the grant monies or the project.

Description of other loans, debt or other borrowing:

- The lender and legal entity borrowing the money.
- The source of repayment for all other debt and the priority of payment relative to other project borrowing.
- Security features for all other debt, including any pledged revenues and collateral.
- Covenants related to the financial or operational performance of the project, such as coverage levels, and the incurrence of additional debt.
- Structure, including the term, amortization and whether the loan will be fixed or variable rate and expected fixed rate or expected spread to specified index for variable rate debt.
- Anticipated credit ratings if funds are to be borrowed through a public debt offering.
- Any credit enhancement or other guarantees.
- The timing for the borrowing or issuance of debt, including the key steps that must occur. Provide relevant documentation for those steps that have occurred.

Description of equity and private investment:

- The entity, or entities, providing the equity or private investment.
- The mechanism(s) for how the investor(s) will be repaid, for example from excess cash flow, periodic scheduled payments, lump-sum payment from additional debt incurred in the future, etc.
- The expected rate of return and justification for the rate of return.
- Any anticipated revenue sharing with any entity.
- The timing for receipt of the investment, including the key steps that must occur in order to receive the funds. Provide relevant documentation for those steps that have occurred.
- Any major conditions or requirements that will be imposed by the investor(s) on the project.

Description of any other form of assistance not covered above.

3. **Pro Forma Cash Flow.** Provide pro forma cash flows, reflecting the flow of funds and showing revenues, all debt repayment (if applicable), including any loans under the TPOF (if applicable), maintenance and operations expenses and any payments to equity/private investors. Provide a detailed description of assumptions and justification of the assumptions. (Exhibit G)
4. **Risks and Mitigation.** Identify the risks to the project completion and the sufficiency of revenues to repay the loan. Samples of these types of risk could include cost escalation, timing of approvals and permits, litigation, and availability of other funding. Identify the mitigation strategies for any acknowledged risks, including any payment and performance guarantees. (Exhibit H)
5. **Financial Statements.** Provide year-end audited financial statements for the past three years for each project team member and the parent entities. (Exhibit I)

SECTION 5 – Applicant Organization Information

This section requests narrative information and exhibits. To help avoid any delays in the processing this application, it is important that ALL attached and numbered exhibits correspond to their respective items.

1. Describe the applicant’s legal framework. Include a copy of the statutory authority under which the entity was created. If applicant is the lead applicant, provide details of the agreement with any other entities. (Exhibit J)
2. Describe the legal authority of the applicant to carry out the proposed project activities. This description should include discussion of the applicant’s ability to levy taxes, issue debt, charge tolls or other fees and/or receive assistance from the Transportation Partnership Opportunity Fund. Provide documentation in the form of an exhibit as applicable.
3. Identify whether governmental entities, other than the applicant, must approve the submission of the application package, the funding of activities or the carrying out of activities described in the application. Provide documentation in the form of an exhibit as applicable.
4. Describe the applicant’s organizational structure and the applicant’s relationship to any subsidiaries or affiliates. Include the legal names of key principals and staff and any recent or proposed changes to the organization structure. If applicant is part of a joint venture, identify all partners and each partner’s relationship to any subsidiaries or affiliates. (Exhibit K)
5. Provide an organization chart, in the form of an exhibit, to include the major parties involved in any aspect of the project. Include the major service contractors that have been, or will be, retained for the project. (Exhibit L)
6. Describe the applicant’s prior experience as it relates to carrying out projects similar to that being proposed. Include prior experience in relation to the implementation of any new technology and the success of the use of such technology. (Exhibit M)
7. Describe any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or federal contract, or other charges which may reflect on the applicant’s financial position or ability to complete the project. (Exhibit N)

Appendix C

TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND
DRAFT AWARD AGREEMENT

This **Award Agreement** (this “Agreement”) is made and entered into as of **MONTH DAY YEAR**, by and among the **Virginia Department of Transportation** (“VDOT” or the “Department”), an agency of the Commonwealth of Virginia (the “Commonwealth”) and the _____ (the “Recipient” or the “County, City, Agency, EDA”).

Explanatory Statement

A. The Transportation Partnership Opportunity Fund (“TPOF” or the “Fund”) was created under Section §33.2-1529.11 of the Code of Virginia (the “Code”) to provide funds to address transportation aspects of economic development opportunities.

B. The Governor is authorized to award assistance from the Fund in various forms to an agency or political subdivision of the Commonwealth.

C. The Recipient is a duly created and validly existing political subdivision of the Commonwealth and is eligible to receive financial assistance from the Fund.

D. The Recipient submitted an application requesting **SUM IN WORDS (\$x,xxx,xxx.00)** in the form of a grant from the Fund to assist in **NAME OF THE PROJECT** as defined in Exhibit A (the “Project Description” or the “Project”). The Project facilitates an economic development opportunity for the Commonwealth, thereby meeting the Transportation Evaluation Criteria established for the Fund, and will be administered by the Recipient. The projected costs of the Project are identified in Exhibit B (the “Project Budget and Sources of Funds”) to this Agreement.

E. The TPOF Advisory Panel (the “Panel”) has evaluated the application and has found that it meets the requirements of the Code and the Transportation Evaluation Criteria established in the Fund’s Guidelines and Criteria, dated July 2023. The Panel recommended on **MONTH DAY YEAR** to the Secretary of Transportation and the Secretary of Commerce and Trade, an award by the Governor of a **SUM IN WORDS (\$x,xxx,xxx.00)** grant, subject to certain conditions.

F. On **MONTH DAY YEAR** the Governor approved the award of the **SUM IN WORDS (\$x,xxx,xxx.00)** grant (the “Grant”) to the Recipient. A copy of the Decision Brief signed by the Governor is provided as Exhibit C.

G. Sufficient monies exist in the Fund to consider the recipient’s request for financial assistance.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. Purpose of Agreement. The purpose of this Agreement is to provide for the terms and conditions required for making the grant, the disbursement and application or use of the proceeds of the Grant and other matters related thereto.

2. Disbursement Authorization and Application and Use of TPOF Grant Proceeds.

(a) Requisition. In order to requisition disbursement of the Grant proceeds, the Recipient shall submit to VDOT, a completed requisition for disbursement of the Grant proceeds signed by an authorized representative of the Recipient. The requisition will contain all information called for by, and otherwise be substantially in the form of Exhibit D (the “Requisition For Disbursement”) to this Agreement.

(b) Disbursement. Disbursement of the grant proceeds will be on a *reimbursable* basis, with a frequency of no more than one (1) requisition for disbursement per month.

(c) Application and Use of Grant Proceeds. The Grant proceeds shall be used for the sole purpose of funding the cost and expenses of the activities and tasks undertaken by the Recipient in the development and procurement of the Project as generally summarized in the Project Budget and described in more detail in the Recipient’s TPOF application (the “Work” or “Work Product”). Project expenditures, will be composed of but not limited to right-of-way acquisition, professional and inspection services, construction contractor payments and a contingency. The Grant will be limited to **SUM IN WORDS (\$x,xxx,xxx.00)** and along with the other identified monies, is expected to be adequate to fully fund the tasks identified in the Project Budget. Any Project cost exceeding the amount of the Grant shall be paid for by the Recipient using its own monies.

(d) Performance Date. Means xxx xxx, 20xx.

(e) Targets. The Recipient agrees that the capital investment will be \$XXX and the number of jobs created/retained will be XXX. These amounts will be achieved on or prior to the Performance date.

The average annual wage of new jobs will be \$xxxxx.xx and the % of new jobs sourced from the local community shall be xxx%.

The capital investment is limited to the capital investment specific for this grant.

(f) Reporting Period. The reporting period is from the date of this Agreement to the Performance Date.

3. Project Schedule.

Every good faith effort shall be made by the Recipient to cause the completion of components of the Work no later **MONTH DAY YEAR.**

4. Reports and Records.

(a) Maintenance Requirements. Full and detailed accounts and records shall be maintained, as appropriate, by the Recipient for the Project and the Grant and such controls shall be exercised as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and standards, so as to provide complete records to fully support the use of the Grant proceeds to pay any cost and/or expense charged to the Work. During the performance of the Work, access shall be afforded by the parties to each other and their representatives and agents to the records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data, including but not limited to electronic schedules and other electronic data (all collectively referred to as the "Books and Records") relating to the Work. Such Books and Records shall be maintained at the [Insert: Recipient's address]

(b) Periodic Reports. On April 1 and October 1 of each year until the End of the Reporting Period, the Recipient shall provide to VDOT's Chief Financial Officer a summary outlining the use of the TPOF monies and the status of the Project. This report should also provide an update on all progress made in order to achieve the projects investment and employment targets. In addition, the Recipient shall promptly notify VDOT of any material events that could affect the Recipient's ability to meet its financial obligations toward the Project.

5. Extension in the Performance Date. If the Recipient has not achieved at least 90% of its new jobs and capital investment targets by the Performance Date set forth in this agreement, an extension may be granted, as long as the Recipient can provide sufficient evidence to VDOT that a full faith effort is underway in achieving its Targets. Generally, an extension will be granted only in circumstances under which it is reasonable to believe that the Recipient is likely to make significant progress toward meeting its performance targets by the extension date.

6. Failure of Compliance: If Targets criteria are not met, the Recipient will be issued a Notice of Failure and will be held responsible for any repayments as calculated by VDOT. The recipient will have a period of Thirty (30) days to respond to a failure and repayment notice, after which time the Recipient will be required and responsible for returning the grant monies to the Commonwealth within ninety (90) days of the Notice of Failure.

7. Repayment Obligation. Repayment obligations will be assessed based on an equal weighting of the targets. In the event that the project covers Jobs and Investment, each Target is weighted at 50% and the repayment obligation will be based on the combined level of failure of the Targets. For projects that only have a single Target, this target will be the only calculation for repayment obligation.

The formula for calculating the failure for Job Targets

$$\frac{\text{Target Jobs less Actual Jobs}}{\text{Target Jobs}}$$

The formula for calculating the failure in Capital Investment Targets

$$\frac{\text{Target Capital Investment less Actual Capital Investment}}{\text{Target Capital Investment}}$$

A 100% claw back may be required if at any time VDOT concludes that the Recipient will be unable to meet its new jobs and capital investment targets by the Performance Date OR a failure of reaching Targets is equal or greater than 75% of the combined target failures.

8. Representations. The Recipient further represents, covenants and agrees as follows:

(a) The Recipient has full right, power and authority to execute and deliver this Agreement, to perform its obligations under the Agreement and to carry out the tasks associated with the Work and the Project.

(b) Any of the transportation improvements completed with TPOF funds shall be accomplished using applicable industry standards and specifications.

(c) To the best of the Recipient's knowledge, there are no pending or threatened suits or actions of any nature that may have an adverse effect on the Recipient's condition (financial or otherwise) or its ability to perform under the Agreement and there has been no material adverse change in the financial condition of the Recipient as indicated in the information furnished to VDOT.

(d) The Recipient shall be responsible for all activities necessary to complete the Project and shall coordinate with Department staff for all reviews, approvals and necessary oversight as required.

9. Public Property. The Work Product shall not become private property, but shall become or remain public property following completion.

10. Amendment. The provisions of this Agreement may be amended, modified or waived only by written instrument executed by both parties.

11. Applicable Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia.

12. Permits. The Recipient shall obtain all necessary permits for all Work associated with the Project.

13. Notices. All notices, approvals, consents, requests and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person, or when sent by Federal Express or a comparable express courier service, or when mailed by registered or certified mail, postage prepaid, addressed to the parties at the following addresses or such other addresses as a party may designate by prior written notice to the other:

(a) if to VDOT:

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219
Attn: Chief Financial Officer

with a copy to:

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219
Attn: Director, Financial Planning Division

and

Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
Attn: Senior Assistant Attorney General, Chief - Transportation Section

(b) if to the Recipient:

14. Entire Agreement. This Agreement, together with the Exhibits, constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior or contemporaneous, oral or written agreements or understanding with respect to such subject matter.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement on the date first written above.

VIRGINIA DEPARTMENT OF TRANSPORTATION

By: _____

Name: Stephen C. Brich, P.E.

Title: Commissioner of Highways

Recipient

By: _____

Name:

Title:

EXHIBIT A
PROJECT DESCRIPTION

**EXHIBIT B
PROJECT BUDGET
AND SOURCES OF FUNDS**

TPOF Project Budget	
Task	Estimated Cost
Total	\$

Sources of Funds	
Source	Amount
Transportation Partnership Opportunity Fund	\$
Total	\$

EXHIBIT C
EXECUTED DECISION BRIEF

**EXHIBIT D
REQUISITION FOR DISBURSEMENT**

[ON RECIPIENT LETTERHEAD]

[Date]

Mrs. Misty Upson,
Debt & Finance Manager
Financial Planning Division
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

Re: Transportation Partnership Opportunity Fund

Dear Mrs. Upson:

This requisition, Number _____, is submitted in connection with the Grant Agreement dated as of _____ (the "Agreement"), between the Virginia Department of Transportation and _____ (the "Recipient").

The undersigned authorized representative of the Recipient hereby requests disbursement of proceeds under the Agreement in the amount of \$ _____, for the purposes of payment of project costs as set forth in Schedule 1 attached hereto.

Attached hereto are the invoices relating to the items for which payment is requested and that have been approved by the Recipient.

The undersigned certifies that i) the amounts requested by the requisition will be applied solely and exclusively to the payment, or to the reimbursement of the Recipient for the payment of project costs, and ii) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition.

This requisition includes an accompanying Certificate of the Project Manager/Project Engineer as to the performance of work.

Sincerely,

Recipient's Authorized Representative
Title

Attachments

**SCHEDULE 1
TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT**

REQUISITION NUMBER: _____

RECIPIENT:

PROJECT NAME:

CERTIFYING SIGNATURE: _____

TITLE: _____

Cost Category	Amount Budgeted	Previous Disbursements	Expenditures This Period	Total Expenditures To Date	Net Balance Available
TOTALS					

Total Amount of Assistance

Previous Disbursements

Balance

This Request

Proceeds Remaining

**TRANSPORTATION PARTNERSHIP OPPORTUNITY FUND
CERTIFICATE OF THE PROJECT MANAGER/PROJECT ENGINEER
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT**

This Certificate is being executed and delivered in connection with Requisition Number __, dated _____, 20 __, submitted by the _____ (the "Recipient"), pursuant to the Grant Agreement dated _____, between the Virginia Department of Transportation and the Recipient.

The undersigned consulting engineer for the Recipient hereby certifies that, insofar as the amounts covered by this requisition include payments for labor or to contractors, builders or materialmen, i) such work was actually performed or such materials, supplies and/or equipment were actually furnished to or installed in the construction portion of the Transportation Partnership Opportunity Fund project and ii) expenditures for such work have not been submitted as a part of a previous requisition.

[Project Manager/Project Engineer Firm]

By: _____

Date: _____, 20 ____

Appendix D

GUIDELINES FOR THE COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND PROGRAM

The Commonwealth's Development Opportunity Fund (COF) is a "deal-closing" fund to be employed at the Governor's discretion to secure a company location or expansion in Virginia. Administered by the Virginia Economic Development Partnership (VEDP), the COF serves as a final resource for Virginia in the face of serious competition from other states or countries.

The COF grant is a negotiated amount determined by the Secretary of Commerce and Trade, based on the recommendation of VEDP, and subject to approval of the Governor.

Guiding Principles:

1. General: COF grants are made at the discretion of the Governor with the expectation that grants awarded to a locality or authority will result in a favorable decision for Virginia. Although the COF may be used to make loans, the practice has been to use the COF for grants.
2. Allocations: In accordance with COV § 2.2-115 C "Beginning with the five fiscal years from fiscal year 2006-2007 through fiscal year 2010-2011, and for every five fiscal years' period thereafter, in general, no less than one-third of the moneys appropriated to the Fund in every such five-year period shall be awarded to counties and cities having an annual average unemployment rate that is greater than the final statewide average unemployment rate for the calendar year that immediately precedes the calendar year of the award. However, if such one-third requirement will not be met because economic development prospects in such counties and cities are unable to fulfill the applicable minimum private investment and new jobs requirements set forth in this section, then any funds remaining in the Fund at the end of the five-year period that would have otherwise been awarded to such counties and cities shall be made available for awards in the next five fiscal years' period." VEDP will compile a report at each fiscal year end to include the most current five-year period to ensure compliance is maintained.

COV § 2.2-115 F.1.: "The guidelines and criteria shall include provisions for geographic diversity and a cap on the amount of funds to be provided to any individual project. At the discretion of the Governor, this cap may be waived for qualifying projects of regional or statewide interest. In developing the guidelines and criteria, the VEDP shall use the measure for Fiscal Stress published by the Commission on Local Government of the Department of Housing and Community Development for the locality in which the project is located or will be located as one method of determining the amount of assistance a locality shall receive from the Fund." The maximum amount of a COF grant through June 30, 2019 is \$1,500,000. In very unique circumstances, this limit may be exceeded for projects that are determined to be of statewide or regional interest.

3. Multiple Grants: Localities may receive more than one COF grant during a fiscal year. Grants may be made for more than one project for a single company, but the projects must clearly represent separate investments for separate projects.
4. Relocations: COV § 2.2-115 D “...the Fund shall not be used for any economic development project in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality, unless the procedures set forth in § 30-310 are followed. The Secretary of Commerce and Trade shall enforce this policy and for any exception thereto shall, pursuant to § 30-310, submit such projects to the MEI Project Approval Commission established pursuant to § 30-309.”
5. Downsizing: If the company has existing operations in Virginia and has closed, downsized, consolidated, or laid off employees within the past 30 months prior to such company filing a COF application, there may be a bias toward not approving such application. The company will be offered an opportunity to explain such actions and to provide assurances regarding the expected new jobs and capital investment.
6. Hiring of Virginia Residents: In the performance agreement for the COF grant, the company will be strongly encouraged to ensure that at least 30% of the new jobs are offered to “Residents” of the Commonwealth, as defined in COV § 58.1-302.
7. Use of COF Proceeds: In accordance with COV § 2.2-115 D of the COF Act, COF Proceeds “may be used for public and private utility extension or capacity development on and off site; public and private installation, extension, or capacity development of high-speed or broadband Internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction of publicly or privately owned buildings or build-out of publicly or privately owned buildings; training; or grants or loans to an industrial development authority, housing and redevelopment authority, or other political subdivision for purposes directly relating to any of the foregoing. In no case may COF proceeds be used, directly or indirectly, to pay or guarantee the payment for any rental, lease, license, or other contractual right to the use of any property.”
8. Political Contributions: For a company receiving a COF grant based upon an application made on or after July 1, 2016, there is a notification requirement for certain political contributions. For any political contributions, gifts or other items with a value greater than \$100 made by the company to the Governor or his/her political action committee or his/her campaign committee from the date of the application for the COF grant until one year after the COF grant is awarded, the Governor, or his/her political action committee or campaign committee must notify the Virginia Conflict of Interest and Ethics Advisory Council that such a contribution, gift or other item of value over \$100 has been received.

Statutory Eligibility:

1. The COF has several levels of qualification based on such measures as a locality's unemployment rate and poverty rate.

General Eligibility Thresholds: COV § 2.2-115 E.1.a. and E.1.b.

- a) 50 new jobs/\$5 million capital investment; or
- b) 25 new jobs/\$100 million capital investment
- c) The average annual wage for the new jobs must be at least equal to the prevailing average annual wage in the locality, excluding fringe benefits
- d) If the average annual wage is twice the prevailing average annual wage, the Governor may reduce the new jobs threshold to as low as 25

2. Eligibility Thresholds in Localities with Above-Average Unemployment or Above-Average Poverty (so-called distressed localities): COV § 2.2-115 E.2 and E.4

- a) For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide unemployment rate for that calendar year or with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year, the thresholds are:
 - a) 25 new jobs / \$2.5 million capital investment
 - b) Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage
 - c) If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project

3. Eligibility Thresholds in Localities with Above-Average Unemployment and Above-Average Poverty (so-called double distressed): COV § 2.2-115 E.3. and E.4

- a) For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide unemployment rate for that calendar year and with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year, the thresholds are:
 - (1) 15 new jobs / \$1.5 million capital investment
 - (2) Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage
 - (3) If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance

and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project

4. In accordance with COV § 2.2-115 A "Prevailing average wage" means that amount determined by the Virginia Employment Commission to be the average wage paid workers in the city or county of the Commonwealth where the economic development project is located. The prevailing average wage shall be determined without regard to any fringe benefits.
5. Data from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) is the primary source of annual unemployment rates (<https://data.virginialmi.com>).
6. Capital Investment Waiver for Remote Work: In circumstances where a company will create at least the minimum number of new jobs required by Code, and at least 75% of those jobs will be new teleworking jobs for which the majority of the work is performed remotely, the Governor may reduce or waive the COF capital investment requirement. For new teleworking jobs to be considered, the jobs must be held by Virginia residents and pay at least 120% of the Virginia Minimum Wage as defined by the Virginia Minimum Wage Act (§ 40.1-28.8 et seq.)

Local Matches:

1. Qualifying Local Matches: Localities must at least match dollar-for-dollar with local funds the amount requested from the COF. Previously invested local funds, grants of moneys from other government sources (except as noted below with respect to the Tobacco Region Opportunity Fund), and contributions from private interests which benefit from the project's location may not be counted as part of the local match. A local match may be funded by an in-kind contribution from the locality for the direct benefit of the grantee, such as infrastructure development, fee waivers, or free or reduced-price land or buildings.
2. Local Match Waiver: In very unique circumstances, the Governor may waive or reduce the requirement for a local match for projects that the Governor has determined are of statewide or regional interest. Criteria such as vacancy and unemployment or poverty rates in the immediate area of the proposed site may be considered in the decision-making process. If the minimum private capital investment is reduced or waived for a company creating jobs of which at least 75% will be new teleworking jobs in Virginia, the Governor may provide full or partial relief from the local matching requirement as well.
3. Local Enterprise Zone incentives may be counted toward the local match where the locality makes actual expenditures after the project is announced to benefit the project.
4. Grants for a project made to the locality from the Tobacco Region Opportunity Fund may be used as up to one-half of the local match for the COF grant.
5. Date by Which Local Matches Must be Provided: Local matches generally must be made by the performance date by which the company is obligated to complete its

capital investment and job creation and maintenance. Generally, this period is three years.

Application Process

1. Once the due diligence process is complete and a COF grant has been pre-approved for a company, the company can submit an application to VEDP.
2. Two Documents: Applications should consist of two documents: 1) a community letter sent by the chief appointed official of any county, city, town or other applicable political subdivision to the President and Chief Executive Officer of VEDP, and (2) a letter sent by the company to the locality where the project will be located. The company letter should accompany the community letter.
3. Community Letter: It is expected that the letter from the community will use the following format and include the following information:
 - a) A summary statement presenting the importance of the project to the community and why support from the COF is being sought;
 - b) Amount requested;
 - c) The expected use of the funds;
 - d) Description of the project, including:
 - (1) Company name and information (website, stock exchange ticker)
 - (2) Type of operation (i.e. manufacturing, distribution, etc.)
 - (3) Headquarters location
 - (4) Virginia operations (if any exist)
 - (5) What the company is planning to do in Virginia
 - (6) Employment impact on current operations in Virginia
 - e) Location of the project, including the community, and its population, current unemployment and poverty rates and prevailing average annual wage;
 - f) Details of capital investment, including, but not limited to, the value of property to be leased under a capital lease, or other investments of capital that add to the local tax revenues;
 - g) Jobs anticipated to be created and maintained by the company's performance date (generally three years after the locality receives a grant payment), information on "jobs saved," average salary level and total yearly payroll of jobs created;
 - h) Local and state financial participation, specifying new moneys to be allocated to the project and how those funds will be used;
 - i) Description of other public funds that have been or will be expended for the project, such as training or past public expenditures for road, utility extension or site development;
 - j) If the project for which a COF grant is being requested involves the relocation of a business from one Virginia locality to another, the community applying for the grant must officially notify the community from which the business is moving. For such projects, a statement must be included in the COF application that this notification has taken place, and must also provide the reasons for the move and the out-of-state competition;

- k) If applicable, an acknowledgement that the COF grant proceeds will be disbursed in installments, as certain milestones are achieved; and
 - l) Any other current or background information pertinent to the project that might assist the Governor in making an informed decision based on complete knowledge. Communities are obliged to disclose any information that could reflect negatively on the project.
4. Company Letter: It is expected that the letter from the company will use the following format and include the following information:
- a) An indication from the company that without support from the COF, there is a possibility that the project could be located outside of Virginia and that only one site in Virginia is under consideration for the project;
 - b) An indication from the company of the number of new jobs expected to be created (and saved, if any) and maintained, payroll and salary levels and a statement confirming the company offers its employees a standard package of fringe benefits;
 - c) An indication of the capital investment expected to be made by or on behalf of the company at the facility in the community by the performance date, which is generally three years, including an indication of the extent to which the company expects to make the capital investment through the use of operating or capital leases;
 - d) An affirmation that the proposed project will not result in a closing, loss of jobs, consolidation, or change to any existing operations in Virginia for the duration of the performance period;
 - e) If applicable, an acknowledgement that the COF grant proceeds will be disbursed in installments, as certain milestones are achieved;
 - f) An affirmation that the company has not closed, downsized, consolidated, or laid off employees at existing operations in Virginia within the past 12 months prior to the application date, or, if it has, additional assurances regarding the stability of the new jobs and capital investment.
 - g) A copy of the company's W-9.

Performance Agreement

1. Performance Agreement Between VEDP, Community and Company: Since a COF grant is awarded to a community, the community is required to enter into a performance agreement with the company before it may receive the COF grant. This is to ensure that the company will meet the new job and capital investment levels as stated in its application and as agreed to. It is expected that the performance agreement will also have the community's industrial or economic development authority, and VEDP as parties. (§2.2- 115 F.2.a.).
2. Targets and Statutory Criteria: The performance agreement will set forth the (i) capital investment target; (ii) new jobs target; (iii) wage target; (iv) fair market value of all funds the Commonwealth is expected to provide; (v) fair market value of the local match; (vi) prevailing average wage in locality; (vii) performance date; (viii) reporting and target verification procedures; and (ix) any repayment obligations.

3. Disbursement of COF Grant: The performance agreement generally will call for the COF grant to be disbursed by VEDP to the locality. The performance agreement will then contain the terms and conditions under which the locality may cause the COF grant proceeds to be disbursed to the company. In some circumstances, but only with the consent of the locality, VEDP may cause the COF grant proceeds to be disbursed directly to the company, upon the terms and conditions to be set forth in the performance agreement.
4. Performance Date: The performance agreement will include an end-date by which the company will achieve the capital investment and new jobs targets (“Performance Date”). The Performance Date is generally 36 months after the date the project is announced. Further, if the date by which the Commonwealth is expected to reach its break-even point, as determined by a return-on-investment analysis prepared by VEDP, is later than the Performance Date, there will be another obligation of the company to maintain its new jobs through the break-even date. If the company has not achieved at least 90% of its new jobs and capital investment targets by the Performance Date set forth in the performance agreement, the locality, in consultation with VEDP, may request an extension of up to 15 months. Any extension of the Performance Date requires prior approval by VEDP’s Project Review and Credit Committee (“PRACC”) and the VEDP Board of Directors. Any additional extensions must be approved by PRACC, the VEDP Board, and the Major Employment and Investment (MEI) Project Approval Commission. COV § 2.2-115 F.2.b. and 2.2-2237.2.
5. Business Income Tax Information: For VEDP to demonstrate the value of the COF program and other economic development incentives, it would be helpful for the company to share with VEDP the Virginia corporate income taxes paid by the company. VEDP has no access to this information, unless the company volunteers to provide it to VEDP. It is expected that each performance agreement will contain a provision that substantially reads as follows: With each annual progress report, the company shall report to VEDP the amount paid by the company in the prior calendar year in Virginia corporate income tax [or, as applicable, shall provide to VEDP a copy of its Virginia income tax form filed with respect to its status as a passthrough entity]. VEDP has represented to the company that it considers such information to be confidential proprietary information that is exempt from public disclosure under the Virginia Freedom of Information Act and that such information will be used by VEDP solely in calculating aggregate return-on-investment capital analyses for purposes of gauging the overall effectiveness of economic development incentives.
6. Office of the Attorney General (OAG) Review: Once VEDP, the locality and the company are comfortable with the language of the performance agreement, the performance agreement must be presented to the OAG for review of proper legal form. The OAG will have up to seven (7) days to provide written comments regarding the performance agreement.

To find out more about the Commonwealth's Development Opportunity Fund (COF):
[Commonwealth's Development Opportunity Fund \(COF\) | Virginia Economic
Development Partnership \(vedp.org\)](#)

Appendix E

GUIDELINES FOR THE VIRGINIA INVESTMENT PERFORMANCE GRANT PROGRAM

The Virginia Investment Performance Grant (VIP) encourages continued capital investment by existing Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development, and utilization of advanced technology. The program targets existing manufacturers or research and development services supporting manufacturing. There must be an active and realistic competition between Virginia and another state or country for attracting the project, and matching local financial participation is expected.

The amount of each VIP grant is determined by the Secretary of Commerce and Trade, based in part on the Virginia Economic Development Partnership's (VEDP) Return-on-Investment analysis and recommendation, and is subject to the approval of the Governor.

Guiding Principles

1. General: To be eligible for a VIP grant, a minimum of \$25 million in capital investment is required by an eligible existing Virginia manufacturer or research and development service, as these terms are defined below.
2. Although no minimum new job creation is required for a VIP grant, the investment must not result in any net reduction in employment from the date of the completion of the capital investment through one year from the date of completion. New job creation associated with the capital investment may, however, result in an increased negotiated VIP grant benefit under this program. Even if there is no requirement to create new jobs, there may be a requirement to maintain a certain level of existing full-time jobs.
3. Investments resulting from ongoing VEDP projects will be eligible for consideration for a VIP grant, but only if the investments have not yet been publicly announced. Investments made with no prior VEDP involvement, and/or investments previously announced, committed or begun will not be eligible for consideration for a VIP grant.
4. Allocations: COV § 2.2-5101, A through C references that the fund is subject to the appropriation by the General Assembly of sufficient moneys to the Investment Performance Grant sub-fund, any eligible manufacturer or research and development service that is not eligible for a MEE grant under COV § 2.2-5102 shall be eligible for an investment performance grant as provided in this section. VEDP established an application process by which eligible manufacturers and research and development services may apply for a grant. An application for a VIP grant shall not be approved for payment until VEDP has verified that the capital investment has been completed. The amount of the VIP grant that an eligible manufacturer or research and development service shall be eligible to receive shall be determined by the Secretary of Commerce & Trade (SCT), based on the recommendation of VEDP, and contingent upon approval by the Governor. The determination of the appropriate amount of a VIP grant shall be based on the application of guidelines that establish criteria for correlating the amount of a VIP grant to the relative value to the Commonwealth of the eligible investment.

5. **Multiple Grants:** An applicant may be granted more than one VIP grant at a time if the scope of each project has a different timeframe and independently meets the minimum investment and all other criteria expressed herein. An applicant that has an active VIP grant but separately meets the investment threshold and employment requirements for a new project may apply for an additional VIP grant. For an investment occurring in phases or stages, however, the Commonwealth will consider as one project a phased-in investment if: (i) the entire investment is announced at one time, (ii) the phases are clearly related to one project, and (iii) the entire investment proceeds normally to completion, without extraordinary delays. If these conditions are met, the negotiated amount will reflect the entire single investment. If the applicant participates currently in another production grant program sponsored by the Commonwealth for a project, or another grant program under the Act, as defined below, it shall not be eligible for a VIP grant for that project.

Application Process

1. Once the due diligence process is complete and a VIP grant has been pre-approved for a company, the company can submit an application to VEDP.
2. The applicant shall submit a detailed letter of application for a VIP grant directly to the President and Chief Executive Officer of VEDP providing the following information:
 - a) The amount and timing of the expected capital investment;
 - b) The extent to which, if applicable, the expected capital investment produces (i) measurable increases in capacity, productivity, or both, (ii) measurable decreases in the production of flawed product, or (iii) measurable advances in knowledge, research, or the application of research findings for the creation of new or significantly improved products or processes that support manufacturing;
 - c) The number of new jobs expected to be created and maintained because of the capital investment, if any, and a timeline for their creation;
 - d) (A) The average annual wages expected to be paid for the new jobs, if any, (B) whether a package of fringe benefits will be provided by the applicant to a typical employee (the statute requires standard fringe benefits), and (C) a comparison of the expected average annual wages with the average manufacturing wage for the locality or region;
 - e) The amount of other incentives requested of, or offered by, the Commonwealth and the locality, including grants, tax credits or exemptions, and other cost-avoidance incentives;
 - f) General corporate information about the applicant, including date of establishment, tenure and nature of presence in Virginia, and amount of previous capital investment and existing employment; and
 - g) Other factors as may be presented and demonstrated by the applicant that might affect the calculation of the net present value of benefits to Virginia. Specifically, applicants may present marginal corporate income (or analogous) tax revenues to Virginia attributable to the investment for which the VIP grant is made. If accepted, these revenues would be included in the calculation of the net present value of benefits to Virginia.

Amount of VIP Grant Award

1. Except as provided in the next paragraph, no one VIP grant may exceed \$3,000,000. In the aggregate, no more than \$-4 million in total VIP grants may be paid-out in any one year. The total aggregate amount of outstanding VIP grants approved after July 1, 2019 cannot exceed \$20 million.
2. Although each VIP grant generally cannot exceed \$3,000,000, a VIP grant may be for as much as \$5,000,000 for a project that meets more than one of the extraordinary characteristics set forth below:
 - a) Desirable workforce characteristics (e.g. significant job numbers, especially high wage levels, or sophisticated skill sets)
 - b) Strategic industry sector
 - c) Significant impact on or transformation of the local/regional economy
 - d) Significant R&D component, especially if in concert with Virginia’s public higher educational institutions
 - e) Considerable capital investment
 - f) Likelihood of attracting a significant supply chain or other significant follow-on opportunities
3. The maximum \$5 million grant is intended to be reserved for special projects deemed meritorious of such a significant investment by the Commonwealth.
4. The VIP grant will be paid in five annual installments at the times described below under “Performance Agreement – VIP Grant Payout Schedule.”

Performance Agreement

1. General Provisions: Once negotiated and agreed upon, the amount, terms and conditions of a VIP grant shall be reflected in a performance agreement expected to be executed by the applicant no later than 120 days after the public announcement of the project by the Governor.
2. Targets and Statutory Criteria: The performance agreement will set forth the (i) capital investment target; (ii) new jobs target, if applicable; (iii) wage target, if applicable; (iv) prevailing average manufacturing wage in the locality; (v) expected performance date; (vi) reporting and target verification procedures; and (vii) any grant reduction circumstances.
3. Performance Date: The performance agreement shall contain an end-date by which the capital investment and, if applicable, new job creation, is expected to have been completed (a “Projected Completion Date”). It is VEDP’s strong preference that this Projected Completion Date will be three years, but no more than five years, from the date the performance agreement is signed, but extensions will be considered on a case-by-case basis.
4. Any extension of the Projected Completion Date shall require the prior approval of VEDP’s Project Review and Credit Committee (“PRACC”) and the Board of Directors of VEDP. If the Projected Completion Date is extended, VEDP will notify the company of any such extension. Generally, the extension should be granted only in circumstances under which it is reasonable to believe that the company is likely to make significant progress toward meeting its performance targets by the extension date. In the unlikely event that a second extension request will be considered, that extension will require the approval of PRACC, the Board of Directors of VEDP and the Major Employment and Investment (MEI) Project Approval Commission.

5. **Initial Company Notification:** The performance agreement will require the VIP grantee to notify VEDP in writing within ninety (90) days of the completion of the capital investment and any new job creation or existing job maintenance, certifying the amount of capital investment and, if applicable, the number of net new jobs created and maintained at the facility, the average annual wage rates paid to such employees and a summary of the fringe benefits package offered by the VIP grantee to a typical employee (an “Initial Company Notification”).
6. **Subsequent Company Notification:** One year after the completion of the capital investment and, if applicable, any new job creation, the performance agreement will require the VIP grantee to certify to VEDP whether there has been a net reduction in employment in the year since the completion of the capital investment (a “Subsequent Company Notification”). If so, provided in the performance agreement, whether there has been a net reduction in employment in such year may be determined solely with respect to the employment related to the improvements made by the capital investment. If, for example, the capital investment updated a single production line, it may be possible to look solely at that production line in determining whether there has been a reduction in employment during that one-year period.
7. The performance agreement will likely require other notices to VEDP as may be necessary to administer the VIP grant program.
8. **VIP Grant Payout Schedule:** Beginning with the fiscal year in which the verified Initial Company Notification has been on file at VEDP for 36 months, and pursuant to the provisions of the Act, the Commonwealth will make five equal annual grant installment payments to the VIP grantee. In fiscally stressed localities, installment payments can begin in the fiscal year in which the verified Initial Company Notification has been on file at VEDP for 24 months.

Conditions to Payouts of VIP Grants; Reductions

1. **Annual Appropriation:** VIP grant installment payments are subject to annual appropriation by the Virginia General Assembly. If there are insufficient moneys in the Investment Performance Grant subfund to pay all VIP grant payments due to intended recipients, the provisions of COV § 2.2-5104 of the Act shall govern the distribution of the available funds.
2. **Conditions to Payouts:** VIP grant installment payments are subject to the conditions that (i) the capital investment remains in place during the payment period, (ii) the Subsequent Company Notification has not revealed a net reduction in employment, (iii) if applicable, the new jobs have been maintained during the payment period, and (iv) the facility continues to operate throughout the payment period at substantially the same level as existed at the time of the completion of the capital investment. If the capital investment does not remain in place, if the new jobs have not been maintained, or if the facility is no longer so operated, the performance agreement will require the VIP grantee to provide immediate notice to VEDP. In the event that conditions (i), (iii) or (iv) are not met, the installment payments on the VIP grant will cease, but the VIP grantee will not be required to return any VIP grant installments previously paid.
3. **No Payouts:** If the VIP grantee does not achieve the statutory minimum capital investment requirement of \$25 million or does not maintain at least steady employment in the one-year period after the completion of the capital investment, no VIP grant payment will be made. If the VIP grantee achieves the statutory minimum capital

investment and maintains steady employment but does not achieve at least 50% of the capital investment goal and any jobs goal stated in the performance agreement, no VIP grant payment will be made.

4. **Reduced Payouts; Allocations:** If the VIP grantee achieves the statutory minimum capital investment goal and maintains steady employment and achieves between 50% and 100% of the targeted capital investment and new jobs, the total VIP grant to be paid shall be diminished proportionately.
5. In the event that the total VIP grant is reduced, the VIP grant will still be paid out as provided in the Act, so long as the capital investment remains in place during the payment period, the new jobs, if applicable, have been maintained during the payment period, and the facility continues to operate throughout the payment period at substantially the same level as existed at the time of the completion of the capital investment. For this purpose, in the performance agreement, it is expected that the VIP grant will be allocated between the capital investment goal and the job creation or retention goal. Generally, the VIP grant will be allocated three-quarters to the capital investment goal and one-quarter to the job creation or retention goal. For example, if the VIP grantee achieves 60% of its capital investment goal and 75% of its job retention and creation goal, the VIP grant will be diminished proportionately to 60% of that portion allocable to the capital investment and 75% of that portion allocable to jobs retained and created, to be paid out on the schedule described above. If there is no new job creation goal, the entire VIP grant may be allocated to the capital investment goal.

Local Matches

1. **Qualifying Local Matches:** Localities are expected to provide local matches at least equal to 50% of the VIP grant. Previously invested local funds, grants of moneys from other government sources, and contributions from private interests which benefit from the project's location may not be counted as part of the local match. A local match may be funded by an in-kind contribution from the locality for the direct benefit of the grantee, such as infrastructure development, fee waivers, or free or reduced-price land or buildings. Local Enterprise Zone incentives may be counted toward the local match where the locality makes actual expenditures after the project is announced to benefit the project.
2. **Date by Which Local Matches Must be Provided:** Local matches generally must be made by the performance date by which the company is obligated to complete its capital investment and job creation and maintenance. Generally, this period is three to five years.

To find out more about the Virginia Investment Performance Grant (VIP): [Virginia Investment Performance Grant \(VIP\) | Virginia Economic Development Partnership \(vedp.org\)](https://www.vedp.org)



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SMART SCALE Round 5 Consensus Scenario

Kimberly Pryor, AICP – Director, Infrastructure Investment Division

Brooke Jackson, P.E. – SMART SCALE Program Manager

May 23, 2023



SMART SCALE Round 5

- **Staff Recommended Scenario released in January**
- **Total Funds Available - \$1,930.6 million**
- **Inflationary Reserve withheld - \$231.6 million**
- **Available for Staff Recommended Scenario - \$1,699.0 million**
 - **Allocated to 152 projects - \$1,532.1 million**
 - DGP \$1,065.3 million
 - HPP \$466.8 million
 - **Amount unallocated - \$167.0 million**

Staff Recommended Funding Scenario Summary (millions)

District	DGP	HPP	Step 1		Step 2		Step 3		Total		Remaining	
			# Projects	Amount DGP	# Projects	Amount HPP	# Projects	Amount HPP	# Projects	Funding	DGP	HPP
Bristol	\$119.2	\$0.0	9	\$99.5	5	\$32.8	0	\$0.0	14	\$132.2	\$19.8	\$0.0
Culpeper	\$121.6	\$0.0	11	\$115.8	2	\$36.4	0	\$0.0	13	\$152.2	\$5.8	\$0.0
Fredericksburg	\$142.0	\$0.0	18	\$139.5	6	\$52.3	0	\$0.0	24	\$191.8	\$2.4	\$0.0
Hampton Roads	\$185.4	\$0.0	26	\$178.0	2	\$8.5	0	\$0.0	28	\$186.5	\$7.4	\$0.0
Lynchburg	\$127.0	\$0.0	11	\$118.1	1	\$6.7	0	\$0.0	12	\$124.8	\$8.9	\$0.0
NOVA	\$124.8	\$0.0	12	\$115.8	0	\$0.0	0	\$0.0	12	\$115.8	\$9.0	\$0.0
Richmond	\$177.7	\$0.0	14	\$163.1	6	\$74.4	0	\$0.0	20	\$237.5	\$14.6	\$0.0
Salem	\$88.5	\$0.0	9	\$82.1	4	\$51.3	0	\$0.0	13	\$133.5	\$6.4	\$0.0
Staunton	\$55.9	\$0.0	12	\$53.3	2	\$12.1	1	\$31.1	15	\$96.4	\$2.6	\$0.0
HPP	\$0.0	\$556.9	0	\$0.0	0	\$0.0	1	\$161.4	1	\$161.4	\$0.0	\$0.0
Total	\$1,142.1	\$556.9	122	\$1,065.3	28	\$274.3	2	\$192.5	152	\$1,532.1	\$76.9	\$90.1
Total HPP+DGP	\$1,699										\$167.0	
Total Allocated+Remaining										\$1,699		

SMART SCALE Round 5

- **Draft SYIP**

- **Incorporated amounts deallocated from prior rounds - \$109.1 million**
- **Funded cost increases on prior round projects - \$152.3 million**
 - Total cost increases of \$205.3 million
 - Of total cost increases, \$52.9 million was provided by funds outside of SMART SCALE
- **Reduced recommended reserve for Round 5 from \$231.6 million to \$100.8 million***
 - Recommended reserve for Round 5 applications is based on a project-specific analysis that assessed the level of risk, project complexity, and level of project development

**Total for Recommended Reserve for Round 5 Applications presented in April of \$137.7 million has been corrected to \$100.8 million; individual district amounts were presented correctly in April. Total for Remaining for Allocation in Consensus Scenario of \$217.7 has been corrected to \$254.6M; individual district amounts were presented correctly in April.*

SMART SCALE Round 5 – Impact of Inflation (millions)

A	B	C	D	E	F	G	H
District	Round 5 Remaining	Initial Round 5 Reserve	Deallocated from Prior Round Projects	Subtotal Available to Allocate	Cost Increases on Prior Round Projects	Recommended Reserve for Round 5 Applications*	Remaining for Allocation in Consensus Scenario
Bristol	\$19.8	\$17.2	\$9.1	\$46.1	(\$20.5)	(\$6.4)	\$19.2
Culpeper	\$5.8	\$16.5	\$20.2	\$42.5	(\$25.7)	(\$4.3)	\$12.5
Fredericksburg	\$2.4	\$19.2	\$11.1	\$32.7	(\$25.1)	(\$18.4)	(\$10.8)
Hampton Roads	\$7.4	\$25.0	\$10.4	\$42.8	(\$4.8)	(\$15.2)	\$22.8
Lynchburg	\$8.9	\$17.9	\$6.8	\$33.5	(\$6.4)	(\$12.1)	\$15.0
NOVA	\$9.0	\$15.8	\$12.0	\$36.8	(\$8.3)	(\$6.4)	\$22.1
Richmond	\$14.6	\$23.8	\$5.2	\$43.6	(\$25.1)	(\$8.5)	\$10.0
Salem	\$6.4	\$12.9	\$13.6	\$32.8	(\$5.9)	(\$5.5)	\$21.5
Staunton	\$2.6	\$7.4	\$2.2	\$12.3	(\$3.6)	(\$0.0)	\$8.7
HPP	\$90.1	\$75.9	\$18.5	\$184.6	(\$27.0)	(\$24.1)	\$133.6
Total	\$167.0	\$231.6	\$109.1	\$507.7	(\$152.3)	(\$100.8)	\$254.6

SMART SCALE Round 5 Consensus Scenario

- **Consensus Scenario is based upon the feedback from the CTB members and input from the Spring Public Meetings**
 - **DGP**
 - Unfunds 5 projects
 - 1 Staff Recommended Scenario project funded to a reduced amount
 - Funds 11 additional projects (1 project is funded to a reduced amount)
 - **HPP**
 - Unfunds 2 projects
 - Funds 6 additional projects
 - **DGP and HPP**
 - Funds 3 additional projects

Proposed Modifications - Bristol

- **Fund 1 additional project with DGP and HPP (50/50)**
 - App ID 9233 Cook Street Extension submitted by the Town of Abingdon for \$33.7M
 - Project is the next highest ranked project in the Bristol District
 - Project is a priority for the Town of Abingdon and was identified as a key to relieving congestion within the town

Proposed Modifications - Culpeper

- **Unfund from HPP**

- App ID 9331 US250/Peter Jefferson Pkwy Intersection Improvements and Access Management submitted by the Thomas Jefferson Planning District Commission (PDC) for \$20.5 M
 - Potential conflicts with recent development and plans

- **Fund with HPP**

- App ID 9180 District Avenue Roundabout at Hydraulic Road submitted by the Charlottesville-Albemarle Metropolitan Planning Organization (MPO) for \$20.1M
 - Complements improvements that are about to start on Hydraulic Avenue

Proposed Modifications – Fredericksburg

- **Unfund from DGP**

- App ID 9476 Express Commuter Transit Service to Dahlgren submitted by the City of Fredericksburg City for \$4.1M
 - There is no service on the Dahlgren base to transport commuters to their final destination
- App ID 8981 Route 610 Widening Route 648 to Route 751 and Multimodal Improvements submitted by Stafford County for \$39.9M
 - Concern over inflationary impacts to project budget

Proposed Modifications – Fredericksburg (continued)

- **Fund with DGP**

- Projects were added in order of SMART SCALE score, skipping those projects determined to be at risk for scoping issues, or where the cost of the project exceeded the available funding
 - App ID 9446 Route 17 R-Cuts at Fox First Street and The Shoppes submitted by Gloucester County for \$5.1M
 - App ID 9211 US 301 Port Conway-Salem Church Roadway Improvements (RCUT) submitted by King George County for \$3.4M
 - ID 9052 Leeland Rd (Route 626) Widening with Multimodal Improvements (Route 694 to 1950) submitted by Stafford County for \$9.1M
 - App ID 9384 Route 33 Westbound Median Acceleration Lane and Eastbound Right Turn Lane at Route 14 Buena Vista Road submitted by King and Queen County for \$4.4M
 - App ID 9478 Route 360 Threeway Road Roadway Improvements and Trench Widening submitted by Richmond County for \$4.0M

Proposed Modifications – Fredericksburg (continued)

- **Fund with DGP (continued)**

- App ID 9486 Route Sharps Road Roadway Improvements with Trench Widening submitted by Richmond County for \$3.8M
 - Same benefit as higher ranked project, but re-aligns a skewed intersection and provides trench widening

- **Fund with DGP and HPP (50/50)**

- App ID 9348 Route 17/Route 33.Route 198 (Glenns Road) Roadway Improvements submitted by the Middle Peninsula PDC for \$5.2M; Gloucester County has provided a letter of support
 - Since the application was submitted, there has been a fatality at the intersection

Proposed Modifications – Hampton Roads

- **Unfund from DGP**

- Inflationary cost increase on Round 2 UPC 111021 #SMART18 - Granby Street Bike Lanes for \$428K
 - Cost increase due to inflation is due to the City's delay in getting the project to construction
- App ID 9261 Ocean View Ave Bicycle Improvements (1st View Street to Capeview Street) submitted by the City of Norfolk City for \$3.3M
 - Concerns with safety, public outreach, and traffic congestion resulting from implementing a road diet on Ocean View Avenue

Proposed Modifications – Lynchburg

- **Unfund from DGP**

- App ID 9327 Route 29 Business at Amherst Highway - Dillard Road and Lakeview Drive submitted by Amherst County for \$6.7M

- **Fund with DGP**

- App ID 9336 Dillard Road Right Turn Lane submitted by Amherst County for \$3.2M
 - Project will reduce the queue in the peak hours and improve safety by relieving the capacity issues at the intersection due to its proximity to a school and commercial businesses
- App ID 9354 Manor House Drive Turn Lanes submitted by Prince Edward County for a reduced amount of \$2.6M (SMART SCALE request was reduced from \$8.2M due to award of Revenue Sharing funds post application)
 - Project will improve safety on a primary corridor in the county and can proceed quickly

Proposed Modifications – Northern Virginia

- **Fund with HPP**

- App ID 9083 Route 7 Widening (Route 123 to I-495) submitted by Fairfax County for \$38.5M
 - Next project with a SMART SCALE score higher than one that could be fully funded with the remainder of the un-allocated HPPP in the Staff Recommended Scenario

Proposed Modifications – Richmond

- **Unfund from DGP**

- App ID 9154 Route 360/Deer Run Drive/Harbour View Court – R-Cut submitted by Chesterfield County for \$22.2M
 - Per request from Chesterfield County

- **Unfund from HPP**

- App ID 9325 Route 288 Northbound Hard Shoulder Running submitted by the Richmond Regional PDC for \$23.6M
 - Project to be fully funded with non-SMART SCALE resources

- **Fund from DGP and HPP**

- App ID 9135 I-64 at Ashland Road (Route 623) Interchange submitted by Goochland County for \$42.2M (\$23.6M HPP and \$18.6M DGP)
 - Project supports a major economic development project near the interchange

Proposed Modifications – Richmond (continued)

- **Fund from DGP**

- App ID 9162 Route 360 at Brad McNeer Continuous Green-T submitted by Richmond Regional Transportation Planning Organization (TPO) for \$12.4M, Chesterfield County has provided a letter of support
 - Locality requested to fund this project in lieu of App ID 9154 that had originally been included in the Staff Recommended Scenario

- **Fund to a Reduced Amount with DGP**

- App ID 9462 W Randolph Road Shared Use Path submitted by the City of Hopewell City for a reduced amount of \$4.3M
 - Included in Staff Recommended Scenario, SMART SCALE request was reduced from \$6.4M due to award of TAP funds post application

Proposed Modifications – Salem

- **Fund with DGP**

- App ID 9293 Route 8 Widening and Improvements submitted by Montgomery County for \$9.5M
 - This project is the last component needed to complete the planned improvements through the Village of Riner from Auburn High School to the intersection of Route 8 and Route 669 (Union Valley Road)

- **Fund with HPP**

- App ID 9116 US 460 and Timber Ridge Road (Route 803) Intersection Improvements submitted by the Central Virginia PDC for \$10.5M
 - Project scored well enough to be funded with DGP, but was not eligible since it was submitted by the Central Virginia PDC; recognized highway safety improvement project and was the highest scoring intersection improvement project for safety in the Salem District

Proposed Modifications – Staunton

- **Fund with DGP**

- App ID 9303 I-64 Exit 94 Westbound Off-ramp Improvements submitted by the City of Waynesboro for \$2.4M
 - Project provides operational and safety improvements to the ramp to Rosser Avenue (US 340), which serves as the primary access to the city from I-64 and is an important commercial corridor serving the region and interstate travelers

Proposed Modifications – Staunton

- **Fund with HPP**

- App ID 9037 Route 55 and High Knob Road Intersection Improvements submitted by Warren County for \$4.5M
 - Addresses crashes at the location; Route 55 serves as a critical commuting corridor between Northern Virginia and the Front Royal region
- App ID 9406 S. Main Street Corridor Safety Improvements Northern Scope submitted by the City of Harrisonburg for \$6.7M
 - Companion project to App ID 9404 S. Main Street Corridor Safety Improvements Southern Scope submitted by the Harrisonburg Rockingham MPO
- App ID 9307 US 33 and Rockingham Parkway and 276/610 R-Cuts submitted by the Central Shenandoah PDC for \$12.6M
 - Provides safety, operational, and capacity preservation improvements to the US 33 corridor, a designated growth area for the Rockingham County/Harrisonburg region

Consensus Scenario Summary (millions)

District	DGP	HPP	Step 1		Step 2		Step 3		Consensus			Total	
			# Projects	Amount DGP	# Projects	Amount HPP	# Projects	Amount HPP	# Projects	Amount DGP	Amount HPP	# Projects	Funding
Bristol	\$119.2	\$0.0	9	\$99.5	5	\$32.8	0	\$0.0	1	\$16.9	\$16.9	15	\$166.0
Culpeper	\$121.6	\$0.0	11	\$115.8	1	\$15.8	0	\$0.0	1	\$0.0	\$20.1	13	\$151.7
Fredericksburg	\$142.0	\$0.0	16	\$95.5	6	\$52.3	0	\$0.0	7	\$32.5	\$2.6	29	\$182.9
Hampton Roads	\$185.4	\$0.0	25	\$174.7	2	\$8.5	0	\$0.0	0	\$0.0	\$0.0	27	\$183.2
Lynchburg	\$127.0	\$0.0	10	\$111.4	1	\$6.7	0	\$0.0	2	\$5.8	\$0.0	13	\$123.9
NOVA	\$124.8	\$0.0	12	\$115.8	0	\$0.0	0	\$0.0	1	\$0.0	\$38.5	13	\$154.4
Richmond	\$177.7	\$0.0	13	\$138.7	5	\$50.8	0	\$0.0	3	\$31.1	\$23.6	21	\$244.2
Salem	\$88.5	\$0.0	9	\$82.1	4	\$51.3	0	\$0.0	2	\$9.5	\$10.5	15	\$153.5
Staunton	\$55.9	\$0.0	12	\$53.3	2	\$12.1	1	\$31.1	3	\$2.4	\$23.9	18	\$122.7
HPP	\$0.0	\$556.9	0	\$0.0	0	\$0.0	1	\$161.4				1	\$161.4
Total Consensus	\$1,142.1	\$556.9	117	\$986.8	26	\$230.3	2	\$192.5	20	\$98.2	\$136.1	165	\$1,643.8
Staff Scenario	\$1,142.1	\$556.9	122	\$1,065.3	28	\$274.3	2	\$192.5				152	\$1,532.1

Changes (drops) to projects selected in the Staff Recommended Scenario are shown in **red font**.

SMART SCALE Round 5 – Consensus Scenario Changes (millions)

District	H (slide 5) Remaining for Allocation in Consensus Scenario	I Net Consensus Scenario Changes (\$)	J Net Consensus Scenario Changes (#)*	K Total Unallocated	G (slide 5) Recommended Round 5 Reserve
Bristol DGP	\$19.2	(\$16.9)	0.5	\$2.3	\$6.4
Culpeper DGP	\$12.5	\$0.0	0	\$12.5	\$4.3
Fredericksburg DGP	(\$10.8)	\$11.5	4.5	\$0.8	\$18.4
Hampton Roads DGP	\$22.8	\$3.7	-1	\$26.5	\$15.2
Lynchburg DGP	\$15.0	\$0.9	1	\$15.9	\$12.1
NOVA DGP	\$22.1	\$0.0	0	\$22.1	\$6.4
Richmond DGP	\$10.0	(\$6.7)	0.5	\$3.4	\$8.5
Salem DGP	\$21.5	(\$9.5)	1	\$12.0	\$5.4
Staunton DGP	\$8.7	(\$2.4)	1	\$6.3	\$0.0
HPP	\$133.6	(\$92.0)	5.5	\$41.6	\$24.1
Total	\$254.6	(\$111.3)	13	\$143.3	\$100.8

*Projects funded with both DGP and HPP are reflected in the project count as 0.5 DGP and 0.5 HPP.

Next Steps

- **May** – CTB action to approve the Consensus Scenario and cost increases on existing projects
- **June** – CTB approval of the Final FY2024-2029 SYIP



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Thank you.





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SMART SCALE Process Review Update

Brooke Jackson, P.E. – SMART SCALE Program Manager
May 2023



Agenda

- **SMART SCALE Program History**
 - Purpose
 - Related Virginia Code
 - Supporting CTB Policy
 - Funding Sources
 - Previous Round Summary
 - Process Overview
- **Potential Issues**
 - Schedule
 - Application Quality

Why SMART SCALE

- HB 2 of the 2014 General Assembly (SMART SCALE) required the implementation of a formal prioritization process by June 2016
 - Needed to remove the political element and select projects that bring the best value
- It reformed Virginia's transportation programming process by requiring the use of a data-driven, outcome-based prioritization process
- SMART SCALE has improved the transparency and accountability of project selection and improved the stability of the Six-Year Improvement Program
- The process scores projects based on an objective and fair analysis that is applied statewide, helping the CTB select projects that provide the greatest benefits for tax dollars spent

Virginia Code - Development of Prioritization Process (HB 2)

- **Effective July 1, 2014** (as defined in § 33.2-214.1), required the development of a prioritization process that the CTB was to use for project selection by July 2016.
- **Benefit-Cost Relationship Required**
- **Six Factor Areas Required (SCALE)** – safety, congestion mitigation, accessibility, land use*, economic development, and environmental quality
- **Multi-Modal Project Evaluation – must consider** highway, transit, rail, roadway, technology operational improvements, and transportation demand management strategies
- **Meet a VTrans Need**
- **Projects must be fully funded when added to the SYIP**

**Note: Land Use is required in populations over 200,000 defined in the 6th enactment clause*

CTB Policy - SMART SCALE Prioritization Process

1. Six-Year Improvement Program Development Policy

- December 7, 2016

2. Policy for Implementation of the SMART SCALE Project Prioritization Process

- *Updated* December 8, 2021

3. SMART SCALE Cost Overrun Policy

- October 30, 2018

Virginia Code - Transportation Funding Formula

The 1986 formula was often referred to as the 40/30/30 formula

- Interstate and Unpaved roads were addressed first, with the balance distributed
 - 40% for the primary system, provided to each district for primary routes using vehicle miles of travel (VMT), primary lane miles, and a needs factor – allocated by the CTB
 - 30% to counties for secondary routes using population and land area – controlled by Local Board of Supervisors
 - 30% to cities and towns for urban routes using population – controlled by City/Town Council Allocated

The new formula established by HB 1887 distributes the District Grant Program (DGP) funds to the districts in a similar manner as the previous 40/30/30 formula.

Virginia Code - Transportation Funding Formula (HB 1887, HB 1414)

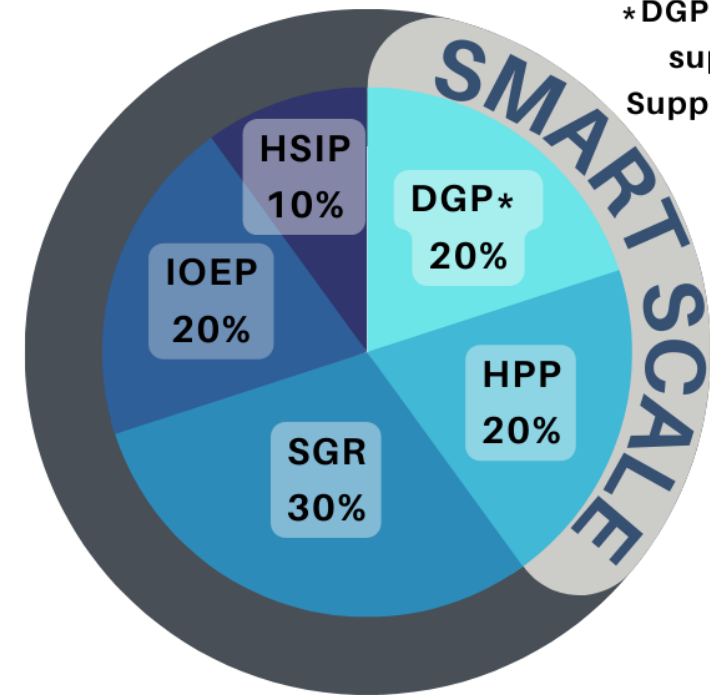
§ 33.2-358 Allocation of funds to programs

• HB 1887 (Rounds 1 – 3)

- Established the State of Good Repair (SGR - 45%) High-Priority Projects Program (HPP – 27.5%) and the District Grant Program (DGP – 27.5%)

• HB 1414 (Rounds 4 – 5)

- Restructured Virginia's transportation funding model and updated program shares
- Enacted changes to statewide revenue sources and regional funding sources
- Imposed the regional fuels tax in all areas of the Commonwealth where it is not imposed to be used in DGP addition to the formula DGP (referred to as the Supplement District Grant)

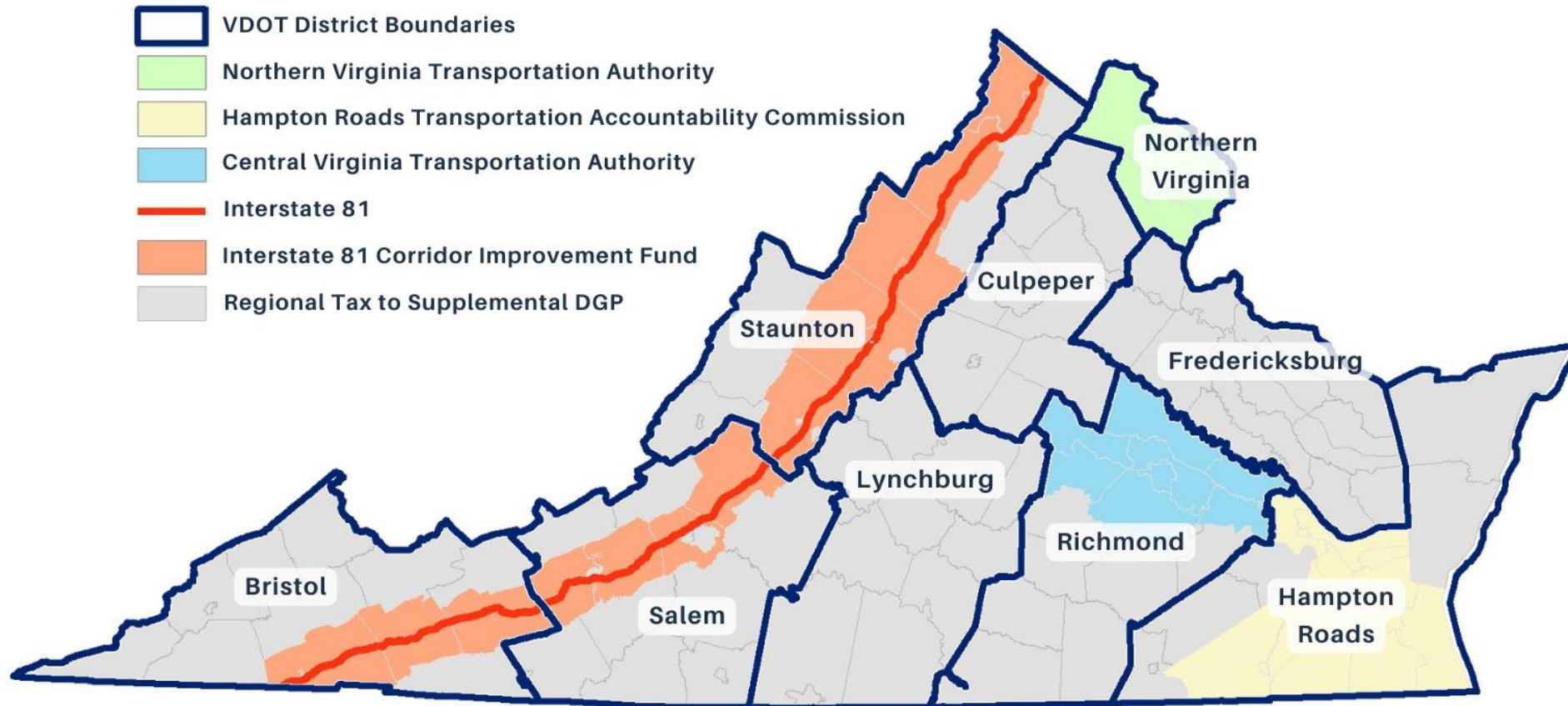


*DGP is additionally supported by the Supplemental DGP.

Program Legend:

- IOEP - Interstate Operations and Enhancement Program
- HSIP - Highway Safety Improvement Program
- SGR - State of Good Repair

Virginia Code - District Grant Program Supported by Regional Gas Tax



The regional fuels tax funding the Supplemental District Grant is collected in all areas of the Commonwealth where it is not already imposed (shown in the gray areas).

Virginia Code - Example Supplemental Grant (FY 2024)

District	Regional Fuel Tax*	Supplemental DGP	Formula DGP Less Unpaved	Total DGP
Bristol	\$0.0	\$16.6	\$7.7	\$24.3
Culpeper	\$0.0	\$23.2	\$7.6	\$30.8
Fredericksburg	\$0.0	\$17.0	\$11.6	\$28.6
Hampton Roads ¹	\$67.6	\$11.5	\$34.8	\$46.3
Lynchburg	\$0.0	\$21.2	\$8.7	\$29.9
Northern Virginia ²	\$106.2	\$0.0	\$35.2	\$35.2
Richmond ³	\$57.6	\$17.5	\$24.4	\$41.9
Salem	\$0.0	\$12.5	\$12.5	\$25.0
Staunton	\$0.0	\$4.4	\$8.8	\$13.2
I-81 Corridor	\$88.1	\$0.0	\$0.0	\$0.0
Grand Total	\$319.5	\$123.8	\$151.4	\$275.2

1 - Regional Fuel Tax in Hampton Roads is directed to HRTAC.

2 - Regional Fuel Tax in Northern Virginia is directed to PRTC and NVTC.

3 - Regional Fuel Tax in Richmond area is directed to CVTA.

SMART SCALE Previous Round Summary

PROJECT APPLICATIONS	FY 2017 ROUND 1	FY 2018 ROUND 2	FY 2020 ROUND 3	FY 2022 ROUND 4	FY 2024 ROUND 5
Submitted	321	436	468	406	413
Scored	287	404	433	397	394
Funded	162	147	134	167	164
Total Funding Requested	\$7.2 B	\$9.7B	\$7.0B	\$6.3B	\$8.3B
Total Funding Allocated	\$1.4 B	\$1.0 B	\$0.9 B	\$1.4 B	\$1.6 B
Value of Projects Supported	\$2.7 B	\$2.4 B	\$5.1 B	\$1.9 B	\$2.3 B

SMART SCALE Previous Round Summary

Continuous Improvement

Improvement History

Committed to a regular lessons-learned process through engagement with partners and applicants

Committed to research and testing of best practices

Committed to a process of adjustments and feedback, supported by improved tools, training, and guidance for applicants

Round 2

External review group, surveys, and regional workshops

Round 3

CTB Retreat, nine regional meetings, and applicant feedback

Round 4

Fall meetings, public comment, and applicant feedback

Round 5

Online tools and meetings to work through pandemic disruptions

IMPROVEMENTS

Procedural

- Application timing and documentation
- Common-sense engineering principles
- Two-year cycle established

- Application timing extended
- Project eligibility and readiness bar raised

- Pre-application limits and schedule modifications
- Project eligibility restrictions
- Study requirements refined

- Cost estimating transparency and consistency

Policy

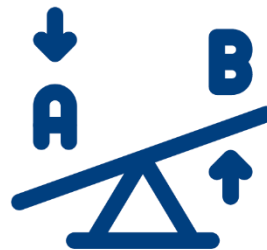
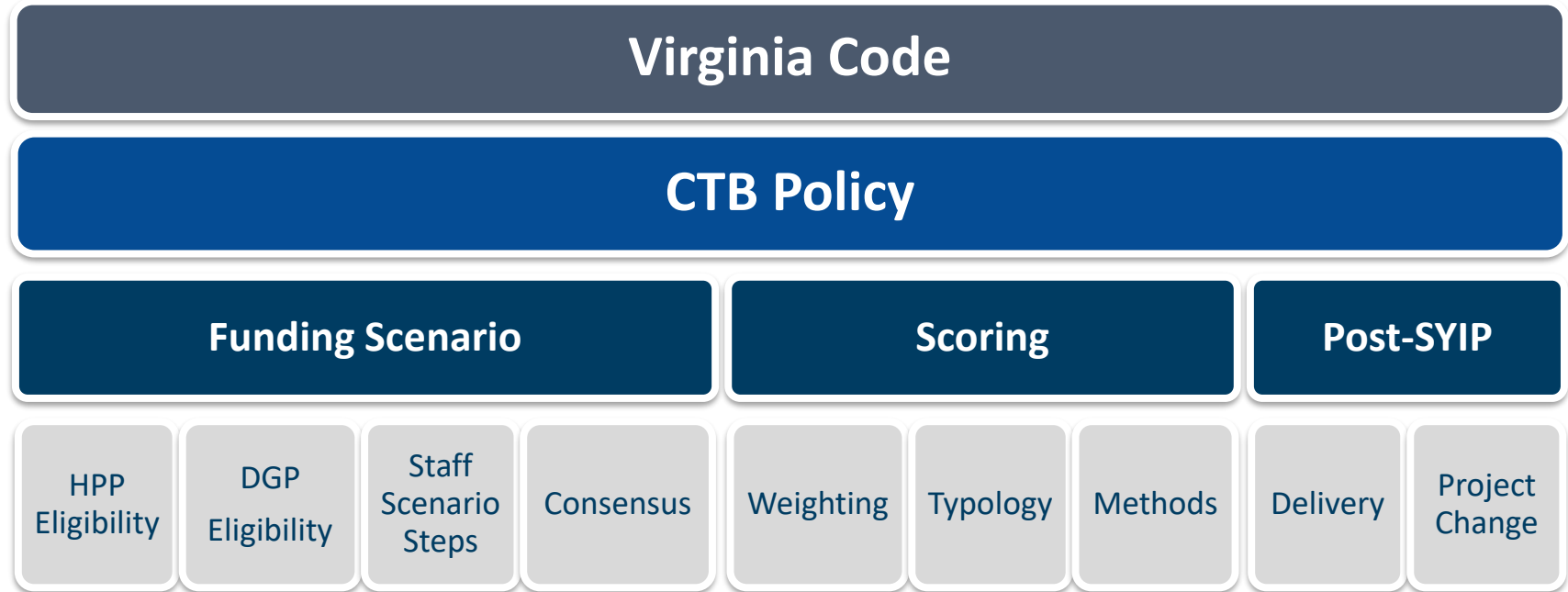
- Environmental
- Considered impact
- Safety
- Added crash types with injuries
- Land Use
- Added the second measure

- Began cap limits
- Economic Dev
- Distinguished the level of readiness for site plans
- Land Use
- Added non-work accessibility

- Congestion
- Expanded to off-peak
- Safety
- Targeted crash reduction
- Modified weightings

- Environmental
- New emissions measures
 - Right-size impact buffer
- Land Use
- Expanded to rural localities

SMART SCALE Prioritization Process



- Adjusting in one area can affect another
- A singular issue identified might be resolved by adjusting multiple components of the process

Funding Program Eligibility

Funding Scenario

HPP
Eligibility

DGP
Eligibility

Steps

Consensus

Defines program eligibility by qualifying entities

Program	VTrans Need Type	Applicant
DGP	Safety or Urban Development Area	Locality
DGP and HPP	Corridor of Statewide Significance or Regional Network	Locality
HPP	Corridor of Statewide Significance or Regional Network	MPO, PDC, or Transit Agency

Funding Program Eligibility

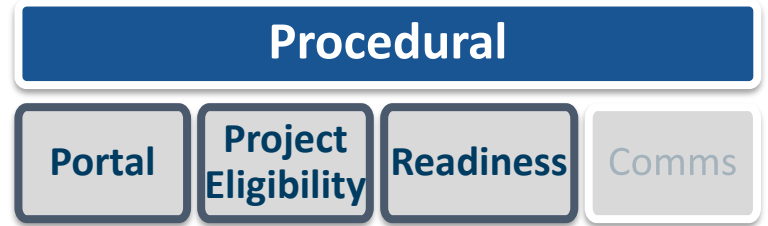
Procedural

Portal Project Eligibility Readiness Comms

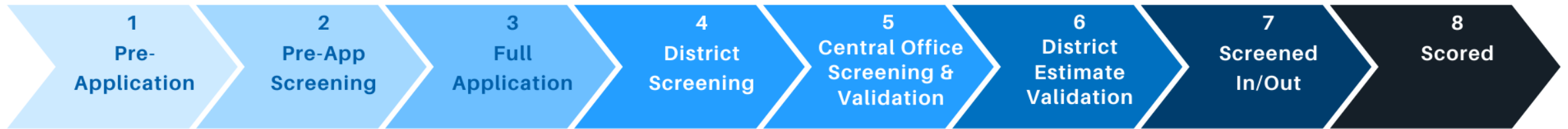
Defines application limits by population

Tier	Localities	MPO, PDC, or Transit Agency	Max Pre-Applications	Max Full Applications
1	< 200,000	< 500,000	5	4
2	>= 200,000	>= 500,000	12	10

Application, Screening, and Validation



Project Application Process



Meet Need

Project Eligibility

Readiness



NOT Stand-alone study

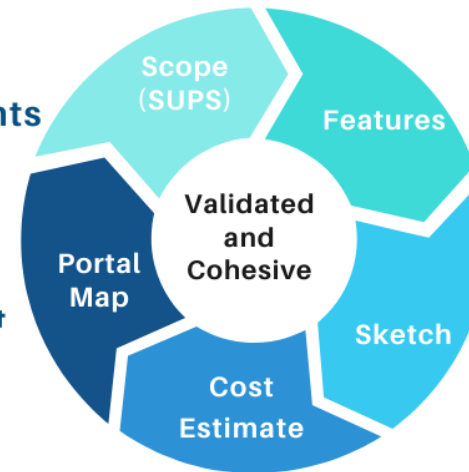
NOT Asset management

NOT Systemwide improvements

NOT Recently funded VTrans need

NOT Transit maintenance facilities

- Document requirements based on complexity
- Validated & cohesive



7.4 OF 14 DISTRICTS **SMART SCALE** **7.4** OF 14 DISTRICTS

Factor	Completion	Quality	Cost	Accessibility	Resilience/Climate	Equity	Land Use
Project	100%	100%	100%	100%	100%	100%	100%
Project Cost	100%	100%	100%	100%	100%	100%	100%
Project Schedule	100%	100%	100%	100%	100%	100%	100%
Project Quality	100%	100%	100%	100%	100%	100%	100%
Project Resilience	100%	100%	100%	100%	100%	100%	100%
Project Equity	100%	100%	100%	100%	100%	100%	100%
Project Land Use	100%	100%	100%	100%	100%	100%	100%

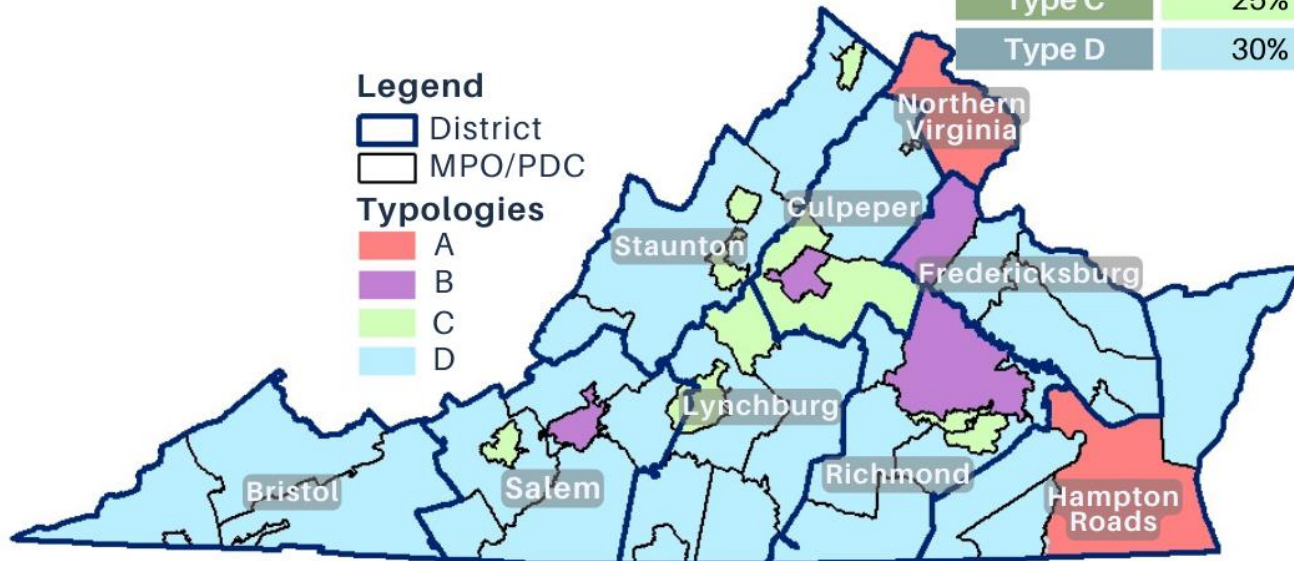
Area Type and Factor Weighting

Scoring

Weighting Typology Methods

Weighting, Typology, at the District and MPO / PDC level

Factor	Safety	Congestion	Accessibility	Land Use	Economic Development	Environment
Type A	5%	45%	15%	20%	5%	10%
Type B	20%	15%	20%	15%	20%	10%
Type C	25%	15%	15%	10%	25%	10%
Type D	30%	10%	10%	10%	30%	10%



Factors and Measures

Scoring

Weighting Typology Methods

Measure values are determined by assessing the data and characteristics of the project

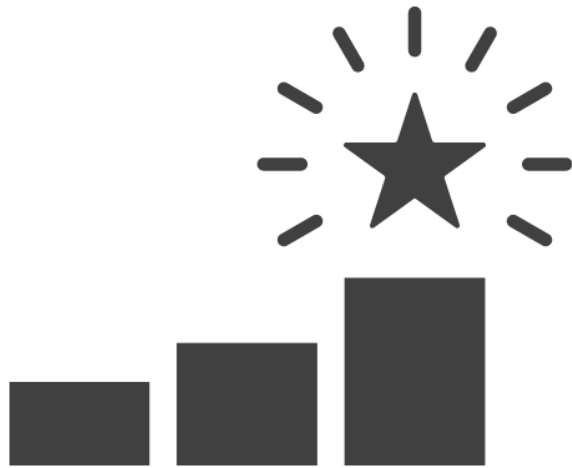
Factor	Factor Description	Measure Weight	Measure
Safety	Reduce the number and rate of fatalities and severe injuries		Reduce crash frequency
Congestion	Reduce person-hours of delay and increase person throughput		Reduce crash rate
Accessibility	Increase access to jobs and travel options		
Land Use	Support transportation-efficient land development patterns		
Econ Dev	Support economic development and improve goods movement		
Environment	Improve air quality and avoid impacts to the environment		

[See Appendix \(p. 32\) for an example scorecard including all measures](#)



Normalization

Best project for that measure dictates the score for all other projects



District	Title	Delay Measure (person hours)	Normalized Delay Score
Hampton Roads	Hampton Roads Bridge-Tunnel Widening/I-64 Expansion	6436.4	100.0
Hampton Roads	Battlefield Blvd/Volvo Pkwy Intersection Improvements	1262.4	19.6
Culpeper	US 250/Route 20 Intersection Improvement	1112.0	17.3
Hampton Roads	Jefferson Ave & Oyster Point Rd Intersection Improvements	971.3	15.1
Northern Virginia	Route 1 at Route 123 Interchange Improvements	737.5	11.5
Northern Virginia	West End Transitway Corridor Investments	643.9	10.0

Funding Scenario Steps

Funding Scenario

HPP

DGP

Steps

Consensus

Staff Recommended Funding Scenario Steps

Step 1 - Fund top-scoring projects within each district eligible for DGP funds using DGP funds until the remaining funds are insufficient to fund the next highest-scoring project.

Step 2 - Fund top-scoring projects within each district that would have otherwise been funded with available DGP funds but were not because they are only eligible for HPPP funds, using HPPP funds, as long as their SMART SCALE cost does not exceed the total amount of DGP funds available to be programmed based on their rank.

Step 3 - Fund projects with a benefit relative to SMART SCALE score greater than an established threshold based on the highest project benefit using HPPP funds until funds are insufficient to fund the next unfunded project with the highest project benefit.

Program Delivery

Post-SYIP

Delivery

Project
Change

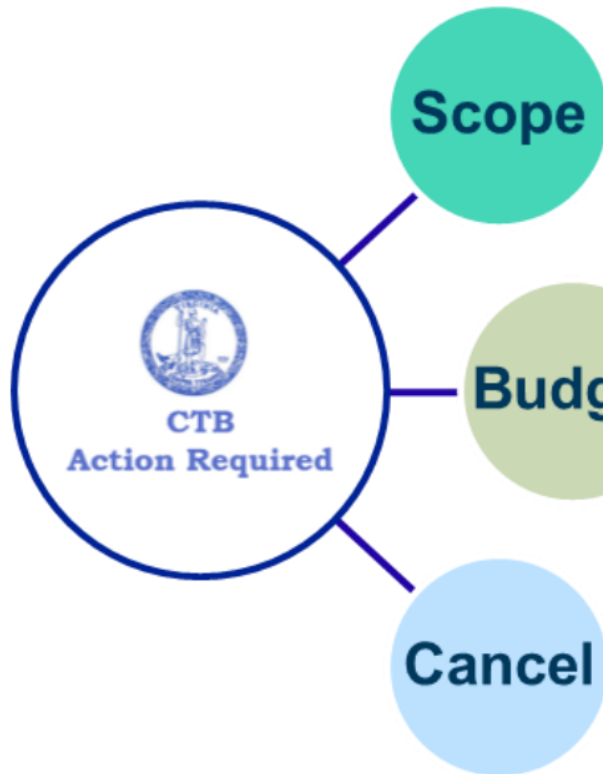
Delivery performance is critical to the SMART SCALE Process

- SMART SCALE has changed how project development and performance is tracked in the agencies
- Projects can be VDOT Administered or Locally Administered
- Critical to address projects that are not moving forward in the process before adding new projects to the program



Project Change Process

Defines the project change process



If the benefits are reduced such that the revised score is less than the lowest-ranked funded project in the district for that cohort of projects

<i>Total Project Budget</i>	Change from original SS Requested Amount
<i>Less than \$5M</i>	20% or greater increase in funding requested
<i>Between \$5M and \$10M</i>	\$1M or greater increase in funding requested
<i>Less than \$5M</i>	10% or greater increase in funding requested; \$5M Max

A project may only be cancelled by action of the CTB

Potential Issues Identified

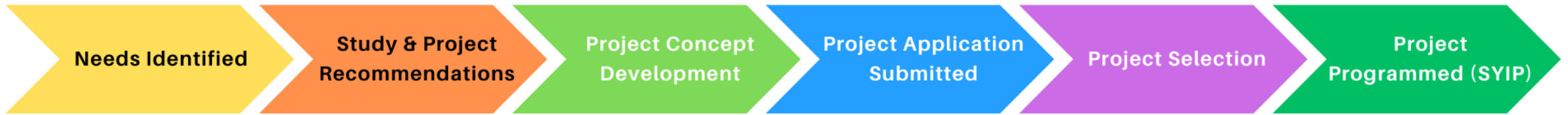
	Identified Issue	Detail	CTB
<input type="checkbox"/>	Application Quality	Staff resources are stretched to dedicate to applicant support and application quality	May
<input type="checkbox"/>	Process Biases	Applicants may submit projects that they think will be successful, not necessarily the highest priority	June & July
<input type="checkbox"/>	Forward-Looking Process	Process should be more forward-looking to account for future traffic and future economic development	June
<input type="checkbox"/>	Funding Steps	Steps to apply funding	June
<input type="checkbox"/>	Low Scoring Projects	Some districts may have significantly lower SS scores than in other districts, which is inconsistent with the purpose of a statewide prioritization process	July
<input type="checkbox"/>	Emphasis on Safety Priority	Safety is an increasing problem that warrants a higher priority in the prioritization process	July
<input type="checkbox"/>	One Factor Majority	Land use factor has a significant number of projects funded on only that category	July
<input type="checkbox"/>	Disconnect Between Need and Benefit	Perception that projects are not demonstrating a benefit in the factor area related to the Vtrans need for which they were screened in	September
<input type="checkbox"/>	Flexibility in Project Change Process	SMART SCALE project change / cost over-run process is overly burdensome, creates project delays, and interrupts normal project development issues	September
<input type="checkbox"/>	Project Performance	Are the projects performing like we said they would? Is the utilization matching predictions?	September

Potential Issues Schedule

MAY	Program History, Issue Identification, Application Quality
JUN	Process Biases (Part 1), Forward-Looking Process, Funding Steps
JUL	Process Biases (Part 2), Low Scoring Projects, Emphasis on Safety Priority, One Factor Majority
JUL	<ol style="list-style-type: none">1. Summarize findings to date and gather feedback2. Identify any additional focus areas of analysis3. Discuss preliminary recommendations
AUG	No Workshop
SEPT	Retreat Summary, Disconnect Between Need and Benefit Flexibility in Project Change Process, Project Performance

Application Process

Project Identification Process



Project Application Process



Potential Issue Identified - Application Quality

Staff resources are stretched to dedicate to applicant support and application quality

- **Source – Data, VDOT Staff, OIPI Staff, CTB Members**
 - Data – 50% bigger SYIP program, same staff
 - Round 5 Data - Over 50% of submitted applications are “not ready” for scoring at full app submission (90% at pre-application)
 - Round 5 Data – 413 received and 152 recommended for funding (37% recommended for funding)
 - Round 5 Data – More applications are not an indicator of success
 - VDOT Staff Survey- Time and effort spent on document preparation that ultimately got screened out

Potential Solutions Identified - Application Quality

Improvement Areas - Project Eligibility, Readiness, Consensus, Portal

Potential Solutions

1. Project Eligibility – Reduce the application cap for all entities
2. Readiness & SMART Portal – Streamline document approvals before final submission
 - Change “conditional screen in” to “conditional screen out”
3. Readiness - Allow applicants to use their estimate if they agree to cover any shortfall* - VDOT does not validate the estimate
 - *Note this creates an unfair advantage in the scoring process
4. Delivery - Tie consensus funding decisions to performance in delivering projects

Potential Solutions Identified - Application Quality

Reduction in cap limit options

	Tier	Localities	MPO, PDC, or Transit Agency	Max Pre-Applications	Max Full Applications
Existing	1	< 200,000	< 500,000	5	4
	2	>= 200,000	>= 500,000	12	10
			Option 1	4	3
				7	6
			Option 2	3	2
				6	5

Potential Solutions Identified - Application Quality

Reduce application cap limits to 2 and 5 using Round 5 data

This resulted in a reduction of overall apps from 394 to 259

The overall success rate rose from 39% to 53%

For Principal Improvement Type

- Bike/Pedestrian applications fell from 97 to 55
- Highway applications fell from 294 to 201
- Bus Transit applications remained at 3

For Area Type

- Area Type A applications fell from 78 to 48
- Area Type B applications fell from 113 to 63
- Area Type C applications fell from 75 to 52
- Area Type D applications fell from 128 to 96

The average total cost of funded projects raised from \$15.1M to \$16.9M

The average total request of funded projects raised from \$10.1M to \$11.2M

Potential Solutions Identified - Application Quality

Workgroup Feedback

- 1. Recommends reducing the application caps for all entities**
 - Focus on improving outcomes
 - Higher quality and focused on priorities
- 2. Recommends solution for readiness & SMART Portal Streamline**
 - Provides earlier and targeted support to applicants
- 3. Does not support solution to not validate estimates**
- 4. Recommends solution to tie consensus funding decisions to performance in delivering projects**

Next Steps

- **June**

- Process Biases (Part 1)
- Forward-Looking Process
- Funding Steps

- **July**

- Process Biases (Part 2)
- Low Scoring Projects
- Emphasis on Safety Priority
- One Factor Majority
- Retreat (Discuss preliminary recommendations)

- **August**

- No meeting



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Thank you



Sample Scorecard

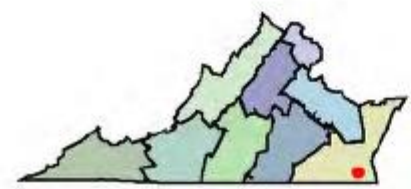


Kempsville Rd and Battlefield Blvd Intersection Improvements Project Id: 9146

This project proposes to add a channelized westbound right-turn lane on Kempsville Road at Battlefield Boulevard for vehicles accessing the southbound Great Bridge Bypass/Oak Grove Connector (Bypass) on-ramp to reduce congestion at the intersection. Vehicles turning right to proceed northbound on Battlefield Boulevard or the Bypass will still turn right at the existing signal. The southbound Bypass on-ramp acceleration lane length will also be extended to meet current design standards and improve the operations of merging traffic on the Bypass.

7.4 SMART SCALE SCORE	#68 OF 394 STATEWIDE	SMART SCALE Requested Funds	\$27,310,700
	#16 OF 54 DISTRICTWIDE	Total Project Cost	\$27,310,700
		Project Benefit	20.2
		Project Benefit / Total Cost	7.4

- Submitting Entity: Chesapeake City
- Preliminary Engineering: Not Started
- Right of Way: Not Started
- Construction: Not Started
- Eligible Fund Program: BOTH
- Evacuation Route: No
- Resiliency Commitment: Yes
- VTRANS Need: RN, Safety



SMART SCALE Area Type A														
Factor	Congestion Mitigation		Safety		Accessibility			Economic Development			Environment		Land Use	
	Increase in Peak Period Person Throughput	Reduction in Peak Period Delay	Reduction in Fatal and Injury Crashes	Reduction in Fatal and Injury Crash Rate	Increase in Access to Jobs	Increase in Access to Jobs for Disadvantaged Populations	Increase in Access to Multimodal Travel Choices	Square Feet of Commercial/Industrial Development Supported	Tons of Goods Impacted	Improvement to Travel Time Reliability	Potential to Improve Air Quality	Impact to Natural and Cultural Resources	Support of Transportation-Efficient Land Development	Support of Transportation-Efficient Land Development
Measure Value	1,567.7 persons	131.3 person hrs.	26.3 EPDO	641.7 EPDO / 100M VMT	59.0 jobs per resident	58.2 jobs per resident	0.0 adjusted users	0.0 adj. sq. ft.	5,175.3 daily tons	21,031,900.0 adj. buffer time index	0.3 adjusted points	0.7 impacted acres	6.9 access * pop/emp density.h	3.6 access * pop/emp density change.
Normalized Measure Value (0-100)	63.3	12.8	4.8	0.4	10.9	12.6	0.0	0.0	0.1	0.4	0.3	0.2	10.0	5.1
Measure Weight (% of Factor)	50%	50%	70%	30%	60%	20%	20%	60%	20%	20%	100%	.	50%	50%
Factor Value	38.1		3.4		9.0			0.1			0.3	7.6		
Factor Weight (% of Project Score)	45%		5%		15%			5%			10%	20%		
Weighted Factor Value	17.1		0.2		1.4			0.0			0.0	1.5		
Project Benefit	20.2													
SMART SCALE Cost	\$27,310,700													
SMART SCALE Score (Project Benefit per \$10M SMART SCALE Cost)	7.4													

HOW TO READ A SCORECARD

A project scorecard is prepared for each project that is evaluated and scored. The scorecard is a snapshot of project information and scoring. The following provides a brief overview of the information contained in the scorecard.



- 1 Project Overview:** Includes the project name, a short description of the project, and the application ID.
- 2 Score Summary:** Provides the SMART SCALE score, rank, project cost, and benefit.
- 3 Project Information:** Provides information about the project, applicant, delivery status, requested funding, and project need.
- 4 Evacuation Route and Resiliency Commitment:** Per Virginia Code § 33.2-214.2 B. (ii), it is identified for the applicant whether such projects are located on a primary evacuation route. Per Virginia Code § 33.2-214.2 B. (iii), the applicant self-identifies, whether a project has been designed to be or the project sponsor has committed that the design will be resilient.



Factor	Congestion Mitigation		Safety		Accessibility		Economic Development			Environment		Land Use	
	Measure Value	Normalized Measure Value	Measure Value	Normalized Measure Value	Measure Value	Normalized Measure Value	Measure Value	Normalized Measure Value	Measure Value	Normalized Measure Value	Measure Value	Normalized Measure Value	Measure Value
Person Throughput	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Delay	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Crash Rate	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Access to Jobs	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Access to Multimodal	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Global Impact	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Travel Time	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Air Quality	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Cultural	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Historic	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Efficient Land Use	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Transportation Efficient Land Use	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Resilient	100.0	43.0	14.4	3.7625	0.0	0.0	38.1	0.0	0.0	0.0	0.0	0.0	0.0
Project Benefit	5.4												
SMART SCALE Cost	\$1,267,710												
SMART SCALE Score	24.4												

- 5 How to calculate the SMART SCALE Score using the Scoring Table:**
 - The *Measure Value* is determined by assessing the data and characteristics of the project and is then normalized as a percentage of the highest *Measure Value* in that year's cohort of projects.
 - The *Normalized Measure Value* is then multiplied by the *Measure Weight*.
 - Normalized Measure Values* are then summed to equal the *Factor Value*.
 - The *Factor Value* is then multiplied by the appropriate *Factor Weight* for the area type of the project.
 - Project Benefit* is then calculated from the sum of the *Weighted Factor Values*.
 - The *SMART SCALE Score* is calculated by taking the *Project Benefit* and dividing by the *SMART SCALE Cost* (in tens of millions).

Explanations of Measures Values:

- Congestion Mitigation**
 - Person throughput is the projected increase in persons moving through the project limits during the peak period for current year.
 - Delay is the projected reduction in cumulative time for all persons to move through the project limits for current year.
- Safety**
 - Reduction of fatal and injury crashes and crash rate is calculated using the Equivalent Property Damage Only (EPDO) methodology used by FHWA. This equates all crash severities on the same scale by assigning a higher weight to fatal and injury crashes than those that are property damage only.
 - Crash rate reduction is determined by the number of crashes per 100 Million Vehicle Miles Traveled (VMT). This measure also uses the EPDO methodology stated in the first safety measure.
- Accessibility**
 - Access to jobs is the number of jobs to which each person has access within 45 minutes (60 minutes for transit projects). The total number of jobs divided by the population equates to jobs per person.
 - Access to jobs for disadvantaged populations is calculated in the same manner as the first Accessibility measure, only for a particular subset of the population.
 - Increase to multimodal travel choices is determined by how the project supports travel choices and the connections between modes. Points are assigned based on project characteristics, and are then multiplied by the number of non-single occupancy vehicle users.
- Economic Development**
 - Square Feet of Commercial and Industrial development supported uses either 50% or 100% of each development's square footage based on the proximity of the development to the project. A point value is then determined based on how the project fits with local and regional economic plans and policy, and is multiplied by the adjusted square feet of development.
 - Tons of goods impacted determines the amount of daily freight tons impacted by the project and multiplies the tonnage by a point value based on certain criteria.
 - Improvement to travel time reliability uses weather event frequency and impact as well as incident frequency and impact along with a buffer index to evaluate the improvement in travel time reliability. This value is multiplied by corridor Vehicle Miles Traveled (VMT) to scale the results.
- Environment**
 - Potential to improve air quality based on project benefits to non-single occupancy vehicle (SOV) users and reduced delay for freight movement.
 - Evaluates potential natural and cultural acreage impacted using a tiered buffer around the project limits, and is a subtractive measure based on the total potential sensitive acreage impacted.
- Land Use**
 - Future Transportation Efficient Land Use measure reports a project's non-work accessibility scaled by the surrounding area's 2030 population and employment density.
 - Increase in Transportation Efficient Land Use measure reports a project's non-work accessibility scaled by the surrounding area's 2010 to 2030 increase in population and employment density.



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VTrans Guiding Principles

Jitender Ramchandani

Virginia Office of Intermodal Planning and Investment (OIPi)

May 23, 2023



PURPOSE OF THE PRESENTATION

- ▶ As a follow-up to the VTrans presentation at the April CTB Workshop, this presentation is to:
 - ▶ Share VTrans Guiding Principles
 - ▶ Outline Next Steps



VTRANS FOCUS AREAS

CTB Vision, Guiding Principles, Goals and Objectives

Mid-term Needs and Priority Locations (0 – 10 Years)

Long-term Risk & Opportunity Register (20+ Years)

Strategic Actions (Recommendations)



EXISTING GUIDING PRINCIPLES (adopted 2014, affirmed 2020)

Guiding Principles

GP 1: Optimize Return on Investments Implement the right solution at the right price, striving to meet current needs while advancing long-term prosperity and livability.

GP 2: Ensure Safety, Security, and Resiliency Provide a transportation system that is safe for all users, responds immediately to short-term shocks such as weather events or security emergencies, and adapts effectively to long-term stressors such as sea level rise.

GP 3: Efficiently Deliver Programs Deliver high-quality projects and programs in a cost-effective and timely manner.

GP 4: Consider Operational Improvements and Demand Management First Maximize capacity of the transportation network through increased use of technology and operational improvements as well as managing demand for the system before investing in major capacity expansions.

GP 5: Ensure Transparency and Accountability, and Promote Performance Management Work openly with partners and engage stakeholders in project development and implementation. Establish performance targets that consider the needs of all communities, measure progress towards targets. Adjust programs and policies as necessary to achieve the established targets.

GP6: Improve Coordination Between Transportation and Land Use Encourage local governments to plan and manage transportation-efficient land development by providing incentives, technical support, and collaborative initiatives.

GP 7: Ensure Efficient Intermodal Connections Provide seamless connections between modes of transportation to harness synergies.

1: OPTIMIZE RETURN ON INVESTMENTS

- **Implement the right solution at the right price to meet identified needs while advancing long-term prosperity and livability.**



2: ENSURE SAFETY, SECURITY, AND RESILIENCY

- ▶ Provide a safe transportation system for all users, responds immediately to short-term events such as weather or security emergencies, and adapt effectively to long-term issues (e.g., resiliency).



3: EFFICIENTLY DELIVER PROGRAMS

- ▶ Deliver high-quality projects and programs in a cost-effective and timely manner.



4: CONSIDER OPERATIONAL IMPROVEMENTS AND DEMAND MANAGEMENT FIRST

- **Maximize the capacity of the transportation network through increased use of technology and operational improvements, as well as managing demand for the system before investing in major capacity expansions.**



5: ENSURE TRANSPARENCY, ACCOUNTABILITY, AND PROMOTE PERFORMANCE MGMT.

- ▶ **Work with stakeholders in developing transportation plans and programs. Establish performance targets, measure progress, and adjust programs and policies as necessary.**



6: ENHANCE COORDINATION BETWEEN TRANSPORTATION AND LAND USE

- ▶ Collaborate with local governments to plan and manage transportation efficient land use.



7: ENSURE EFFICIENT INTERMODAL CONNECTIONS

- ▶ Provide seamless connections between modes of transportation.



REVISED GUIDING PRINCIPLES

Revised Guiding Principles

GP 1: Optimize Return on Investments: Implement the right solution at the right price to meet identified needs while advancing long-term prosperity and livability.

GP 2: Ensure Safety, Security, and Resiliency: Provide a safe transportation system for all users, responds immediately to short-term events such as weather or security emergencies, and adapt effectively to long-term issues (e.g., resiliency).

GP 3: Efficiently Deliver Programs: Deliver high-quality projects and programs in a cost-effective and timely manner.

GP 4: Consider Operational Improvements and Demand Management First: Maximize the capacity of the transportation network through increased use of technology and operational improvements, as well as managing demand for the system before investing in major capacity expansions.

GP 5: Ensure Transparency, Accountability, And Promote Performance Management: Work with stakeholders in developing transportation plans and programs. Establish performance targets, measure progress, and adjust programs and policies as necessary.

GP 6: Enhance Coordination Between Transportation and Land Use: Collaborate with local governments to plan and manage transportation-efficient land use.

GP 7: Ensure Efficient Intermodal Connections: Provide seamless connections between modes of transportation.

NEXT STEPS

➤ Jun - Jul: Present Draft Objectives

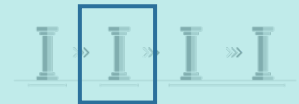


Sept: Request action on Vision, Goals, Objectives, and Guiding Principles

➤ Oct: Present Draft VTrans Mid-term (0 – 10 years) Needs



Dec: Request approval of 2023 VTrans Mid-term Needs





Director's Report

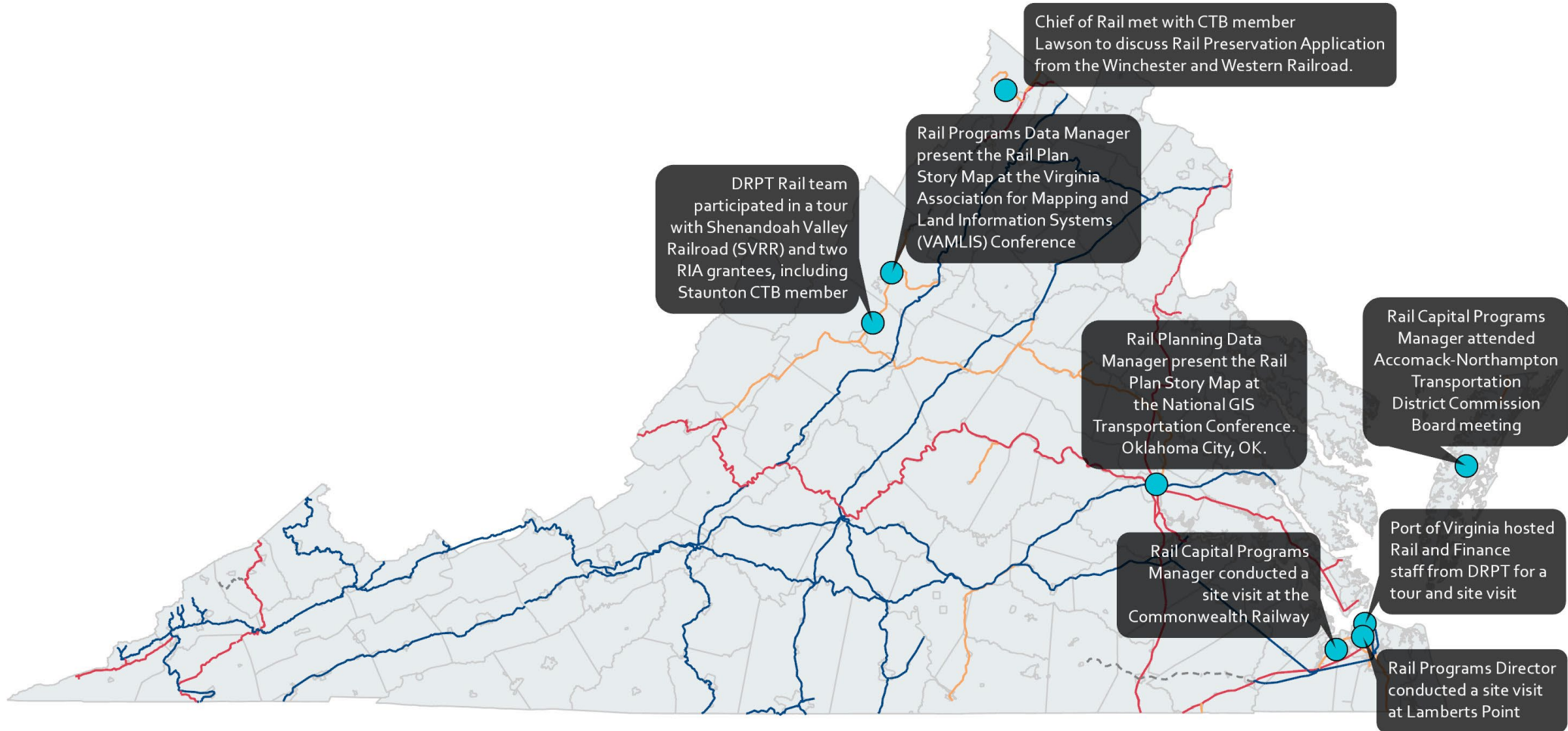
May 2023



Administrative Highlights

- **Maximum Employment Level: 72**
- Vacancy Rate: 19 percent
- New Hire: Deanna Oware, Chief Financial Officer
 - Starts June 10
 - Over 20 years of public sector finance experience in Indiana
- Public Relations Society of America-Virginia Chapter
 - DRPT received eight awards for its work on Virginia Breeze marketing, agency's 30th anniversary activities, rebrand, and new website

Rail Highlights

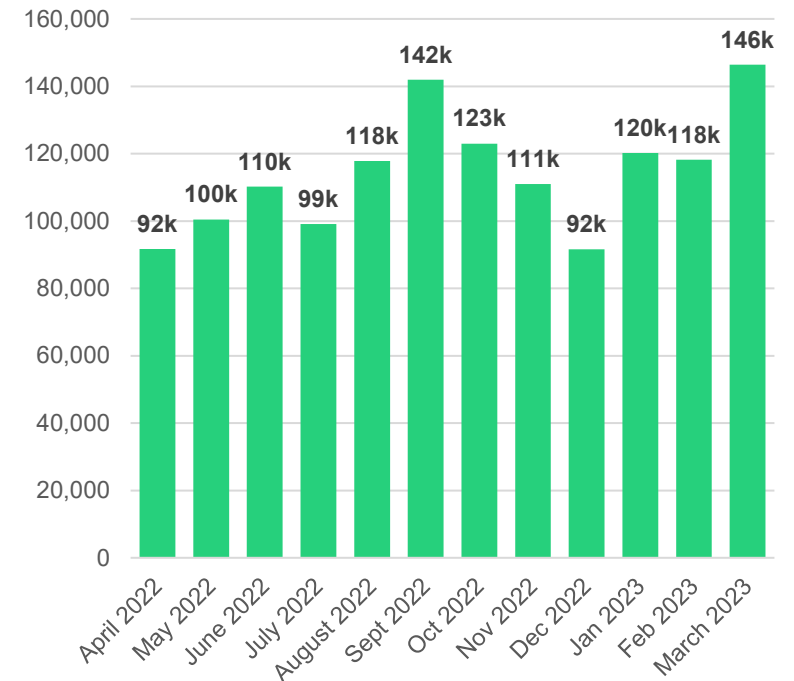
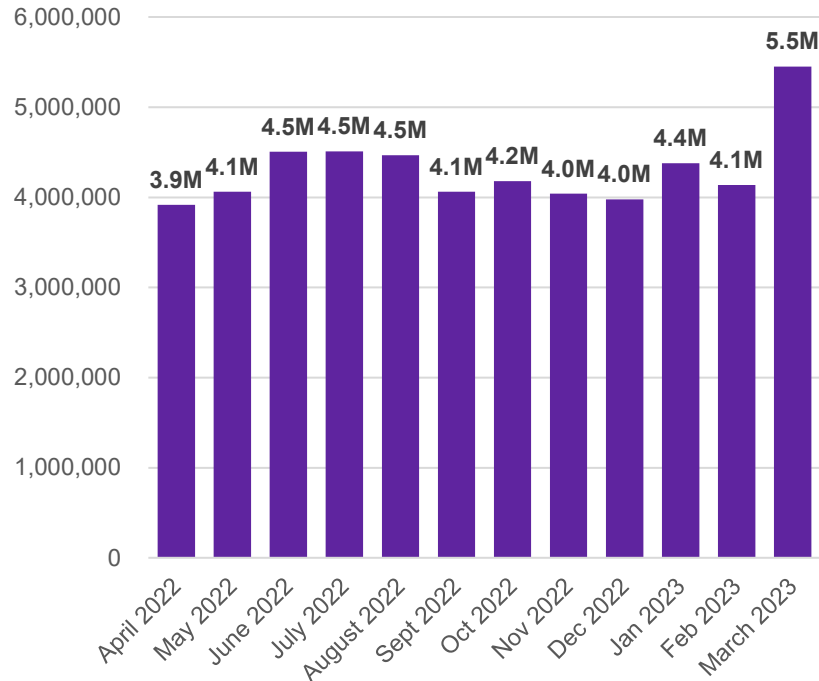
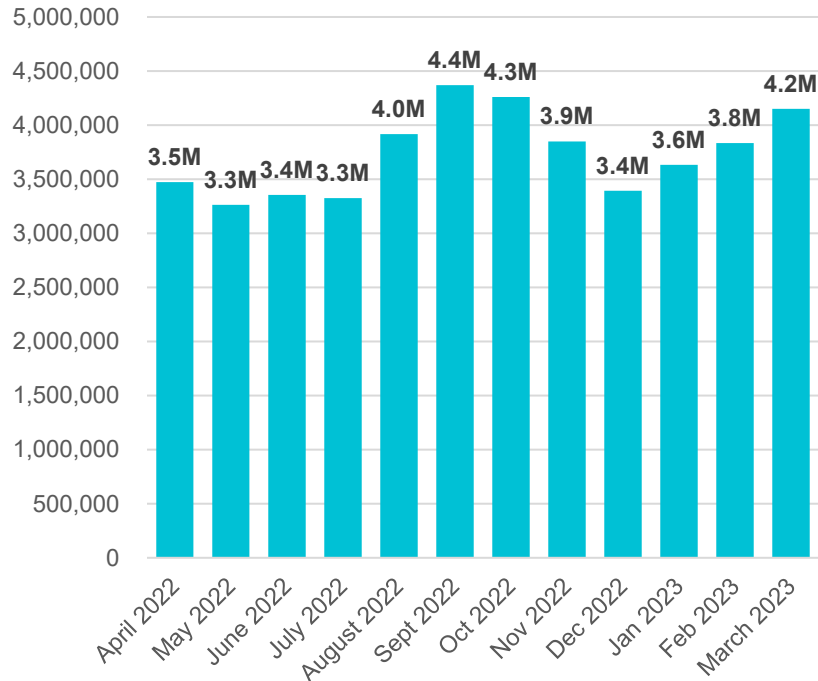


Public Transportation Highlights

- DRPT staff recently presented at national conferences for the American Public Transportation Association and the Women's Transportation Seminar.
- Staff are also presenting to state level groups that include the Intelligent Transportation Society of VA (ITSVA) and the Virginia Conservation Network.
- Valley Metro (Roanoke) has scheduled a grand opening for its new transfer center for June 14.
- DRPT engineering staff conducted a Lunch and Learn in partnership with the Virginia Transit Association on April 28. The series is meant to provide transit agencies with information on project management in order to be able to plan and implement projects better. The webinar was attended by almost 60 people. Other webinars that build on this topic are being scheduled throughout the year.

Statewide Transit Ridership

Statewide Transit Ridership – April 2022 to March 2023



Virginia Agencies

WMATA

VRE

Agencies	April 2022	May 2022	June 2022	July 2022	August 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	March 2023	Total
Virginia Agencies	3,475,905	3,264,947	3,357,208	3,325,328	3,918,682	4,370,401	4,261,450	3,850,933	3,393,853	3,635,189	3,837,051	4,152,675	44,843,622
VRE	91,685	100,424	110,208	99,120	117,880	141,963	122,984	111,028	91,597	120,228	118,181	146,391	1,371,689
WMATA	3,918,027	4,062,153	4,505,702	4,509,235	4,466,511	4,061,584	4,178,637	4,040,866	3,979,130	4,380,844	4,137,898	5,451,449	51,692,036
All Agencies + VRE + WMATA	7,485,617	7,427,524	7,973,118	7,933,683	8,503,073	8,573,948	8,563,071	8,002,827	7,464,580	8,136,261	8,093,130	9,750,515	97,907,347

March Statewide Ridership Comparison: Year-to-Year

Transit ridership for Virginia agencies in March 2023 was 18% higher than March 2022.

- Bus ridership was 19% higher

March 2023 ridership for Virginia agencies was 81% of pre-pandemic March 2019 levels.

VRE ridership in March 2023 was 64% higher than March 2022 and 38% of pre-pandemic March 2019 levels.

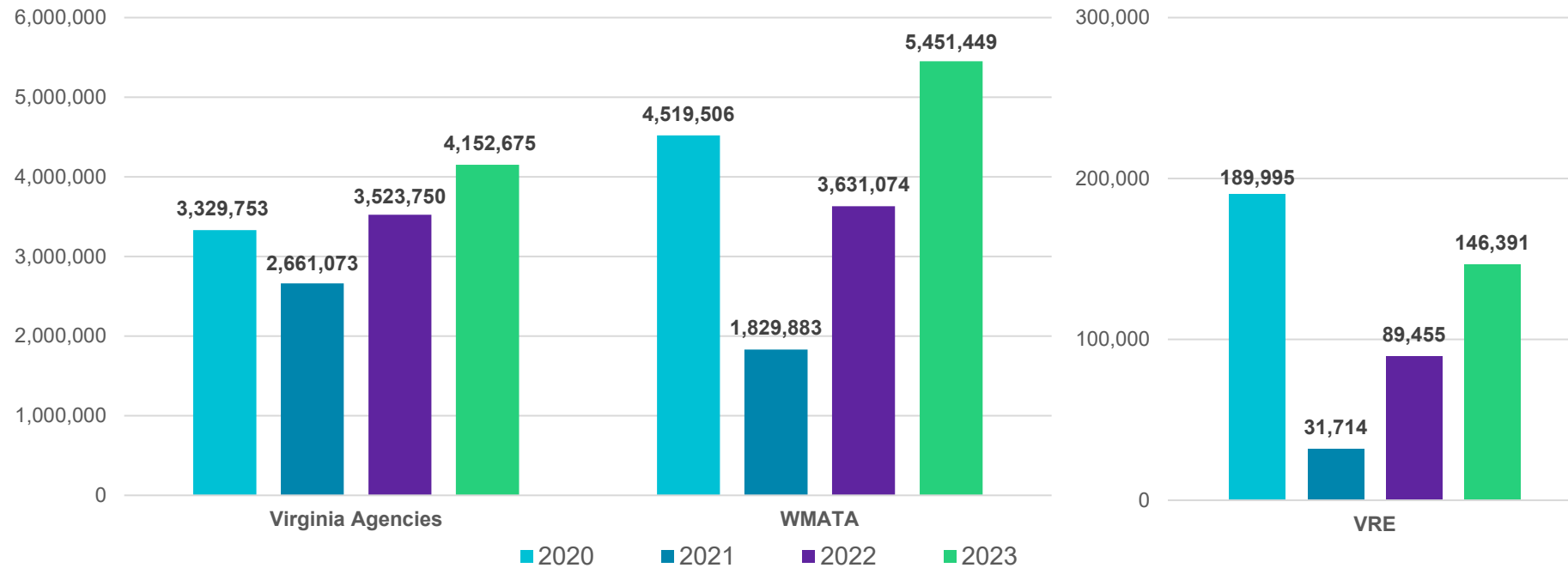
WMATA ridership in March 2023 was 50% higher than in March 2022.

- Bus ridership was 27% higher
- Heavy rail (Metro) was 57% higher

March 2023 WMATA ridership was 59% of pre-pandemic March 2019 levels.

- Bus ridership was 73% of 2019 levels
- Heavy rail (Metro) is 56% of 2019 levels

March Ridership Comparison: Year-to-Year
2020 – 2023



Mode	March 2020	March 2021	March 2022	March 2023	March 2023 vs 2020	March 2023 vs 2021	March 2023 vs 2022
Virginia Agencies	3,329,753	2,661,073	3,523,750	4,152,675	25%	56%	18%
VRE	189,995	31,714	89,455	146,391	-23%	362%	64%
WMATA	4,519,506	1,829,883	3,631,074	5,451,449	21%	198%	50%
All Agencies + VRE + WMATA	8,039,254	4,522,670	7,244,279	9,750,515	21%	116%	35%

Virginia Breeze Ridership - March

In March 2023, ridership on VA Breeze routes totaled 6,002 which was:

- 210% higher than original estimates, and
- 24% higher than March 2022

Overall on-time-performance (OTP) was 77% and the overall farebox recovery was 42%

For March 2023, the VA Breeze contributed to a reduction of 264 metric tons of CO₂ equivalent emissions.

Valley Flyer:

- Ridership – 28% higher than March 2022
- Farebox Rev. – 24% higher than March 2022

Piedmont Express:

- Ridership – 7% higher than March 2022
- Farebox Rev. – 6% higher than March 2022

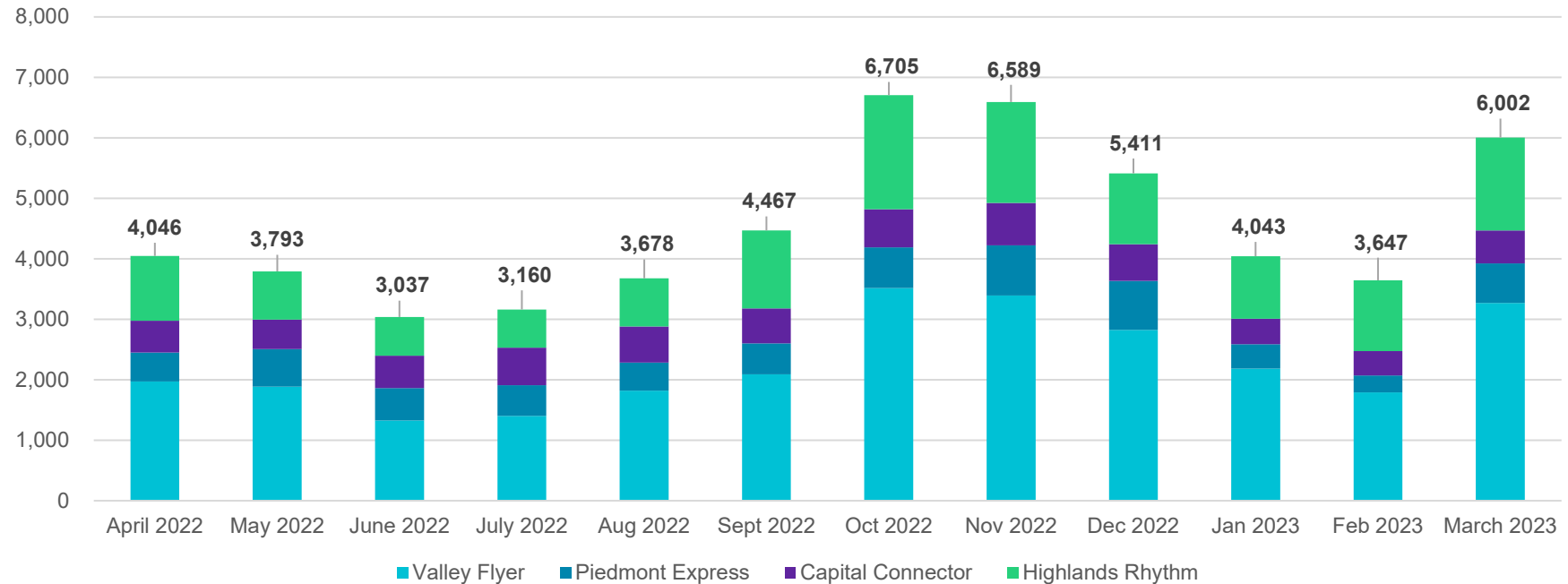
Capital Connector:

- Ridership – 1% higher than March 2022
- Farebox Rev. – 5% higher than March 2022

Highlands Rhythm:

- Ridership – 36% higher than March 2022
- Farebox Rev – 32% higher than March 2022

Virginia Breeze Ridership by Route – April 2022 to March 2023



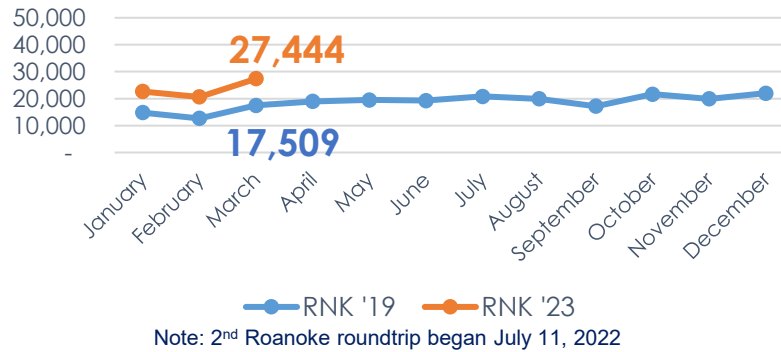
Route	April 2022	May 2022	June 2022	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	March 2023	Total
Valley Flyer	1,975	1,888	1,329	1,405	1,820	2,091	3,519	3,394	2,826	2,187	1,793	3,269	27,496
Piedmont Express	475	618	537	507	464	511	672	827	808	402	278	656	6,755
Capital Connector	528	490	533	621	597	581	627	701	606	421	404	544	6,653
Highlands Rhythm	1,068	797	638	627	797	1,284	1,887	1,667	1,171	1,033	1,172	1,533	13,674
All Routes	4,046	3,793	3,037	3,160	3,678	4,467	6,705	6,589	5,411	4,043	3,647	6,002	54,578

Virginia-Supported Amtrak March Ridership Route 2023 vs 2019

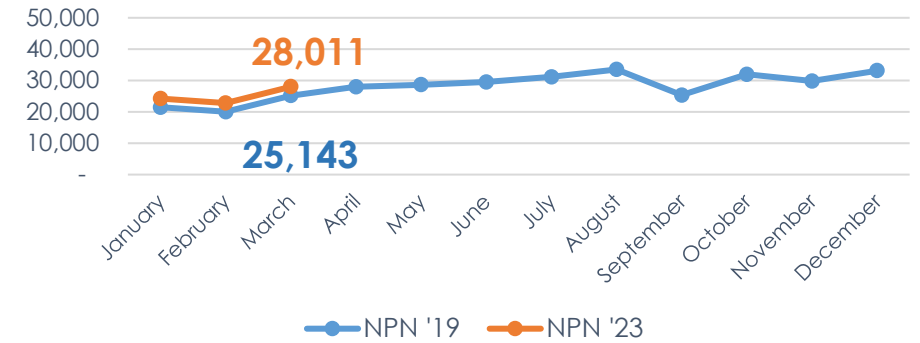
The largest pre-pandemic ridership increase was
Route 50: Norfolk
at 81.2%.
(+16,350)

All four routes saw
increased ridership
compared to 2019.

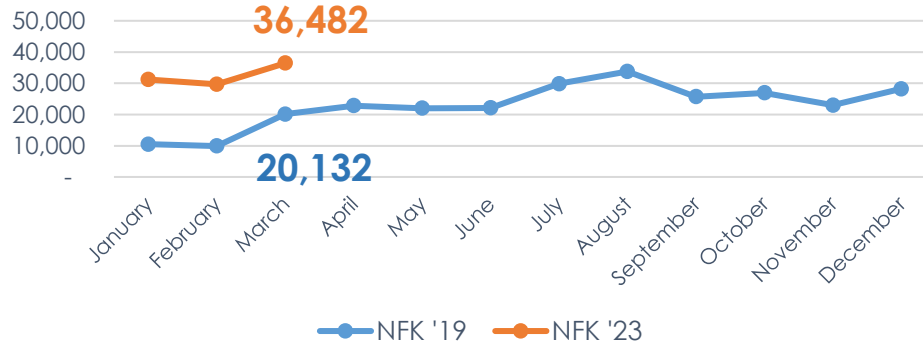
Route 46: Roanoke Ridership (+56.7%)



Route: 47 Newport News Ridership (+11.4%)



Route 50: Norfolk Ridership (+81.2%)



Route 51: Richmond Ridership (+26.7%)

