



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Charles A. Kilpatrick, P.E.
Commissioner

January 27, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

Members of the General Assembly

Dear Governor McAuliffe and Members of the General Assembly:

I am forwarding to you an executive summary and a report prepared in response to Senate Joint Resolution (SJR) 46, which was passed by the General Assembly at its 2014 legislative session. It requested the Virginia Department of Transportation (VDOT) to study the location of its regional Hampton Roads office. As part of the study, VDOT was directed to consider real estate, financial, and environmental factors to determine if a new location of the Hampton Roads office could better serve the Hampton Roads highway construction district. Furthermore, VDOT was to consult with each of the counties and cities within the Hampton Roads highway construction district to determine the optimal location for a regional office.

If you have any questions or need additional information, please contact me.

Sincerely,

Charles A. Kilpatrick, P.E.
Commissioner of Highways

Attachment

cc: The Honorable Aubrey L. Layne, Jr.

**LOCATION STUDY OF REGIONAL HAMPTON ROADS OFFICE
SENATE JOINT RESOLUTION NO. 46 REPORT**

Report to the Governor and the General Assembly

January 27, 2015

Virginia Department of Transportation

1401 East Broad Street

Richmond, Virginia 23219

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EXECUTIVE SUMMARY
DEPARTMENT OF TRANSPORTATION
LOCATION STUDY OF REGIONAL HAMPTON ROADS OFFICE
SENATE JOINT RESOLUTION NO. 46 REPORT

This report summarizes the Virginia Department of Transportation's (VDOT's) response to Senate Joint Resolution (SJR) 46, which was agreed to by the Senate on January 22, 2014, and agreed to by the House of Delegates on March 5, 2014. (*see* Appendix A) This resolution requested VDOT to study the location of its regional Hampton Roads District office considering real estate, financial and environmental factors to determine if a new location could better serve the Hampton Roads highway construction district. In conducting this study VDOT was directed to consult with each of the counties and cities within the Hampton Roads highway construction district.

Although the resolution specifically mentions only the District Office site in Suffolk, VDOT also evaluated other alternatives in its assessment, such as consolidating other district work units not now located at the Suffolk site. These included the Traffic Operations Center and the Interstate Maintenance Office. Additionally, the possibility of locating other state or local government agencies in a single campus was evaluated.

Moving the Hampton Roads District Office (currently located on North Main Street (Route 460) in Suffolk and hereinafter referred to as the District Office) would provide clear benefits; the current facility is over 60 years old, and is largely unsuited to the demands of the 21st century business environment. The electrical and communications systems are antiquated, and other facilities associated with the location, such as mechanical and HVAC systems are less than optimal. Relocating the facility would allow VDOT to occupy a facility with updated systems, and avoid costly upgrades or maintenance to the current complex. It would also allow for expansion to meet future needs.

Relocation of the facility would also allow the current site (approximately 87 acres) to be developed for another use, and return it to the tax rolls. With the site dedicated to a commercial use, other sites adjacent to it would become more attractive for potential development, spurring additional revenue and economic development opportunities for the area.

However, there are also disadvantages to relocating the facility. There would be some disruption to operations while functions are being located elsewhere. There would be some duplication of systems during the transition to ensure that responsiveness is retained, and efficiency would be impaired to some degree. There would also be additional short-term costs associated with administration of redundant capabilities until all functions could be completely relocated.

Any new location would also have to have sufficient access to the transportation network to allow employees, equipment, and visitors easy and convenient access to enter and leave the facility. The new location would also need to minimize any adverse impacts (such as noise, traffic congestion, etc.) to its neighbors.

**DEPARTMENT OF TRANSPORTATION
LOCATION STUDY OF REGIONAL HAMPTON ROADS OFFICE
SENATE JOINT RESOLUTION NO. 46 REPORT**

INTRODUCTION

This report summarizes VDOT's response to the directives contained in Senate Joint Resolution (SJR) 46 (2014 Session of the General Assembly). This resolution requested VDOT to study the location of its regional Hampton Roads District office considering real estate, financial and environmental factors to determine if a new location could better serve the Hampton Roads highway construction district. In conducting this study VDOT was directed to consult with each of the counties and cities within the Hampton Roads highway construction district and provide an executive summary and report of findings and recommendations.

BACKGROUND

VDOT's Hampton Roads Highway Construction District Office is currently situated at 1700 North Main Street in the City of Suffolk. This approximately 87-acre complex is adjacent to a site owned by the Suffolk Economic Development Authority (EDA) (the "Obici Site", 1900 North Main St. Suffolk, Virginia). The current site is comprised of numerous structures housing personnel, equipment, and materials necessary to accomplish the district's mission.

The following general conditions were established to guide VDOT's study:

- Consider all options for extracting the best value of its property and facilities which could include redevelopment by a third party, a Community Development Authority, Economic Development Authority or Industrial Development Authority, redevelopment by the City of Suffolk or other best value options for a new office site and campus.
- The new site must be established at a location that is easily accessible from various locations within the district office service area.
- The new site must accommodate all functions housed at the current District Office site.

ASSESSMENTS OF HAMPTON ROADS DISTRICT OFFICE SITE

The existing facility in Suffolk opened in the late 1940s. There are approximately 46 structures on the site. The main building is a three-story, 32,266 square-foot brick structure providing office space for administrative and engineering functions. Modular structures provide space for functions such as traffic engineering, right of way, environmental, urban programming and inspection. There are also buildings for vehicle repair and maintenance, bridge maintenance, materials testing, warehousing, survey, installation and maintenance. Appendix B depicts VDOT's facilities at the site.

DISADVANTAGES TO RELOCATING SITE

The disadvantages of relocating the District Office include the following:

- Relocating the district office would entail significant costs to secure the necessary real estate, design and construct a modern office complex. Based on very preliminary assessments, the cost of establishing a district office at a new site is estimated to be approximately \$ 35-40 million
- There would be some inefficiencies and duplication of functions while current operations are relocated to the new site. Depending on whether the entire facility is relocated to a single location, or district functions are divided among various sites elsewhere, there may also be some degree of inefficiency due to loss of close proximity of functions.
- If all of the existing functions are not collocated on the same site, it could decrease the efficiency of current operations.

INPUT FROM LOCALITIES

Correspondence was sent to all localities within the Hampton Roads highway construction district. See Appendix D for communication soliciting input.

The following localities were included on this correspondence:

City of Chesapeake	Greensville County
City of Hampton	Isle of Wight County
City of Newport News	Southampton County
City of Norfolk	Sussex County
City of Poquoson	Surry County
City of Portsmouth	James City County
City of Virginia Beach	York County
City of Williamsburg	Northampton County
City of Franklin	Accomack County
City of Emporia	

By resolution dated March 19, 2014, the City of Suffolk directed the City Manager to provide administrative, procurement and financial support to VDOT in support of the efforts to identify alternative solutions to relocate the VDOT Hampton Roads Highway Construction District Office.

As part of this support, the City proposed a site for consideration at the former Nansemond Ordinance Depot (FNOD) site. This location was used by the United States Army during and after WWI for munitions storage, shipment, classification, and destruction. During WWII, it was also used for storage, shipment, and reconditioning of ammunition. At war's end, it was demobilized.

Response to the RFI indicated that the firms would be willing to participate if VDOT were to advance a proposal to relocate its facilities; however, due to the competitive environment such a proposal would generate, and the fact that the potential project development had just begun, there was limited information provided in the response to the RFI.

FINDING/RECOMMENDATION

Finding: There are costs and benefits associated with relocating the Hampton Roads District Office elsewhere in the highway construction district. While VDOT has performed preliminary, high level assessments of the costs and benefits of relocating the District Office, additional work is necessary in order to fully assess said costs and benefits. Additionally, while VDOT has performed preliminary assessments of the value of the current District Office site, real estate appraisals must be completed in order to obtain a bona fide assessment of the site's value. Any payment for the site will need to be balanced against the costs/benefits of relocation to determine if relocation is in the best interests of the Commonwealth as a whole.

Recommendation: Should land be provided at no additional cost to relocate the Hampton Roads District Office, the cost of new facilities to replace the existing facilities would cost \$35-40 million dollars. At this time, there is no identified capital funding source to fund the cost of establishing a facility at a new site or relocating to an existing site. VDOT will continue to work with the City of Suffolk on an acceptable solution. Based on the outcome of these further discussions, VDOT will issue a follow-up report on relocation of the Hampton Roads District Office after completion of a more comprehensive assessment that takes into consideration the cost of establishing a new Hampton Roads District Office site.

2014 SESSION

ENROLLED

SENATE JOINT RESOLUTION NO. 46

Requesting the Department of Transportation to study the location of its regional Hampton Roads office. Report.

Agreed to by the Senate, January 22, 2014
Agreed to by the House of Delegates, March 5, 2014

WHEREAS, the current location of the regional Hampton Roads office is on North Main Street, Route 460, in Suffolk; and

WHEREAS, the Hampton Roads highway construction district has more than 730 miles of primary highway, almost 4,000 miles of secondary highway, more than 4,700 miles of urban roads, and more than 160 miles of interstate highway; and

WHEREAS, the regional office for the Hampton Roads highway construction district serves the Counties of Accomack, Greensville, Isle of Wight, James City, Northampton, Southampton, Surry, Sussex, and York and the Cities of Chesapeake, Emporia, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, and Virginia Beach; and

WHEREAS, the Department of Transportation maintains eight major bridges and tunnels in Hampton Roads; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Department of Transportation be requested to study the location of its regional Hampton Roads office. The Department shall consider real estate, financial, and environmental factors to determine if a new location of the Hampton Roads office could better serve the Hampton Roads highway construction district.

In conducting its study, the Department of Transportation shall consult with each of the counties and cities within the Hampton Roads highway construction district to determine the optimal location for a regional office.

Technical assistance shall be provided to the Department of Transportation by the City of Suffolk. All agencies of the Commonwealth shall provide assistance to the Department of Transportation for this study, upon request.

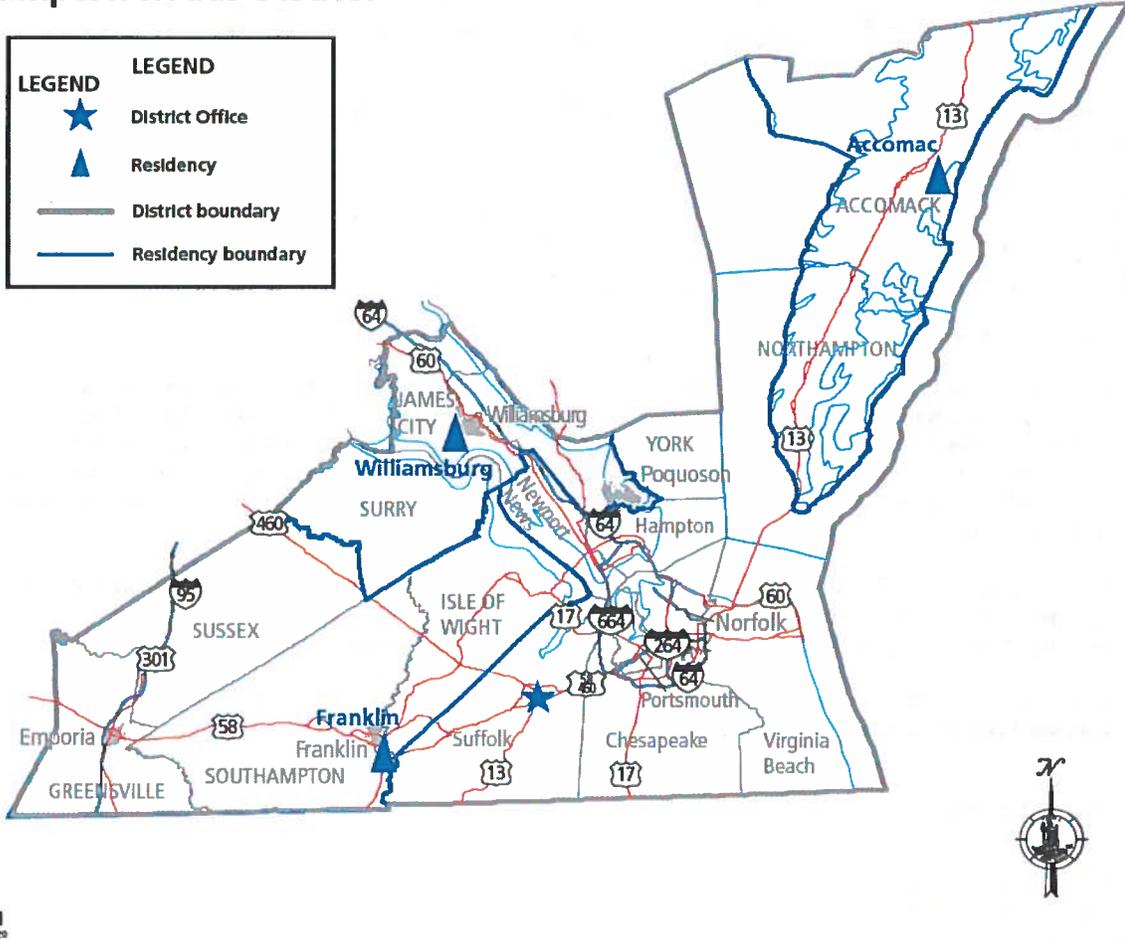
The Department of Transportation shall complete its meetings by November 30, 2014, and shall submit to the Governor and the General Assembly an executive summary and a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports no later than the first day of the 2015 Regular Session of the General Assembly and shall be posted on the General Assembly's website.

ENROLLED

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APPENDIX C – Service Area of the Hampton Roads District

VDOT District Office and Residencies Hampton Roads District



APPENDIX E - Response from Localities



June 11, 2014

Ms. Mariann Griffin
Assistant District Administrator for Business
Virginia Department of Transportation
1700 North Main Street
Suffolk, Virginia 23434

Dear Ms. Griffin,

The City of Portsmouth is submitting our commentary in response to the Virginia Department of Transportation's request for information (RFI) regarding the relocation and collocating of its three facilities.

Our key transportation and economic development staff reviewed this matter, and after much thought and considerations, we understand your desire to relocate in order to consolidate your offices. Although we would love for you to relocate to our City, we are unable to accommodate your needs due to your space requirements. Therefore, we are in support of the offer by the City of Suffolk to relocate your offices to the properties adjacent to the former Tidewater Community College site.

I thank you for allowing us to provide input into this process. If you have any questions, then please do not hesitate to contact my office.

Sincerely yours,

John L. Rowe, Jr.
City Manager

C: Portsmouth City Council
George M. Willson, City Attorney

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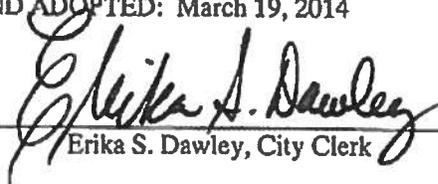
Office of the City Manager
801 Crawford Street • Portsmouth, VA 23704-3822
(757) 393-8641 Office • (757) 393-5241 Fax

- 1) Providing potential alternative site(s) of greater or equal value and/or other valuable consideration in exchange for the site currently occupied by Department of Transportation;
- 2) Consulting with each of the counties and cities within the Hampton Roads Highway Construction District to determine the optimal location for a regional office if not within the City of Suffolk;
- 3) Supporting efforts to qualify an eventual project to be financed under a Community Development Authority (CDA), Economic Development Authority (EDA) or other suitable financing mechanism;
- 4) Providing other assistance to encourage the private sector under the Public Private Educational Facilities Infrastructure Act (PPEA) to provide a turnkey project that meets the City of Suffolk and the Department of Transportation requirements; and,
- 5) Providing technical assistance to the Department of Transportation and other related agencies, departments and authorities related to land use, transportation, environmental issues and public outreach.

BE IT FURTHER RESOLVED that this Resolution shall be effective upon passage and shall not be published.

READ AND ADOPTED: March 19, 2014

TESTE:


Erika S. Dawley, City Clerk