



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 12

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

December 7, 2016

MOTION

Made By: Mr. Whitworth, Seconded By: Ms. DeTuncq
Action: Motion Carried, Unanimously

Title: Economic Development Access to
IT Federal, LLC
Project ECON-112-170, N501, Town of Front Royal

WHEREAS, § 33.2-1509 of the *Code of Virginia* provides a fund to "...be expended by the Board for constructing, reconstructing, maintaining or improving access roads within localities to economic development sites on which manufacturing, processing, research and development facilities, distribution centers, regional service centers, corporate headquarters, or other establishments that also meet basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed ..." or, "in the event there is no such establishment ..., a locality may guarantee to the Board by bond or other acceptable device that such will occur and, should no establishment or airport acceptable to the Board be constructed or under firm contract within the time limits of the bond, such bond shall be forfeited."; and

WHEREAS, the Front Royal Town Council has, by appropriate resolution, requested Economic Development Access Program funds to assist in providing adequate access to serve IT Federal, LLC to be located off Kendrick Lane, and said access is estimated to cost \$800,000; and

WHEREAS, IT Federal, LLC has been determined by the Virginia Economic Development Partnership to be a qualifying establishment meeting the basic employer criteria under the provisions of § 33.2-1509 of the *Code of Virginia*; and

WHEREAS, the proposed IT Federal facility is expected to result in approximately \$40 million in capital investment and employment of 600 persons; and

WHEREAS, it appears that this request falls within the intent of § 33.2-1509 of the *Code of Virginia* and complies with the provisions of the Commonwealth Transportation Board's (CTB) policy on Economic Development Access.

NOW, THEREFORE, BE IT RESOLVED, that \$650,000 (\$500,000 unmatched, \$150,000 matched) of the Economic Development, Airport and Rail Access Fund be allocated to assist in providing adequate access to IT Federal in the Town of Front Royal, Project ECON- 112-170, N501 contingent upon:

1. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
2. Execution of an appropriate contractual agreement between the Town of Front Royal (LOCALITY) and the Virginia Department of Transportation (VDOT), to provide for the:
 - a. design, administration, construction and maintenance of this project; and
 - b. payment of all ineligible costs, and of any eligible costs in excess of this and any other approved allocation for this economic development project, from sources other than those administered by VDOT; and
 - c. provision by the LOCALITY of either i) documentation of at least \$3,250,000 of eligible capital outlay by IT Federal on the site served by this project, or, should documentation of capital outlay by IT Federal be insufficient, ii) an appropriate bond, or other acceptable surety device, by the LOCALITY to VDOT, not to expire before March 7, 2022, without written permission of VDOT. Such surety device shall provide for reimbursement to VDOT of any expenses incurred by the Economic Development, Airport and Rail Access Fund for this project's construction not justified by the eligible capital outlay of establishments served by the project. If, by December 7, 2021, at least \$3,250,000 of eligible capital outlay on parcels served exclusively by this project has not been expended or committed by firm contract by a qualified establishment or establishments, then an amount equal to 20% of the eligible capital outlay of up to \$3,250,000 will be credited toward the allocation utilized in the project's construction and the balance of the utilized allocation not justified by eligible capital outlay will be returned to VDOT and the Economic Development, Airport and Rail Access Fund. This surety may be released or reduced accordingly at an earlier date upon provision of documentation of eligible capital outlay by a qualified establishment, or establishments; and
3. Determination by VDOT of eligible capital outlay in accordance with current policy and procedures for administering the Economic Development Access Program.

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CTB Decision Brief

Economic Development Access – Town of Front Royal IT Federal, LLC

Issue: Pursuant to § 33.2-1509 of the *Code of Virginia* and the Economic Development Access Policy of the Commonwealth Transportation Board (CTB), the Front Royal Town Council has requested funds from the Economic Development Access Program to assist in providing road access to IT Federal

Facts: §33.2-1509 of the *Code of Virginia* provides for the CTB to expend funds set aside for constructing access roads to economic development sites on which certain establishments as prescribed or other establishments that meet the basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed.

IT Federal will invest approximately \$40 million to construct a 67,000 square-foot facility for the purpose of developing and providing a range of information technology services and system integration solutions for the Department of Defense, other government agencies and departments, and commercial customers. The planned facility will be constructed on approximately 6 acres south of Kendrick Lane and is expected to create 600 jobs. The property does not currently have adequate public access. The Economic Development Partnership has determined that IT Federal is a qualifying establishment, warranting the use of Economic Development Access Program funds. The Town of Front Royal will administer design and construction of the proposed access road project.

Recommendations: The access project recommended by VDOT staff includes the construction of a new road approximately 535 feet in length with 24-foot wide asphalt pavement and curb and gutter within a 60-foot right of way from Kendrick Lane south to the IT Federal development site. Staunton District staff has estimated the cost of the project to be \$800,000. The Town of Front Royal will be responsible for financial arrangements to fully fund the estimated project costs exceeding the Economic Development Access Program allocation from sources other than those administered by VDOT. The Local Assistance Division recommends that the maximum allocation of \$650,000 (\$500,000 unmatched, \$150,000 matched) from the Economic Development, Airport and Rail Access Fund be approved for construction of this project subject to certain contingencies.

Action Required by the CTB: The *Code of Virginia* and the CTB's Economic Development Access Fund Policy specifies that the CTB shall approve of the allocation of funds for the construction of the access road project. A resolution is provided for formal vote.

Result, if Approved: VDOT and the Town of Front Royal will proceed with the Economic Development Access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None



Town of Front Royal, Virginia



RESOLUTION FOR APPLICATION
VDOT ECONOMIC DEVELOPMENT ACCESS
MAIN STREET EXTENSION

WHEREAS, the Town of Front Royal desires to assist in the development of the Avtex/Royal Phoenix property for the purpose of economic development located of Kendrick Lane in the Town of Front Royal; and,

WHEREAS, IT Federal has purchased Lot 6 (30 acres) located in the Town of Front and will soon enter into a firm contract to construct its facilities on that property for the purpose of providing technology based services to the United States Government; and,

WHEREAS, the new facility is expected to involve new private capital investment in land, building, and equipment of approximately \$40 million and the IT Federal project is expected to bring 600 new jobs; and,

WHEREAS, operation are expected to begin at this new facility on or about January 1, 2017; and,

WHEREAS, the subject property has no access to a public street or highway and will require the construction of a new roadway to connect with Kendrick Lane; and,

WHEREAS, the Town of Front Royal hereby guarantees that the necessary environmental analysis, mitigation, and fee simple Right-of-Way and utility relocations, adjustment, and construction for this improvement will be provided at no cost to the Economic Development, Airport, and Rail Access Fund; and,

WHEREAS, the Town of Front Royal acknowledges that no land disturbance activities may occur within the limits of the proposed access project prior to any construction activity on the project as a condition of the use of the Economic Development Airport, and Rail Access Fund; and

WHEREAS, the Town of Front Royal hereby guarantees that all ineligible project costs and all costs not justified by eligible capital outlay wiU be provided from sources other than those administered by the Virginia Department of Transportation.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Front Royal, Virginia hereby requests that the Commonwealth Transportation Board provide Economic Development Access Program funding to provide an adequate road to this property; and,

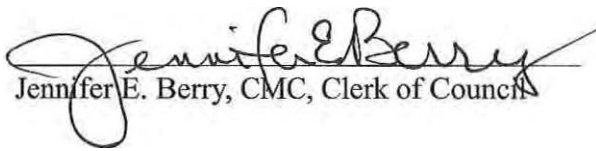
BE IT FURTHER RESOLVED that the Mayor and Council of the Town of Front Royal, Virginia hereby authorize the Town Manager and/or his designee to act on behalf of the Town Council to execute any and all documents necessary to secure the funding sought through the Economic Development Access Program up to, but not exceeding \$650,000.00 state funds.

Adopted this 13th day of June, 2016

APPROVED:


arr. Mayor

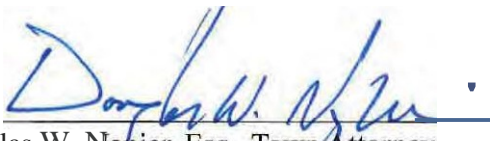
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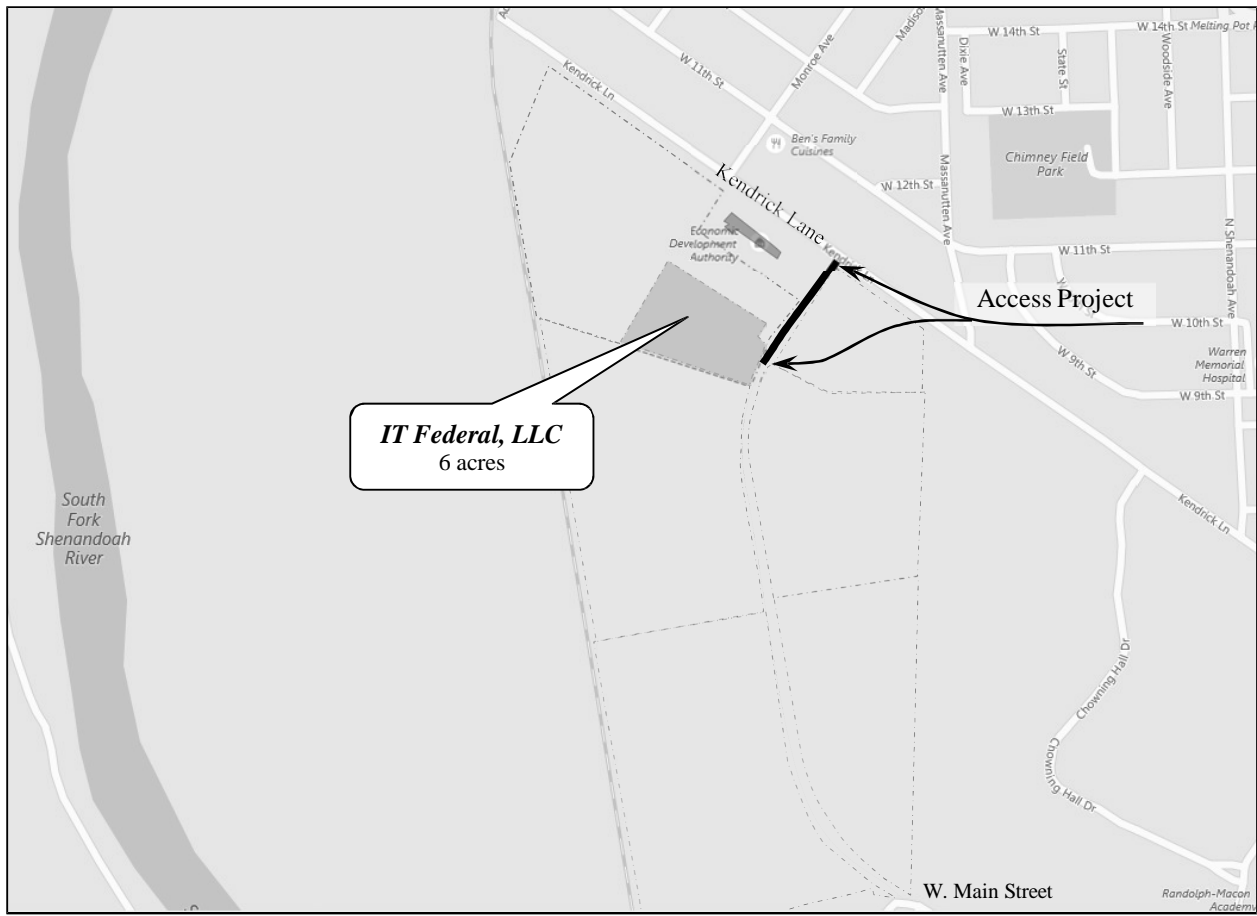

Jennifer E. Berry, CMC, Clerk of Council

THIS RESOLUTION was approved at the Regular Meeting of the Town of Front Royal, Virginia
Town Council on 0-13- 2016 upon the following recorded vote:

Hollis L. Tharpe	@§2No	Bret W. Hrbek	<input type="radio"/>
Eugene R. Tewalt	@No	Bebhinn C. Egger	@No
John P. Connolly	<input type="radio"/>	Jacob L. Meza	C:!/No

Approved as to Form and Legality:


Douglas W. Napier, Esq., Town Attorney
Date: 13-12-16



PROPOSED ECONOMIC DEVELOPMENT ACCESS PROJECT
IT Federal, LLC
Project ECON-112-170, N501
Town of Front Royal

Economic Development Facility / Site

Initial phase development on 6 acres to include construction of proposed 67,000 square-foot data management center

Anticipated Traffic: 2900 vpd

Capital Investment: \$40 million

Employment: 600

Access Project

Length: 535 feet

Pavement Width: 24 feet

R/W Width: 60 feet

Estimated Cost: \$800,000

Proposed Allocation: \$650,000
 (\$500,000 unmatched, \$150,000 matched)



Town of Front Royal, Virginia



**RESOLUTION FOR APPLICATION
VDOT ECONOMIC DEVELOPMENT ACCESS
MAIN STREET EXTENSION**

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WHEREAS, IT Federal has purchased Lot 6 (30 acres) located in the Town of Front and will soon enter into a firm contract to construct its facilities on that property for the purpose of providing technology based services to the United States Government; and,

WHEREAS, the new facility is expected to involve new private capital investment in land, building, and equipment of approximately \$40 million and the IT Federal project is expected to bring 600 new jobs; and,

WHEREAS, operation are expected to begin at this new facility on or about January 1, 2017; and,

WHEREAS, the subject property has no access to a public street or highway and will require the construction of a new roadway to connect with Kendrick Lane; and,

WHEREAS, the Town of Front Royal hereby guarantees that the necessary environmental analysis, mitigation, and fee simple Right-of-Way and utility relocations, adjustment, and construction for this improvement will be provided at no cost to the Economic Development, Airport, and Rail Access Fund; and,

WHEREAS, the Town of Front Royal acknowledges that no land disturbance activities may occur within the limits of the proposed access project prior to any construction activity on the project as a condition of the use of the Economic Development Airport, and Rail Access Fund; and


WHEREAS, the Town of Front Royal hereby guarantees that all ineligible project costs and all costs not justified by eligible capital outlay will be provided from sources other than those administered by the Virginia Department of Transportation.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Front Royal, Virginia hereby requests that the Commonwealth Transportation Board provide Economic Development Access Program funding to provide an adequate road to this property; and,

BE IT FURTHER RESOLVED that the Mayor and Council of the Town of Front Royal, Virginia hereby authorize the Town Manager and/or his designee to act on behalf of the Town Council to execute any and all documents necessary to secure the funding sought through the Economic Development Access Program up to, but not exceeding \$650,000.00 state funds.

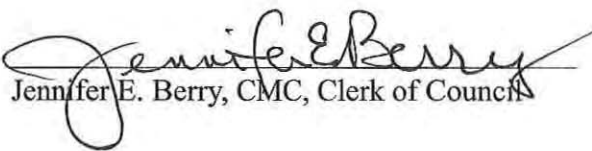
Adopted this 13th day of June, 2016

APPROVED:



Timothy W. Darr, Mayor

Attest:


Jennifer E. Berry, CMC, Clerk of Council

THIS RESOLUTION was approved at the Regular Meeting of the Town of Front Royal, Virginia Town Council on 6-13- 2016 upon the following recorded vote:

Hollis L. Tharpe Yes/No

Bret W. Hrbek Yes/No


Eugene R. Tewalt Yes/No

Bébhinn C. Egger Yes/No

John P. Connolly Yes/No

Jacob L. Meza Yes/No

Approved as to Form and Legality:



Douglas W. Napier, Esq., Town Attorney
Date: 6-13-16