



# 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 21<sup>st</sup> 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.

VDOT issued a Request for Information (RFI) regarding potential site locations and options for development and financing of a relocated District Office. Six firms responded to the RFI:

- Armada Hoffler Properties (AHP)
- Harvey Lindsay Corporate Services (HLS)
- Skanska (SK)
- Tri-City Developers, LLC (TCD)
- Walsh Construction Company (WCC)
- WeldenField of Virginia, LLC (WFV)

While VDOT has completed preliminary environmental assessments of its site, additional assessments may be required in order to fully assess the environmental condition of the property and/or to determine whether and to what extent any issues will need to be addressed.

VDOT has completed preliminary assessments of space requirements for a relocated District Office complex; however, additional work concerning real estate appraisals for VDOT's properties, evaluations of the suitability of potential sites elsewhere not owned by VDOT, and detailed cost/benefit analyses have not yet been completed. No meaningful recommendations can be made until these have been completed. Therefore, should the decision be made to move forward, VDOT recommends that a follow-up report be provided once all necessary/relevant assessments have been completed. Preliminary estimates are that VDOT would need a minimum of 40 acres to relocate the District Office and that the cost for a new District Office is estimated at \$35-40 million dollars.

**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.



Along with office space, the District Office site also contains storage buildings for chemicals and equipment, a salt dome, fueling facilities, and related functions. Due to the age of the facility, an investment in upgrading or replacing many of the structures will be required if VDOT stays at its current location.

## **ADVANTAGES TO RELOCATING SITE**

The Hampton Roads Highway Construction District encompasses nine counties and 11 cities, from Greensville County in the west to James City County in the north to Accomack County in the northeast and the City of Virginia Beach in the southeast. Appendix C depicts the service area of the Hampton Roads District Office.

The Hampton Roads District's road inventory currently includes the following:

- 632.85 miles of primary roads
- 3,552.54 miles of secondary roads
- 5,691.87 miles of urban roads
- 164.55 miles of interstates

The advantages of relocating the District Office include the following:

- Its current location in Suffolk hampers ready access to the district office from other parts of the district; a more centralized location relative to population and proximity to urban centers elsewhere in the district would equalize travel time.
- Relocating the District Office would allow the Commonwealth to avoid costly maintenance and upgrade expenses to aging facilities and infrastructure in lieu of newer facilities with a longer service life;
- A new facility would be planned systematically, and could offer greater flexibility by allowing for phased-in expansion or co-location with other state or local agencies
- State-of-the-art communications, data processing, and engineering facilities could be provided without having to retrofit existing facilities and dispose of existing hardware/software.
- A significant amount of land currently owned by the Commonwealth could potentially be developed and placed on the tax rolls, yielding additional revenue for the local government. There is already some degree of interest in the area. A *Suffolk News-Herald* article dated December 10, 2014 reported that the city's Economic Development Authority voted to sell part of the old Obici Hospital site to Waverton Associates, which plans to build an apartment complex on the site. The company will build 224 apartments on about 14 acres at the back portion of the site. The site is located at 1900 N. Main St., and has been vacant for more than a decade after the hospital moved its operations.

## **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.

The U.S. Army Corps of Engineers and the Environmental Protection Agency have been working to determine what activities are necessary to safely secure the site from unexploded ordinance, hazardous chemicals, and address beach erosion. VDOT has not determined whether the site is suitable for use at this time.

See Appendix E for VDOT’s solicitation of input and responses from the City of Suffolk and Portsmouth; no other localities responded.

## **OPTIONS UNDER CONSIDERATION**

In order to fully address the needs of the Hampton Roads Highway Construction District, various options for relocation of the District Office need to be further explored. The options will be evaluated based on key factors, including but not limited to: location (geography)-related factors, such as proximity to critical projects, key transportation facilities or more populous regions or urban centers; costs and benefits of locating various facilities and functions at one site versus multiple sites; and the cost associated with relocation to a given site versus the value of the current District Office site.

The following options will be considered:

- Option A: Move the Hampton Roads District Administrative Office in Suffolk to another location with an existing building, rehabilitate the building, then move other functions (garages, structure and bridge, etc.) currently at the district complex to various other VDOT locations.
- Option B: Move the Hampton Roads District Administrative Office complex in Suffolk to another location and build a new office. Other functions, (garages, structure and bridge, etc.) currently at the district complex could be moved to various other VDOT locations.
- Option C: Move the Hampton Roads District administrative office and all other facilities on the existing lot to a new single location.

Based on estimates of the space needed for the various functional areas of the District Office, the options will need to take into account the following square footage needs:

- |   |              |
|---|--------------|
| • Headquarters Office Building (without VSP): | 111,684 S.F. |
| • Equipment Repair Shop/Warehouse:            | 35,000 S. F. |
| • Equipment Storage Buildings:                | 16,600 S. F. |
| • Structure and Bridge Crew Building:         | 12,800 S. F. |
| • Materials Lab/Storage:                      | 12,000 S. F. |
| • Chemical Storage Building:                  | 4,000 S. F.  |

Option B would require approximately 20 acres.

Option C would require approximately 40 acres.

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.

## APPENDICES

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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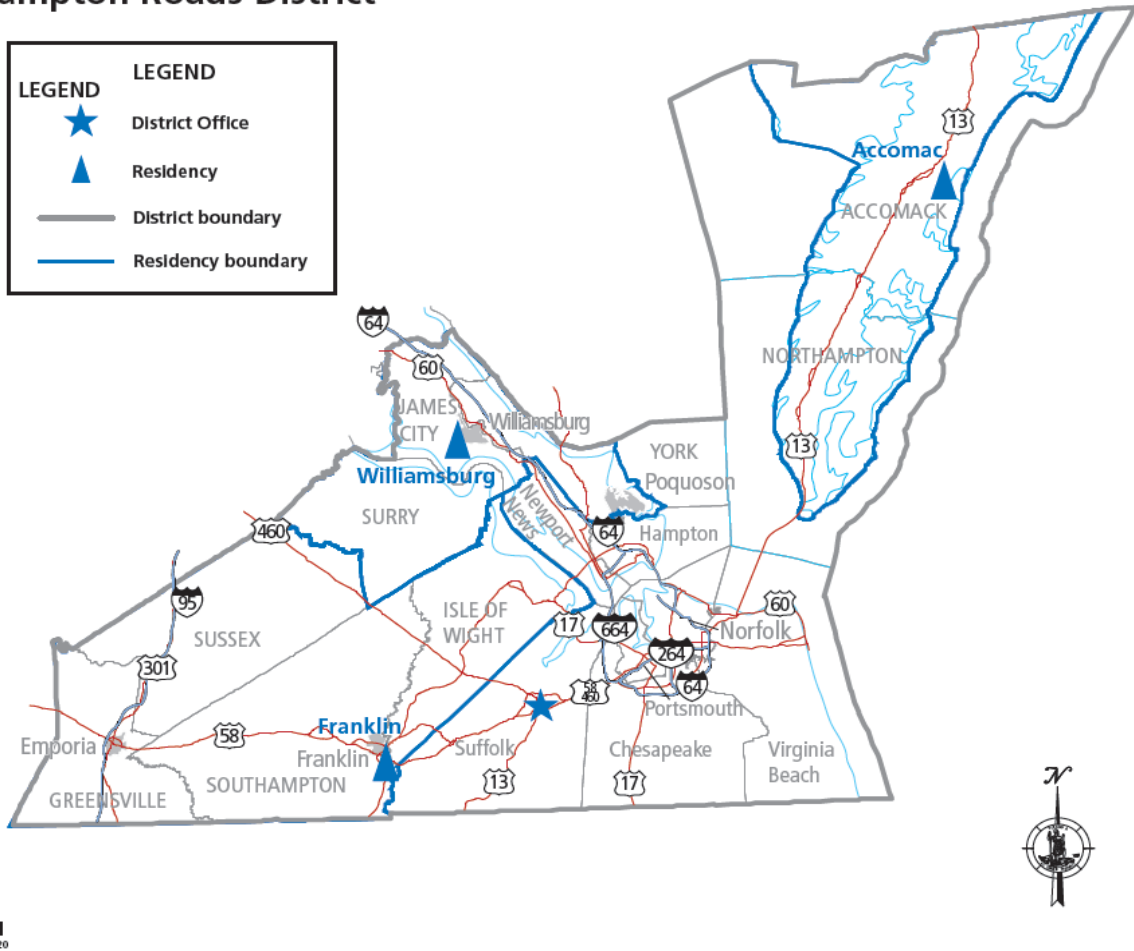
# APPENDIX B

## VDOT Facility - Hampton Roads District - HAMPTON ROADS DISTRICT COMPLEX



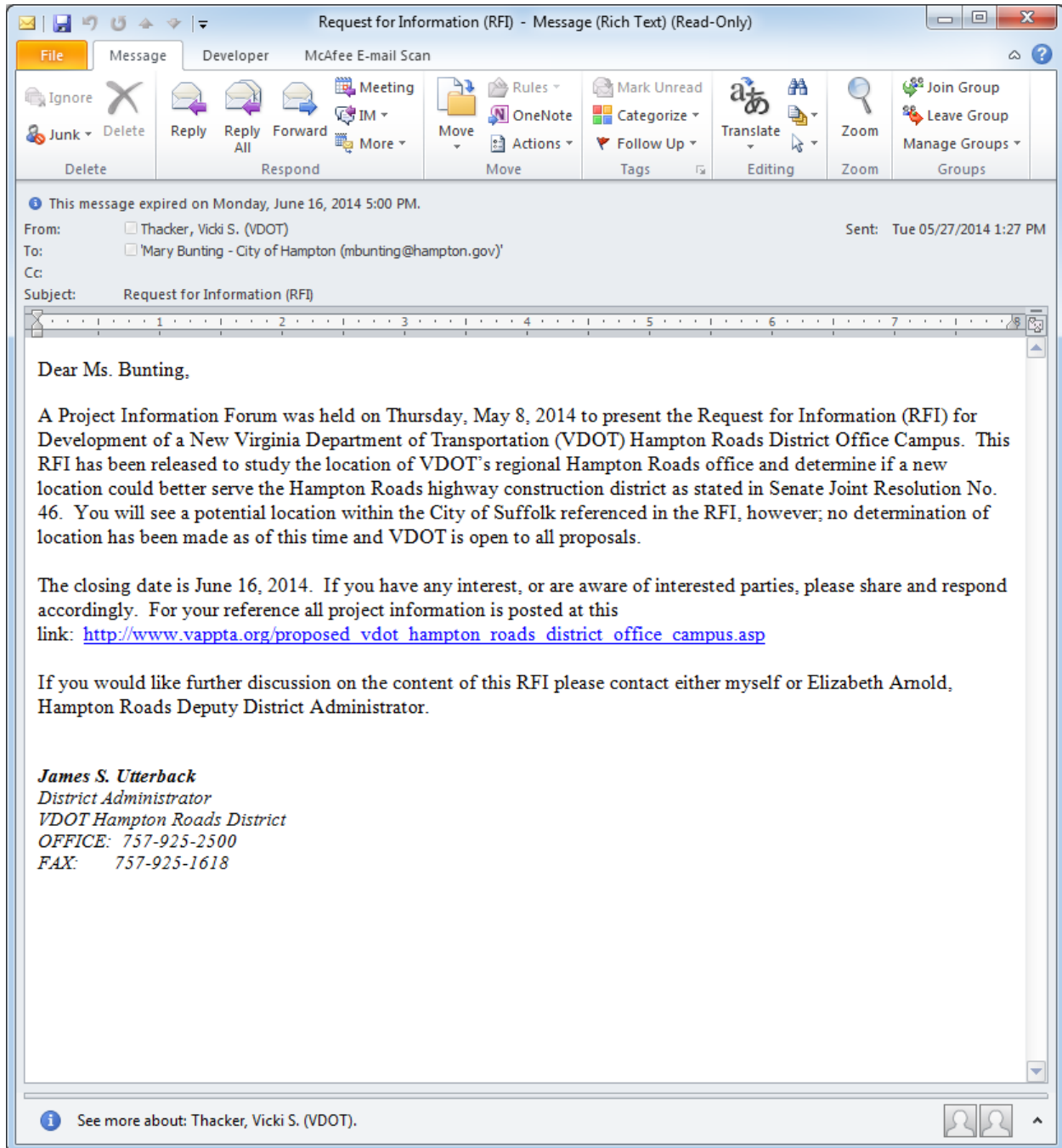
# APPENDIX C – Service Area of the Hampton Roads District

## VDOT District Office and Residencies Hampton Roads District





## APPENDIX D – Sample correspondence with localities



**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,

A handwritten signature in blue ink that reads "John L. Rowe, Jr." The signature is written in a cursive style.

John L. Rowe, Jr.  
City Manger

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

**RECEIVED**  
JUN 13 2014  
**ACCOUNTING**

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

## APPENDIX E – Response from Localities

### RESOLUTION NUMBER 14-R-015

**A RESOLUTION DIRECTING THE CITY MANAGER TO ASSIST THE VIRGINIA DEPARTMENT OF TRANSPORTATION BY PROVIDING ADMINISTRATIVE, PROCUREMENT AND FINANCIAL SUPPORT OF THE CITY AND VDOT'S JOINT EFFORTS TO IDENTIFY ALTERNATIVE SOLUTIONS TO RELOCATE THE VDOT HAMPTON ROADS HIGHWAY CONSTRUCTION DISTRICT OFFICE**

WHEREAS, the regional office for the Hampton Roads Highway Construction District is currently located within the City of Suffolk and besides the City 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, and Virginia Beach; and,

WHEREAS, the land on which Hampton Roads Highway Construction District Office is located, at 1700 North Main Street in Suffolk, is a prime site for commercial development and fits into the City's master planning process; and,

WHEREAS, Senate Joint Resolution No. 46 requires the Department of Transportation to study the location of its regional Hampton Roads office to determine if an alternative site could better serve the Hampton Roads Highway Construction District; and,

WHEREAS, the Department of Transportation is required to complete its meetings related to the study by November 30, 2014 and 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; and,

WHEREAS, the Department of Transportation plans to distribute a Request for Information to the private sector to gather information to evaluate the operational and financial implications related to a strategically located alternate site(s), including information that would lead to development of a turnkey project for a new Hampton Roads Highway Construction District Office serving the Hampton Roads Region; and,

WHEREAS, the Department of Transportation desires to identify resources and requirements that make the Request for Information informative.

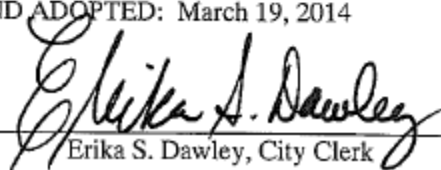
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suffolk directs the City Manager to provide administrative, procurement and financial support to the Virginia Department of Transportation (VDOT) in support of the City's and VDOT's joint efforts to identify alternative solutions to relocate the VDOT Hampton Roads Highway Construction District Office by:

- 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