

Short Pump Area Headquarters Relocation Efforts

Appropriation Act Item 444 G. (Special Session I, 2006)

**Report to the Chairmen of House Appropriations Committee and Senate Finance
Committee**

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

December 2006



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
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David S. Ekern, P.E.
COMMISSIONER

December 6, 2006

The Honorable John H. Chichester
Chairman, Senate Finance Committee
Virginia State Senate
P.O. Box 904
Fredericksburg, Virginia 22404

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee
Virginia House of Delegates
P.O. Box 1173
McLean, Virginia 22101

Dear Gentlemen:

The Virginia Department of Transportation (VDOT) was directed through Item 444 G of the 2006 Appropriation Act to report on the efforts, including the solicitation of proposals under the Public-Private Transportation Act of 1995 (PPTA) or the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA), to relocate the Short Pump Area Headquarters in Western Henrico County and make this land available for the highest and best use. The concept is to exchange the Short Pump property for a comparable facility in value and utility under the authority granted by the PPEA. This letter provides an update on that effort.

In April 2006, VDOT began developing guidelines to comply with requirements set forth in the PPEA. These guidelines were approved by the Commonwealth Transportation Board (CTB) on June 15, 2006. The next step was to develop a request for proposal that accurately described the Agency's intent.

The primary challenge of developing a request for proposal is to craft a business scenario that is both attractive to the Agency and a prospective bidder. Based on discussions with developers and others with real estate interests, it became clear that focusing on just the Short Pump Area Headquarters would not generate interest with prospective bidders. As a result, VDOT sought to include three additional properties to make the transaction more viable and serve our business needs. The three additional properties under consideration for inclusion were the Atlee Area Headquarters (Hanover County), Basie Road Area Headquarters (Henrico County), and a parcel of land located at the interchange of Route 288 and Route 6. Including these properties in the proposal with the Short Pump Area Headquarters creates a more appealing scenario to generate interest from the private sector.

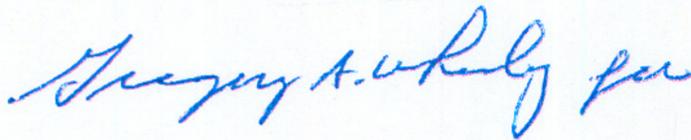
The Honorable John H. Chichester
The Honorable Vincent F. Callahan, Jr.
December 6, 2006
Page 2

In order to generate interest and encourage competition, VDOT concluded that it was in the public's best interest to solicit for replacement property for the Short Pump Area Headquarters under two scenarios. The first scenario includes an exchange of only the current Short Pump Area Headquarters for a new Area Headquarters. The second scenario includes an exchange of the Short Pump Area Headquarters, Atlee Area Headquarters, Basie Road Area Headquarters, and an eight acre parcel of land located at the interchange of Route 288 and Route 6 for a new, consolidated Area Headquarters.

On September 29, 2006, VDOT issued a request for proposal to the public under the two aforementioned scenarios. A non-mandatory pre-proposal conference was held on October 20, 2006 in Richmond to address any questions and/or concerns from the public related to the request for proposals, in which only one firm attended. A deadline of November 20, 2006 was established for interested entities to submit qualifications and experience related to the request. Upon expiration of the aforementioned deadline, VDOT did not receive any proposals from private entities expressing interest in the project.

Although the Agency satisfied the requirement to publicly solicit requests for proposals to relocate the Short Pump Area Headquarters, the Agency also recognized that further decisions were needed relative to the future of the facility at Short Pump in the context of the Area Headquarter consolidation effort. After considering several options, the Agency is exploring closing the Short Pump Area Headquarters and relocating existing staff to the Basie Road Area Headquarters for maintenance of Western Henrico. Additionally, the Agency is committed to working with the Department of General Services (DGS) to understand the remaining options for making the Short Pump Area Headquarters available for the highest and best use to the public. I will keep you informed on our progress.

Sincerely,



David S. Ekern

cc: The Honorable Pierce R. Homer