

**Virginia Port Authority Board of Commissioners**  
**Facilities Committee Meeting – May 23, 2006**

**Open Session Minutes**

Facilities Committee Members Present:

Ranjit K. Sen, Committee Chair  
Virginia M. Murphy, Committee Vice Chair  
William M. Grace  
Deborah K. Stearns  
J. Braxton Powell

Board Members Present:

John G. Milliken, Chairman  
E. Massie Valentine, Jr., Vice Chairman  
Mark B. Goodwin

Staff:

J. Robert Bray, Executive Director  
J. J. Keever, Deputy Executive Director  
Linda G. Ford, Director, Port Promotion  
Carla Welsh, Program Manager – Port Promotion  
Debra J. McNulty, Clerk

Guests:

James W. Hopper, Senior Assistant Attorney General  
John D. Padgett, VPA Special Counsel, McGuireWoods LLP  
Dave Rohal, Vice President, Rail Link, Inc.  
Douglas Smith, Director of Public/Private Development Counseling-Kaufman & Canoles  
Dewey Hurley, Director of Business Development-Branscome, Inc.  
Stuart Patterson, President – Branscome, Inc.  
Michael Crist, Moffatt & Nichol Engineers  
John Ryan, VIT Corporate Counsel, Vandeventer Black LLP

Members of the Press

Gregory Richards, *The Virginian-Pilot*  
Peter Dujardin, *The Daily Press*

The VPA Facilities Committee convened an open meeting at 10:00 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk.

Mr. Keever reported that the Facilities Committee had heard a proposal by VPA at the March meeting to build a 50,000-100,000 square-foot office building next to NIT on Terminal Boulevard.

Mr. Keever explained that VIT maintains several office functions in renovated warehouse space at NIT and that the VPA 2040 Master Plan identified the office space as a function that should be moved off terminal to improve security and create additional space for handling container business.

A building located on Terminal Boulevard on land owned by the VPA, just outside the NIT gate, was identified as the best location for an office building.

Mr. Keever summarized previous plans by the Hampton Roads Shipping Association (HRSA) and Hampton Roads Maritime Association (HRMA) to build a "Maritime Center". The building would have included VIT personnel in addition to maritime organizations and U.S. DOT Maritime Administration. (Details of the initial building plans were presented at the March 28<sup>th</sup> meeting of the Facilities Committee.) Mr. Keever reported that building plans initially called for 50,000 to 100,000 square feet of Class A office space with initial cost estimates at \$200/square foot.

Mr. Keever explained that, due to cost and resulting rental rates, HRSA/HRMA have identified other locations to satisfy their office needs and the "Maritime Center" concept is no longer being considered. The HRSA/HRMA subsequently turned over building plans to VPA.

Mr. Keever reported that VIT still requires approximately 20,000-25,000 square-feet of office space for VIT personnel. At this time, he presented a map of Terminal Boulevard indicating the location of the proposed building which is next to the HRSA-ILA building.

Mr. Keever updated the Committee on VPA's revised plans. He advised that VPA looked at commercial office space available in today's lease market and the typical lease time is 10 years. Mr. Keever advised that VPA wants to construct a building to house VIT employees on a permanent basis. He explained the "tilt-up" building concept which is more economic at a cost of \$125 per square foot and total cost projected at \$4.6 million (includes \$1.5 million for site civil improvements). Mr. Keever requested approval from the Facilities Committee for VPA to move forward with a design-build concept and to present a contract for approval at the September 26<sup>th</sup> board meeting.

Mr. Keever explained that only those VIT employees involved in waterside operations will remain on the terminal. Mr. Crist advised that the building will house 80 employees with room to include up to 100.

Mr. Bray explained that after the Board adopts a contract in September, the building could be completed by July/August next year.

Ms. Stearns announced her approval of the building plans. It was recalled by Ms. Stearns that, at the March meeting, she had suggested a more comprehensive examination into building costs and possible leasing of available office space. She explained that the building would bring a good market price should VPA sell it in the future.

**Action:** Upon motion made by Ms. Stearns, duly seconded by Mr. Grace, and adopted by unanimous vote (5-0), the Facilities Committee agreed to recommend approval to the full Board for staff to move forward on the design-build concept for an office building on Terminal Boulevard. The staff is to return at the September meeting of the Board for permission to execute a contract of construction.

Mr. Keever introduced Mr. Dave Rohal, Vice President, Rail Link, Inc.; Mr. Dewey Hurley, Director of Business Development, Branscome, Inc.; Mr. Stuart Patterson, President, Branscome, Inc.; and Mr. Douglas Smith, Director of Public/Private Development Counseling-Kaufman & Canoles.

Mr. Keever presented a map of the Heartland Corridor which is the central corridor double-stack initiative that runs from Portsmouth through Pritchard, West Virginia to Columbus, Ohio. He reported that the Commonwealth has identified the necessary funds from a variety of sources to construct the Western Freeway Rail Relocation Project. Mr. Keever advised that the Heartland Corridor will cut transit time from Portsmouth to Columbus, Ohio, by one and one-half days.

Mr. Keever presented \$286 million in costs associated with the Heartland Corridor:

- Central Corridor Double-Stack Initiative and Pritchard Intermodal Facility	\$150M
- New Terminal Capacity (Roanoke, VA and Columbus, OH)	\$ 76M
- Western Freeway Rail Corridor	\$ 60M

Mr. Keever explained that the Western Freeway Rail Corridor would connect to the APM/Maersk Terminal and proposed Craney Island terminal. Funding for the Western Freeway Rail Corridor has been identified in the Governor's Rail Relocation Fund. He reported that VPA had received a proposal from the existing rail line operator, Commonwealth Railway (which is owned by Rail Link, Inc.), to construct the relocation for a guaranteed maximum of \$59.66 million and to abandon the existing right-of-way and the associated 14 at-grade crossings.

At this time, Mr. Keever presented Resolution 06-6, requesting authorization for VPA to serve as the project administrator for the relocation of portions of an existing rail system to the median strip of State Routes 164 and I-664. He reported that a letter from the Secretary of Transportation, authorizing VPA to serve as project administrator for the rail relocation, was expected momentarily.

Chairman Milliken asked for an explanation should costs exceed \$59.66. Mr. Keever advised that the most expensive cost associated with grade separations is at Route 17. He advised that some portions of the project could be done in phases.

Mr. Milliken asked how that would affect the Heartland Corridor schedule. Mr. Bray explained that the Norfolk Southern plans to begin clearing tunnels and bridges before the end of this fiscal year and estimates completion in three years. Mr. Bray announced that the Heartland Corridor project is critical to the Port in addition to having the deepest harbor and the biggest, fastest cranes on the East Coast, and the world's largest ship line in Portsmouth – Maersk.

Ms. Stearns advised that the Heartland Corridor allows our port to get cargo to the Midwest faster than any other port. She advised that, without the rail relocation, opposition from residents in Portsmouth will be overwhelming due to train traffic destined for the Maersk terminal. Mr. Milliken said this project is critical for our economic plan and good for the neighborhood. He remarked that the project is "a win-win situation".

Mr. Keever added that VPA has also applied for a grant of \$4.8 million in funding through the Congestion Mitigation and Air Quality Program.

At this time, the letter from Secretary Pierce Homer arrived and Mr. Keever distributed copies.

**Action:** Upon motion made by Ms. Stearns, duly seconded by Mr. Powell, and adopted by unanimous vote (5-0), the Facilities Committee agreed to recommend approval to the full Board for adoption of Resolution 06-6, authorizing VPA to serve as the project administrator for the relocation of portions of an existing rail system to the median strip of state Routes 164 and I-664.

Chairman Milliken concluded by saying that the key paragraph in Resolution 06-6, is as follows:

“...The Rail Corridor in State Route 164/I-664 was reserved to serve maritime commerce at the APM/Maersk Terminal (formerly known as the Cox property) and the future Craney Island Marine Terminal...”

There were no public comments and the meeting adjourned at 10:25 a.m.

Respectfully submitted,

Debra J. McNulty  
Clerk to the Board