



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

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Agenda Item # 6

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

May 17, 2017

MOTION

**Made By: Mr. Fralin, Seconded By: Mr. Rosen
Action: Motion Carried**

**Title: Economic Development Access to
Deschutes Brewery, Inc.
Project ECON-128-415 – City of Roanoke**

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 ..." and, "in the event there is no such establishment or... firm contract, 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 Roanoke City Council has, by appropriate resolution, requested Economic Development Access Program funds to serve Deschutes Brewery, Inc. within the Roanoke Centre for Industry and Technology, off of Blue Hills Drive and said access is estimated to cost \$3.03 million; and

WHEREAS, it appears that this request falls within the intent of Section 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 and \$150,000 matched) of the Economic Development, Airport and Rail Access Fund is allocated to provide adequate access Deschutes Brewery, Inc., to be located off of Blue Hills Drive, Project ECON-128-415, 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 City of Roanoke (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 allocation, from sources other than those administered by VDOT; and
 - c. Provision by the LOCALITY of either i) documentation of a least \$3,250,000 of eligible capital outlay attributed to qualifying business on property served exclusively by this project, or ii) should documentation of capital outlay be insufficient, an appropriate bond or other acceptable surety device by the LOCALITY to VDOT, not to expire before June 17, 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 May 17, 2022, at least \$3,250,000 of eligible capital outlay on property 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 project's Economic Development Access Program 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 – City of Roanoke Deschutes Brewery, Inc.

Issue: Pursuant to § 33.2-1509 of the *Code of Virginia* and the Economic Development Access Policy of the Commonwealth Transportation Board (CTB), the Roanoke City Council has requested funds from the Economic Development Access (EDA) Program to assist in constructing road access to the Deschutes Brewery, Inc. which has committed to locate within the Roanoke Centre for Industry and Technology, northwest of U.S. Highway 460, off of Blue Hills Drive. Allocation of the requested funds by the CTB is sought.

Facts: § 33.2-1509 of the *Code of Virginia* authorizes the CTB to expend funds set aside for constructing access roads to economic development sites on which certain establishments as prescribed by the *Code* 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. In the event there is no such establishment already constructed or construction of such establishment is not under firm contract, a locality may guarantee to the CTB by bond or other acceptable device that such will occur.

The CTB's Economic Development Access Fund Policy (CTB Policy) sets forth certain criteria which must be met for projects to be eligible for such funding and directs the Commissioner of Highways to establish administrative procedures to administer to assure adherence to the CTB Policy and legislative requirements. The Commissioner established such administrative procedures in the Economic Development Access Program Guide (Guide) administered by the Local Assistance Division of the Virginia Department of Transportation (VDOT).

Deschutes Brewery has announced it plans to acquire a 49-acre parcel to develop its East Coast brewing, distribution and hospitality facility. The Deschutes facility is expected to result in an initial \$85 million investment and 108 new employees and operations are anticipated to begin by July 2020. The property does not currently have adequate access to a public road system. The City of Roanoke will administer design and construction of the proposed access road project.

The City's plans for the proposed access road will provide for a 50-foot wide asphalt roadway with curb and gutter and sidewalk within 120-foot wide right of way, extending northeast from the current terminus of Blue Hills Drive approximately 0.64 mile in length to provide adequate access to the Deschutes Brewery site. VDOT Salem District staff concurs in the plans for the project; however, the functional classification of this local road warrants only 30 feet of pavement and the adjusted estimate for eligible items and quantities for this work is \$1.986 million. The City of Roanoke will be responsible for financial arrangements to provide for the required EDA Program matching funds, as appropriate, and all project costs exceeding the state EDA Program allocation to fully fund the project. Documentation of qualifying capital investments of \$3,250,000 or receipt of appropriate bonding from the City will be required prior to funding authorization.

Recommendations: VDOT recommends that the maximum allocation of \$650,000 (\$500,000 unmatched and \$150,000 matched) from the Economic Development, Airport and Rail Access

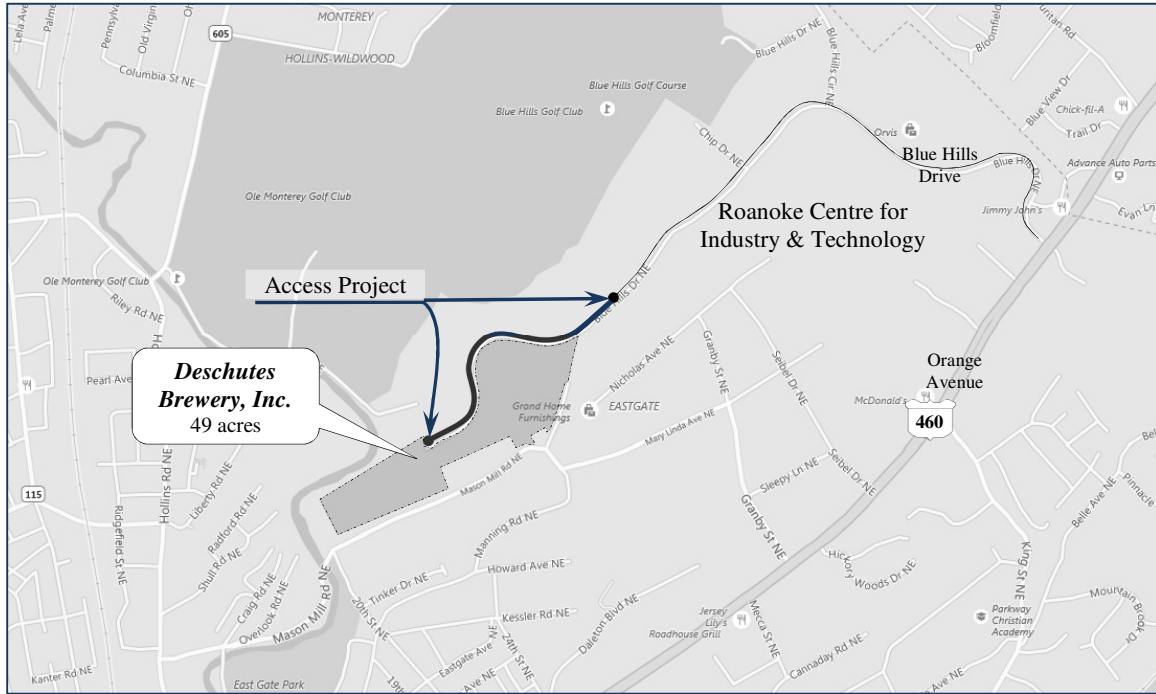
Fund be approved for construction of this project, subject to certain contingencies as set forth in the accompanying resolution.

Action Required by the CTB: The *Code of Virginia* and the CTB’s Economic Development Access Fund Policy specify 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 City of Roanoke will proceed with the Economic Development Access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None



PROPOSED ECONOMIC DEVELOPMENT ACCESS PROJECT
Deschutes Brewing
Project ECON-128-415
City of Roanoke

Economic Development Site/Facility

Proposed 330,000 s.f. facility for production brewery, distribution and hospitality

Anticipated Investment: \$85 million

Employment: 108

Anticipated traffic: 205 vpd (10 trucks)

Access Facility

Access road length: 0.64 mile

Pavement width: 50 feet (30 feet eligible)

R/W Width: 120 feet

Estimated Cost: \$1,986,000

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

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IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA
The 21st day of February, 2017.

No. 40764-022117.

A RESOLUTION authorizing the City of Roanoke, Virginia to request the Commonwealth Transportation Board to provide Economic Development Access (EDA) Program funds to the City to extend Blue Hills Drive, N.E., in Roanoke, Virginia; authorizing the City Manager to execute any documents on behalf of the City that are necessary for such application to secure such funding; acknowledging that the EDA Program requires certain local matches and sureties; acknowledging that the extension of Blue Hills Drive, N.E. in the City will be added to, and become a part of, the City road system pursuant to Section 33.2-1509 (C) of the Code of Virginia (1950), as amended; and acknowledging that the City will request that the new roadway be added to receive maintenance payments under Section 33.2-319 of the Code of Virginia (1950), as amended.

WHEREAS, the City of Roanoke ("City") desires to assist in the development of property for the purpose of economic development located off of Blue Hills Drive, N.E., in the City of Roanoke, Virginia within the Roanoke Centre for Industry and Technology;

WHEREAS, Deschutes Brewery, Inc. is purchasing property located at 2002 Blue Hills Drive, N.E., in the City of Roanoke, Virginia, bearing Official Tax Map No. 7230101 ("Property"), pursuant to the terms of a Contract of Purchase and Sale of Real Property dated April 20, 2016 ("Contract"), and will soon enter into a firm contract to construct its new facilities on the Property for the purpose of brewing, bottling, and packaging beer ("Facility");

WHEREAS, this Facility is expected to involve new private capital investment in buildings and equipment of approximately \$85 million and Deschutes Brewery, Inc. is expected to employ 108 persons at this Facility;

WHEREAS, operations are expected to begin at this Facility on or about July 1, 2020;

WHEREAS, the Property has no access to a public street or highway and will require the construction of a new roadway to connect with Blue Hills Drive, N.E. ("Project");

WHEREAS, the City hereby guarantees that the necessary environmental analysis, mitigation, and fee simple right of way acquisitions and utility relocations or adjustments for this Project, if necessary, will be provided at no cost to the Economic Development, Airport and Rail Access Fund;

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

WHEREAS, the City hereby acknowledges that the Virginia Department of Transportation's ("VDOT") Economic Development Access ("EDA") Program may provide up to a maximum of \$650,000 for a project and requires matching funding, up to \$150,000 from the City, for estimated eligible project costs over \$500,000, up to \$800,000.

WHEREAS, the City hereby guarantees that all ineligible Project costs, all project costs exceeding the EDA Program project allocation, and all costs not justified by eligible capital outlay will be provided from sources other than those administered by VDOT; and

WHEREAS, the EDA Program requires that a bond or other acceptable surety, in the full amount of the Commonwealth Transportation Board's allocation, be provided by the City to VDOT if a qualifying establishment is not constructed or under firm contract; this surety shall be exercised by VDOT in the event that sufficient qualifying capital investment does not occur for the proposed Project that will provide public road access to the Property within five years of the Commonwealth Transportation Board's allocation of funds pursuant to this request.

NOW, THEREFORE, be it resolved by the Council of the City of Roanoke, Virginia as follows:

1. The City hereby requests that the Commonwealth Transportation Board provide Economic Development Access Program funding to provide an adequate road to this Property, with the understanding and agreement of the City that (i) the costs for the necessary environmental analysis, mitigation, and fee simple right of way acquisitions and utility relocations or adjustments for this Project, if necessary, will be provided at no cost to the Economic Development Access Fund; (ii) no land disturbance activities may occur within the limits of the proposed Project prior to any construction activity on this Project as a condition of the use of the Economic Development, Airport and Rail Access Fund; and (iii) all ineligible Project costs, all project costs exceeding the EDA Program project allocation, and all costs not justified by eligible capital outlay will be provided from sources other than those administered by the Virginia Department of Transportation.

2. The City Manager and/or his designee is authorized to execute any and all documents necessary to apply for and secure the funding sought through the Economic Development Access Program up to the maximum amount of funding eligible under the EDA Program on terms consistent with this Resolution, and to take such actions as the City Manager deems necessary and appropriate for such application. All such documents shall be approved as to form by the City Attorney.

3. The City acknowledges that the EDA Program requires a local match and provision of a bond or other acceptable surety in the full amount of the Commonwealth Transportation Board's allocation to VDOT if a qualifying establishment is not constructed or under firm contract, and this surety will be exercised in the event the proposed Project to provide public road access to the Property does not occur within five years of the allocation of funds by

the Commonwealth Transportation Board pursuant to this request. The City understands that such local match and surety will be addressed by City Council at the time the City Council acts to accept the allocation of funds by the Commonwealth Transportation Board.

4. The City Council hereby acknowledges that the new roadway so constructed will be added to and become a part of the road system of the City of Roanoke pursuant to Section 33.2-1509 (C) of the Code of Virginia (1950), as amended.

5. The City Council will request the new roadway, so constructed, to be added to receive maintenance payments in accordance with the provisions of Section 33.2-319 of the Code of Virginia (1950), as amended, and such request for street additions for municipal assistance payments will be submitted, together with a copy of this resolution and such maps and other documents as may be necessary in the manner prescribed by VDOT.

ATTEST:


Stephanie M. Moon Reynolds
City Clerk

CERTIFICATION OF VOTE

At a regularly scheduled meeting of the Council of the City of Roanoke, Virginia held on February 21, 2017, on a motion by Council Member David B. Trinkle, and seconded by Council Member Raphael E. Ferris, Resolution No. 40764-022117, a copy of which Resolution is attached hereto, was adopted by a vote of 7 to 0.

Dated this 22nd day of February 2017

ATTEST:


Stephanie M. Moon Reynolds, MMC
City Clerk