

Capital Project Resolution for the Virginia Tech Transportation Institute

JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

August 9, 2016

The Virginia Tech Transportation Institute (VTTI) is a critical research engine for Virginia Tech, conducting research to save lives, time, and money, and also protect the environment. As one of seven research institutes created by Virginia Tech, VTTI has effected significant change in public policies for driver, passenger, and pedestrian safety and is advancing the design of vehicles and infrastructure to increase safety and reduce environmental impact. VTTI is conducting more than 300 active sponsored research projects totaling approximately \$40 million of annual sponsored research expenditures.

For more than a decade, VTTI has been conducting connected- and automated-vehicle projects. Expanding research and development in this area is a strategic initiative for the future. To advance this initiative, VTTI is developing enhanced research opportunities through the creation of the Virginia Automation Park (Park), a road testing facility that will allow for a more comprehensive range of testing scenarios. The Park will tie directly into the existing Smart Road facilities and will include a myriad of features to provide VTTI with a full range of testing scenarios currently not available, including continuous and seamless driving; autonomous merging with roundabouts and multi-lane roads; low-speed active safety with parking aids, warnings, and indirect visual systems; multi-lane intersections with long approaches, straight approaches, and crossing paths; complex urban areas with pedestrian crossings, bike lanes, and signalized intersections; four-way stops; and multi-vehicle and person complexity scenarios.

Given the need to build upon the existing Smart Road facilities infrastructure, equipment, and personnel, the proposed location for the Park is on approximately seven (7) acres of land located adjacent to the existing VTTI and Smart Road facilities, which is currently leased by Virginia Tech from ExpandTran, LLC, a limited liability company founded by the Virginia Tech Foundation, Inc. Virginia Tech will also have use of approximately twenty-one (21) acres of land located contiguous to the Smart Road facilities through an easement ExpandTran, LLC is acquiring from TORC Robotics, Inc., and will also construct roadways on this land to expand research capabilities by capitalizing on the site's diverse terrain. The estimated cost for the project is approximately \$3 million, and the university has worked with VTTI to develop a nongeneral fund resource plan sufficient to cover the entire costs of the improvements.

The opportunity to address VTTI's needs by modifying the existing lease with ExpandTran, LLC meets the capital lease definition and requires a capital authorization. Under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has the authority to approve the budget, size, scope, and overall funding of capital outlay projects, including capital leases. This request is for authorization to modify the existing land lease with ExpandTran, LLC to a capital lease in order to construct the required roadways and infrastructure to create the Virginia Automation Park.

RESOLUTION OF A CAPITAL LEASE FOR VIRGINIA TECH TRANSPORTATION INSTITUTE

WHEREAS, Virginia Tech’s vision to expand research and development under the Virginia Tech Transportation Institute (“VTTI”) is a strategic initiative for the future of the institution; and,

WHEREAS, VTTI is developing a specialized connected- and automated-vehicle research initiative known as the Virginia Automation Park (“Park”) to support fulfilling this goal; and,

WHEREAS, VTTI requires approximately twenty-eight (28) acres of land to accommodate connected- and automated-vehicle research; and,

WHEREAS, the proposed facility solution for the Park is to develop approximately seven (7) acres of land currently leased by Virginia Tech from ExpandTran, LLC and an additional twenty-one (21) acres of land Virginia Tech will have use of through an easement between ExpandTran, LLC and TORC Robotics, Inc. for a total of twenty-eight (28) acres of land for research and testing; and,

WHEREAS, VTTI has reviewed the land specifications and lease specifications and determined it will meet the needs of the Park; and

WHEREAS, Virginia Tech has developed a nongeneral fund resource plan sufficient to support the full costs of the lease; and

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including capital leases; and,

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a capital lease with ExpandTran, LLC for the development of approximately twenty-eight (28) acres of land through a capital lease with ExpandTran, LLC and an easement between ExpandTran, LLC and TORC Robotics, Inc. to house the Virginia Automation Park.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to enter into a capital lease agreement with ExpandTran, LLC to house the Virginia Automation Park be approved.

August 29, 2016