

## J. FEDERAL DEMONSTRATION FUNDS

During a search of documents obtained from VDOT under the Freedom of Information Act in March 1997, CATCO discovered that VDOT had applied for Federal Demonstration Funds for the Route 29 Bypass in 1994, 1995, and February 1997. Federal Demonstration Funds are distributed to the states in addition to normal federal highway fund allocations, and they accelerate the construction of specified projects.

A December 27, 1993 letter from Commissioner Ray Pethel to Deputy Secretary of Transportation Oscar Mabry listed the Route 29 Charlottesville Bypass as one of the “*projects to be submitted as possible candidates for any additional demonstration funds.*”

The 1994 and 1995 applications for these funds stated that the Bypass was included in the Charlottesville-Albemarle Transportation Study (CATS). This is a false statement. The Albemarle County Board of Supervisors (BOS) and the Metropolitan Planning Organization (MPO) eliminated any western bypass from the CATS plan in 1983.

The application submitted by VDOT, dated February 20, 1997, contained the following misstatements and/or misrepresentations:

1. The request was not supported by Congressmen Virgil Goode and Thomas Bliley and by Senators John Warner and Charles Robb as claimed. All four Congressmen disavowed support, in writing, for the project and for VDOT’s application for Federal Demonstration Funds for the Bypass;
2. The cost was understated by almost \$60 million. The application stated the total cost as \$118 million, whereas the total project cost stated in the February 25, 1997 Design Public Hearing booklet was over \$177 million (including the \$4.5 million cost of the North Grounds Connector and the \$4.4 million cost of hardship case homes purchased before 1994);
3. The amount of the Federal share of funds requested in the application was misleading and erroneous. The application stated, “*Total project cost is \$118 million and will be provided from a combination of the following sources: Federal \$95 M (80%) and State \$23 M (20%.) There has been a total of \$24.6 M allocated to this improvement to date... Of the total of \$93.4 million being requested the following tentative obligation schedule is anticipated: 1<sup>st</sup> year-\$13.4 M, 2<sup>nd</sup> year through 5<sup>th</sup> year-\$20M per year.*” The application did not state that, of the \$24.6 million previously allocated, \$12.6 million or 51% had been from federal sources, either National Highway System (NHS) funds or Surface Transportation Program (STP) Statewide Allocations. Thus, the Federal share would actually be \$106 million (90%) of the \$118 million VDOT-stated total cost;
4. Opposition to the Bypass was understated. At the February 1997 Design Public Hearing, over 7,000 citizens opposed the project while only 1,100 citizens supported it. However, the Federal Demonstration Fund application stated, “*Since the selection of the corridor location, opposition has been reduced to mainly those directly affected by the alignment*”;

5. The description of the scope and objective of the project was understated. The application stated, “*The facility will be constructed ... to provide a safe and efficient bypass ... to reduce traffic congestion on local streets.*” According to VDOT’s own \$3.7 million study, the level of service on Business Route 29 in the year 2010 will be “F” even if the bypass is built.

Regarding whether the State and/or regional transportation officials considered the project as critical to their needs, the application stated, “*This improvement is considered by State and regional transportation officials as critical to relieve traffic congestion in the area. This improvement is included in a mutual agreement between Albemarle County, City of Charlottesville, University of Virginia.*” The agreement that the application referred to was the Three-Party Agreement of 1992 which included three grade-separated interchanges on Route 29. The CTB eliminated these interchanges in February 1995. The application did not mention that in 1996 the MPO withheld federal construction funds for the Bypass from the Transportation Improvement Program until VDOT followed the specific sequence of highway improvements. In addition, no letter of support from regional officials or explanation of why there was no such letter was supplied by VDOT, as required by the application form.

Secretary of Transportation Robert Martinez said the errors in the 1997 application were a “*transcribing error*” and told *The Daily Progress* (August 1, 1997) that it was a “*dumb mistake.*” Further, Martinez tried to deny responsibility for the Federal Demonstration Funds requests by stating that they originated in the Washington based Virginia Liaison Office. However, a transmittal document, accompanying the request for Demonstration Funds and signed by Martinez on February 24, 1997, revealed that the Secretary was aware of this request. Also, an August 1, 1995 internal VDOT memo from Ken Lantz to James Atwell stated that Secretary Martinez’ office asked them to prepare “*18 point papers for priority projects,*” referencing a May 23, 1995 memo. These documents strongly indicate that false information on the Federal Demonstration Funds applications came from VDOT and the Secretary’s office and not from the Virginia Liaison Office.

SEE APPENDIX “J” FOR SUPPORTING DOCUMENTS