

**Hampton Roads Planning District Commission
Summary Minutes of January 16, 2020**

The January 16, 2020 Meeting of the Hampton Roads Planning District Commission was called to order by the Chair at 12:35 p.m. in the Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

Commissioners in Attendance

Michael Hipple, Chair (JC)	Mamie Johnson (NO)*
Andria McClellan, Vice-Chair (NO)	John Rowe (PO)
Randy Keaton, Treasurer (IW)	Randall Wheeler (PQ)
Stephen Best (CH)	William Gillette (SH)
Christopher Price (CH)	Michael Johnson (SH)
Debbie Ritter (CH)*	Sanford Wanner (SM)
Ella Ward (CH)	Leroy Bennett (SU)
Barry Cheatham (FR)	Patrick Roberts (SU)*
Brent Fedors (GL)	Robert Dyer (VB)*
Mary Bunting (HA)	Barbara Henley (VB)
James Gray (HA)	Louis Jones (VB)
William McCarty (IW)	Thomas Leahy (VB)
Scott Stevens (JC)	Guy Tower (VB)
David Jenkins (NN)	Rosemary Wilson (VB)
McKinley Price (NN)	Sabrina Wooten (VB)
Cynthia Rohlf (NN)	Neil Morgan (YK)
Courtney Doyle (NO)	Sheila Noll (YK)
Larry Filer (NO)	

Commissioners Absent:

Robert Geis (CH)	Lydia Pettis-Patton (PO)
Amanda Jarratt (FR)	W. Eugene Hunt (PQ)
Phillip Bazzani (GL)	T. Carter Williams (SM)
Donnie Tuck (HA)	Paul Freiling (WM)
Kenneth Alexander (NO)	Andrew Trivette (WM)

Executive Director:

Robert A. Crum, Jr., Secretary

Other Participants:

Theresa Danaher (CAC)
Bob Baldwin (PO)
Melissa Rollins (SY)

*Late arrival or early departure.

Others Recorded Attending:

Brian DeProfio (HA), Angela Hopkins (NN), Jessica Dennis (NO), Gina Harris (PO), Robert Elliott, Jr. (SY), Jennifer Palestrant (Department of Mines, Minerals, and Energy), Doug Smith and Steve Harrison (Hampton Roads Economic Development Alliance), Trevor Metcalfe (Inside Business), Robert Bowen (Norfolk Airport Authority), Jim Spore (Reinvent Hampton Roads), Caleb Smith (US Representative Elaine Luria's Office), Diane Kaufman (US Senator Tim Kaine's Office), Drew Lumpkin (US Senator Mark Warner's Office), Dianna Howard (Virginia Beach Tea Party); Citizens: Mark Geduldig-Yatrofsky; Staff: Keith Cannady, Kelli Arledge, Shernita Bethea, Rob Case, Rob Cofield, Katie Cullipher, Rebekah Eastep, KC Filippino, Ashley Gordon, Logan Grimm, Greg Grootendorst, Whitney Katchmark, Sara Kidd, Mike Kimbrel, Katie Krueger, Sharon Lawrence, Ben McFarlane, Cynthia Mulkey, John Sadler, Matt Smith, Danielle Spach, Jill Sunderland, Joe Turner, Sheila Wilson

Chair Michael Hipple introduced and welcomed Commissioner Sanford Wanner representing Smithfield, Commissioner William Gillette representing Southampton County, and Acting County Administrator Melissa Rollins representing Surry County.

Approval/Modification of Agenda

Chair Hipple referenced Handout 2, in which staff recommended that the HRPDC take action to modify the January 16, 2020 Commission Agenda to add HRPDC Contract with Old Dominion University Research Foundation as Consent Agenda Item 6.h.

Motion: Commissioner Andria McClellan Moved to modify the agenda to add Consent Item 6.h. as proposed in Handout 2; seconded by Commissioner Ella Ward. The Motion Carried.

Chair Hipple asked for additional modifications or additions to the agenda. Hearing none, he asked for a motion of approval.

Motion: Commissioner William McCarty Moved to approve the agenda as modified; seconded by Commissioner McKinley Price. The Motion Carried.

Submitted Public Comments

Chair Hipple noted there were no Submitted Public Comments and continued to the Public Comment period.

Public Comment

Executive Director Robert Crum indicated there were no Public Comments, and Chair Hipple asked to proceed to the Executive Director's Report.

Executive Director's Report

Mr. Robert Crum, HRPDC/HRTPO Executive Director, referenced his enclosed monthly report. He noted that the General Assembly session is underway and referenced a handout entitled *Hampton Roads Regional Legislative Priorities*. Mr. Crum reported that on January 9, 2020 he was provided the opportunity to address the Hampton Roads Caucus with a high-level overview of the regional priorities adopted by the HRPDC and the HRTPO.

Mr. Crum also reported that he and Mr. Matt Smith, HRPDC Senior Regional Planner, have been invited to Richmond on January 23, 2020 to address the Hampton Roads Caucus regarding opportunities related to offshore wind. Vice-Chair Andria McClellan will also attend and join in representing the Commission in promoting regional legislative priorities before General Assembly members.

Mr. Crum referenced a handout summarizing HRPDC-related bills that have been submitted through the General Assembly session thus far. Of the approximately 4,600 total bills filed, HRPDC staff tracks bills and budget amendments related to the Commission's legislative priority categories. Mr. Crum stated that staff will distribute the summary updates electronically going forward.

Mr. Crum recognized Isle of Wight County for directing attention to unmaintained culvert outfalls along roadways in rural Virginia localities.

Commissioner William McCarty reported that this statewide problem is particularly notable in Isle of Wight County as residents' personal property is now eroding due to the dilapidated outfalls. Isle of Wight County representatives have presented to the Virginia Association of Counties (VACo), and VACo plans to lobby the legislature to address this issue throughout the Commonwealth with a combined DEQ and VDOT study.

In conclusion of his report, Mr. Crum suggested adding outfall maintenance as an item on a future agenda for discussion.

Approval of Consent Items

The following items were on the Consent Agenda for approval:

- a. Meeting Minutes – November 21, 2019 Commission Meeting
- b. Transcribed Public Comments – November 21, 2019 Commission Meeting
- c. Treasurer's Report – October 2019
- d. Treasurer's Report – November 2019
- e. Fiscal Year 2020 Budget Amendment
- f. 2020 Regional Meetings Schedule
- g. Community Advisory Committee (CAC) Appointment
- h. HRPDC Contract with Old Dominion University Research Foundation

Chair Hipple referenced the consent agenda items and called for a motion.

Motion: Commissioner Sheila Noll Moved to approve the Consent Agenda; seconded by Commissioner Ella Ward. The Motion Carried.

**Commissioner Mamie Johnson arrived*

Hampton Roads 2020 Economic Forecast

Mr. Crum introduced Mr. Greg Grootendorst, HRPDC Chief Economist, to brief the Commission on the current economic landscape and the Hampton Roads 2020 Economic Forecast.

Mr. Grootendorst began his presentation by providing a review of national and local trends. Nationally, gross domestic product increased 21 percent from the pre-recession high in 2007; however, while the nation has experienced gross domestic product growth in recent years, the United States has not experienced a long-term average growth rate in the gross domestic product since 2005. Payroll employment numbers have been consistently growing at an annualized rate of 1.7 percent since the 2009 recession, but there has been some decline in the year-over-year trend. The unemployment rate has declined to full employment levels and leveled out around 3.5 percent. The S&P 500 Stock Market Index continually fluctuates by nature but has experienced consistent growth up to 112 percent from the pre-recession high and 348 percent from the recession low. Overall, 2019 was a good year for the United States.

While the national economy has consistently improved since the Great Recession, the local economy has been struggling. The Hampton Roads region not only entered the recession before the Commonwealth and the United States, but it also recovered at a slower rate. The United States and the Commonwealth reached pre-recession employment levels within six years, but the region struggled for four additional years.

Regionally, gross domestic product growth has been less than one percent over the course of ten years and compares poorly to other metropolitan regions with 1 to 4 million residents. Local civilian employment growth, which has not been consistent, declined over the past year. Hampton Roads ranks 37th of 39 in terms of growth in gross product, 35th in income, and 36th in employment over the past decade. Hampton Roads' employment growth has not been consistent across industries either. Over the past decade, the Local Government, Wholesale Trade, Information, and State Government industries have not rebounded, but Healthcare & Social and Leisure & Hospitality are showing tremendous growth. Over the past year specifically, Construction has rebounded with significant gains and Leisure & Hospitality continues to grow, but Administrative & Support, Local Government, and Retail Trade positions declined.

The number of unemployed people in Hampton Roads dropped 61 percent, down to our current unemployment rate of 2.93 percent. The region is at its lowest rate since early 2001; whereas, the nation is at a 50-year low. However, unemployment rates are indicative of the labor force, which is comprised of the unemployed plus the employed. Hampton Roads' labor force experienced consistent growth from 2000 to 2010, then contracted, and recently began growing again. However, the upward trend is not anticipated to be long-

term. In general, the labor force is changing and the percentage of the Hampton Roads population considered to be of prime working age is expected to decrease.

Per capita income in Hampton Roads, compared to the United States, is on a declining trend; although, regional median-family income continues to be higher than the national average. Low unemployment rates with a boost to defense spending and a solid year in construction should help wages flow into the region. Additionally, military wages will increase by 3.1 percent, which is their highest in a decade.

The DOD is a large part of the region's economy, and since 2010, Hampton Roads has experienced significant military personnel cuts. The budget sequestration in 2013 and the resulting outflow of federal pay, personnel, and contracts made it difficult for the economy to move ahead and is why Hampton Roads has had a difficult time recovering from the recession. In 2018, the region finally experienced some relief, which is why 2019 was a relatively good year for Hampton Roads.

**Commissioner Robert Dyer departed*

The port is a healthy and vital component of Hampton Roads. Regional exports and imports practically match global trade. While the number of ships is down, the number of containers is up significantly due to the increased size of ships. The Port of Virginia has done well, remains competitive, and is maintaining market share with other East Coast ports.

Leisure and Hospitality is another large component of the region's economy. Across the region, the experience is not always similar, but overall tourism is up 15.3 percent from the pre-recession high with tourism expenditures such as hotel revenue and employment up 18.9 percent and 7.9 percent respectively over the past decade. Mr. Grootendorst also gave a brief overview of retail sales, which is consistently underperforming. An annualized growth rate of 2.1 percent in retail sales since 2006 adjusted for inflation is zero growth. The trend in retail sales shows people are spending less on goods and more on services, yet the Commonwealth and its localities do not tax services.

Since, 2009, Hampton Roads has not experienced long-term housing permit growth. There have been very few single-family housing permits, but multifamily has slightly increased. The rental market has increased while ownership rates dropped from a high of 80 percent to approximately 60 percent. There has not been a significant increase in home prices or supply, but the housing market overall is healthy consisting predominantly of resales.

Mr. Grootendorst continued his presentation with the forecast for the year ahead. He expects defense spending to continue to grow, consumer spending to remain positive, wages to slowly increase, energy prices to remain low, and national growth to continue. He also anticipates increased construction and easy monetary policy at the Federal Reserve. The shipbuilding and repair industry, transportation and infrastructure projects, and military construction will likely push up on wages with a lot of competition for those employees. In contrast, he stated that global trade tensions are dissipating but remain volatile, the global economy is softening, and the national economy is slowing. Since World

War II, there has been a recession on average every five years. The United States is now in the longest expansionary period of over ten years, so potential concerns include a growing risk of recession.

One of the region's challenges over the past ten years was sequestration. One of the causes of which was the first time the nation reached trillion-dollar deficits in 2009. Concerned about debt, the government imposed severe limitations, which heavily impacted Hampton Roads. Deficits are now expected to hit \$1 trillion on an annual basis, which will continue to raise the national debt. At some point, national debt will need to be addressed and there are only a few options to do so: 1) Raise revenue, which means tax increases; 2) Cut expenditures, which considering that over 50 percent of discretionary expenditure is defense, means defense cuts; or 3) Both, raise revenue and cut expenditures. When the national debt is finally addressed, Hampton Roads will most likely be significantly impacted.

Mr. Grootendorst concluded his presentation with an overview of ongoing regional initiatives that can positively impact the long-term local economy including the \$5 billion in transportation infrastructure projects, the regional fiber network, the economic development sites inventory, regional branding, the regional economic development restructuring, the revenue sharing model, and offshore wind development.

Chair Hipple thanked Mr. Grootendorst for the informative presentation and asked the body for questions.

Commissioner Patrick Roberts thanked Mr. Grootendorst for consistently being responsive to population data requests. He stated that many localities are faced with the unique challenge of declines in school-age children as a percentage of the population, which means recreating public education funding formulas. Commissioner Roberts asked if any economic indicators suggest any change, reverse or worsening, in the next five to ten years.

Mr. Grootendorst responded that the dynamics of the school-age population are changing. The population histogram used to look like a triangle, but now the triangle has inverted with very few people at the bottom. He explained that there are multiple reasons for this, such as people began having fewer children due to the recession and in general, but the decline may be more pronounced in Hampton Roads due to the cuts to military personnel. It is difficult to predict defense priorities beyond the current administration, but for a few years, the region can expect sustained military personnel numbers.

Commissioner Randy Keaton asked if there was any population data regarding the optimal standpoint for a thriving community and how an aging population would affect the overall economy of an area.

Mr. Grootendorst responded that there is no specific number because every community across the country is going to be different. He added that economic or population growth is often the goal for developers, whereas the desired outcome should be on maximizing quality of life.

Commissioner Andria McClellan commended Mr. Grootendorst on his presentation. She commented that the regional branding initiative emphasizes how the region can address the shifting population and declining workforce by attracting younger workers. She encouraged member attendance at February's Commission meeting for an update on the branding efforts.

Chair Hipple asked if there were additional questions. Hearing none, he asked for a motion.

Motion: Commissioner Rosemary Wilson Moved to authorize the release of the Hampton Roads 2020 Economic Forecast; seconded by Commissioner Leroy Bennett. The Motion Carried.

Executive Director Crum took a moment to acknowledge Terry Danaher, HRPDC/HRTPO Community Advisory Committee (CAC) Chair, and referenced the Commission's action to expand the duties of the then-named Community Transportation Advisory Committee (CTAC) to include both HRTPO and HRPDC activities. Mr. Crum suggested adding the CAC to Commission Agendas going forward to provide Ms. Danaher the opportunity to present regular CAC updates to the Commission.

Ms. Danaher thanked Mr. Crum and stated that the CAC members are looking forward to the additional responsibility. She commented that the 757 initiative and the Joint Land Use Study were recently presented to the committee and were so well-received that the meeting ran long.

Update on Offshore Wind Development

Executive Director Crum introduced Mr. Matt Smith, HRPDC Senior Regional Planner, and Jennifer Palestrant, Chief Deputy, Virginia Department of Mines, Minerals and Energy (DMME) to provide the Commission with an update on offshore wind development.

Mr. Smith began his presentation with an overview of accomplishments and proposals that position Virginia to attract the offshore wind supply chain. Mr. Smith reported that offshore wind energy is a rapidly growing global industry poised for significant growth on the U.S. East Coast, bringing with it considerable economic and environmental benefits. He stated that Virginia has the potential to become a leader in this emerging industry.

The Commission was one of the first organizations to explicitly call for the Portsmouth Marine Terminal to be used to support offshore wind development. During the Governor's State of the Commonwealth address and in his budget proposal, he proposes \$40 million to prepare the Portsmouth Marine Terminal to potentially anchor the offshore wind supply chain in Hampton Roads. Last year, the Commission sent a letter to state delegates supporting funding for an Office of Offshore Wind to coordinate activities. It was not funded then, but it has been proposed again, and Governor Northam has prioritized its creation. There are efforts to increase the funding and to locate that office in Hampton Roads. HRPDC also supports a state renewable energy requirement, not only to encourage renewable energy but to help the region compete to attract the supply chain.

In October 2019, the governor had announced a goal of generating 100 percent renewable electricity by 2050, and then, in support of that goal, Dominion Energy announced a proposal to build the largest offshore wind project in the United States to power up to 650,000 homes.

If the Virginia Commercial Offshore Wind and Kitty Hawk Offshore Wind projects are both serviced out of Hampton Roads, then it will broaden the type and scope of the projects that the region can support. The region's offshore wind vision is to establish Hampton Roads as a clean energy hub. That effort includes harnessing the emerging global industry to fuel economic growth, building the first and largest offshore wind industry cluster in the United States, and leveraging regional assets to maximize the benefit to the Commonwealth.

In conclusion of his presentation, Mr. Smith offered to answer questions and introduced Ms. Jennifer Palestrant as the state's operational point person for offshore wind development.

Ms. Palestrant began her presentation with an overview of her background as a Hampton Roads native and senior vice president in the Hampton Roads Chamber. For the last several years, she worked for Tidewater Community College in workforce and economic development, especially around the maritime industry.

Ms. Palestrant agreed with Mr. Smith's statement that the two legislative priorities this year are the Office of Offshore Wind as part of DMME and the \$40 million for the Portsmouth Marine Terminal. Wind turbines from ocean level to blade tip are 100 feet taller than the Washington Monument. Machinery this large and heavy needs to be assembled onsite next to the water, and because most of the Hampton Roads region was built on silt, the Portsmouth Marine Terminal will require substantial ground reinforcement. Ms. Palestrant encouraged Commission Members to appeal to their legislators regarding these two priorities.

Ms. Palestrant commented that the offshore wind industry offers a considerable opportunity for this region, particularly because it is not dependent on the Department of Defense. From an industrial standpoint, Hampton Roads is the leader in large maritime steel and offers an unparalleled workforce. When shipbuilding is compared to offshore wind supply, 90 percent of the skill-sets are identical. Although, with not enough laborers for both industries, there is currently a lot of focus on how to grow the maritime workforce of the region and increase participation in the maritime prehire programs already offered in the area.

The remaining ten percent of the skill-sets that are unique to offshore wind supply involves a specialized set of certifications required by the Global Wind Organization (GWO) out of Denmark for anyone to step onto a turbine. Furthermore, to certify a site-certified trainer is a complicated and time-consuming process. DMME is partnering with the Massachusetts Maritime Academy off of Cape Cod, which has the first GWO training in the United States, with the eventual expectation for Tidewater Community College to also offer this specialized type of training. Finally, once the turbines are built and operating, they will require maintenance, and the offshore wind maintenance technician curriculum will also

include specialized certificate-level training, most likely provided by area community colleges.

DMME has developed and will soon launch a supply directory for which Virginia businesses will have the opportunity to register as a local supply vendor for companies of this industry. HREDA, with support from local economic development offices, will take point on this regional project. Dominion recently announced selecting energy engineering company Siemens Gamesa Renewable Energy S.A. as the preferred turbine supplier. Ms. Palestrant concluded her presentation by emphasizing that there will only be one opportunity to promote Hampton Roads as the premier offshore wind hub and that in order to attract major manufacturers like Siemens to the area, regional collaboration on economic development is going to be crucial.

**Commissioner Debbie Ritter departed*

Commissioner Tom Leahy asked how Commission Members can support this effort.

Ms. Palestrant requested that Commission Members focus on workforce, promote the potential of wind, and appeal to legislators regarding the Office of Offshore Wind and the \$40 million for the Portsmouth Marine Terminal.

Commissioner Andria McClellan asked for clarification regarding the competitive landscape.

Ms. Palestrant responded that New England is a competitor and is approximately two years ahead of Hampton Roads in terms of development and policy. However, she stated that New England has bridges to contend with where Hampton Roads does not.

Ms. Terry Danaher asked if the new broadband infrastructure will be perceived as an asset that can be capitalized on for the offshore wind industry.

Ms. Palestrant commented that she views broadband infrastructure as an asset in any project.

Chair Hipple asked if there were additional questions.

Executive Director Crum asked audience member Doug Smith of HREDA if there has been an increase in economic development activity surrounding the offshore wind industry.

Mr. Smith responded that HREDA has seen increased interest in the region. He added that historically, vendors have not contacted localities directly, but it has been happening, and there is now a forum to coordinate all contact. The Alliance is actively engaged in promoting activity and has created a supply chain recruitment committee. Mr. Smith thanked Mr. Crum for the opportunity to speak and commented that the offshore wind industry offers a momentous amount of potential to the region.

Chair Hipple thanked Ms. Palestrant and Mr. Smith for their presentations. He commented that the Commission has come a long way since signing the offshore wind resolution one year ago and thanked the Commission Members for their leadership and efforts to capture this economic driver for the entire region.

**Commissioner Patrick Roberts departed*

HRPDC Three Month Tentative Schedule

Chair Hipple briefed the Commission on the Three-Month Tentative Schedule.

Advisory Committee Summaries

Chair Hipple referenced the attached Advisory Committee Summaries.

For Your Information

Chair Hipple noted the For Your Information section, which included the following items:

- Letter from Rear Admiral Charles W. Rock, Navy Region Mid-Atlantic Commander, to Mr. Matthew J. Thys, Washington Airports District Office Manager, regarding a Parallel Runway FAA Coordination Plan.
- Letter from the Elizabeth River Foundation to the Hampton Roads Planning District Commission acknowledging the HRPDC as a River Star Business through significant achievements in either pollution prevention or wildlife habitat enhancement.
- Southampton County Letter announcing the appointment of Mr. William Hart Gillette, Southampton County Board of Supervisors Vice-Chairman, as a voting member of the Hampton Roads Planning District Commission.

Old/New Business

There was no old or new business.

Adjournment

With no further business to come before the Hampton Roads Planning District Commission, the meeting adjourned at 1:53 p.m.

Michael Hipple
Chair

Robert A. Crum, Jr.
Executive Director