



# **IMPROVING THE COMPETITIVENESS OF HAMPTON ROADS**

## **Report No. 1: How the Region Works**

A Description of  
Opportunities and Issues on the Regional Agenda,  
Organizations that deal with the Agenda, and the  
Legal Framework of Regionalism in Virginia

Prepared by the Hampton Roads Regional Structure Project

An initiative of The Future of Hampton Roads, Inc.  
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THE HAMPTON ROADS REGIONAL STRUCTURE PROJECT

Report No. 1: How The Region Works

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Supporting Research Data (Held in File):

- Future of Hampton Roads, *Mission Statement*
- Future of Hampton Roads, *Proceedings of the Conference on the Competitiveness Of Hampton Roads, Fall 2003*
- Future of Hampton Roads, *Case Statement in Support of the Project*
- Report of the Opportunities Committee, Robert Sharak, Chairman
- H.R.Partnership, *Survey of Public Opinion*
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- Weldon Cooper Center, UVA, *Survey of Municipal Executives*
- of the Organizations Committee, Deborah Stearns, Chair
- Report of the Law Committee, John Padgett, Chairman

## **HAMPTON ROADS REGIONAL STRUCTURE PROJECT**

### **STEERING COMMITTEE PARTICIPATING ORGANIZATIONS**

As of August 1, 2005

Chesapeake Alliance  
Chief Administrative Officers Organization  
CIVIC Leadership Institute  
Cultural Alliance of Greater Hampton Roads  
Empower Hampton Roads  
Entrepreneurs Forum of Hampton Roads  
Future of Hampton Roads, Inc.  
Greater Norfolk Corporation  
Hampton Roads Association for Commercial Real Estate  
Hampton Roads Chamber of Commerce  
Hampton Roads Health Coalition  
Hampton Roads Maritime Association  
Hampton Roads Partnership  
Hampton Roads Sanitation District Commission  
Hampton Roads Transportation Alliance  
Leadership Hampton Roads  
Leadership Institute of the Virginia Peninsula  
League of Women Voters  
Mayors and Chairs Caucus of Hampton Roads  
Portsmouth Partnership  
Region II School Superintendents  
Suffolk Tomorrow  
The 200+ Men, Inc.  
Urban League of Hampton Roads, Inc.  
Virginia Beach Taxpayers Alliance  
Virginia Beach Vision  
Virginia Peninsula Chamber of Commerce  
Virginia Tidewater Consortium for Higher Education  
Volunteer Hampton Roads  
Williamsburg Area Chamber of Commerce  
World Affairs Council of Greater Hampton Roads

Other regional organizations are invited to join this effort.

## Preface

The Case Statement in support of the Hampton Roads Regional Structure Project urges that “the region’s leaders and citizens should come together in a deliberative process to identify practical reforms to our regional structure that will accelerate economic development, exploit cost savings through additional vehicles of joint service delivery, and, most importantly, create a strong political voice to advance the region’s interests.” The overall goal, of course, is to improve the competitiveness of the region for generating external income and elevating the income and quality of life of the citizens of Hampton Roads.

This report provides a description of the issues and institutions that impact the future of Hampton Roads’ economy and quality of life. Admittedly cursory, it is nevertheless a birdseye view of how our region makes decisions on matters that affect all of us living in Southeastern Virginia’s maritime economy. It is offered as a means to improve the quality of the public discussion of possible reforms to the structure of local governance.

This sketch reminds us of several great truths about the American republic: We are *pluralistic*, with many centers of public and private decision-making. The *private sector* is looked to as the primary engine of economic performance—for creation of jobs, the yeasty impulse of innovation, the “creative destruction” of startups, mergers and bankruptcies to replace unsuccessful enterprises with more promising ventures. *Government* is responsible for providing a legal and regulatory environment conducive to individual initiative as well as numerous valuable public services. Scores of *nonprofits* provide social and cultural services. The *media* hold sway over news and information. We are reminded also that especially in Hampton Roads, with so few major corporate headquarters, productive *public-private partnerships* are often the best method for mobilizing energy for improving the quality of life and the economy.

When setting out to critique and recommend structural change, we believe it important to acknowledge that Hampton Roads, in the absence of regional government, already provides an excellent example of regional cooperation. Many persons, both elected officials and private citizens, working hard over decades, are responsible for this healthy condition. Thus our region’s shortcomings are relative, and any program that sets out to recommend reforms to our structure of regional governance must first acknowledge the good work that has been done and continues to be done. There is no need to be unduly negative.

That said, the task we have set ourselves is to focus on the structural arrangements—both organizations and processes—that could stand improvement. In doing so, we point no fingers: All of us—whether elected officials, business executives, or citizens—play the roles assigned to us by the structures in which we find ourselves. Therefore, to effect change, we must change the structures. It is hoped that this report will help our leaders and citizens see where structural changes would be helpful in improving the competitiveness of Hampton Roads.

Hon. Vincent J. Thomas, Chairman  
The Steering Committee  
The Hampton Roads Regional Structure Project

June, 2005

## Introduction

Consider these scenes from close to home:

- A visitor to a new high tech training center asks the students in a programming class whether any of them plan to seek jobs outside the region. *All* raise their hands.
- A city council votes against using tolls to expand a badly congested tunnel. The tunnel is used daily by its own citizens and by commuters from five other municipalities, but none of the users are consulted. The project languishes.
- The eight public and private institutions of higher education in the region altogether receive research grants totaling less than \$115 million. The three major research universities elsewhere in Virginia receive annual grants, *individually*, of \$109, \$182, and \$232 million.
- The regional partnership, its state incentive funding having been curtailed, focuses its resources on more narrow plans. Hardly anybody knows of its good work anyway.
- A member of the state legislature, without consultation with local officials, creates a study commission to look at merging two central cities. The cities, without consulting the public, respond politely by calling several meetings of officials. Nothing happens.
- As highways become more clogged, funds for new construction are close to exhaustion. State legislators avoid discussing revenue solutions because it is an election year.
- The region's legislative delegation does not meet before each annual session to agree on a regional agenda. During the session, when a delegation of twenty representatives of a local minority organization make a presentation, only four legislators attend.
- Despite the region's size, there are few world-class hotels or convention centers and no major league sports franchises. The region is potentially a major tourist destination, but it has no coordinated tourism development program. Instead, the local governments compete for visitors with separate facilities and marketing.
- Although the region is a single labor market, two elaborate workforce development programs are maintained.
- According to authoritative statistics, every one of the sixteen local governments—which maintain separate service departments—suffers from fiscal stress.
- The region's per capita income is at 93% of the national average, it grows its economy at a slower rate than the state and competing metro areas, and finds it difficult to diversify away from naval and other military and federal spending as the basis of the economy.

An educator would say, “Does not work up to potential.” A sportsman might say, “Can't keep its eye on the ball.” The economist's term for it is “sub-optimization.” A concerned citizen would say, “We could do better—and we *should*.”

## Executive Summary

In the absence of regional government, Hampton Roads does regional cooperation. Over several decades an elaborate structure of public and private decision-making bodies has been created, some truly regional, some not. To provide for a more informed public discussion of this complex picture, the Project Steering Committee decided that Phase I of the deliberative process should produce a written description of the present regional structure by outlining the regional agenda of opportunities and issues and the organizations that make regional decisions, all to highlight what we do well and what we do not do so well. For reference in preparing recommendations for structural change, research was also done on the legal framework of regionalism in Virginia. This report is the result.

Phase II of the process will seek, first, to highlight deficiencies in the present regional structure and, second, to develop options for reform. In a number of ways, these deficiencies and options will be offered to the general public for evaluation and expression of opinion and choice. Phase III will seek implementation of the preferred recommendations.

Several observations occur from a review of the following material. First, some regional issues are very well handled indeed. Management of the port facilities and unified marketing through the Virginia Port Authority is an outstanding example of a world-class competitor. Transportation planning, responding to federal and state requirements for funding, receives thorough professional attention from the Metropolitan Planning Organization of the Planning District Commission. The arts community, with its Cultural Alliance as a vehicle for information sharing and advocacy, has turned Hampton Roads into the arts capital of Virginia. The two separate regional economic development organizations have recognized that a merged single organization can do a better job of marketing the region. These are exciting examples of achievement.

On the other hand, despite numerous inter-governmental agreements, some local government activity seems duplicative in the face of severe funding squeezes and the existence of modern technology. Political consolidation of cities and counties does not appear attractive. But the fact, to take a simple example, that a single company can provide telephone service to an entire region (or nation!) at least begs the question of possible consolidation of some government functions to provide better service at less cost to taxpayers. Similarly, without imposing soviet-style central planning, it would seem worthwhile to shape some legitimate and accountable organization to compile regional goals and craft a regional legislative agenda that would activate the legislative caucus. These are but two examples of shortcomings that merit careful discussion. And there are others.

It is hoped that the following material will suggest desirable reforms.

The Steering Committee

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## 1. PRE-SCHOOL and K-12 EDUCATION

The general education and skills of public school graduates are major determinants of the prospects for the regional economy. Regional industry competitiveness is determined, in large part, by the quality of the workforce and therefore the skills of local graduates. The perceived quality of the schools is also a key factor in recruiting companies from outside the region.

The brain develops rapidly from birth to age five. The quality of pre-natal care and early childhood experiences, including pre-schooling, set the stage for success or failure later in life. Investments made in children early in life yield both private and public long-term returns.

Pre-school preparation programs are both public and private. Kindergarten through twelfth grade education is a core function of local government, supplemented by private schools. Education dominates state and local government budgets. It drives economic development, land valuations, and tax rates. It is also an area where local control is cherished.

Hampton Roads public school divisions are coterminous with the sixteen municipalities (except that James City County and Williamsburg have a combined school district) and the systems operate autonomously subject to local, state, and federal law. However, there are several forums for coordinating school system activities and sharing best practices. Some programs are provided across division boundaries. The Hampton Roads superintendents meet in the Region II School Superintendents association. WHRO, owned by the schools, provides programming, teacher training, and assistance with incorporating technology in classrooms. SECEP, a south Hampton Roads schools partnership, plans and operates special education programs. On the Peninsula, the school systems support the New Horizons Regional Education Center, which provides regional vocational and technical education.

Several pre-school and K–12 issues rise to regional importance:

- Pre-school. The majority of young children live with working parents and spend substantial time with child care providers. According to the Virginia KIDS COUNT report (2000), Virginia pays the nation's lowest hourly wage to child care staff and turnover rates are high. Both low wages and high turnover present significant challenges to maintaining high quality child care programs.
- Disparity in teacher salaries. Salary differentials across school districts put some communities at a disadvantage in attracting the best teachers and some observers believe this factor results in differences in quality of instruction.
- Infrastructure. In communities that are experiencing rapid or haphazard growth, the cost of new school construction stresses municipal budgets.
- Quality of education. Although most schools are meeting Virginia's standards of learning, disparities in quality of instruction and preparation of graduates can negatively impact the capability of the regional labor force. High school scores in math and science do not compare favorably to some other areas of the State.

- Funding. Though education still gets the largest share of the State's budget, local governments are being pressed to pick up an increasing share of the cost, which tends to shift the burden from income taxes to property taxes and raises issues of sufficiency and fairness.
- Meeting industry needs. In addition to meeting basic educational goals, schools are expected to tailor the work skills and the level of proficiency of high school graduates to meet the needs of the region's industry, thereby benefiting both employer and employee alike. How to perform this function adequately raises issues of access to vocational programs.

## 2. HIGHER EDUCATION AND RESEARCH

Writers on "hot spot" regions invariably list the presence of at least one strong research university as an attractor for business development. Adding highly paid eminent researchers to university faculty draws other talent and thus itself is a valuable first step in improving per capita income while stimulating, through patent licensing, the growth of new companies in the region. Finally, the technical and management skills of the graduates, if they are retained in the region, are a critical resource for job and income growth. Higher education is a source of cultural enrichment, a provider of technical consulting services, and a huge driver of economic development.

Few areas of the country remain competitive without first-rate institutions of higher education feeding graduates into the region. Moreover, the institutions need not be specifically in the jurisdiction for a locality to benefit. Labor markets are regional and graduates of each of the region's universities and colleges can be found throughout the region. Similarly, access to professors and graduate students is not limited to the locality in which the institution is located.

Hampton Roads' eight four-year colleges and graduate schools include small liberal arts institutions, large research universities, historically black universities, and business, law, medical, and engineering schools. The region has three community colleges. Several commercial institutions provide technical preparation. It is a rich mix.

All of these institutions operate autonomously, primarily under state law. Coordination of a number of programs is provided by the Virginia Tidewater Consortium for Higher Education. A Hampton Roads Research Partnership, recently organized, has stimulated several innovative joint research projects but so far lacks the funding that would leverage a robust effort to market the universities' capabilities nationally.

Issues that concern the universities and the region include:

- Research and commercialization. Despite the number and diversity of Hampton Roads' higher education institutions, annual research grants obtained by all eight of them total less than \$115 million, a relatively small amount compared to the three major research universities elsewhere in Virginia that receive annual grants, *individually*, of \$109, \$182, and \$232 million. Given their recognized strengths in physics, oceanography, materials science, and computer simulation and networking, to name a few, the challenge of increasing grants as much as four-fold or more represents a significant opportunity for regional economic development.

- Brain drain. From 1995 to 2000, Hampton Roads lost a greater proportion of college educated 25-39 year-olds, 8.8%, than any other metro region our size (except Pittsburgh), while many larger regions, such as Las Vegas and Atlanta, drew the well-educated young in double digits. Recent research indicates we are most likely to lose the very graduates that might make the most important contribution to the work force: engineers, doctors, computer technicians, and researchers. Among explanatory factors are a relative lack of exciting job opportunities and lower salary levels, apparently not offset by the region's lower cost of living.

### 3. WORKFORCE DEVELOPMENT

It has been wisely said that the future of the local economy depends on the education and training being provided to today's youth. Workforce—of sufficient quality and number—has emerged as the top criterion among company relocation prospects and is a prime determinant of the ability of local companies to grow.

Communities with a flexible labor market, in which training and retraining is readily available and business collaborates with educators to direct curricula development, adjust more quickly and easily to changing economic conditions. Additionally, a highly-skilled workforce enjoys a higher standard of living thereby addressing one of the region's long standing challenges—low incomes.

In the same sense that Hampton Roads is a competitive unit in the world economy, the region is a single labor market as residents commute from one end to the other in response to job opportunities.

Regional issues relative to workforce development include the following:

- Consolidation of services. Although Hampton Roads is a single labor market, at present, in response to 1998 Federal legislation, separate Local Workforce Investment Boards have been created for the Peninsula and South Hampton Roads. Quoting recent California research, “a fragmented structure for job training and employment-related services yields several dysfunctional results”—training of uneven quality, inability to meet service needs of clients, duplicative and expensive administrative structures, fragmented planning, and incompatible policies.
- Technical education. The American public school system has attempted at great expense to make the dream of a college education available to all young people. It has left those who are less adapted or interested in that alternative less well provided with facilities for technical and vocational training. Providing practical skills to more youngsters would benefit not only themselves but also enrich the labor pool for the benefit of the economy.

### 4. ENVIRONMENT AND RESOURCES

Maintenance of clean air and water and preservation of wetlands and woodlands are direct determinants of the region's quality of life. Thus, a healthy environment contributes to the region's tourism industry, real estate values, and desirability as a place for companies to relocate and stay.

Environmental quality is a regional issue. Pollution, destructive weather, and the efforts required to deal with them know no political boundaries. Environment is among the most typical of regional concerns.

In addition to the federal and state regulatory requirements enforced by the municipalities and Corps of Engineers relative to waterways, wetlands, and land use, the Planning District Commission coordinates air and water quality research and oversees the impact of transportation planning on air quality. Clean water is provided under inter-governmental contracts for the use of treatment facilities. Solid waste disposal and wastewater treatment for much of the region is provided through multi-jurisdictional authorities.

Issues of regional interest include:

- Air and water quality. Growing traffic congestion on the highways and growth of subdivisions continues to press on the environment.
- Wetlands. More than most areas of the United States, Hampton Roads' extensive rivers, creeks, marshes, and tidal wetlands require an ongoing special effort at preservation balanced by the needs for commercial and residential development.
- Regulation. Soon to be imposed storm water regulations, including an imposed Total Maximum Daily Load, could have a tremendous economic impact on the region.
- Water availability. Virginia Beach succeeded in its long struggle to ensure a supply of water from Lake Gaston. However, under current growth projections it may exceed its Gaston allotment within the next 10 years. Norfolk and Portsmouth both have surplus water except during droughts. Western Hampton Roads currently depends on groundwater which is insufficient if the current explosive growth should continue. The Peninsula may be at an impasse in its effort to provide for future water needs via the King William Reservoir. While it appears that regionally there is enough raw water and treatment capacity for the combined future needs of all municipalities in the region for several decades, this surplus depends on regulatory issues, weather, piping connections, and maintaining agreements between municipalities.

## **5. HOUSING**

Affordable housing options are declining for households that earn less than the region's median income. In a statewide survey, 87% of local government officials rated improvement in the quality of housing as an important goal.

The problem is most critical for low-income families, most of whom rent. The basic problem is an "affordability gap" between what poor households can pay for housing at some standard level—say 30 percent of income—and what it costs to occupy a "decent quality home." For low-income families this is a persistent issue in good times and bad.

Cheap mortgage money in recent years has fueled a surge in demand for homes and has driven up prices by double digits several years in a row. This has broadened the affordability gap so that significant numbers of working and middle class families are now finding it difficult to find affordable housing. Also restricting the supply for middle-income purchasers is the preference among cities and builders for high-end housing that is more profitable to build and that generates higher taxes. Similarly restrictive factors include a scarcity of zoned developable land; escalating land prices; more restrictions on re-zonings; increased costs for roads, schools, and open-space preservation; and increased costs of redevelopment and renovation.

Above all, meeting the shelter needs of the labor force will have an immense impact on the prospects for economic development. Maintaining the viability of our tourism market means providing workers at wage levels that enable them to find housing convenient to work while keeping the cost of hotels and other tourist facilities at competitive levels nationally.

That there is a single housing market for the region is clear from commuting patterns and also from such indicators as the existence of a single multiple-listing service for the region. However, housing matters—zoning, construction standards and permits, required parks and other development add-ons—are handled by each municipality acting autonomously.

Issues related to housing include:

- Affordability. Can special efforts be made to encourage innovative approaches to meeting the housing needs of low- and middle-income families without placing inordinate burdens on municipal budgets to provide incentives or subsidies?
- Availability. Can the housing stock for sale or rent, at whatever price levels, be provided close enough to places of work to minimize excessive travel and loss of work and leisure time for masses of the workforce?
- Balance. Affordable housing is not regionally distributed and neither is expensive housing. This situation is a combination of many factors, many beyond governmental control. However, in an environment where so much tax revenue comes directly from real estate, and so many service requirements are concentrated in areas with relatively less resources, this uneven distribution of high and low value housing creates self-perpetuating regional disparities.
- Transportation. After fifty years of new tunnels reducing barriers to circulation within the region, thus drawing the region closer together and creating a regional housing market, growing traffic problems risk a return to conditions where buyers are forced to look for homes closer to employment sites, unless and until a regional transportation solution appears.

## **6. ECONOMIC DEVELOPMENT**

Indicators of successful regional economic development include creation of new businesses and jobs, attraction and retention of talented workers, maintenance of a business-friendly environment, and building on the region's competitive strengths. Hampton Roads has competed well in recent years in quality of workforce, transportation infrastructure, educational system, quality of life, and

availability of building sites. Between 2000 and 2004, while other regions suffered slowdowns, Hampton Roads enjoyed a buildup in national defense spending that resulted in per capita income growth of 18.8%, well ahead of the U.S. rate of 12.6%. Nevertheless, the region's economic performance still lags behind benchmark regions such as Richmond, Charlotte, and Raleigh.

Economic development is recognized as a regional issue in Hampton Roads, ranking high in all surveys of the public and government officials. The need to achieve effective cooperation through stronger institutional structures was recognized in the 1980s by the merger of the ports into the Virginia Port Authority, which immediately started a trend of double-digit annual growth in port business. In 2005, the value of unified marketing was recognized by the long-sought merger of the two separate regional economic development alliances into a single organization.

Regional issues in economic development include:

- Marketing strategy. The recent merger of the two development alliances offers the opportunity for more coherent marketing of the region's strengths and an organizational focal point for the sales program.
- Industry diversification. Reliance on defense spending has declined from 42% of the gross regional product in 1990 to 34% in 2004. Emphasis on new industries, such as modeling and simulation, nuclear physics research, and port distribution facilities, buffers variations in the still overwhelming impact of the military sector. More is needed.
- Cluster development. Self-conscious stimulation of established industry clusters that generate income from external sources by exporting goods and services can accelerate the addition of higher salary jobs and attract new companies. Recent successful examples include supplier companies congregating around the Ford plant in Norfolk and Canon in Newport News. The Hampton Roads Partnership is fostering cluster planning.
- Job quality. Nearly one-fourth of recently surveyed ODU students expressed an intention to leave the area for better job and earnings opportunities. Challenging, well-compensated careers are the antidote for brain drain.
- Existing business. Maintenance of favorable taxes and regulations compared to other states, together with sustainable growth policies and workforce development, support already existing enterprises, especially small businesses that generate most of the new jobs. This undramatic but essential commitment is a key to regional competitive advantage.
- Entrepreneurship. Business assistance services (lawyers, accountants, banks, consultants) are ample in the region, and investment capital sources have expanded somewhat in recent years together with the establishment of incubators. However, funding has been erratic and the overall environment for innovation and risk taking needs encouragement and additional incentives.
- Base Realignment and Closure (BRAC). South Hampton Roads will probably see increased activity as a result of BRAC. However, increased traffic and the need to house and provide services for additional service personnel and their families, does not make the BRAC-induced changes cost-free. The Peninsula would be particularly hard hit with the proposed closure of Fort

Monroe and downsizing of Fort Eustis. If these changes occur, it will be imperative that Peninsula communities receive appropriate impact assistance for adjusting to these new conditions and that the reuse of Fort Monroe proceed as quickly as possible with local input.

## **7. TOURISM MARKETING**

Hampton Roads is one of the nation's prime tourist destinations, with potential for further growth. As one of Hampton Roads' distinctive industries, tourism generates external income and tax revenues from vacationers and conventioners and provides thousands of jobs in food service, lodging, transportation, touring, airport services, gasoline, and retail shopping. Return on investment from tourism marketing dollars is high.

Promotion of local tourism attractions is largely decentralized. Many Hampton Roads governments have convention and visitor bureaus. Previous programs of coordinated packaging of the area's outstanding historical and recreational attractions have not been sustained. The State's minimally-funded Virginia Tourism Corporation mostly promotes Virginia branding rather than advertising of local attractions.

As in economic development marketing, there would appear to be leverage in pooled marketing efforts and planning of improved facilities.

Among the opportunities in tourism marketing are the following:

- 2007 Commemoration. Significant funding has been provided for improvements to both state and federal sites at Jamestown in time for the 2007 commemoration, and the Jamestown Steering Committee is working closely with the State. Individual cities have been left to craft their own programs.
- Regional marketing. Recognizing that tourists seek out attractions throughout a region, the AAA tour guide for Virginia groups all regional information under a "Hampton Roads" section. No similar regional marketing effort is made by the local tourist industry or governments.
- Facilities. Various government agencies and private organizations oversee parks and recreation, fishing and hunting, arts and culture, transportation, and performance facilities, all of which are facets of tourism (as well as the quality of life for residents, of course). Coordination and oversight would offer the possibility of pooling resources to create world-class attractions and coordinated marketing.
- Internet. At this time there is no single centralized Web site spatially mapping the venues, providing travel times and traffic conditions, and giving links to the Web sites for particular attractions.
- Cruise ships. Norfolk has shouldered the investment in facilities for handling the new opportunity to serve as a cruise ship port. With an increasing number of retirees, the cruise market is a special opportunity. Presumably a program that markets all the region's attractions could ensure the most rewarding experience for cruise visitors.

## **8. PUBLIC SAFETY**

Ensuring that the public is provided an environment that is safe and secure with the confidence of quick emergency response are fundamental responsibilities of every municipality. While our cities are in fact relatively safe, and Virginia Beach has been named the safest city in the United States, recent citizen surveys rate crime as one of the top two problems in the region. Law enforcement agencies receive generally high ratings and 58% of respondents believe crime has declined or stayed the same, but 38% believe crime has become worse.

Crime, violence due to gangs and drugs, fire and police response and protection against international terrorism are issues that may be positively impacted through increased regional coordination.

Challenges in public safety include:

- Drugs and Gangs. Drug trafficking and related gang violence do not have municipal boundaries. Strong enforcement in one locality shifts the activity to other localities.
- Fire and Rescue. A recent report by the Old Dominion University Center for Regional Studies suggests the desirability of considering some consolidation of functions among fire departments.
- Homeland Security. With guidance from Federal and State authorities, local planning is coordinated through the Hampton Roads Planning District Commission. However, given the target-rich regional environment (e.g., military bases, multiple air and water ports, and a nuclear power station) coordination alone may not be sufficient.
- Natural Disaster Preparedness. Hampton Roads can experience destructive natural events such as northeasters and hurricanes. As with homeland security, more could be done to prepare for such events and provide adequate evacuation capability.

## **9. HEALTH CARE**

Adequacy of health care facilities and access to them is a basic indicator of the region's competitiveness. Hampton Roads has a strong system of hospitals and clinics supported by a medical school and medical technology training at local universities. The region suffers, like the rest of the nation, from soaring costs and a large and growing portion of the population, 14%, without health insurance, including many workers without company health plans. The scope of the problem in terms of the costs and numbers of citizens involved argues for a coordinated regional approach to a search for solutions. The Hampton Roads Health Care Coalition is a regional activist in this area.

Specific health care issues include:

- Rising costs. Annual double-digit increases in health costs and insurance premiums have forced most businesses, especially the small ones, to curtail or drop health coverage for their employees. Individual policy premiums are more than many young families and elderly can afford.

- Indigent care. An estimated 97,000 workers and 31,500 seniors with income below 200% of the poverty level are without health insurance, even though two-thirds of uninsured adults work full-

time. Area hospitals and the medical school absorb the cost of caring for those without the ability to pay. The shortfall amounts to as much as one-third of total expenses, which the providers cover by shifting the cost to patients with insurance, thus driving up premiums.

- Public funding. Virginia's Medicaid funding ranks among the nation's lowest both in terms of eligibility and levels of reimbursement. This factor complicates and adds pressure to the indigent care problem.
- EVMS funding. The Eastern Virginia Medical School is a community-based academic institution dedicated to medical and health education, biomedical research, and the enhancement of healthcare in Hampton Roads and the Commonwealth at large. While EVMS receives some state support, it is only half of what Virginia's other two medical schools get per in-state student. The State has also consistently refused to provide the medical school with a fair allocation of funding for indigent care. EVMS serves a large enough public purpose to warrant more state support.

## 10. SOCIAL SERVICES

Public policy recognizes the commitment of the community to assist needy citizens with primary needs for food, clothing, shelter, and health care. Community standards and pride supported by long-standing religious and philosophical tenets account for the various forms of public and private outreach to the less fortunate.

The problems which social services address are regional in nature because client populations are mobile and negative side effects (concentration of poverty, crime, etc.) cross municipal boundaries.

Challenges for social service agencies include:

- Mental health, drug addiction, alcoholism and physical disability. Community Service Boards supported by state funding exist in each city for those suffering from mental disability, substance abuse, and alcoholism. For lack of adequate state funding, these agencies have long waiting lists of potential clients. Moreover, limited resources are spent on the worst cases, leaving little for growing problems and for cost effective preventive measures.
- Homelessness. Norfolk has created an Office on Homelessness and the Norfolk mayor expects to invite the mayors of the surrounding Southside cities to participate in a summit that is hoped will lead to a "coordinated, regional approach to this tragic condition that affects too many of our citizens." The Peninsula Mayors and Chairs, led by Newport News, have initiated a task force on homelessness.
- Elderly care. Separate Peninsula and South Hampton Roads agencies with federal and state funding provide advocacy, education, and services for the elderly. The attractiveness of Hampton Roads for retirees depends on the quality of such care.

- Funding. Separate United Way organizations for the Peninsula, South Hampton Roads, Williamsburg, and outlying areas provide fund raising campaigns and funding distribution for dozens of public and private social service agencies. Hampton Roads per capita contributions

have historically been well above the national average. However, support from the State for social services is low compared to other states.

## **11. LAND USE PLANNING**

Land use determines the pattern of community development. Land use planning is among the most critical functions of local government, and local control is jealously guarded. This is the national pattern; very few regions have regional land use plans. At the same time, of all its activities, the land use decisions by one municipality arguably make the largest impact on its neighbors.

Local land use decisions impact the entire region with respect to housing affordability, work locations, travel patterns and congestion, school costs, and the condition of the environment. Some form of regional input into planning decisions could help alleviate these problems. A successful regional effort would also distinguish Hampton Roads and serve as a source of competitive advantage for existing businesses and those looking to relocate.

Challenges that confront land use planners include:

- Sprawl and open space. Low density, automobile-dependent residential development beyond employment and service areas has led to costly transportation requirements, excessive travel time, inefficient use of land, and fragmented governance. One expert describes “smart growth” as limiting outward expansion; encouraging higher density (despite higher public transit costs) and mixed-use zoning; reducing inter-area travel; revitalizing older areas; and preserving open space. Research suggests that planned development consumes 20-45% less land and reduces costs of roads, sewer and water lines by 7-25%.
- Blight and redevelopment. Sprawl encourages abandonment of older areas, which then deteriorate into a cycle of low revenue for maintenance and redevelopment, and further decline to blight.
- Environment. The Hampton Roads region presents special challenges for preservation of clean waterways and wetlands. Comprehensive land use planning would necessarily provide a stronger emphasis on these assets and greater preservation of greenfields.

## **12. ARTS, CULTURE, AND RECREATION**

Over the past four decades Hampton Roads has transformed itself into the arts capital of Virginia, fielding accomplished performing arts, diverse museums, spectacular colonial history venues, and a major national arts festival. One of the largest metro regions without a major league sports franchise, Hampton Roads is nevertheless a leading sponsor of national amateur athletic events. Beaches, parks, golf courses, boating and fishing facilities, lure residents and visitors alike.

Such assets are the ornaments of a rich and distinctive quality of life in Hampton Roads. The arts community has led the way in regional cooperation by forming the Cultural Alliance in the mid-1980s, merging the three symphonies with the recently realized vision of creating a major symphony

orchestra, and forming opera, stage, ballet, choral, and musical stage companies on the basis of region-wide support.

Issues include:

- Arts financial stabilization. The financial viability of the region's major performing arts organizations has been a concern for decades as they have sought to improve the quality of their offerings. Unlike many communities that have seen their symphonies or other groups go bankrupt, the boards of ours have worked to keep them afloat, making necessary changes in business practices and management as circumstances dictated. Nevertheless, cumulative financial stresses combined with reduced state funding and losses caused by the 2003 hurricane have weakened their financial condition. A recent initiative of the Greater Norfolk Corporation and Norfolk Foundation has determined that at least \$28 million should be raised to provide minimal working capital stability and a modest endowment for the region's performing arts.
- Major facilities. The region's municipalities and universities often strive to build their own convention centers, concert halls, or sports arenas. A regional approach to sharing the investment and benefits would presumably encourage pooling of funds to create a few signature world-class facilities that would be more enjoyable for citizens and more appealing to tourists.
- Sports. While it is recognized that capturing a major league sports franchise cannot be characterized as a direct economic development benefit, it would certainly add to regional pride and regional identity. There is evidence that the presence of these enhancements draw the "creative class" who now generate the best jobs. From attempting to secure a NASCAR track to recruiting a hockey or baseball franchise, each such effort has attracted support of regional leadership.

### **13. COMMUNITY RELATIONS**

Hampton Roads has weathered past stresses among racial and income groups with the help of thoughtful and dedicated efforts by leaders of government, civic, and religious organizations. The region enjoys a higher degree of residential integration than many other metro areas. Attention has been devoted to meeting the needs for community centers, boys and girls clubs, and special universities. Increased immigration heightens the challenge to effect integration, provide decent employment, and encourage responsible participation in social and political processes.

As a challenge that engages the better instincts of the entire nation, the fostering of healthy relations among the diverse elements of the community clearly remains a fundamental civic duty for our region. Accomplishment on this dimension will add to the reputation and image of the region.

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Issues related to this topic include:

- Diversity in regional decision making. Individuals and groups, including those with unique needs, want to participate in the processes that affect them, whether governed by public or

private organizations. Community leaders and managers have a responsibility to reach out in positive ways to make wider participation a reality. Broader representation in decision making increases the legitimacy of the decisions.

- Leadership development. The task of the schools to teach America's civic traditions must be supplemented by the practical work of the several leadership training organizations in cultivating informed and effective citizens and encouraging their active participation in volunteer and public organizations.

## 14. TRANSPORTATION

Transportation, the ability to move people and goods around the region, may be the most acute issue that will determine Hampton Roads' position in the global market place. A strong multi-modal system of roads, rail, airports, shipping, distribution facilities, and mass transit supports the key industries of the port and the military, eases the task of commuting and colors the experience of the tourist.

The requirements for federal funding ensure that Hampton Roads enjoys competent planning of multi-modal transportation infrastructure coordinated in an overall regional plan through the Metropolitan Planning Organization of the Planning District Commission. The State has primary responsibility, including funding, for roads, bridges, tunnels, seaports, airports, and public transportation. The key problem is to induce the State legislature to provide adequate funds to implement the plans.

As all the pieces of a transportation system must connect, transportation is obviously the most regional of all concerns. Congestion above a certain threshold impedes cross-regional travel for work, recreation and shopping. Because the region sits at a cul-de-sac on the coast, having a superlative transportation system is, with workforce, one of the most important determinants of our competitive position.

Challenges include the following:

- Transportation funding. Failure of the General Assembly to increase the user taxes that support the highway fund will exhaust funds for new construction by about 2010 and reduce funds for maintenance after that. The region's required six-year plan includes no new interstate projects. Even if the legislature takes action in 2006, the state budget is unlikely to be able to accommodate the needs of the region's highway plan. Sales and gas taxes are the most economical sources, tolls the most expensive, and tolls alone will not generate adequate funds.
- Traffic congestion. Because road projects require a decade or more to implement, the lack of a funding commitment ensures the region will suffer from worse tunnel backups, longer travel times, more air pollution, backed up truck traffic in the port, and negative impacts on tourism.

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Really bad congestion discourages travel for shopping and entertainment, even work. The eventual anger of the public may finally induce the legislators to act and even to provide more than token funding.

- The Port. Unification of the ports in the Virginia Port Authority is the outstanding example of the benefit of regional cooperation. Port tonnage surged and annual growth has remained in double digits almost every year for two decades. A single powerful trade organization, the Hampton Roads Maritime Association, provides a unified voice. With the expected expansion of Craney Island and the opening of the new Maersk terminal, the railroads are adding capacity, but the region will be pressed to bring the highways up to associated needs. Another problem is that the communities which host public, non-taxable port facilities bear a disproportionate burden in terms of traffic congestion and local road maintenance.
- Air Travel. More non-stop destinations and lower fares that will attract national and international companies with large travel budgets need to be offered by the airlines that use the region's two international airports.
- Mass transit. The region has a regional bus system and only a marginally large enough population to support expenditure on light rail, though several municipalities are experimenting. Highway congestion may eventually improve the motivation.
- High speed rail. Thanks largely to over fifteen years of effort by officials and business leaders, it is the position of the Commonwealth that the next step in improved rail service will be from Richmond to Hampton Roads. However, public statements by some state and federal officials from Virginia focus instead on improved rail service from Richmond south to Raleigh. As chairmen of transportation committees, our local legislators have significant influence over whatever rail improvements may be made. But funding limitations and the not yet available findings of rail studies now in progress make our region's prospects hard to project.

## **15. EFFICIENT GOVERNMENT**

Virginia's unique structure of independent cities and counties, adopted over eighty years ago, created a much simpler and more efficient system than many other areas of the nation. Hampton Roads has only sixteen non-overlapping cities and counties, whereas many areas with a traditional city-within-county system can have literally hundreds of political subdivisions. Nevertheless, given modern transportation and communications, it has been charged that the present structure inhibits efficient regional governance, particularly in the face of agreement that regions are the natural units of economic competition.

In the absence of full regional government, Hampton Roads does regional cooperation as well or better than many other regions in Virginia and the U.S. Over the years the region's municipalities have not only created regional authorities to handle trash disposal, water treatment, bus and airport services, but also entered into scores of agreements for sharing the tasks of providing public services. Where mutual interest has been clear, local officials have not been laggard in seeking partners.

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All Hampton Roads municipalities suffer from fiscal stress—defined as a shortage of funds relative to identified needs. In a recent survey, Virginia's local officials were outspoken in describing their most important problem as “too much work, not enough money.” The fiscal squeeze arises from federal and state unfunded mandates, steady inflation of costs, and increased service demands from the public despite resistance to tax increases. A more recent trend is the down-streaming of

traditional state functions to localities, as exemplified by the City of Virginia Beach assuming road building functions from the Virginia Department of Transportation.

Good, efficient government is a key building block of regional competitive success. In the face of cost inflation and growing populations, there is evidently a limit to tax cutting as the basis for achieving more efficiency.

The opportunities presented by this dilemma appear to be:

- Shared services. Looking at the various authorities and inter-city agreements as healthy precedents, the municipalities' increasing fiscal stress combined with public resistance to increased taxes, suggests that further consolidation of service delivery should be investigated. Merger of municipalities has not occurred in Virginia for decades. However, given modern methods of communication and administration, functional coordination may be entirely feasible and result both in improved service and significant savings.
- Uniformity of Taxes and Regulations. When the local treasurers agreed several years ago to use the same calendar for tax due notices, the change represented a huge increase in convenience for local businesses. Uniform building codes and zoning practices are other areas where best practices could be shared while simplifying the interaction between government and those it serves.

## 16. GOVERNMENT RELATIONS

As Virginia is a Dillon Rule state, many of Hampton Roads' needs require action by the General Assembly. With needs similar to those of the other major urban areas —Richmond and Northern Virginia—the potential exists for creation of effective voting blocs in the legislature. However, to be able to reach out to other regions requires that Hampton Roads be able to speak with one voice, and preferably, on its major issues, with a non-partisan voice.

At present, the vehicle for shepherding such consensus, the Hampton Roads Legislative Caucus, appears to be much less cohesive than those of the other regions. Little effort appears to be expended on creating a regional legislative agenda as compared, for example, to the effort to enforce political party discipline.

Opportunities for consideration include:

- Annual regional legislative agenda. Most requests for action by the General Assembly originate as items on lists prepared by individual cities, universities, authorities, chambers of commerce, hospitals, and public service entities. Each institution seeks support for its particular bills in the form of endorsements from city councils and other groups interested in the issues at stake.

Relationships cultivated with local legislators who serve on relevant General Assembly committees become the basis for requesting sponsorship of desired laws. The Dillon Rule requirement results in annual requests numbering in the thousands. Occasionally, a great ad hoc effort is expended to develop broad consensus behind some particular measure, usually one involving major services such as transportation or education or calling for a change in taxes. A more systematic standard annual procedure that involves consultation with the public and local

governments could provide the Legislative Caucus with a solidly supported list of important initiatives.

- Inter-regional cooperation. The needs of the urban regions are often similar. The Hampton Roads Legislative Caucus, if it were prepared with a short list of major initiatives, would be in a position to reach out for support to legislators of other regions before the annual session begins.
- Dillon Rule relaxation. Hampton Roads can probably organize itself to act regionally without the need to seek modifications to the Dillon Rule. On the other hand, the annual trek of the municipalities to Richmond with bushels of special bills argues strongly for an effort to seek a state-wide review of methods for applying the Dillon Rule more rationally. The recent law permitting Virginia's universities to take over certain obvious administrative tasks for themselves sets a useful precedent.

## 17. REGIONALISM

Regionalism, or regional cooperation, is the focusing of the region's leaders and resources on a shared agenda for improving the economy and quality of life. An "agenda" implies that some issues are regional and some are not. That the agenda must be "shared" ensures that truly common interests are attended to. A "region" in this context is primarily an economic concept, where an identified geography constitutes an integrated, interdependent market. Hampton Roads is the southeastern section of Virginia, with a primarily maritime economy based on its superb harbor. The local economy is highly interdependent as shown by dispersed residences of workers, the fact that income earned in one city is spent throughout the area, and growth trends between the Peninsula and South Hampton Roads are highly correlated.

We live and work all over the place, and our visitors go everywhere. Nevertheless, our sentiments as citizens seem to focus primarily on our cities and counties. It is an ironic fact that, although regions are the primary units of competition and government is a key player in economic development, very little formal government exists at regional level.

Challenges for improved regionalism include the following:

- Comprehensive regional goal setting. When leaders and citizens come together to discuss regional issues, set objectives, and consider strategies, achievement often surpasses the results realizable from doing "business as usual." Over past decades, various organizations—the Planning District Commission, Future of Hampton Roads, Plan 2007, and Hampton Roads Partnership—have undertaken limited forms of regional visioning or strategic planning. But no entity exists that undertakes sustained regional goal setting. The Partnership and Planning District focus on selected topics of interest, while individual authorities or community service

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organizations develop their own goals and programs. Partial regionalization has been achieved with economic development and workforce development. There is still room for a single central entity that develops regional objectives and strategies and involves the public in doing so.

- Greater regional cooperation. The broader outlook stimulated by regional goal setting might make room for creative partnering in the development of major facilities and programs not now

undertaken by individual municipalities. As suggested on p.20 under Efficient Government, fiscal stress should impel a search for savings through service consolidations.

- Regional citizenship. One expert states that “the greatest barrier to regional coordination, cooperation and collaboration is the lack of a common metropolitan consciousness and citizenship.” The Hampton Roads Partnership is currently developing a program for raising consciousness and fostering the sense of citizenship that will be needed to support any recommendations for structural changes that may come out of the Hampton Roads Regional Structure Project. WHRO has created a Center for Regional Citizenship to provide a discussion forum for regional issues as a means of increasing a sense of regional citizenship. The editors of the two major newspapers are discussing creation of a series of articles on the topic.
- Regional Revenue Sharing. Revenue sharing takes a portion of a revenue source, such as the property tax or sales tax, and distributes the proceeds to constituent local governments based on criteria that reflect the needs of the region. The usual purposes of regional revenue sharing are to reduce competition among communities for non-residential properties that increase their tax bases; to create a fairer distribution of tax benefits from properties in each community that impose costs upon surrounding communities; and to permit better regional land-use planning.

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## **1. LOCAL GOVERNMENTS, MAYORS & CHAIRS CAUCUS, and CHIEF ADMINISTRATIVE OFFICERS ORGANIZATION**

### **Local Governments**

The Region. Hampton Roads can be described as the maritime economy of southeastern Virginia located around the harbor of that name. The corresponding federal Metropolitan Statistical Area includes portions of northeastern North Carolina, so for most purposes where a definition in terms only of Virginia local governments is useful, Hampton Roads is defined as the sixteen cities and counties that are members of the Hampton Roads Planning District Commission.

No Regional Government. The cities and counties provide almost all functions of local government except those delivered by various regional authorities whose boards the local governments appoint. As there is no regional government structure—i.e., no *directly* elected regional officials with full powers to make decisions, levy taxes, or implement programs—matters recognized as regional are concerted through cooperative arrangements of one sort or another, as described in this report.

Regional Cooperation. Any function permitted by a local government's charter may be performed collaboratively with any other local government with the same charter power. There are literally hundreds of agreements among the Hampton Roads cities and counties, ranging from such critical functions as water sharing to occasional meetings among officials with similar duties. The Planning District Commission performs various studies and coordinating functions for the local governments. The chief elected and appointed officials meet monthly. A high degree of cooperation exists among Hampton Roads local officials. Nevertheless, the independent structure of local governments in Virginia does make it difficult to deal with regional issues and opportunities with the same dispatch as might be experienced with a true regional government. It is often said that the challenge is for everyone involved to behave as if there *were* a regional government. Relationship building becomes central to this approach.

### **Mayors and Chairs Caucus**

The 10 city mayors and 6 county chairs meet monthly for lunch, rotating the location and hosting among the various jurisdictions. The chief administrative officers also attend. This informal gathering, inaugurated at the suggestion of the Mayor of Norfolk in 1991 following the merger of the Southeastern and Peninsula planning districts in 1990, provides an extremely useful opportunity to build relationships and engage in informal networking as well as to receive presentations from community organizations.

Chairmanship of the caucus is rotated annually between the Peninsula and the Southside. Meeting arrangements are handled by the Executive Director of the Planning District Commission, who serves as secretary and assists the Chair and members with preparation of the agenda.

The mission of the group is to discuss regional policy and operational matters. Input is sought from other officials on key issues such as transportation, economic development, support for cultural activities, and defense issues such as base realignment and closure.

No formal minutes are taken but resolutions or letters requiring action and signature are prepared as needed. Members sometimes decline to sign a resolution or letter based on a different position taken by their respective City Council or Board of Supervisors.

The Caucus also monitors the General Assembly legislative process. It utilizes the legislative liaisons from the cities of Virginia Beach, Suffolk, Chesapeake, Norfolk, and Newport News to represent its interests in the General Assembly. The Chair and other members meet at various times with the Hampton Roads legislative delegation.

Unlike the mayors and chairs, the other some 90 members of city and county governing boards of the Hampton Roads municipalities do not have any organization that provides for regular contact.

### **Chief Administrative Officers (CAOs) Organization**

Like the mayors and chairs, the sixteen city and county managers meet informally for lunch after the Hampton Roads Planning District Commission's monthly Executive Committee meeting. HRPDC funds the meal. The CAOs do not receive other funding. The leadership of the CAOs rotates annually between a manager from the Peninsula and a manager from the Southside. The Executive Director of HRPDC serves as the CAOs secretary.

The mission of the group is to discuss operational and policy issues that affect the Hampton Roads region and to respond to requests from the mayors and chairs for recommendations on key regional issues. Matters of current consideration include transportation, base realignment and closure, emergency preparedness, homeland security, and funding for programs where federal and state funding has been eliminated, such as the Square One initiative on early childhood.

The agenda for the meeting is developed by the CAO's Chair in concert with the Executive Director of HRPDC and the members. Since many questions are focused on the larger cities and do not have a county component nor affect the smaller cities, some members skip those meetings. Nevertheless, the organization is extremely useful for building relationships, sharing technical information, and facilitating regional cooperation.

## **2. HAMPTON ROADS PLANNING DISTRICT COMMISSION**

Voluntary Participation: The Code of Virginia enables the creation of regional planning district commissions, but membership is voluntary and a local government can withdraw at any time. Therefore the challenge is to make sure that policies emanating from the commission are not offensive to its members, lest a commission lose members. This is both a strength and a weakness: Planning district commissions must work hard to ensure their service is viable and relevant.

Commission Membership: Local governments select commission members. Representation is based on population. For example, on the HRPDC, Suffolk has two members while Virginia Beach has seven. HRPDC membership consists entirely of elected officials and local chief administrative officers. This is not the case elsewhere, except in Northern Virginia, nor was it always the case in Hampton Roads. Before 1990, when the Southeastern and the Peninsula PDCs merged, there were non-elected commission members as well as elected members; thereafter the participating

municipalities recognized the value of the accountability associated with elected or chief appointed officials.

Planning vs. Services: Following recommendations of the 1960s Hahn Commission on regionalism, legislation passed by the Virginia General Assembly in 1968 replaced regional planning commissions with “planning districts” to do studies and set goals and “service districts” to manage regional public utilities and other regional service delivery. As the legal process for implementing service districts was onerous, only one was formed (in Southwestern Virginia), and subsequent legislation dropped service districts while enabling the planning districts themselves to provide services. Some do, but HRPDC does not, and instead it has fostered the creation of separate authorities for such purposes.

Metropolitan Planning Organization. To qualify for federal transportation funding a region must have a metropolitan planning organization (MPO). The MPO makes regional transportation policy. In Hampton Roads, the MPO is made up of 13 of the HRPDC Executive Committee members from the urban communities with the addition of the two regional transit agencies and a representative from the Virginia Department of Transportation (VDOT). At a typical meeting, the HRPDC works their agenda after which they recess and reconvene as the MPO. After the MPO works their agenda they adjourn and reconvene again as the HRPDC for the purpose of approving MPO actions. This form of joint membership obviously eliminates many problems.

Funding. Federal, state, and local governments provide operating funds and contract grants. Planning districts do not have the power to tax but may issue bonds.

Operations: Federal, state, and local governments contract with the HRPDC’s professional research and planning staff to prepare studies and recommendations on regional problems. For example, when the region confronted the solid waste challenge, the HRPDC defined the problem, created the plan, got the local governments to approve the plan, and created the Southeastern Public Service Authority (SPSA) to implement it. The Commission played a similar role in the creation of the other authorities such as the Hampton Roads Regional Jail Authority. The HRPDC does the planning, gets the local government commitment to follow through and then creates the regional organizations to implement the plans.

Difficulties: The proliferation of regional agencies creates problems of supervision, as local government officials have to spread themselves over all the regional agency boards. Furthermore, as the State becomes increasingly aware that it cannot handle transportation needs, it may decide to devolve its responsibility to the localities. Then our biggest challenge will be to determine what sort of regional operating agency can deal with transportation funding. The outcome of this matter is of considerable importance to the future of our regional economy.

Public Outreach. While it may not engage in advocacy, HRPDC works hard at communicating with the public and soliciting input. Public communication activities include speeches, newsletters, a Web site as well as hearings and promulgated studies. The willingness of HRPDC to achieve public participation is disputed by some, but the Commission finds that the public is generally unwilling to participate in long range planning processes on the issues HRPDC deals with until there a decision is under consideration that will impact individuals in the near term.

Evaluation. HRPDC is as close to a regional government equivalent as we can achieve at present. To be considered a “government” an entity must be able to elect members at large and tax. Planning district commissions have no such authorities. The shift from combined elected official and private sector commission membership to all elected and appointed membership, done without suffering a single defection from its membership, is considered to have enhanced HRPDC’s ability to make decisions. The Planning District Commission has been the primary instrument through which the will to regional action by local governments has been implemented.

### **3. HAMPTON ROADS LEGISLATIVE CAUCUS**

Membership. Of the 140 members of the Virginia General Assembly, 11 of the 40 Senators and 22 of the 100 Representatives are from Hampton Roads. As a voting bloc, the region’s legislative delegation has potentially enormous clout, particularly when it finds common ground with the delegations from Northern Virginia and Richmond, i.e., those regions that with Hampton Roads represent the most wealthy and productive crescent of the Virginia economy.

Meetings. The Chairman of the Hampton Roads Caucus is of the predominant political party, and that party controls the process of the Caucus. The Caucus meets only when the legislature is in session, usually once a week. It does not meet before the session to concert a regional agenda, and it does not meet after the session to review results obtained. Meetings during the session are scheduled in the late afternoon. Even so, conflicts with meetings of other committees of the legislature are usual, and since legislators find that the work of those committees takes priority, meetings of the Caucus are not often well attended, with frequently as few as half a dozen or fewer in attendance.

Problems. In the absence of a process that develops a credible legislative agenda dealing with regional issues, it should not be surprising that the Caucus only acts up to its potential when some overwhelmingly important issue presents itself for consideration. Such, for example, was the question of whether or not to authorize a transportation referendum. Ordinarily, and particularly in recent years with the polarization of the political parties, the Caucus seldom serves any real purpose except to receive delegations who wish to make presentations during the session. Assembling all the delegates at other times has been shown to be almost impossible and, as indicated above, it is difficult to do so even during the session.

Evaluation. The opportunity represented by the existence of the Hampton Roads Caucus is to develop annual legislative recommendations using a process that produces a well-researched set of proposals that are thoroughly vetted with the public through the media and other means of community discussion, including endorsements by important regional decision-making organizations. Our elected representatives are quite willing to offer bills in the General Assembly that they perceive to be reasonable and supported by the majority of the electorate, but they seldom hear a united voice on behalf of the region.

### **4. HAMPTON ROADS PARTNERSHIP**

Creation of the Hampton Roads Partnership was one outcome of a widespread concern in the 1990s about the region’s relatively slow growth and low per capita income following the recession of the

early 1990s, defense downsizing, and intensified competition from other eastern seaboard ports and metropolitan areas.

Mission. “The Hampton Roads Partnership is a non-profit public-private organization formed in 1996 to provide leadership on strategic issues that will improve the region’s competitive position in the global economy....The Partnership’s goal is to engage in activities that foster economic opportunities leading to a higher standard of living for all residents of Hampton Roads and stronger, more agile communities that can quickly respond to changes in a dynamic economic environment.” The Partnership serves as a catalyst in bringing various other regional organizations together for public/private action. The organization also provides advocacy on key development issues, oftentimes working behind the scenes.

Organization. The Partnership represents all 16 cities and counties of the Hampton Roads Planning District and the town of Smithfield. Its 85-member board of directors includes the chief elected officials along with key leaders from business, higher education, the military, and labor. This broad representation enables the Partnership to consider the views and interests of the major economic sectors of Hampton Roads. A 28-member Executive Committee meets monthly. A small paid staff includes a President, Director of Communications, Director of Special Projects, and an Office Manager, so implementation of its projects is usually carried out through other organizations. The Partnership has benefited from its three Presidents having all been mayors with business experience.

Funding. The 2005 budget of \$554,000 is funded mainly by board members’ dues. Approximately 60% of this internal funding comes from an annual investment by businesses and educational institutions and 40% from the Hampton Roads localities. In addition, over the five years from 1998 until 2002, the State provided grants under the Regional Competitiveness Act totaling \$11 million. Such grants were based on the region’s population, the nature of the strategic plan and regional projects created to justify the grants. The administration of the program through the Partnership as the type of regional council required by the Act.

Regional Plans. When founded in 1996, the Partnership adopted *Plan 2007*, the report of a 1994 visioning process involving over 400 leaders under the sponsorship of the Hampton Roads Chamber of Commerce that developed strategies dealing primarily with major economic clusters in the region. With the Regional Competitiveness Act grants, the Partnership initiated some fifteen projects, including among others a preschool development program, technology council, regional tourism Web site, port-related economic development trips, the universities’ Hampton Roads Research Partnership, and the Hampton Roads Technology Incubator

The strategic plan was updated in 1999 to focus on nine areas: transportation, technology-based economic development, the port, workforce development, regionalism and regional cooperation, the plight of the cities, military partnering, and a strategy for funding metro projects. (Accomplishments under this plan are described on the Partnership’s Web site.)

The Partnership’s plan was updated again in 2004 to focus on: (1) developing a regional economic strategy to include cluster-based economic development and promotion of a climate for entrepreneurs; (2) developing the region’s fundamental assets including transportation; port development, technology-related development, workforce concerns, and natural resources; and (3) fostering regional citizenship.

Public Participation. As evidenced in the 1999 Strategic Plan Report, many individuals and organizations have been involved in the fulfillment of the Partnership's plans. Outside of this implementation activity, the primary source of public input is through the organization's 85 board members. Meetings of the board are not open to the public and no newsletter is published regularly. The organization does maintain a Web site with general information.

Obstacles. It appears that the structure of government with independent cities and counties creates an obstacle to effective partnership and encourages competition among the municipalities. The perceived unequal results from economic development, with a lack of mechanisms for sharing revenue, also fosters internal competition and detracts from efforts to focus on external competition. The Regional Competitiveness Grants—during the five years they were available—provided an incentive for local governments to work together on regional projects. Nevertheless, while the local governments necessarily continue to pursue their individual goals and development, the Partnership provides a vehicle for joint action whenever the will to act jointly emerges.

## **5. HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE**

Recruiting External Companies. Economic development, defined broadly, includes all measures taken by public and private entities to enhance a region's economy and quality of life. Defined narrowly, economic development is also used to mean the recruiting of companies from outside the region to relocate into the region. The latter activity has been pursued in Hampton Roads for many decades, both by the municipalities acting through departments of economic development (which usually have additional development functions) and by regional organizations funded by the governments and private investors. Both the municipal and regional organizations have maintained close liaison with the state's economic development authorities. They have engaged in external advertising, prospect targeting and calling programs while providing information on workforce, schools, housing, taxes, and regulations and assisting prospects with permits, real estate acquisition, and financing, including incentives. This work is carried out by highly professional specialists and, in aggregate, is generously funded.

The economic integration of the Hampton Roads region was recognized by the creation of the Virginia Port Authority in the early 1980s and the merger of the Southeastern and Peninsula Metropolitan Statistical Areas and the Planning Districts at the end of the 1980s. Nevertheless, separate economic development organizations continued to be maintained for the Peninsula and Southside until 2005.

Tidewater: Hampton Roads Economic Development Alliance (HREDA). During the 1960-70s in South Hampton Roads the regional organization was known as the Tidewater Virginia Development Corporation. When the cities withdrew funding, TVDC was restarted as the Greater Hampton Roads Organization. By the 1980s GHRO also lost city funding and was superseded by Forward Hampton Roads, owned by the Hampton Roads Chamber of Commerce and entirely funded by private investors. In the late 1990s, the governments again agreed to provide funding and the organization was renamed Hampton Roads Economic Development Alliance.

Peninsula: Virginia Peninsula Alliance for Economic Development (VPAED). A regional organization to handle external recruitment of companies has been maintained by the Peninsula for many years, supported primarily by municipal funding. In the early 1990s, in order to achieve more focus and coordination of development activities on the Peninsula, this entity was combined with the Workforce Development Board and several municipal development authorities to create the Virginia Peninsula Alliance for Economic Development.

Regional Merger. Both HREDA and VPAED, though competitors, collaborated from time to time on joint marketing programs. Both have been recognized nationally as highly professional operations with notable successes. In early 2005, negotiations were completed to merge the two organizations, and the plan is currently being implemented. It is anticipated that, as in the case of the Virginia Port Authority, the combined regional marketing program may result in some increase in efficiency while permitting a much more powerful projection of the identity and attractiveness of Hampton Roads to relocation prospects. This outcome will be another notable success for regionalism.

## **6. AUTHORITIES**

Functions. Several government functions in Hampton Roads have been consolidated under the management of public authorities—trash disposal, sanitation, bus service, airport management, port services.

Operations. An authority is a particularly suitable vehicle when a specific service can be paid for by user fees and the service can be managed by technical specialists in a manner that requires little ongoing attention from elected officials. When it provides such a service, the authority's interaction with the public is similar to that of a business with its customers. Seldom do its activities require the use of formal hearings or public debates except perhaps in the case of some major change that will dramatically affect pricing or service, such as construction of new facilities.

Funding. Because it can fund itself from user fees, an authority does not have taxing power, but it can issue bonds.

Structure. An authority is typically chartered by the state legislature. Depending on the terms of the charter, board members are appointed either by the Governor or by the elected officials of the cities and counties that use the services of the authority. In some cases, there is weighted representation to reflect the differences in population of the member municipalities.

There are relatively few authorities in Hampton Roads. The most important ones are:

- (1) Virginia Port Authority: Markets and operates commercial port facilities.
- (2) Southeastern Public Service Authority: Disposes of trash.
- (3) Virginia Peninsula Public Service Authority: Disposes of trash.
- (4) Hampton Roads Sanitation District: Water treatment and wastewater disposal.
- (5) James City Service Authority: Water treatment and wastewater disposal.
- (6) Hampton Roads Transit Authority: Bus system.
- (7) Norfolk Airport Authority: Operates the Norfolk International Airport.
- (8) Newport News – Williamsburg Airport Authority: Operates the airport.

- (9) Virginia Peninsula Regional Jail: Operates a regional jail.
- (10) Hampton Roads Sports Authority: Empowered to issue bonds to finance sports facilities (not currently active for this purpose).
- (11) Virginia Peninsula Sports Facility Authority: (not currently active).

## 7. WORKFORCE DEVELOPMENT ORGANIZATIONS

Single Labor Market. Although the region of Hampton Roads is an integrated labor market—as recognized by the inclusion of communities on both sides of the James River in the federal Metropolitan Statistical Area and the state’s planning district—separate workforce development boards were created for the Peninsula and South Hampton Roads. (In Virginia, there are seventeen local workforce development boards.)

Structure. Workforce development boards were established by the Federal Workforce Investment Act of 1998, which also provides funding to support the workforce development system. Board members are appointed by local elected officials. Membership includes representatives from business and industry, educational institutions, community organizations, economic development agencies, public employees, public assistance and vocational rehabilitation agencies, labor organizations, and the military. In partnership with the elected officials the volunteer board members ensure that the system is market-driven and responsive to the employment and training needs of employers and job seekers.

Peninsula. The Greater Peninsula Workforce Investment Board shares staff functions with the Greater Peninsula Workforce Development Consortium and the newly formed Peninsula Council for Workforce Development. Its functions are similar to those described below for the Tidewater organization.

Tidewater. Opportunity, Inc. is the Hampton Roads Workforce Development Board, serving South Hampton Roads. Through efforts to strengthen the regional workforce, the organization endeavors to increase per capita income, promote greater corporate competitiveness and improve regional prosperity. Activities include:

- Serving as a point of contact for business, industry and the public sector to communicate their workforce needs,
- Providing a forum where private and public sector leaders jointly consider the workforce development needs of the region,
- Promoting strategies to encourage life-long learning and improve workplace skills,
- Assisting in the development of new training programs to benefit the region’s workforce,
- Conducting planning, oversight, and evaluation of local workforce development programs, including the Hampton Roads Workforce Development System, which includes the OppInc. One-Stop Workforce Centers,
- Offering advice regarding workforce policy and programs to local elected officials, employers, education and employment agencies, and citizens,
- Coordinating with economic development efforts and activities to promote the region’s availability of qualified workers and promote cooperation and coordination among public organization, education agencies, and private businesses,

- Reviewing local agency plans and grant applications for workforce development programs to ensure coordination of services and achievement of regional goals can be attained.

Regional Survey. In 2003, the chambers of commerce in the region (Hampton Roads, Peninsula, Williamsburg, Gloucester, Franklin-Southampton, Isle of Wight-Smithfield-Windsor) and the Peninsula Alliance for Economic Development jointly conducted a survey of their members to develop a more accurate picture of hiring needs in the region. The report, *Employers Needs Analysis, April 2003*, was incorporated in the strategic planning of the two boards, each of which produced a planning document in 2004 (which are available on their Web sites).

## **8. PUBLIC SCHOOLS**

Public System. Together with institutions of higher education, the public schools determine the quality of the workforce and therefore the prospects for the regional economy. School districts in Hampton Roads have the same boundaries as the cities and counties, except that Williamsburg and James City County operate a combined system. Reflecting the American tradition of local control, school board members in most jurisdictions are publicly elected rather than appointed by government officials. The school boards select superintendents and exercise more or less direct control over the school budgets, which make up the largest part of the state budget and every municipal budget. The school boards are, of course, subject to much state and federal legislation, including the Standards of Learning aimed at ensuring minimum quality, and they are supervised by the Virginia State Department of Education. Judging by budget figures alone, K-12 education appears as the consuming interest of both state and local governments, and the public certainly considers it the top civic priority.

Regional Collaboration. The Virginia State Department of Education has established Regional Study Groups to foster dialogue among school superintendents on educational programs. Regional Study Group II includes Hampton Roads (except Gloucester and Surry counties) as well as the Eastern Shore counties of Accomac and Northampton. Monthly Study Group meetings are attended by the State Superintendent or Deputy and by the deans of the education school from the College of William & Mary and Old Dominion University.

In addition to the discussion of educational programs, the superintendents hear reports from the Virginia Association of School Superintendents, Virginia School Board Association, Virginia High School League, and the Virginia Department of Education. Issues discussed this year included the “No Child Left Behind” federal legislation, Fair Labor Standards Act, and teacher licensure.

The value of this networking for helping superintendents improve their operations is supplemented by various arrangements for joint purchasing of services and supplies in order to obtain more favorable pricing.

Pre-School. Day care and related schooling for pre-kindergarten children is provided by private sector businesses, subject to state regulation. The activity of these organizations is supplemented by non-profit and municipal entities, such as Square One, funded by the Hampton Roads Partnership, which help set standards and provide training to practitioners.

## 9. UNIVERSITIES

Diversity. Virginia's higher education institutions have long enjoyed a strong reputation. For its size, Hampton Roads is blessed with a large and diverse set of institutions of higher learning. They range from small private colleges to large state universities offering doctoral programs, a large community college system, nationally-renowned minority and religious programs, and a medical school. Altogether they receive research grants totaling less than \$115 million annually, not an impressive amount. However, with their strong engineering and technical faculties, they enjoy eminence in several disciplines, including oceanography, nuclear physics, networked computing, modeling and simulation, materials science, and reproductive medicine.

Relative Autonomy. Governed by independent boards and relying on relatively little state bureaucracy, the major public universities receive as little as 20% of their funding from the State. Moreover, in the 1990s they suffered budget cuts of as much as 20% as the legislature struggled to clamp a lid on tuition increases. In 2005, the General Assembly consented partially to efforts by some of the universities to reduce their dependency on public funding by giving them stronger administrative and financing autonomy in exchange for agreement to meet standards for enrollment and graduation rates.

Impact on Region. The strength of a region's future economy is largely determined by the educational preparation of its workforce in the public schools and universities. Hampton Roads is perhaps not recognized as one of the great locations of higher learning in the nation, but it is very well served. The local institutions have strengthened their enrollment requirements and maintained core curricula to ensure that most beginning students receive a traditional general education before moving on to specialized career courses. They reach out actively to minorities, retiring military personnel, and international students. They provide consulting services and are active on many community boards. The presence of academic talent attracts companies that wish to draw on their research expertise. Several maintain active centers of patent commercialization. Indeed, the presence of a major research university is said to be a prerequisite for successful economic development. For all these reasons, the universities are recognized as essential engines of economic development.

Collaboration. All of the Hampton Roads and Eastern Shore universities belong to the Virginia Tidewater Consortium for Higher Education. The Consortium facilitates student registration at different colleges, transfer between two-year and four-year institutions, inter-library borrowing, grants applications, faculty exchange and summer instruction, liaison with the military, and a digital television channel. The Hampton Roads universities are also members of the Hampton Roads Research Partnership, which has facilitated several synergistic joint research projects.

Challenges. Virginia's funding reductions in the 1990s forced the universities to focus on core competencies and slash administrative positions. But they also resulted in salary freezes that prevented stronger faculty from being attracted to vacancies. Continuation of the trend, as the business cycle turns, puts our institutions at a competitive disadvantage nationally, and the damage will be hard to overcome.

Although the universities will continue to place instruction ahead of research, eminence in several lines of research needs to be sustained by recruiting of eminent professors and researchers. That requires money. The Hampton Roads Partnership persuaded the universities several years ago to

form the Hampton Roads Research Partnership with the aim of increasing overall funding to \$400 million in ten years. Several fruitful joint projects have resulted from this initiative, but requested state funding has not been provided and the effort languishes for lack of complete agreement by the participants on how to move forward.

Organizations. The region’s institutions of higher learning include the following principal members of the Consortium:

Public:

- Old Dominion University
- Norfolk State University
- College of William and Mary
- Christopher Newport University
- Tidewater Community College
- Thomas Nelson Community College
- Paul D. Camp Community College
- Eastern Shore Community College
- Joint Forces Staff College

Private:

- Virginia Wesleyan College
- Hampton University
- Regent University
- Eastern Virginia Medical School
- ECPI College of Technology

## **10. BUSINESS COMMUNITY**

Jobs. It has been said that the most important prerequisite for a decent quality of life is to have a job. The community looks primarily to the business sector to create jobs. Job creation, especially jobs with higher than average wages, is the core aim of all regional economic development plans. As a result, business leaders often initiate development planning or are called on by governments to lead or at least participate actively in such planning. Indeed, the business sector has been in the forefront of recognizing and promoting the concept of regional economic competitiveness and the need for aggressive professional economic development programs. However, the relative lack of corporate headquarters reduces the number of well-compensated positions, the ability to obtain contracts, and corporate charitable giving.

Participation in Governance. In Hampton Roads, because of sentiments of rivalry among the various municipalities, business leaders’ efforts in community development were traditionally limited to working within the framework of their individual cities or counties. In addition, political leaders have tended to look for advice and financial support to only a handful of such persons—those few with wealth, traditional influence, or important corporate position. Although individuals with special “clout” still act as key leaders, in recent decades efforts have been made to work with larger groups of business people through their various organizations and to bring these groups together to deal with regional issues.

Today, business persons serve on the boards of the Hampton Roads Partnership, Hampton Roads Economic Development Alliance, the various regional authority boards and commissions, the Future of Hampton Roads, and numerous other non-profits serving the arts and social services. In addition, through business membership organizations and trade associations, the business sector promotes not only its sector interests but also its views on regional issues, especially those affecting the business environment. Of special importance in the political process are the media: the two major daily newspapers, the television and radio stations, and opinion periodicals.

### Organizations.

Important business membership organizations in Hampton Roads include:

- Hampton Roads Chamber of Commerce
- Virginia Peninsula Chamber of Commerce
- Williamsburg Area Chamber of Commerce
- Chesapeake Alliance
- Greater Peninsula Now
- Greater Norfolk Corporation
- Portsmouth Partnership
- Suffolk Tomorrow
- Virginia Beach Vision
- Hampton Roads Technology Council

Business trade associations also include a great variety. A few examples:

- Retail Merchants Association
- Hampton Roads Maritime Association
- Hampton Roads Association for Commercial Real Estate
- Hampton Roads Realtors Association
- Hampton Roads Utility & Heavy Contractors Association
- Peninsula Retail Merchants Association
- Tidewater Builders Association
- Tidewater Dental Association
- Tidewater Mechanical Contractors
- Tidewater Mortgage Bankers Association
- Virginia Peninsula Association of Realtors
- ...and many others.

## **11. MILITARY**

High Impact. Hampton Roads is largest naval base in the world. With numerous installations of the other uniformed services, including both strategic and tactical Air Force commands, it is the principal Department of Defense establishment on the eastern seaboard. It is the Coast Guard's eastern headquarters. It is the NATO naval command center. The military leadership here has responsibility both for joint operations among American services and for combined naval operations among European allies. The Navy predominates, and Commander Mid-Atlantic Region, as "Navy Mayor," is responsible for shore facilities and community relations.

Retired military make up a large percentage of the population. Persons leaving military service provide a skilled pool for local businesses and schools. As residents, active military personnel contribute in many ways to their communities. The military family includes active duty members and their dependants, retirees and their families, civilians who work directly for the military and their families, and contractors who work on Department of Defense contracts. The regional military family numbers in excess of 350,000—roughly one quarter of the regional population. The economic impact of their presence exceeds \$10 billion annually and represents 25% of the regions' gross regional product. Military spending stabilizes the regional business cycle, and variations in defense spending explain most of the ups and downs of the local economy.

Concerns. Relations between the military and the region have been generally good and mutually supportive. Military and local governments interfere little with each other, they are generally cooperative where possible, they keep each other informed, and they are supportive of efforts that bring benefit to all. That said, the following represent ongoing concerns:

1. Unreimbursed costs. About half of the active duty members are not residents of Virginia. Therefore, they cannot vote and while they pay sales taxes and as renters they indirectly pay property taxes, they do not pay income taxes to the Commonwealth, much of which are funneled back to localities. The consequent loss to local governments is partially offset by federal impact funds to the schools and other subsidies but there is a net loss to the region as the result of the presence of active duty military personnel.

2. Tax-exempt Land. The federal government owns considerable property throughout the region that is not subject to local property tax. While military activity on these bases brings considerable wealth to the community, some of the land is under-utilized and could be revenue generating if it were released to the private sector.

3. Base Realignment and Closure. The Department of Defense has stated that 25% of its facilities are no longer needed. For the communities there is tension between supporting DOD's efforts to realign and suffering the loss of jobs and related revenue. Hampton Roads may lose some military facilities, but it might also receive some by consolidation from other areas. The actual impact on the region's employment and income is uncertain over time.

4. Irritants. Jet noise, encroachment, local traffic jams, land use, and the interference of ships' radars to local radio and television reception represent a few of the local irritants that military and community leaders must deal with. While many of the irritants are of short duration and can be handled by a local phone call, others are more difficult, if not impossible, to remedy. The fact remains that repeated irritation leads to unhappy neighbors and ultimately to political intervention. Solutions, in the end, might be more painful than the irritant.

## **12. NONPROFIT ORGANIZATIONS**

Their Utility. Hampton Roads is home to over 1,000 nonprofit organizations. Often referred to as the third sector (after government and business), nonprofits not only provide valuable human services but also help raise the quality of life for residents and visitors alike. The nonprofit sector has witnessed substantial growth in the last decade as nonprofits are called on increasingly to address social concerns. Many nonprofits are looking to the business community as models of efficiency and sustainability.

Duplication. While several regional nonprofits exist, there still is much duplication in the field, in part due to competition for funds. Because of the need for increased funding, especially from government, many organizations are beginning to form strategic partnerships to focus their fundraising impact. While many informal networks exist, the following organizations represent key efforts regionally to address community needs, share best practices, and build the region.

## **The Arts**

The Cultural Alliance of Greater Hampton Roads. Formed in 1983, the Cultural Alliance stimulates cultural vitality and facilitates the development of healthy and dynamic cultural institutions throughout the region. Its members include artists, arts organizations, and interested citizens. It serves the community by:

- advocating public and private financial investments in the arts and cultural organizations,
- encouraging community participation in the arts and cultural activities,
- assisting cultural institutions in meeting their needs with targeted programs and services,
- providing forums for communication and collaboration.

Business Consortium for the Arts. Founded in 1987, the Consortium is committed to strengthening annual operating support for arts organizations that regularly perform or exhibit in South Hampton Roads. It seeks to broaden the base of business contributions to cultural groups. The Consortium provides improved coordination, evaluation and accountability for businesses that give to established and emerging arts and cultural programs. Each of the twenty-eight area businesses and foundations that belong to the Consortium contributes at least \$6,000 annually, and since its inception, contributions have totalled nearly \$12 million.

Arts Commissions. Most of the local governments funnel their financial support for arts organizations through commissions that generally require some service to be performed in their respective cities or counties.

## **Health and Human Services**

Hampton Roads Health Coalition. Dating from 1983, the Health Coalition is an employer-driven organization committed to improving the quality of health care in the Hampton Roads community through cooperative efforts of employers and healthcare providers. Over 80 member businesses represent more than 125,000 employees and their dependents. It has the following goals:

- provide health care education and information to employers,
- monitor and provide federal, state and local health policy information,
- identify opportunities to improve the health status of the community,
- implement group purchasing alternatives, and
- promote wellness in the workplace in the Hampton Roads area.

The Planning Council. Founded in 1941, The Planning Council's mission is to plan, develop and manage human services and to improve the quality of life in the communities of South Hampton Roads. It touches thousands of lives each year by:

- working to prevent homelessness,
- licensing and training child care providers,

- offering crisis intervention and connections to resources,
- helping parents balance work and family,
- working with communities to solve human service problems.

The Planning Council published *Investment in Priorities, Visions and Indicators* in 2000 and 2003. In the same way that economic and land use indicators are tracked, this report is a regional effort to track the following human service indicators: Jobs, Education, Neighborhoods, Wellness, Inclusion, Belonging.

### **Philanthropy and Volunteerism**

Council of Foundations. Local philanthropic efforts are led by area foundations that run the spectrum from family, community, and corporate foundations. They come together to address community needs collectively and to share best practices. The following organizations meet periodically:

- The Beazley Foundation
- Landmark Communications Foundation
- Norfolk Foundation
- Norfolk Southern Foundation
- The Parsons Foundation
- Portsmouth Community Foundation
- Portsmouth General Hospital Foundation
- Sentara Health Foundation
- Tidewater Jewish Foundation
- Virginia Beach Foundation

United Way. Dating from the 1920s, separate United Way organizations exist in South Hampton Roads, the Peninsula, and other Hampton Roads communities to raise and distribute funds for more than 100 human service agencies. Examples of collaborative programs include the following offered by the United Way of South Hampton Roads:

- Project Inclusion: A minority development leadership program to prepare volunteers for board governance with nonprofits.
- Success By 6: An initiative that works with parents and childcare providers to encourage and enhance language and literacy development to ensure all children enter school prepared to successfully participate and progress academically.

VOLUNTEER Hampton Roads. Formed in 1957, VOLUNTEER Hampton Roads strengthens the effectiveness of nonprofit organizations, connecting people with volunteer opportunities, and promoting volunteerism. Similar to the relationship between the Chamber of Commerce and businesses, VOLUNTEER Hampton Roads serves as the region's premiere nonprofit resource center. It is a catalyst for nonprofits, businesses, faith communities, schools, municipalities, as well as civic and professional organizations. Primary programs include the following:

- Community-wide service days for volunteers
- Training (classes, board training, consultations, annual leadership conference)
- Nonprofit Resource Library

- Hampton Roads Corporate Volunteer Council
- Nonprofit Membership
- Volunteer Achievement Awards and Advocacy

### **Challenges**

Not surprisingly, a continual challenge for nonprofits is generating sustained funds for operations. Most nonprofits run their programs without adequate working capital or reserves and almost all rely not only on earned income but on grants or donor funding, which requires expensive fundraising activity.

### **13. HOSPITALITY ORGANIZATIONS**

An Important Business. Hampton Roads is a major tourist destination, and hospitality is a major industry, providing employment for thousands. Famous for its colonial history attractions at Williamsburg, Jamestown, and Yorktown and its beaches in Virginia Beach, the region is no less inviting for its festivals, concerts, museums, garden shows, boating, fishing, bird watching, and civil war historical sites. In the past few decades, hotels, motels, restaurants, and shopping centers have proliferated and grown in quality to serve growing numbers of visitors. The area has worked to attract conventions and national amateur sports competitions. Airport services have expanded. Cruise ships have begun to visit.

Fragmented Marketing. The promotion of tourist attractions is handled mostly by municipal tourist and convention bureaus, some with ample advertising budgets and aggressive programs for encouraging improved public and private facilities. Some entities, such as Colonial Williamsburg or the Chrysler Museum, promote themselves directly. Some coordinated regional marketing programs have been attempted in the past: Norfolk sponsored a Virginia Waterfront campaign with Williamsburg and Virginia Beach for several years, and Virginia Beach and Williamsburg sold a joint visitation package. The AAA's Virginia tour guide booklet groups the area's attractions in a single "Hampton Roads and Vicinity" section. But competition among the municipalities is the rule, and there is no regional marketing program or organization and no regionally coordinated planning of tourist facilities.

**FINDINGS**

**THE LEGAL FRAMEWORK OF REGIONALISM  
IN VIRGINIA**

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## 1. DILLON RULE

The Dillon Rule limits the powers of local governments to those granted by the state legislature. In contrast, Home Rule allows all powers to local government except those specifically retained by the state legislature. Virginia is one of eight states that embraces the Dillon Rule.

The Dillon Rule is often cited as a major impediment to local governance. Supporters of the Dillon Rule argue that it provides an appropriate check on potentially unwise and arbitrary actions of local governments and creates certainty instead of ambiguity in determining the various roles of the municipalities and the State.

Commissions and scholars who have studied the Rule typically do not indicate that its eradication would necessarily solve the most significant regional issues, though that would reduce the hundreds of fairly trivial charter amendments that clog the annual legislative process and, more importantly, minimize the General Assembly's influence over the general character of Virginia local government. Home Rule would place decisions on regional issues primarily in the hands of local elected officials. While that might facilitate local government administration, whether it would promote or hinder regional initiatives is uncertain.

Alternatives to attempts to repeal or relax the Dillon Rule would be to seek additional authority for local governments on specific issues or to establish uniform local government charters. Some observers have recommended that Virginia should analyze the proper respective functions of local and state government, then dedicate adequate revenue sources to each. In any case, in the absence of regional government, it does not appear that easing the Dillon Rule would automatically result in stronger regional cooperation. Other measures would be required, not to mention the will to work together.

In 2005, the State legislated a relaxation of the administrative control of the state universities, permitting them to exercise certain functions (including setting of tuition) without prior approval of the State, subject to their meeting broad goals for admissions and graduation rates. This law might be a model for seeking a comparable relaxation of the Dillon rule for the benefit of the local governments and perhaps for regional structural initiatives.

## 2. INTER-GOVERNMENT AGREEMENTS

Virginia local governments can do jointly whatever they are empowered to do alone, without seeking further authority from the General Assembly. While the powers of cities are governed by the specific provisions of their charters, counties are political subdivisions of the State and only four counties have charters (James City County in Hampton Roads being one of them).

Despite the resulting differences in powers, the region's local governments have entered into hundreds of agreements to meet on interests of common concern, combine service delivery, or sell services from one to another. (The Hampton Roads Partnership has compiled a list of these agreements and is preparing an overview report.) The ad hoc nature of these arrangements suggests an inefficient patchwork quality arising out of historical practicalities but now possibly lending itself

to harmonization from the perspective of overall regional performance. Seeking General Assembly approval to harmonize charter provisions would be one legal avenue to facilitating such regional governance arrangements.

### **3. REGIONAL AUTHORITIES**

Authorities are legally separate, distinct and appropriately empowered entities, each chartered by the State to provide a specific public service, often paid for by collecting fees from users of the service. To the extent that an authority replaces numerous individual municipal departments with a centralized administration, it offers comparatively efficient and economical service.

Authorities are chartered by the state legislature. Structural provisions vary. The boards of some have proportional representation reflecting the differences in population of the member local governments. Others have single representation. Some boards have a mix of government officials and local citizens. The Governor appoints some boards; others are appointed by the local governments.

Authorities have certain limitations. They may issue bonds but not raise taxes. The creation of an authority does not always completely remove the necessity for similar services in the local governments. And some argue that because the boards are appointed they are not directly accountable to the citizens. Proliferation of authorities, as in New York State, may lead to weak oversight and little or no accountability.

In any case, the use of regional authorities for delivery of services certainly promotes regionalism. A new entity need not be created if an already existing authority can logically and efficiently provide the service under its current charter or its charter can be amended.

The procedure for creating a regional authority is provided in the Virginia Code.

### **4. PLANNING DISTRICT COMMISSION**

The planning district commission is the voluntary statutory association through which local elected officials in Virginia most often come together to deal with regional issues.

A Planning District Commission has the following statutory powers:

1. To conduct studies...;
2. To identify and study potential opportunities for state and local cost savings... through coordinated governmental efforts;
3. To identify mechanisms for the coordination of state and local interests on a regional basis;
4. To implement services upon request of member localities.

The Hampton Roads Planning District Commission has used these powers to plan and assist in the creation of the regional waste and sanitation authorities and the regional jail.

The Commission does not have taxing power, but it can issue bonds provided the member municipalities provide the funds to repay them.

Boards may be composed of both elected officials and non-elected appointees, but the law specifically permits membership to be limited to government officials. Because the boards are appointed the planning district commissions are only indirectly responsible to the public.

Aside from these legal features, a planning district in practice can be as strong or as weak as its members desire.

Under federal transportation law, a region must have a Metropolitan Planning Organization (MPO) to prepare multi-modal transportation plans supported by decisions on funding. In Hampton Roads, the MPO is operated by the Planning District Commission.

## **5. CONSOLIDATION**

In the 1991, under temporary legislation that has been periodically renewed, Virginia's cities surrendered the right to annex land from adjacent counties as the means to grow tax base. Merger of local governments remains in the Virginia Code but no referendum for any proposed city-county consolidation has been successful since then. Creation of a regional entity requires a majority vote of the population of every participating governmental unit, not a simple majority of the entire regional population.

Legal considerations aside, strong public sentiment is necessary for accomplishing merger even of two neighboring cities or counties, much less all of the governments in a region. As a practical matter, consolidation does not appear to be a route to regionalism. Rather, regionalism might eventually be a route to consolidation.

## **6. TWO-TIER STRUCTURE OF GOVERNMENT**

New York City, Miami, Toronto, Nashville, and Charlotte provide examples of a regional government structure that coordinates local government units. Whether such a structure is more efficient or effective than the independent cities structure in Virginia depends on the allocation of functions and revenues to each level. Avoidance of expensive functional duplication would require that local government charters specifically assign rights and responsibilities to the several entities.

A two-tiered governance structure could be accomplished through existing Virginia statutes, which refer to "two-tier government" both by that term and by the term 'partial consolidation.' The process provided in the statute would require charter revisions and a public referendum. A more likely method of implementation would be through General Assembly approval of a comprehensive package of charter amendments for existing municipalities and new charters for any new regional organizations.

The exact features of any two-tiered government depend on what functions and powers are assigned to the regional body and which are left to the constituent local governments. In New York City, the central body predominates and the borough governments' functions appear largely ceremonial. In

Toronto the powers of the two tiers are more balanced. In Hampton Roads, where the Planning District and various public service authorities are the present organs of regional governance, the individual local governments predominate, though all are subject to constraints set by the General Assembly under the practice of observing a strict interpretation of the Dillon Rule.

## 7. REVENUE SHARING

Tension and competition among local governments reflects the desire to preserve and grow limited tax revenues in the absence of powers of land annexation. Different real interests often make it difficult for all parties to negotiate cooperative arrangements. Revenue sharing has been used successfully in some parts of the country to overcome such difficulties.

The simplest form of revenue sharing might better be described as cost-benefit sharing, where two or more governments invest in some shared facility, such as an industrial park, stadium, or conference center, and divide the gains or losses in proportion to the shares of investment.

Other revenue sharing arrangements attempt to accomplish other objectives, such as:

(1) to reduce competition among communities for commercial properties to add to their tax base, since such properties added to any one community also add to the pool of costs and benefits shared by all communities,

(2) to create a fair distribution of tax benefits from properties in each community that impose costs on surrounding communities,

(3) to reduce disparities in assessed values per capita among communities within the same region so as to provide a more equalized (but not necessarily equal) basis for financing local government services, including education, and

(4) to permit regional land-use planning across a territory that contains parts of several different municipalities, each of which would not receive equal shares of future developments unless rational plans were adopted for the region as a whole.

Revenue sharing can be a tool both for promoting regional growth through shared investments in major facilities and for restoring fiscal health to a core city on which the surrounding municipalities depend for their own success. In any case, both parties must perceive benefit. Revenue sharing may reduce, but not eliminate, competition among local governments.

Virginia permits voluntary revenue sharing agreements among localities. In Hampton Roads, a revenue sharing agreement was negotiated between Franklin and the surrounding Southampton County by which the latter agreed to pay an annual subsidy to the former in order to avoid annexation. Models are not lacking elsewhere—Minnesota, New Jersey, and Pennsylvania among others. Details of the arrangements vary depending on the purposes for which they were negotiated and the relative demographics of the entities involved.

Creation of actual revenue sharing arrangements would appear to depend less on a theoretical proposal of benefit than on perception of a real opportunity to do a joint project or overcome a well-recognized disparity. In any actual case in Virginia, it may be necessary for the General Assembly to eliminate disincentives before localities can decide to negotiate.

## Contributors

This summary report was compiled from individual research papers submitted by members of the three research committees on Opportunities, Organizations, and Law, composed of the representatives of the member organizations of the Project's Steering Committee. Their contributions to the drafting, discussion, and editing are warmly appreciated.

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