



# **IMPROVING THE COMPETITIVENESS OF HAMPTON ROADS**

**The Hampton Roads Regional Structure Project**

**Recommendations for**

**Improving Regional Efficiency**

Prepared by the Future of Hampton Roads, Inc.

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The Future of Hampton Roads, Inc.  
Improving the Competitiveness of Hampton Roads

**THE HAMPTON ROADS REGIONAL STRUCTURE PROJECT**  
**Study Group 4**

**RECOMMENDATIONS FOR**  
**IMPROVING REGIONAL EFFICIENCY**

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Attached:

- Study Group Report 4A: Commission on Local Government Operations*
- Study Group Report 4B: Regional Tourism Development Strategy*
- Study Group Report 4C: Workforce Investment Boards*
- Study Group Report 4D: Charter Amendment Process*

Available upon request (or at [www.fhr.inc](http://www.fhr.inc)):

- Structure Project Report No.1: How the Region Works*
- Structure Project Report No.2: Transforming the Regional Structure*

## Preface

With an overall objective of improving the competitiveness of Hampton Roads, the specific goals of the **Hampton Roads Regional Structure Project** are (a) to accelerate economic development, (b) to achieve economies in local government by additional sharing of services regionally, and (c) most importantly, to create an effective political voice to advance the region's interests.

The Future of Hampton Roads, as the sponsoring organization for the Regional Structure Project, believes that some simple but fundamental changes are necessary in the way our regional organizations make and implement decisions. While the Structure Project seeks changes, we do not point fingers of blame. Nevertheless, if the region's citizens and governments show the will to collaborate, these structural changes should enable us to work together even more effectively than we already do.

*How the Region Works*, the first report issued by the Structure Project, justified the need for structural reform of the region's institutions by describing (1) the opportunities that comprise the regional agenda, (2) the public and private institutions that handle the agenda, and (3) the legal framework of regionalism in Virginia. Its message: We do regional cooperation fairly well, but there is room for a more proactive program to enhance our economy and quality of life. While our region has shown a growth spurt since 2001, based mostly on defense spending that has temporarily raised our per capita income to the national average, we need to do much more to sustain our future prospects for growth, better jobs, and increased wealth. The region needs a stronger profile, stronger voice, and stronger program.

*Transforming the Regional Structure*, the Project's second report, offered preliminary proposals for reforming the structure of regional governance in Hampton Roads. The proposals were developed by some 140 conferees in facilitated brainstorming sessions during early 2006. Many useful ideas were offered, and there was notable consensus on fundamental points. Our citizens are not experts on the specifics of governance, but they are both idealistic and practical, and they know what is important. Thereafter, fourteen study groups were formed to turn the initial proposals into finished recommendations.

The present report, *Improving Regional Efficiency*, delivers a summary of the reports of the study groups that dealt with aspects of the Structure Project's second goal: efficiency from shared regional services. The Future of Hampton Roads respectfully invites the Chief Administrative Officers and the Mayors and Chairs Caucus to engage in a thoughtful review of these recommendations with a view to their early implementation.

We commend the elected and administrative leaders of Hampton Roads for their many signal contributions to regionalism in Hampton Roads. We know that our government officials are as committed as we are to an improved performance of our unique maritime economy and a richer quality of life for all of us in Southeastern Virginia.

Hon. Vincent J. Thomas, Chairman, The Steering Committee,  
The Hampton Roads Regional Structure Project, and  
Chairman, The Future of Hampton Roads, Inc.

May 21, 2008

## **Executive Summary: Time to Take a Look at Regional Efficiency**

In a never-ending tug of war, taxpayer demand for economy in administration of government and delivery of public services contends with public and corporate demand for additional services, subsidies, and development. Despite recent windfalls in real estate tax revenue, local governments tend to feel themselves under fiscal stress when reviewing the ever-widening scope of public responsibilities in a society that supposedly cherishes small government. Without the discipline of a profit and loss statement, government is often criticized for inefficiency, even in Virginia, which trails all other states in most categories of public expenditure. This is an old story.

But there is a new factor. Technological change in modern times has transformed business administration. And trends in business use of computers, electronic communications, and new forms of organization have also been adopted by local governments, though usually with delay. The larger cities and counties have been in the forefront of these developments. Smaller localities, lacking comparable resources, have lagged, but even most of them have entered the electronic age. This is a sweeping generalization, of course, but it does appear that Virginia local governments, viewed individually, are operated relatively efficiently and certainly without graft, while the battle with the public over spending seems most acute in the realm of development projects rather than traditional basic services such as public safety, education, sanitation, and transportation. A strong traditional aversion to taxation, vociferously expressed, helps keep public spending in check.

With this rough judgment in mind, the Regional Structure Project passes by the question of government efficiency at the level of city, county, or town. Instead, we focus on the possibility of achieving economies through additional forms of regional cooperation. We do not advocate merger of political units: Virginia's unique system of independent cities and counties avoids the overlap of responsibilities seen in other states, and we agree that government leadership is most responsive when closer to the electorate. However, modern automation and telecommunications, and the public's willingness to work and shop in more than one locality, raises the presumption that delivery of some public services might be performed better at less cost if organized regionally. The use of public service authorities in Virginia and elsewhere supports this notion. Thus the question we think worth asking is: If, for example, a single company can deliver telephone service to an entire nation, why do we need sixteen governments to deliver certain public services in our metropolitan region?

The method we propose for getting at this question is a Hampton Roads Commission on Local Government Services—a classic government efficiency review board. This mixed group of public and private experts, under the direction of the local mayors and chairs, would inventory all the functions of local government in an orderly process with the goal of designing beneficial consolidations. These might take various forms: authorities, shared contracts, coordinating committees. To ensure implementation of change, the work would need to be properly funded and sustained over several years. Methods used by the Council on Virginia's Future for a similar review of state agencies would be relevant.

In addition to this primary initiative, the Regional Structure Project recommends several specific structural innovations:

\* Creation of a regional tourism development strategy to be implemented by a regional entity modeled on the Hampton Roads Economic Development Alliance: Tourism is one of Virginia and Hampton Roads' largest industries, and as an export industry, a large generator of external income. But it is highly fractured into numerous small businesses providing accommodations, dining, recreation, and entertainment, and our local governments compete avidly for business against each other through their individual convention and visitors bureaus. Elsewhere, recognizing that visitors seek to know what there is to do within a reasonable driving radius, many other regions' localities market themselves using a regional strategy and image. A weakened dollar and slowing economy suggest that Hampton Roads has both an opportunity and challenge to develop its own unified tourism development strategy. Creation of the new Southeast Virginia Tourism Alliance in 2007 offers a vehicle to implement such a strategy. But for the result to be adequately funded and robust, direction needs to be given by the CAOs and Mayors & Chairs.

\* Merger of the two Workforce Investment Boards in order to create a single voice for this critical regional function: As most of the expenditure is for the regionally distributed service centers, very little economy can be achieved by a merger. However, a stronger regional profile will help conserve funding for this important effort.

\* Simplification of the present process of obtaining legislative approval of local government charter amendments: Tabulation of the charter amendment legislation for the past thirteen years indicates that there are numerous types of amendments that are routinely approved by the legislature when there is no local political opposition. The study group recommends adoption of a statute that would exempt such trivial and routine charter amendments from prior legislative approval but with a means for their being challenged after the fact.

These recommendations are supported by the research of individual study groups, whose reports are attached.

James F. Babcock, Vice Chairman  
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