

NORFOLK, VIRGINIA
SPECIAL SESSION OF COUNCIL
RETREAT

FRIDAY/SATURDAY, FEBRUARY 22-23, 2019

City Council assembled for a retreat at the Virginia Arts Festival, 440 Bank Street, Norfolk, Virginia. President Alexander called the meeting to order at 9:00 a.m. with the following members present: Mrs. Doyle, Mrs. Graves, Mrs. Johnson, Mrs. McClellan, Mr. Riddick, Mr. Smigiel, and Mr. Thomas.

City Manager Doug Smith offered opening remarks and reviewed the scheduled presentations and daily events with council.

1. St. Paul's Area Transformation - Dr. Susan Perry , Special Assistant to the City Manager, City of Norfolk, presenter

Dr. Perry updated the Council with major milestones of the St. Paul's Area Transformation development and provided a timeline from 2012 to the point that Council established an Advisory Committee in February 2018.

The Advisory Committee, co-chaired by Councilman Paul R. Riddick and Councilwoman Angelia Williams Graves, meets monthly, and has done much to move the project forward. Over sixty-five meetings have been held since 2013, where the community or stakeholders have weighed in. There have been thirty-two meetings with community participation since 2017, and over 1000 hours of staff engagement with residents. The community is being transformed day by day.

Norfolk was selected as one of the four finalists for HUD's Choice Neighborhood Initiative (CNI) and will be notified sometime in April on the status of the award. This \$30M dollar award, available to needed cities, will help redevelop housing for the first \$186,670,868.00 phase. Senior Housing, which will include 66 units, (Block 19) is planned to be the first

built on the “early start” parcels off Posey/Wood Streets. Flood mitigation will also take place.

A plan moving forward includes:

Upcoming HUD Site Visit interviews, the rezoning for St. Paul’s Area and Block 19, continue public meetings - including the one currently held on the third Tuesday, monthly at The Basilica of St. Mary of the Immaculate Conception. The City will continue with People First individualized case management and referral services, monthly HCV, relocation and Rent-Ready workshops and monthly Bank-On classes.

Council wanted to make sure residents are informed by disseminating more information through public meetings, newsletters, charrettes, the First Program, printed collateral, and help from Human Services, etc., is essential.

Councilwoman Johnson wants to make sure that everyone knows that this project is an entire city project, and that NRHA must “do-right” by this community. There is a trust issue at stake. City Manager Smith agreed.

Councilman Riddick wanted to make sure that residents had an opportunity to speak after the St. Paul’s Advisory meetings, which are planned meetings every third-Tuesday, in their community at St. Mary’s.

Co-chair of the Advisory Committee, Councilwoman Graves, thanked Dr. Perry, James Rogers, Barbara Hamm Lee, and John Kownack from NRHA for their hard work on the project.

Mr. Kownack explained the voucher program and upcoming moves for the current residents and their families. He noted that the earliest anyone would move would be in 2020, and that date is not confirmed. He assured Councilwoman Graves that NRHA is not rehousing.

Councilman Smigiel wants to have monthly reports of the moves and the impact on schools and communities, etc. He noted that “there is a human side to this project.”

Councilwoman Doyle requested that we try to track the educational programs of the moved students and that a partnership with Norfolk Public Schools is very important.

Councilwoman Johnson wanted to make sure that concentrated poverty does not occur with the moving of residents to other communities.

Councilman Smigiel was concerned about the impact of the redevelopment project on students. Discussion will continue throughout the development between the City and Norfolk Public Schools.

Councilman Riddick stressed that women, minority-owned builders, and African American builders from Norfolk, have an opportunity to participate in the growth of the St. Paul’s project.

Councilwoman Graves stated the we (council) need to “figure out how we can do it, not what we can’t do,” referring to being able to also vet the applications of SWAM and minority contractors that are qualified and state approved. She mentioned that opportunities are now available for renters, that include ownership, vouchers and other rental options. Mrs. Graves reminded everyone that the St. Paul’s Advisory Committee meets every third Tuesday from 6:00 p.m. to 7:30 p.m. at The Basilica of St. Mary, and the meeting is open to the public.

Councilwoman McClellan asked that the St. Paul’s project incorporate sustainable building practices and be a carbon-neutral development. Dr. Perry mentioned that “this is a requirement of the CNI Grant.” Dr. Perry also reiterated that no new building would-be built-in flood plain areas.

2. **Disruption and Adaptation: What 's next for Housing? - Mr. Todd Zimmerman, Principal, ZVA Associates, presenter**

Mr. Zimmerman stated that neighborhoods must be walkable and authentic, and they will not be healthy unless you have a vibrant downtown. His studies indicate that retail is in trouble - not just in Norfolk.

He said that nationally, ownership society norms are changing. The trend from millennials today is co-living. They want open space and flexibility. Not everyone feels the need to engage in home ownership. Even the retail giant, IKEA has short-term rentals on furniture.

More well-planned neighborhood developments today are being built with high density in mind. Bungalow Way, East Beach, etc. Great developments that are well planned can thrive with planned density. Councilwoman McClellan reminded all that Norfolk has grit and character and wanted to make sure developers don't forget to develop amenities, as well as green and blue spaces into their developments.

Councilwoman Graves reminded the council that it was important not to forget small business owners or future entrepreneurs in the process of building community. They are stakeholders too. When developing strategies for new developments like St. Paul's, perhaps nighttime training should be offered (many folks work during the day), and don't forget the proximity of cultural activities to developments. Senior's need to be able to walk or be near a transportation line.

Councilman Thomas reminded the group that regionally, Norfolk is seen as a leader, and providing housing stock is important. It should help grow our economy.

Mayor Alexander reminded the council that we are fortunate to have career schools in Norfolk. They prepare students to fill the work-force-void in our communities. Graduates are prepared to enter the work force in fields such as aviation, ship repair, etc.

Councilman Smigiel wanted to know if a building in the Wards Corner area could be used as an incubator.

3. Storm Water Policy Decisions - Mr. Greg Patrick , Director of Budget, City of Norfolk , presenter

Mr. Patrick discussed the equalization of storm water rates with council. A chart comparing six regional municipalities, showed Norfolk's residential rate at \$11.71 and its monthly non-residential rate at \$8.36. If council should entertain the idea of equalizing the rates, it would result in an additional \$3.8 million in FY 2020. A one dollar increase in rates would result in \$1.7 million in FY 2020.

Next Mr. Patrick discussed improving the Storm Water CIP process and the upcoming projects, their prioritizing and funding.

Councilwoman Graves asked how Public Works quantifies projects.

It was explained that storm water projects are ranked based on primary and supplemental criteria as determined by the Division of Storm Water. Priority Criteria includes: complaint areas, leveraging other capital projects or redevelopment. Existing infrastructure capacity, expanding existing system sized to a 10-year or 10 percent storm, and looking at the age and condition of the storm water system. Supplemental selection criteria, if applicable, includes road classification - primary, feeder or residential, reviewing critical infrastructure for use by fire-rescue, schools, hospitals, etc. and for use of business development or redevelopment areas.

Council was assured that Public Works would be updating the City's website with updates on the what/where of projects, in and around town. Some projects will be phased in. However, projects have been ranked according to Public Works, and that schedule is set. Mr. Patrick explained that by equalizing rates and/or increase rates, more projects could be completed prior to the published date. He then presented another option - Special Service Districts (SSD).

Special Service Districts deliver additional services to an area in exchange for a higher real property tax rate or an additional assessment in the district for eligible projects. The State Code explicitly does not allow an SSD for schools, police or governmental services, but does allow an SSD to be used for tidal and coastal flood mitigation, dredging projects, storm water quality improvements and coastal protection.

The process must be initiated by a resident representative within the geographical bounds of the proposed special service district. There must be a threshold for initial support, and then another threshold for adoption. Council discussed this option, and how it possibly could be implemented with the help of the community.

Councilwoman Johnson wanted to make sure that before council moves forward, the citizens know exactly what a Special Service District is, and what it can do for their community.

City Manager Smith felt that it was “hard to gauge the appetite in the community,” and that additional research needed to be presented to council.

4. Inclusion and Diversity, Ms. Catheryn Whitesell, Deputy City Manager, City of Norfolk, presenter

Ms. Whitesell and the Diversion and Inclusion Committee have been meeting for the past six weeks to identify possible work items for the next 60-90-180 days. The identified items for discussion are only a sample of work needed. As the Committee moves forward, the list will continue to grow and make Norfolk the most inclusive and diverse city in the country. The Committee looked throughout the current organization and did find some areas that will be addressed in the first report, 60-90 days. Departments of Economic Development, Purchasing, Police, Human Resources, Marketing and Communication, Planning, Budget,

Neighborhood Development and the City Managers office will be reviewing their policies and recommend changes.

The Committee is working to eliminate inequities and/or disparities in health, opportunities, mobility and income through their work for the community. Employees, volunteers, and contractors need to feel comfortable working in Norfolk. Norfolk treats everyone (minorities, LGBTQ, SWAM, etc.) fair and equitable. Businesses and citizens need to know that all are treated objectively and equitably. All current practices will be reviewed, and recommendations will be presented.

Councilwoman McClellan wanted to make sure that the Committee had external representation. This is a city-wide issue, not just an employee issue. She then asked if the City should have a diversity study completed.

Councilman Smigiel wanted to know if council should establish a Human Rights Commission, could it have a sunset date, much like Life Long Learning.

5. Chrysler Hall Transformation, Via Design Architects

Ms. Donna Phaneuf with VIA Design Architects was hired by the City to create different design boards for a possible renovation of Chrysler Hall, updating Scope Plaza and the building of a rehearsal space. Chrysler Hall itself opened in 1972 and has served as the premier arts center of Hampton Roads. It has not undergone a major renovation since the 1972 opening. Mrs. Phaneuf provided four different design boards (concepts) accompanied

with visual presentations of each scenario for the possible Chrysler Hall renovations, a newly built Virginia Symphony Orchestra rehearsal space and changes to Scope Plaza.

6. Regional Economic Outlook, Dr. Robert McNab, Strome College of Business, Old Dominion University, presenter

Dr. McNab reviewed his presentation with council which consisted of discussing the economic conditions and future challenges in the United States, economic forecast conditions in Hampton Roads and the expected growth prospects for 2019.

It was noted that the United States was experiencing the longest expansion in history. Price and wage inflation remain moderate, and interest rates remain historically low. 2018-2019 was good for the economy. Decreases in federal business tax rates and increased repatriation of overseas profits increased share buybacks and dividends and increases in federal discretionary spending caps continue to boost growth in Virginia. Also boosting the Virginia economy is the recent selection for the Amazon HQ2 site in Northern Virginia, and the withdrawal of the second site in New York.

As of 2018, jobs in the Hampton Roads area are still growing. From the sectors of industries selected in Hampton Roads 2nd quarter 2007 - 2nd quarter 2018, the biggest gainers are: education and health services, federal government (civilian), professional and business services and leisure and hospitality. These sectors will help the region's moderate economic expansion in 2019. Home sales and total permits are up in the Hampton Roads region. Residential foreclosure filings in Hampton Roads

are down based on a 10-year study. Observations of the existing homes market since 2011 indicate that: inventories continue to decrease, days on the market have decreased, sales of homes have increased. But, the medium home price has only slightly increased.

The Hotel/Hospitality industry continues a steady growth. Hotel revenue and revenue per available room is on par with the national average and above the state reported numbers.

Dr. McNab informed the council that Hampton Roads would benefit from 5G - Mayor Alexander and colleagues agree. The Mayor reiterated that the City needs to continue to diversify and grow its economy, and that deconcentrating poverty and strengthening neighborhoods is a must - Norfolk needs to create high-paying jobs.

Mr. Riddick wants to know how the City was doing after the staff reduction last year, and the effect our pension plan has on the City's bond rating. Ms. Whitesell noted that the City's retirement plan was 78.2% funded as of June 2018, and that it was very hard to catch up. Mr. Riddick would like a summary of the RIF and the effect it had on the City.

7. Budget Update, Mr. Greg Patrick, Director, City of Norfolk, Budget and Strategic Planning, presenter

Mr. Patrick presented an overview of his presentation. It provided information on FY 2018 General Fund year-end, FY 2019 mid-year status, update of the 10-cent real estate tax initiatives, FY 2020 budget engagement highlights and the FY 2020 budget outlook update.

The FY 2018 General Fund year-end netted a surplus of 0.04 percent of the budget - which was approximately \$310,000.00 after designations. It was recommended to use the surplus to increase services. FY 2019 mid-year General Fund which was reported through December showed that

revenues and expenditures are tracking the budget similar to prior years, and the overall budget looks to be on target to similar years. The 10-cent Real Estate Tax Initiative resulted in an additional \$18.5M, and has helped to fund the following initiatives:

Norfolk Public Schools -	\$5,000,000
Norfolk Police Department -	\$1,200,000
Resilience Initiatives -	\$1,850,000
Technology, vehicles and Equipment	\$3,864,000
Employee Salary Increases	\$3,086,000
St. Paul's Area Transformation	\$3,500,000

2020 Budget Engagement Highlights

The goal in moving forward is to reach as many residents as possible. Using online tools and actual visits to neighborhoods will give residents opportunities to participate in, and better understand, the budget process.

Additional strategies are needed to fund enhancements. City Departments were asked to submit budgets with a three percent reduction. Additional strategies include, but not limited to: reduce or realign services, reduce discretionary, adjust funds based on utilization, technology savings, and review energy efficiencies around the city.

Council Comments:

Councilwoman Doyle questioned the 3%, one size fits all approach.

Councilwoman McClellan stated that we need to balance our priorities with our needs.

Councilman Riddick commented on the exit area leaving the Norfolk Airport. It looked terrible. The gateways to our City should not look unkept. Councilman Smigiel commented on sprucing up the area around the entrance to IKEA in time for their opening.

Councilwoman Johnson noted that other fairways along City streets are not exciting and requested that someone look into sprucing them up,

too. Mr. Smigiel agreed and requested that staff look at the Cromwell and Azalea Garden Road sections. He noted that “they look awful.”

Councilwoman McClellan requested that council be given a formatted sheet indicating areas of concern and associated costs. Place the concerns in a ranking order. Councilwoman Graves reminded everyone that there is a delicate balance of immediate need and the long-term goal of sustainability.

8. Real Estate Assessment Update, Mr. William A. (Pete) Rodda, CAE, RES, City Assessor, City of Norfolk, presenter

Mr. Rodda discussed opportunities for improvement, reassessment process and 2019 reassessments. The Norfolk Assessors office is currently installing a new software system, “spatialist,” which will combine GIS with analytics for a geographic representation of appraisals. Mr. Rodda informed the council of his three immediate concerns: staff turnover (mostly due to retirements) recruitment (some skill set needed) and succession planning.

The effective date for reassessment process is July 1. Reassessments must be completed in February, notices mailed by March 8, 2019. If anyone should want to appeal their assessment, they may do so between April and May. The formal appeals deadline is June 1. The Board of Review meets in July/August.

Due to legal deadlines, reassessment results are based on previous calendar-year sales. Usually there is a six-month “lag” between final analysis and the effective date. Mr. Rodda mentioned that assessments are based on sales.

Reassessment outlook....Mr. Rodda is projecting a 3.8% in residential assessments, 4.5% increase in commercial assessments and 4.6% increase in multifamily assessments for 2019.

Councilwoman McClellan asked that the Assessor’s office gather information on flood-prone areas within the City.

CLOSED SESSION

Motion for closed meeting was approved for purposes which are set out in **Clause (s) 1** of the subsection **(A)** of **Section 2.2-3700** of the Virginia Freedom of Information Act, as amended:

- (1) Discussion of performance evaluations for council appointees.

Yes: Doyle, Graves, Johnson, McClellan, Riddick, Smigiel, Thomas, and Alexander.

No: None.

Council adjourned at 12:05 p.m.