

NORFOLK, VIRGINIA

MEETING OF COUNCIL

TUESDAY, OCTOBER 6, 2020

Mayor Alexander, called the meeting to order at 4:00 p.m. and announced this meeting is being held pursuant to and in compliance with City of Norfolk Ordinance 48,161 as authorized by Virginia Code Section 15.2-1413. This meeting will be held as an electronic meeting due to the emergency and disaster represented by the spread of COVID-19 **which makes it impracticable or unsafe to assemble in one location**. This meeting will be conducted by the following electronic communication means: telephonically and electronically through WebEx.

The members of the Council were present by remote/electronic WebEx: Mrs. Courtney R. Doyle, Mrs. Angelia Williams Graves, Mrs. Mamie B. Johnson, Mrs. Andria P. McClellan, Mr. Tommy Smigiel, and Mr. Martin Thomas Jr. Mr. Paul R. Riddick was present telephonically. Mayor Kenneth Cooper Alexander was present.

Announcements

Opening City Hall

Dr. Filer stated staff is working on a plan to safely reintroduce staff and residents back in City Hall, now that the COVID case count and positivity rates have become more stable. He noted that voting on the first floor of City Hall has been successful. Once that space becomes available, some modifications are needed. The plan being considered is for that space to be used by citizens and staff for meetings by appointment rather than using the elevators. We will be dealing with the impact of COVID well into 2021 and, as caseloads rise and fall, we are trying to find a posture we can sustain for eight to ten months.

Dr. Filer stated he will come back before Council with specific plans at the final informal session in October. The plan is to have the building open by November 9th. The Commissioner of the Revenue and the Treasurer are working on plans to assist the public inside their office spaces as well. Scenarios are being considered for resuming City Council meetings on the 11th floor with a small attendance, but that will not happen before year's end.

In addition, Dr. Filer stated that by early November, we are looking at opening: additional library branches for Grab and Go; the Animal Care Center via appointments; and indoor pools.

Flu Shots

Dr. Filer stated beginning October 10th through October 23rd, employees will be given an additional hour of leave to go out and find a location and get their flu shot.

AGENDA

City Planning Updates

- Upcoming Planning Items
- Building Homes and Neighborhoods: Design Principles for Multifamily Development

Presenters: Mr. George M. Homewood, Director of Planning
Ms. Mel Price, Principal, Work Program Architects

Lake Wright Alternative Signage

Mr. Homewood reported on a request by Lake Wright Retail Investors, LLC for a Conditional Use Permit (CUP) for alternative signage. Three free-standing signs are proposed: one on Northampton Boulevard, and two on Premium Outlet Boulevard. Specifications for the three signs were presented.

City Planning Recommendation

Planning Commission recommended by a 7-0 vote that the request be denied:

- Given the proposed location and size of the sign along Northampton Boulevard (sign one), coupled with the large amount of information provided on the sign, the sign will further distract drivers in an already congested, high-accident area of Northampton Boulevard.
- Along Premium Outlet Boulevard (signs two and three), sufficient signage is already provided on site as well as on the façade of each building. It is the opinion that any additional signage is unnecessary clutter.

Mr. Homewood added that Planning staff recommended denial of sign one. Planning staff felt that conditions are in place to allow signs two and three and recommended their approval. He noted that Simon Property Group sent a letter in opposition to the signage.

Councilman Smigiel stated he is in favor of signs two and three and believes they are needed to identify the restaurants in that area, particularly Mission Barbecue, which is hard to get to. It would encourage people leaving the mall to spend money in Norfolk.

Short-Term Rentals

Mr. Homewood noted this item was continued at the last meeting for further consideration.

Proposed changes in three areas:

- Creation of civil penalties for short-term rental violations
- Modifying performance standards – citywide – to reflect best practices
- Modifying regulations for Coastal Character District and R-C/PDMU-EB Zoning District to respond to lessons learned

Mr. Homewood stated that using civil penalties will help with enforcement. He noted that the Homeowners' Association for the East Beach Planned Development asked that they not be included in the short-term rental program. They believe their Homeowners' Association documents prevent the use of any of their residences or carriage houses as short-term rentals.

Performance standards modifications:

- Maximum term of two years
- Listings only allowed via national booking platforms; each listing to be identical
- Applicants required to notify tenants of multifamily buildings
- Compliance with building code (at the time space made habitable) required
- Operators must post 24-hour contact information inside and outside
- (For Homestays) required written permission from condo association

Coastal Character District and R-C/PDMU-EB Zoning:

Current:

- Single-family homes: By-right up to five bedrooms
- Duplex/TH/MF: By-right one unit, CUP for more than one unit (no more than ten units on lot)

Proposed:

- Single-family homes/Duplexes/Triplexes: By-right up to three bedrooms, CUP for four-five bedrooms, CUP for reduced parking
- Multifamily (four – nine units): CUP
- Multifamily (ten+ units): Considered a hotel, CUP

Definition changes to homestay/vacation rental (Coastal/R-C only):

Homestay:

- A short-term rental where the owner of the property utilizes the dwelling as their primary residence.

Vacation Rental:

- A short-term rental where the owner of the property does not utilize the dwelling as their primary residence.

Public Outreach:

- Virtual information session targeted to Ocean View/Willoughby
- Formal civic league meetings
 - Ghent (February/March)
 - East Ocean View (October)
 - Cottage Line (pending for November)
- Informal civic league discussions
 - West Freemason
 - Park Place
 - Highland Park
 - Larchmont

Councilman Riddick stated code enforcement citywide is inadequate. He added that investors are buying properties all over the city and are not taking care of them.

Councilwoman Graves echoed Councilman Riddick and added that additional resources and funding are needed. She also asked the City Manager for a full update on the city's budget regarding revenue and spending.

Comparing CUP to Performance Based By-Right

- Give City Council the ability to approve or deny a specific proposal
- Give neighbors the ability to provide input
- Allow for site-specific conditions to be imposed
- Allow for a "sunset" to be imposed
- Give City Council the ability to revoke its approval should the use become problematic
- Add cost and time to review process

Performance-Based By-Right Approvals

- Performance standards apply broadly, regardless of operator
- Provide certainty to all involved
- Approval must be granted if standards are met
- Do not give neighbors the ability to provide input
- Do not allow for site-specific conditions to be imposed
- Revocation is possible but more difficult and may not eliminate vested right
- Reduced cost and processing time

Conditional Use Permits (CUP) vs. Performance Standards

CUP Pros:

- Affords maximum opportunity for community and public input
- City Council gets a say on each application and can impose conditions needed to ameliorate negative impacts or deny outright

CUP Cons:

- Adds time and cost to approval process for applicant
- Can have the effect of pitting neighbor vs. neighbor or triggering a "not in my backyard" (NIMBY) response

Performance Based By-Right Pros:

- Rules are clear – meet them and approval is guaranteed
- Approval is often nearly instantaneous and no/low cost

Performance Based By-Right Cons:

- No option to customize conditions to deal with unique issues and “gray areas”
- Use becomes vested and cannot be revoked by Council

Mr. Homewood stated that the CUP process is typically appropriate for those uses likely to result in negative impacts on surrounding properties such as traffic and noise. Performance-based by-right process is appropriate when nearly all instances of a use have essentially identical impacts on surrounding property or communities. He added that the CUP is a powerful tool that gives City Council the opportunity to approve a use in one location and deny in another based on unique site conditions or craft custom conditions on a case-by-case basis.

Councilwoman McClellan commented it is unfair to require restaurants that serve alcohol past 11 p.m. and have entertainment to go through a CUP process when a casino with hotel amenities and other retail business is allowed by right. She suggested there should be a level playing field.

Mayor Alexander stated this presentation resulted from a study requested by Councilwoman Johnson related to Dollar Stores. Dr. Filer added that we have been considering either performance standards or conditional use permits for Dollar Stores and he thought a presentation explaining the differences would be helpful.

Mr. Homewood gave a brief update on the Bay Streets and drainage issues. He noted they are beginning the process for a true protection and replacement Ordinance and he hopes to have that to Council by early 2021.

Councilman Smigiel asked that Council members be considerate to how their responses are perceived when copied on emails that involve staff and constituents.

Councilman Smigiel noted that some of the issues that have come up today would be more appropriate for Council concerns. He asked that Council Concerns be added to future agendas.

Ms. Price stated that Council previously saw the Design Principles for Multifamily Development. Since then, the principles have been reviewed by the City Planning Commission and the Coastal Virginia Builders Association. Edits have now been made to those documents.

The purpose is to facilitate high-quality multifamily development in the city that provides a mix of type and cost of housing. These principles will be used to evaluate multifamily housing in all neighborhoods and character districts. The Guidelines are a tool to be used by developers, builders, Architectural Review Board, City Planning Commission, and City Council to fairly evaluate projects across the city.

The Traditional American Neighborhood

1. Safe (eyes on the street)
2. Sense of Community
3. Mixed Type/Cost of Homes = people at different stages of life (diversity)

The Challenge

- Suburban sprawl
- Total reliance on automobile transportation instead of public transportation
- “Products and Projects” instead of individualized “Homes and Communities”
- Zoning and development that segregated neighborhoods
- Large concentrations of low-income families in distressed neighborhoods, cut off from access to opportunities
- Shortage of affordable housing

Principles for Multifamily Development

1. Neighborhood Context
2. Street Network
3. Diverse Building Types
4. Neighborhood-Scale Blocks
5. Block Perimeter
6. Block Security
7. Streetscapes and Public Open Space
8. Amenities and Public Open Space
9. Building Placement based on Street Type
10. Architectural Design Principles

Ms. Price stated it is important to note that these principles are aspirational and should be considered as a starting point for design considerations. The City of Norfolk recognizes that there is no one-size-fits-all approach to sites or building design.

Open Norfolk Update

Presenter: Ms. Mel Price, Principal, Work Program Architects

Ms. Price stated that the Open Norfolk Program allowed the city to come together with healthy businesses, transportation, creative culture and recreation opportunities, and places to be at a healthy distance.

Open Norfolk – Four Steps

Step 1 – Small business assistance

- 365+ restaurants and small business provided with free signage, build assistance, furniture, lighting, etc.

Step 2 – Neighborhood Spots

- Three Neighborhood Spots built and activated (Broad Creek, Five Points, St. Paul’s – Teens With a Purpose)

Step 3 – Neighborhood Spots adapt and grow

- Broad Creek transitioned to passive park

- The PLOT added as a Neighborhood Spot
Step 4 – Streateries
- Streatery Guidelines written to allow businesses to thrive outdoors
- Heaters ordered to encourage outdoor dining and continued small business assistance

Ms. Price stated that additional resources were provided to the most impacted and the most in need of more space. She added that the proposal is to use CARES Act funding to continue the small business assistance and winterize these parklet areas to a more permanent solution for outdoor dining. She shared several testimonials from business owners.

Streateries Program Guidelines

Approval Process

- Handle as a temporary encroachment, through December 31, 2022
- Approval is administrative – part of Open Norfolk
- Notification of neighborhood organization, business association, etc.
- City Planning staff review against *Streatery Guidelines*
- Permitted year-round, excepting special event dates

Operational Requirements

- No CUP required, but shall comply with performance standards for restaurants from Zoning Ordinance (modified to be applicable to a streatery)
- Close by midnight (Downtown Character District) or 11 p.m. (remainder of city)
- Subject to Neighborhood Protection Standards in Z.O. – may be required to close earlier based on proximity to residential
- Shall comply with building code, health department, and ABC regulations
- Smoking and vaping not permitted

Design Requirements

- ADA compliant
- Must be tied to currently operational restaurant in reasonable proximity to the streatery
- Posted speed limit of 25mph or less
- Department of Transit to review for right-of-way design, distance from intersection, etc.
- Must be able to be removed in one day

Construction Requirements

- Operator must construct and complete within two weeks of permit issuance and notice from applicant that they are ready to install
- Parking meter heads will be bagged when streatery is placed in a metered parking space

Neighborhood Spots for Micro Retail and the Arts

The CARES Act funding was intended to allow people to start producing income again and they have worked with the neighborhoods to do that. They were able to hire from within the community. Teens with a Purpose added 15 new interns. Ten ambassadors were onboarded as WPA employees for the Broad Creek and Five Points neighborhoods. There will be changes to Halloween this year and the Health Department has provided guidance to follow for lowest risk activities. The Food Pantry and the Foodbank of Southeast Virginia at Five Points has been successful. Almost 24,000 pounds of food has been distributed.

Proposed Budget: not-to-exceed \$500,000

Restaurant Assistance

- \$50,000 (outdoor heaters)
- \$30,000 (signage, furniture, barricades)

Streatery Program

- \$20,000

Neighborhood Spots

- \$375,000 (Broad Creek, Five Points, the PLOT)
 - Staffing and training
 - Safety supplies
 - Building materials

Councilwoman Graves suggested when all streateries are open to have a competition where each one is rated and to have prizes for the restaurant owners and citizens. She added that these parklets could become destinations for travelers and visitors when the pandemic is over.

Councilwoman Doyle asked Council members to consider abatement for business owners who applied and paid for permits to use sidewalk space outside of their businesses prior to the pandemic and make it retroactive.

Cares Funding Spend Plan

Presenter: Ms. Megan Erwin, Coronavirus Stimulus Coordinator

Ms. Erwin provided an update on CARES Act funding and an updated spend plan as follows:

Coronavirus Relief Fund (CRF)

Phase 1 Award of \$21,178,304

Phase 2 Award of \$21,178,304

Eligibility (must meet all four criteria):

- Necessary expenditures due to the public health emergency;
- Not accounted for in the budget as of March 27, 2020;

- Incurred between March 1, 2020 and December 30, 2020;
- Are not being reimbursed through another source (state or federal grant)

Ms. Erwin added that funds cannot be used for revenue replacement. She briefly reviewed areas where assistance has been provided, i.e., Financial Assistance applications, Economic Development Authority CORE Grants, Open Norfolk, and the Safety Hotel Program.

Ms. Erwin outlined the initial Coronavirus Relief Fund Spend Plans that were approved. She stated that due to uncertainties of the pandemic, the budgeting of the Spend Plans was adjusted.

Coronavirus Relief Fund Spend Plan Phase 1 (adjusted in bold)

<u>Source</u>	<u>Phase 1</u>
COVID-dedicated payroll reimbursement	\$5,950,000
Hazard Pay Plan	\$4,050,000
Information Technology for Remote Work Transition	\$3,250,000
Permanent and Temporary Building Improvements	\$2,128,304
Financial (Rent, Mortgage, Utility) Assistance	\$2,000,000
Business and Nonprofit Grants	\$2,000,000
Open Norfolk Program	\$670,000
Beach Ambassador Program	\$50,000
Other Public Health Measures	\$780,000
Public Wifi	\$250,000
Public Health Communications	\$50,000
TOTAL	\$21,178,304

Coronavirus Relief Fund Spend Plan Phase 2

<u>Source</u>	<u>Phase 2</u>
COVID-dedicated payroll reimbursement	\$13,178,304
Hazard Pay Plan	----
Information Technology for Remote Work Transition	\$500,000
Permanent and Temporary Building Improvements	\$500,000
Financial (Rent, Mortgage, Utility) Assistance	\$1,500,000
Business and Nonprofit Grants	\$2,000,000
Homeless Shelter Building Acquisition	\$3,000,000
Open Norfolk Program	\$500,000
Beach Ambassador Program	----
Other Public Health Measures	----
Public Wifi	----
Public Health Communications	----
TOTAL	\$21,178,304

Next Steps

- Deadline for expenditure is December 30th
- Report to City Council on actual spending and accomplishments

Councilwoman Graves asked for a breakdown on how many applications have been received; and the average amounts of payouts for mortgage, rent, utility payments, etc.

Councilwoman Graves asked staff to look for a secondary source of funding for public Wifi so we can continue to provide coverage for citizens in public spaces after December 31st.

Councilman Smigiel suggested additional funding for Open Norfolk noting there will be a greater need beyond December 30th, particularly for heaters and things of that nature. He appreciated all the work that was done at Five Points, but resources are needed in other locations throughout the city. He cited the community garden in East Ocean View as an example. We need to bring that sense of community to other areas of the city.

Councilwoman Johnson asked what opportunities exist for our senior citizens, noting that we no longer have any programs that provide aid with housing repairs and food distribution.

Ms. Erwin added that we received almost \$4 million in Community Development block Grant (CDBG) funding and \$3.6 million from Emergency Solutions Grants. The CDBG is being used to provide funding to nonprofits who are providing services to our low-income citizens and the Emergency Solutions Grant is providing for the hotel program and the longer-term needs of the homeless community.

St. Paul's Update

Dr. Susan Perry, Director, Office of St. Paul's Transformation

Dr. Perry stated the goals of the Choice Neighborhood Initiative (CNI) grant focus around people, housing, and neighborhoods. Urban Strategies, the contractor that is implementing the People First Program, has now been on the ground for a year as of July 2020. Their annual report covers the first contract year, July 1, 2019 to June 30, 2020. People First was able to connect 68 percent of residents with children under three years of age to early childhood programs; increase the percent of residents who have health insurance from 22 percent to 89 percent; and increase the average annual income in the community from \$11,900 to \$18,500. In addition, 68 people were placed in jobs, three started a business or micro enterprise, and 115 parents were engaged in parenting education.

The main service that is provided by our People First support staff is case management. Four-hundred-eighty-three families, or 79 percent of the Tidewater Gardens community

have enrolled in People First services. Service linkages are a crucial part of the People First initiative. People First does an assessment and they develop with the family an individual family development plan. To date, over 1,300 of these plans have been implemented. It addresses their goals, challenges, and needs.

Housing stability is the foundation of all the work with residents. Housing must be stable before the People First team can begin any of the work with residents. To date, People First has successfully intervened in 56 cases to prevent housing instability. For some community members, successful and stable housing means relocation. People First has actively worked with 175 families around their relocation needs.

The goal is to move families to neighborhoods of opportunity, which HUD defines as a neighborhood with less than 40 percent poverty and less than 62 percent minority concentration.

To date, 32 percent of our families that have relocated have moved to neighborhoods of opportunities. The other thing they look at is the neighborhood of first choice. Sometimes families prefer another neighborhood because it's closer to their employment or closer to family and support systems. Sixty percent of residents are doing that.

Six organizations and their programs were identified as supportive service partners:

- Boys and Girls Club (Core Academics and Graduation)
- Children's Hospital of King's Daughters (Health and Wellness)
- CHIP (Early Learning)
- ODU (Economic Mobility)
- Teens with a Purpose (Health and Wellness)
- The Up Center (Economic Mobility)

Dr. Perry stated that in their COVID-19 response, the People First staff were able to assist with access to: educational materials, technology for education, masks, diapers, cleaning supplies, prescriptions, baby formula and disinfectant. From April through June, 4,093 meals were delivered to Tidewater Gardens families in partnership with the Foodbank of Southeastern Virginia.

Economic Inclusion and the Path Forward

Information Gathering Sessions

- A path to understanding the challenge
St. Paul's Transformation Economic Inclusion Task Force
- A path to immediate action
One-stop Shop for Small, Local, Minority or Women-Owned Business Enterprise (M/WBE), and Prime/Sub Contractors
- A path to technology that supports simplifying the process
St. Paul's Transformation as Pilot Project
- A path to a City Economic Inclusion Policy
NRHA Economic Inclusion Policy

- A path to a joint or a policy that mirrors the policy
Section 3
- A path to meeting and exceeding requirements that employ residents
Technical Assistance
- A path to building capacity

Housing: Tidewater Gardens CNI Masterplan

Dr. Perry reviewed renderings of the CNI Master Plan for Blocks 17, 18, 19 and 20. These housing builds do not require the relocation of residents or demolition of buildings. These blocks are closest to downtown and near the transit center and are designed to be more dense, high-intensity developments and are a mix of residential, commercial, and community amenities all within the multi-family units.

In the next phase, after tenant relocation and demolition are completed, we will see the lower-density family-style units begin to come online. Renderings of architectural styles and floor plans were presented. Community engagement remains important. Feedback from residents has been gathered through live public virtual events, in-person surveys, and online surveys. Resident surveys reflect mostly positive feedback. Neighborhood work will begin with construction of the pump station and demolition of the Shell Station. Next steps include public engagement and continued enhancement of the concept plan to include park amenities, landscaping, and maintenance consideration.

On the Horizon

- ARB, Planning Commission and City Council approval – Blocks 17 and 18
- Tax Credit Applications for Blocks 17, 18, and 19
 - Credits awarded for Block 20
- First Construction – Winter of 2021

Casino Report Out

Presenter: Dr. Larry H. Filer, II, City Manager
The Impacts of a Hotel Casino in Norfolk.

Dr. Filer reported on the impacts of a hotel casino in Norfolk. He first gave an overview of the recent legislation.

Commercial Gaming Legislation

- Virginia lottery board regulates casinos
 - Issues license
 - Regulates ongoing operations
 - Criminal and Civil penalties for violations of gaming laws
- State Gaming Tax created
 - Pass through to host localities

- Five localities are eligible
 - Norfolk, Portsmouth, Bristol, Danville, and Richmond
- \$300 million minimum capital investment
- Preference should be given to development teams that include Native American Tribe(s)
- Eligible host localities must hold a referendum during November 2020

Requirements of Host Localities

- Must identify a Preferred Casino Operator and submit to Lottery Board for precertification
- Must identify exact location for casino
- Must hold a referendum during November General Election

Preferred Casino Operator Criteria – Virginia Lottery

1. Potential Benefit and Prospective Revenues
2. Total Value of the Proposed Pamunkey Waterfront Resort and Casino
3. Proposed Capital Investment and Financial Health of the Applicant
4. Casino Gaming Experience
5. Security Plan
6. Economic Development Value and Potential for Community Reinvestment and Redevelopment
7. Availability of City and Privately owned assets
8. Best Financial Interests of Norfolk
9. Minority owned status

State Revenue

- The bill imposes a new tax ranging from 18 to 30 percent of the adjusted gross receipts of licensees, based upon a licensee's annual adjusted gross receipts
 - First \$200 million adjusted gross receipts (AGR) 18% state
 - \$200 million - \$400 million AGR 23% state
 - \$400 million+ AGR 30% state
- Any casino project in Virginia would require a minimum capital investment of \$300 million

Funding Structure – City Generated Revenue

- 6% tax on the first \$200 million of adjusted gross revenue
- 7% tax on \$200 million to \$400 million adjusted gross revenue
- 8% over \$400 million adjusted gross revenue
 - If the establishment is operated by a VA Indian Tribe – 1% of adjusted gross revenue is appropriated to the VA Indigenous Peoples Trust Fund
 - 8/10 of 1% appropriated to the Problem Gaming and Support Fund
 - 2/10 of 1% appropriated to the Family and Children's Trust Fund
- In addition, the City will collect all appropriate local taxes at the site.
- Expansion of taxable base - very rare in Virginia.

Fiscal and Economic Impact Tax Revenue Projection

- This analysis is more like a tax revenue projection analysis and not a true fiscal impact.
 - The reason is that there is no city money involved in the project.
- Casinos are very heavily regulated in all states.
 - Data for this analysis was easy to find
 - Comparable casino operations were easy to identify
 - Maryland is an excellent state comp
 - 6 casinos total; all commercial
 - Effective tax rate

Staff analyzed data for gaming revenues by state. Revenues for Maryland, Pennsylvania, Michigan, Delaware, and Ohio for 2016 through 2019 were provided. Three states experienced decreases between 2016 and 2019: Illinois, Louisiana, and West Virginia. Dr. Filer stated that Maryland is a good comparable since there are six casinos in the state and five are scheduled for Virginia. He added that Detroit is also a good regional comparable. Dr. Filer presented three sample scenarios of potential projects along with revenue projections and economic impacts.

Estimating Potential Costs to the City Public Safety

- Possible 8,000-10,000 visitors each day
- Enhanced lighting along Elizabeth River Trail
- Staff recommends Council dedicate 10%-15% of gaming tax revenue to enhance public safety around the casino.
- Exact amount will be based on expected visit levels. City Manager will then meet with Police Chief Boone and Fire and Rescue Chief DiBacco to discuss the enhancements necessary.

Pathological Gaming

- Commonwealth has established a problem gaming fund financed from casino revenue
- Not obvious that host locality should bear any responsibility since visitors come from outside the local area as well as local visitors
- Staff recommends that Council dedicate 1%-5% of gaming tax be dedicated to Norfolk CSB. This would supplement the state funding.

Spending Substitution Effects

- Previous research on other states shows a clear impact on other gambling when casinos are introduced
 - Lottery, HHR, grey machines may all see reductions in revenue
 - Decrease in lottery revenues would decrease funding for public Education

- New gaming tax revenue should be used to support public education.
- Impacts on other consumption are not consistent in previous research. Impacts are across a wide variety of industries, so the impacts on any one industry are very small.
 - Spending by locals is not necessarily substituted. A significant amount is being recaptured: *“Nonetheless, if we assume conservatively that a Hampton roads casino would result in per capita spending of \$250 per person, then with a regional population of about 1.7 million, the annual estimated casino revenues for a casino here would approximate \$425 million.”* (ODU State of the Region Report 2015, page 130)
 - City is not subsidizing the project. Any substitution effects are a function of the market and not artificially subsidized competitive advantage.
 - Council should consider dedicating a share of the new gaming tax revenue to invest in infrastructure and advertising for the arts and entertainment corridor.

Concluding Remarks

- The new gaming tax represents a unique opportunity for five localities and the state to expand the existing tax base. These expansions of the tax base create large increases in potential tax revenue.
- We forecast gaming tax revenue between \$24.8 million and \$44.5 million.
 - An additional \$8.5 million and \$11.6 million in existing local taxes
- We estimate a total ongoing job impact of 3,556 annually with 2,415 direct jobs.
 - Total ongoing compensation is expected to equal \$171.3 million annually
- There will be additional public safety requirements to accommodate the new visitors to the site.
 - Costs are unknown currently
 - NPDs total FY 2019 budget was \$72 million. 10%-15% of the gaming tax revenue (\$4.5 million-\$6.6 million) will be more than enough to increase patrols.
- The Commonwealth of Virginia has a dedicated share of the new gaming tax for a problem gaming fund. Staff recommends that Council consider enhanced funding for CSB to augment the state funding.
- The casino should be a complement to the existing arts and entertainment corridor.
 - Staff recommends a share of the local gaming tax revenue be dedicated to advertising and enhancements for Norfolk’s arts and entertainment cluster.

Mayor Alexander thanked Dr. Filer for the report. Should the referendum pass, he stressed the importance of the Mayor's Committee on Gaming to continue analysis as we move forward.

Councilman Smigiel noted that the committee sunsets at the end of December. If the referendum passes, he suggests a permanent commission be established as oversight to continue to address concerns regarding the gray machines and the casino.

Councilwoman Johnson noted Norfolk was ahead of the curve with the school funding formula. She added that the committee acknowledged that additional funding should be used to benefit all neighborhoods in the city.

Councilwoman Doyle reminded citizens as part of Council's commitment to funding education, the \$10 million land purchase price will be split between Maury High School and Booker T. Washington High School. Dr. Filer reiterated the two streams of revenue the city will accrue: the purchase price for the land and the ongoing payment during the period of construction.

Councilwoman McClellan noted the Pamunkey Tribe stated in a recent press release that 90 percent of casino employees will be from Norfolk and surrounding areas and 50 percent will be minorities. She asked for the following clarifications:

- What are the definitions for "surrounding areas" and "minority," and will this include women regardless of race?
- Will contractors also abide by those same hiring requirements?
- Will training opportunities be subsidized by the Tribe, and, if so, how will the Tribe accomplish that and when would it occur?
- What is the remedy if the employment percentages are not met?
- Can an addendum be added to the contract if needed?

Councilman Smigiel stated that state legislation defined what minority is. He added he believed the Pamunkey Tribe's hiring plan used the state's definition.

Councilwoman McClellan asked for further discussion on by right versus Conditional Use Permit.

If the referendum passes and a casino is built, Councilwoman McClellan asked the City Manager to provide annual reports for: revenue and associated costs; and ADR and occupancy rate comparisons with all of Norfolk's hotels.

Councilwoman McClellan expressed concern that the Pamunkey Tribe excluded individuals of African American descent from being recognized and enrolled in the Tribe. She asked Council to consider whether the city should do business with an entity that discriminates.