

NORFOLK, VIRGINIA

MEETING OF COUNCIL

TUESDAY, NOVEMBER 5, 2019 – 4:00 P.M.

Mayor Alexander called the meeting to order at 4:00 p.m. with the following members present: Mrs. Courtney R. Doyle, Mrs. Angelia Williams Graves, Mrs. Andria P. McClellan, Mr. Paul R. Riddick, Mr. Tommy Smigiel, Mr. Martin A. Thomas Jr. and Dr. Kenneth Cooper Alexander. Mrs. Mamie B. Johnson was absent.

Dr. Filer briefly outlined Council's agenda.

COUNCIL CONCERNS:

Councilman Riddick:

- Suggested the City Planning Department be more involved with the St. Paul's project.
- Asked for a status report on securing a grocery store in Berkley.
- Asked for a status report on the project at 20th and Church Streets.
- Expressed concern that fire fighters are not on the same pay scale as police officers and asked this be considered in the next budget cycle.
- Asked for a status report on the Richard A. Tucker Memorial Library.

Councilwoman Graves:

- Asked Council to consider giving employees additional days off: December 23rd and December 24th; and December 30th and December 31st.
- Expressed concern about Lime scooter riders disregarding traffic laws and asked for better enforcement. Councilwoman McClellan feels that there needs to be more public outreach with citizens utilizing the scooters.

Councilman Smigiel:

- Asked appropriate staff look at improving and restoring landscaping around our city buildings, schools, medians, etcetera, and replace trees as needed.

Vice Mayor Thomas:

- Stated that last year's repairs to the Norfolk Fitness and Wellness Center's pool roof were a temporary fix and funding is needed for a new roof. He added, "We do not want to lose another pool in the city."

MULTIMODAL TRANSPORTATION MASTER PLAN:

Presenter: Ms. Amy Inman, Director of Transit
Vlad Gavrilovic, AICP, Principal, EPR PC

Ms. Inman noted that Norfolk is the most multimodal city in the Commonwealth of Virginia and this planning process will help the city establish its first transportation plan that encompasses all modes. The vision and plan of our connected transportation system will be developed through a meaningful public process that will help to facilitate a community conversation where citizens will have the opportunity to discuss their transportation needs and concerns with staff and other citizens.

We will also have an opportunity to rethink our transit system in a manner that will maximize our traditional HRT public transportation service. It's an opportunity to consider incorporating micro-transit, which is an app-based, public on-demand system as well as incorporating scooters and bikes in a safe and healthy manner. Vision Zero is our goal for traffic-related accidents or deaths involving bikes, pedestrians, and scooters. Next month Council will consider a Vision Zero Resolution that will support the key elements of this plan which also include safe and healthy streets for all users.

Ms. Inman introduced Mr. Vlad Gavrilovic, who is the principal in charge of the project.

Mr. Gavrilovic gave an overview of the elements of the Multimodal Transportation Master Plan. The two main focuses of this project are: transformation of Norfolk's streets and transformation of the transportation system. The project will be in five phases and take us into 2021. Presently, we are working on the vision, goals, and assessment of existing conditions. A community engagement team will be formed in the next month to make sure we have a broad base of stakeholder support. They will go out to different locations in the city four times and in between those are individual stakeholder meetings, events, intercept events, and questionnaires.

This project will have tie-ins back to the comprehensive plan, the Norfolk 2030, and most recently Norfolk Safer Streets Policy and Vision Zero Norfolk. Their overall approach will move through the transit service plan, then a redesign of the transit system; next will be incorporating the latest data and technology, and then a comprehensive needs assessment and program of projects. At the end of 2020, a comprehensive Multimodal Transportation Master Plan will look at all travel modes. Lastly, at the beginning of 2021, we will have a detailed needs assessment and program of projects.

Ms. Inman noted they are working closely with Hampton Roads Transit (HRT). HRT's transformational project has some recommendations that will be considered as part of this process. Mr. Gavrilovic added that HRT will be part of the stakeholder committee.

Next Steps

1. Branding and messaging (Early November)
2. Stakeholder Meetings (November/December)
3. Data Collection (November - January)
4. Public Meeting & Website Launch (January)
5. Transit Redesign Workshop (February)

BUSINESS RETENTION & EXPANSION:

Presenter: Mr. Jared Chalk, Interim Director of Development
Mr. Michael Paris, Business Development Manager

Mr. Chalk stated that Business Retention and Expansion (BRE) is an economic development strategy of proactively connecting with existing businesses to understand and respond to their needs. BRE supports the creation and retention of jobs; connects existing businesses to resources and assistance; protects and expands the tax base; demonstrates appreciation for contributions to the local economy; and supports business attraction.

Core Elements of Norfolk's BRE Program

- Continuous, in-person visitation
- Proactive, conversational interviews with owners/local leadership
- Data-driven to measure success, identify trends, and monitor progress
- Coordination of internal/external partners and resources to provide enhanced support for existing businesses

Mr. Paris stated there are three areas of focus.

- Be proactive in engagement with the business community.
- Build meaningful relationships with businesses.
- Bring a variety of resources and services, internal and external to the city, to businesses in a seamless way.

Outreach efforts are focused on businesses that fall into one or more of these categories: basic industries or primary employers, which are businesses that are bringing in money from outside the region through exporting goods and services; small women and minority-owned and veteran-owned businesses (SWaM-V); businesses located in census tracts with 20 percent or greater poverty rates; and businesses located in incentive-based zones such as an enterprise zone or a technology zone.

The existing Norfolk Business Landscape

- Over 3,700 firms with paid employees
- 27 people employed at each firm on average
- Historically low unemployment rate
- Technology is accelerating change-
Retail, telework, offshoring/onshoring of jobs

Recent Data from Recent BRE Visits

- #1 key challenge is talent/workforce issues
- One-third are located in census tracts with over 20 percent poverty rates
- 50 percent have been in business for over 20 years
- 50 percent were unaware they were in an incentive zone
- 70 percent export domestically or internationally
- 86 percent plan to hire in the next 12 months

Mr. Paris emphasized they are data-driven in their approach. Internally, they've implemented a Customer Relationship Management (CRM) database utilized to coordinate efforts and track opportunities. It connects BRE with other economic development efforts such as marketing, attraction, entrepreneurship, and real estate development. Teams within Economic Development meet twice per month to staff different business cases and what businesses are going through and how can we bring resources together. They also collaborate with partners at the regional level; Virginia Economic Development Partnership (VEDP) and Hampton Roads Economic Development Alliance (HREDA).

Recent BRE Successes

- Flowers Baking Company of Norfolk
- Business Expansion - Virginia Economic Development Partnership (VEDP), Virginia Jobs Investment Program
- Enterprise Zone/State Incentives

Councilman Smigiel expressed concern that the Borjo Coffeehouse near ODU was closing after 15 years. He noted that a coffeehouse is needed at Five Points and asked if Economic Development had reached out to them about relocating.

Councilwoman Doyle echoed Councilman Smigiel and suggested having a business “Navigator” position to assist these efforts.

YEAR-END PRESENTATION:

Presenter: Mr. Greg Patrick, Director of Budget and Strategic Planning

Mr. Patrick presented an update on the General Fund FY 2019 year-end result and FY 2021 General Fund outlook.

Preliminary FY 2019 General Fund Year-End
(excluding unbudgeted Virginia Beach water payment and NPS variance*)

Final FY 2019 General Fund Budget \$882,966,948

Preliminary Budget Variance 2.0 percent (\$17.7 million) under budget

Designations and adjustments:

- St. Paul’s Area Transformation designation - \$3.4 million
- Resilience designation - \$0.9 million
- FY 2019 savings carried forward to FY 2020 - \$2.9 million
- Norfolk Community Services Board designation - \$1.5 million
- Proceeds from Ocean View land sale - \$1.3 million
- Dedicated taxes, VDOT street maintenance, and adjustments - \$0.9 million

Preliminary Surplus - 0.8 percent (6.9 million) under budget

(*budget variance less designations and adjustments)

Mr. Patrick noted that in February 2019, the City Council adopted new financial policies which guide the use of surplus funds. We now use a three-tiered system:

- Tier 1 - if we have reserves that are not at the reserve minimums, we use all surplus dollars that we have to get to those reserve minimums.
- Tier 2 - if we have reserves that are at their minimums but not at their maximums, we then use half of the available surplus to increase those reserves and the other half can go to pay-go Capital Improvement projects.
- Tier 3 - if all reserves have met their maximums, then surplus funds would go to pay-go Capital Improvement Projects.

Current Status of Financial Reserves

- Ten percent unassigned General Fund reserve - This is currently below our minimum requirement by approximately \$1.7 million.
- Risk Management Reserve - This is above the minimum of \$5 million but below the maximum of \$8 million.
- Economic Downturn Reserve - This is at its maximum of \$5 million.
- The financial policies adopted in February 2019 created a new Inclusive Development Opportunity Fund - currently funded at zero and has a maximum of \$2 million.

Mr. Patrick stated that with the current status of our Financial Reserves, the financial policies recommend the first \$1.7 million of surplus go to bring the ten percent unassigned General Fund Reserve up to its minimum. The next \$2 million would go to bring the Inclusive Development Opportunity Fund up to its minimum and maximum of \$2 million. Next at Tier 2, where the Risk Management Reserve is above its minimum but below its maximum, we would take half of the remaining reserve (approximately \$1.6 million) and place it into the Risk Management Reserve. This leaves approximately \$1.6 million for pay-go Capital Improvement projects and it's recommended that be carried forward into the fiscal year 2021 budget to support one-time purchases of technology and equipment.

Preliminary FY 2021 General Fund Outlook

Mr. Patrick stated we will begin with our fiscal year 2020 budget and remove all one-time items; then we will annualize any prior year actions. Next we adjust for costs. We must pay, i.e., benefits, debt service, contracts, et cetera, to arrive at our preliminary base budget for fiscal year 2021. The preliminary base budget does not include

any new salary increase for city employees, existing program expansion, or new programs. It does include new funds for Norfolk Public Schools based on the revenue sharing formula.

The preliminary fiscal year 2021 base budget gap is approximately \$5.8 million. Of that \$5.8 million it is estimated that approximately \$2 million will go as an increase in local funding to Norfolk Public Schools, so our Base Budget Gap, excluding Norfolk Public Schools, will be approximately \$3.8 million. Mr. Patrick noted that looking back since the end of the great recession, until fiscal year 2020 we never included new money for schools in the Base Budget Gap. If we compare this year to past years, this is the lowest Base Budget Gap we have had since the end of the great recession. Looking forward and considerations for balancing the budget, very similar story to where we have been in the past. Our expenditure growth continues to outpace our revenue growth.

Considerations for Balancing the Budget

- Expenditure growth continues to outpace revenue growth
- Service levels have remained mostly unchanged
- Resources to provide these services have been reduced continuously to balance the budget each year
- Conversation around a sustainable level of core services
- Continue a maintenance CIP to reserve future debt capacity for significant projects

Councilwoman McClellan suggested that we need to be more strategic in addressing school maintenance and construction and flooding issues.

Councilwoman Graves asked how we can consistently include Norfolk Public Schools in those one-time revenues.

Councilman Smigiel expressed concern over recent Virginian-Pilot articles regarding school maintenance. He noted that Council has provided funding to Norfolk Public Schools for day-to-day maintenance issues but those funds have not been used. He suggested that how Norfolk Public Schools is addressing maintenance issues should be a topic at the next joint meeting. In addition, Councilwoman McClellan asked for an accounting of what's been spent in Norfolk Public Schools' CIP over the last five years.

Councilman Riddick stated the issues at Sherwood Forest Elementary School are very serious and need to be corrected ASAP.

PLANNING UPDATE:

Presenter: Mr. George Homewood, Director of Planning

Mr. Homewood reported on Short Term Rentals and noted that several applications will be coming before City Council.

In January 2018, Short Term Rentals were added as an allowable use in the new Zoning Ordinance.

- Allowed by right in several zoning districts, subject to meeting performance requirements
- Allowed by Conditional Use Permit (CUP) in other zoning districts (primarily small lot single family and some multifamily)

Contracted with Host Compliance, LLC for short term rental address identification and registration services

- Address identification began July 2019, and to date has 519 listings identified
- Online registration began in September 2019

6 CUPs are scheduled for the November City Planning Commission agenda:

- 5001, 5003, 5007, 5009 Killam Avenue - CUPs for Short Term Rentals
 - CUP for operation of a short term rental in 4 single family homes, all under common ownership
 - Located west of Killam Avenue along the Lafayette River in Highland Park
 - Scheduled for November 14th City Planning Commission Public Hearing
 - Highland Park Civic League opposes

Staff recommends the two houses closest to Killam Avenue not be approved for short term rental; the two houses closer to the water and further from residential be approved for short term rental. Approvals are set up for a two-year period and would have to be renewed.

- 1353 and 1357 East Ocean View Avenue - CUPs for Short Term Rentals
 - CUP for operation of a short term rental in 2 multifamily buildings with 8 units each
 - Located on the south side of East Ocean View Avenue
 - Scheduled for November 14th City Planning Commission Public Hearing
 - Cottage Line Civic League supports

Staff recommends denial.

As the budget is developed, Councilwoman Doyle asked to look at adding resources to monitor the short term rentals. She also recommended that Council review the ordinance and to make changes or modifications as needed.

Mayor Alexander echoed Councilman Smigiel, and agreed that standards should be developed for short term rentals and they should address parking, public safety, security, inspections, registry, et cetera. Councilman Smigiel added that there are things like electronic locks that can be changed so guests cannot get back into a unit if police are called to a property.

Councilwoman McClellan suggested Council discuss the positives of short term rentals in terms of revenue potential and how this might help, for example, Visit Norfolk.

Councilwoman Graves stated there might be an opportunity for partnering with property owners and the NRHA to work with citizens who have housing choice vouchers that will be relocating due to the St. Paul's project. She stated we need to look at how we can integrate all the opportunities that property owners have.

UPCOMING HOLIDAY EVENTS

Presenter: Ms. Mary Miller, President/CEO, Downtown Norfolk Council

Ms. Miller briefed Council on upcoming holiday events and a brochure was presented.

J&A Racing - Chartway Norfolk Harbor 5k - November 23, 2019

Grand Illumination Parade - November 23, 2019
Yule Log and Christmas Marketplace at Town Point Park - December 7, 2019
Dickens Christmas Village - November 23, 2019
MacArthur Ice Rink - November 16, 2019
Million Bulb Walk and Garden of Lights - November 8, 2019 (Drive through starts November 15th)

Other holiday experiences at MacArthur Center:
Island of Warmth
Lighted seesaws

DRAFT 2020 CITY COUNCIL CALENDAR

Mr. Filer asked Council to review the draft calendar for 2020.

CLOSED SESSION

Motion for closed session was approved for purposes which are set out in **Clause 3** of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act, as amended:

- (1) Personnel Matter.
- (3) Discussion of the disposition of property in the downtown area.
- (29) Discussion of the award of a public contract involving the expenditure of public funds in the Berkley area.

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

No: None.

Absent: Johnson.