AGENDA

FRANKLIN CITY COUNCIL
MONDAY, August 28, 2017 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

7:00 P.M.
Regular Meeting

Call To Order . . . . . . MAYOR FRANK M. RABIL

PLEASE TURN OFF CELL PHONES . . . MAYOR FRANK M. RABIL

PLEDGE OF ALLEGIANCE

Special Recognition: Welcome – Ms. Tamara Sterling, Superintendent, Franklin City Public Schools

CITIZENS' TIME

AMENDMENTS TO AGENDA

1. **CONSENT AGENDA**
   - A. **Minutes: August 14, 2017 Regular Meeting**
   - B. **Departmental Reports: July, 2017 (Separate File)**
2. **FINANCE**
   - A. **End-of-Year Financial Report: June, 2017**
3. **OLD/NEW BUSINESS**
   - A. **Discussion Regarding Agreement for Recreational Golf Services**
   - B. **SPSA Update – H. Taylor Williams, IV**
   - C. **City Manager's Report**
     1. **Reinvent Hampton Roads Industry Scale-Up Project Request**
     2. **Airport Taxiway Grant Award**
4. **COUNCIL/STAFF REPORTS ON BOARDS/COMMISSIONS**
5. **CLOSED SESSION – (If Necessary)**
6. **ADJOURNMENT**

UPCOMING ITEMS TO BE SCHEDULED

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

SUBJECT	TENTATIVE TIME LINE
City Council Retreat @ Franklin Municipal Airport	**September 16, 2017**
Columbia Natural Gas Franchise	**TBD**
Charter Cable Franchise	**TBD**

CONSENT AGENDA

A. **Minutes: August 14, 2017 Regular Meeting**
B. **Departmental Reports: July, 2017**

The Franklin City Council held its regular meeting on Monday, August 14, 2017 at 7:00 p.m. in the Council Chambers at City Hall.

Council Members in Attendance: Mayor Frank Rabil, Barry Cheatham, Vice-Mayor; Bobby Cutchins, Mary Hilliard, Greg McLemore and Benny Burgess.

Staff in Attendance: Randy Martin, City Manager; Taylor Williams, City Attorney; Mark Bly, Director of Power and Light; Mark Carr, Deputy Chief of Emergency Medical Services; Donald Goodwin, Director of Community Development and Chief Phil Hardison, Franklin Police Department.

Others in Attendance: Officer Marissa Foster, Franklin Police Department; Dan Howe, Executive Director, Downtown Franklin Association; Amanda Jarratt, President and CEO, Franklin Southampton Economic Development, Inc. (FSEDI); and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by everyone in attendance.

Special Recognition: Resolution of Support & Congratulations to Paul D. Camp Community College # 2017 – 07

Mayor Rabil recognized Councilman Burgess who read Resolution # 2017 – 07 aloud after which he made the motion to accept Resolution # 2017 – 07 as presented; Vice-Mayor Cheatham seconded the motion.

The motion was approved by a 6 – 0 vote (Councilman Johnson absent).

Mayor Rabil presented a signed copy of Resolution # 2017 – 07 of Support & Congratulations to Paul D. Camp Community College Athletic Director and Head Coach David Mitchell of the Hurricanes baseball team.

Mr. Mitchell thanked Council and the community for their support and commented that they have signed letters of intent to play from thirty-five (35) players for Paul D. Camp Community College Hurricanes in the spring of 2018. The next step for the Athletics Department is to form a softball team later in the 2018 year. Director Mitchell introduced a few of the players and coaching staff in attendance. They were: Matt Stout and Blake Rose, Southampton High School; Hunter Stephens, Windsor High School; Bryce Jones, Nansemond River High School; coaching staff, Pat Stafford and Dylan Bratton; and Athletic Booster President, John Stephens.

Councilman Johnson arrived during the presentation of the resolution.

CITIZENS' TIME

No one signed up to speak at Citizens' Time.

AMENDMENTS TO AGENDA

Councilman McLemore made a motion to amend the agenda to allow himself to declare a Conflict of Interest involving the Madison Street Community Development Block Grant project because of the following: "I have a personal interest in the physical location of the grant project because my residence is physically located in the grant project area and I have a financial interest because I have applied for rehabilitation grant funds from the Madison Street Grant project and therefore must state publicly my exception to the Conflict of Interest statute that allows me to participate in the grant project pursuant to Virginia Code Section 2.2 – 3112 (A)(1) and (B)(1) and 2.2 – 3115(H)." Councilman Burgess seconded the motion to amend the agenda as requested.

The motion was approved by a 7 – 0 vote.

Mayor Rabil placed the amendment under item C in the Old/New Business section of the agenda and moved the City Manager's Report to item D.

CONSENT AGENDA

Minutes: July 24, 2017 Regular Meeting

Mayor Rabil asked if there were any corrections to the minutes of the July 24, 2017 Regular meeting. Hearing none, he asked for a motion. Councilman Johnson made the motion to approve the July 10, 2017 Regular meeting minutes as presented and Vice-Mayor Cheatham seconded it.

The motion was approved by a 7 – 0 vote.

Finance

GFOA FY 2015 – 2016 CAFR Award Recognition

Mayor Rabil acknowledged Manager Martin to comment on the award recognition. Manager Martin advised Council that the City of Franklin has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for the fifth consecutive year. Manager Martin and Mayor Rabil congratulated and thanked the Finance department and all of the other staff involved in achieving this recognition.

FY 2017 – 2018 City Budget Amendment # 2018 – 01

Manager Martin advised Council that the Franklin Southampton Charities has awarded donations in the amount of $5,000 to the Franklin Fire Department and $5,000 Hunterdale Fire Departments. He recommended Council adopt budget amendment # 2018 – 01 accepting and appropriating the funds.

Mayor Rabil asked if there were any questions or comments; hearing none he asked for a desired action from Council.

Councilwoman Hilliard made the motion to amend the FY 2017 – 2018 Budget by adopting amendment # 2018 - 01 to reflect the donations received and appropriate the funds for expenditure. Councilman Johnson seconded the motion.

The motion was approved by a 7 – 0 vote.

<u>OLD/NEW BUSINESS</u>

Commercial Rehabilitation Loan Program Approval

Manager Martin advised Council that the Commercial Rehabilitation Loan Program was introduced at the February 27, 2017 Council meeting. The budget has been completed and the Downtown Startup grants awarded, so the decision was made to bring this recommendation back to Council for action.

Manager Martin introduced Amanda Jarrett; President and CEO of the Franklin Southampton Economic Development, Inc., to answer any questions Council may have. Ms. Jarrett stated that she was here as a representative of the Business Friendly Committee. She advised Council that the City has $146,000 in restricted program funds that can only be used for a program of this kind and cannot be used for spending in any other area.

These funds are available because of repayments from previous low interest loans, and the recommendation would establish a revolving loan fund which is to be used for the restoration, renovation, rehabilitation, and preservation of commercial buildings within the corporate limits of the City of Franklin. Funds will be limited to physical improvements to the facility. These loans will be available to all commercial businesses in the City of Franklin; it is not restricted to just the downtown area.
The eligibility requirements are:

1. Real property to be improved must be located within the corporate limits of the City of Franklin.
2. Improvements to be made with the loan proceeds are limited to the cost for restoration, renovation, rehabilitation and preservation of commercial buildings and structures.
3. Only new loan applications will be accepted. No refinancing of an earlier Low Interest Loan for building improvements will be allowed under this program.
4. Applicant shall have no current delinquent payments from a previous low interest loan for one year prior to application.
5. Applicant shall be in good standing with the City of Franklin. All real estate taxes, personal property taxes, sales taxes, meals taxes, and all utility accounts with the City of Franklin must be current. In addition, no nuisance liens must have been attached to the real property.

The maximum amount of any loan under this program shall be $35,000. The minimum amount shall be $5,000.

The terms and conditions are as follows:

1. Loans will be made available for a fixed interest rate of 1% above the existing prime rate at the time the loan is approved.
2. The repayment term may vary up to a maximum of 7 years.
3. Repayment shall be in equal monthly installments of principal and interest commencing on the first of the month after the project has been completed.
4. Up to 15% of the loan may be applied to soft costs for the hiring of an approved architect, architectural designer, interior designer, or contractor to prepare façade improvement plans and specifications.
5. Loan applications shall be approved by a committee appointed by Franklin City Council consisting of a representative of the City of Franklin, Franklin Southampton Economic

Development, Inc., the Downtown Franklin Association and the Franklin Southampton Area Chamber of Commerce.

6. A Deed of Trust will be placed on the property by the City of Franklin to secure the loan.
7. All contractors shall submit lien waivers from subs and suppliers before full payments are made.

The details of the application process are as follows:

1. Applicant is advised to solicit help and advice from the FSEDI and the City of Franklin on any proposed work to be done with approved loan program funds.
2. Applicant shall submit the following items to the committee referenced above:
   a) Application form
   b) Design approval packet
   c) Financial approval information
   d) Estimates from a qualified/licensed contractor.
3. The design packet shall be reviewed by the committee for design quality and for adherence to applicable policies, requirements, codes, and appropriateness as determined by the City of Franklin Department of Community Development.
4. No loan shall be made until the committee receives a signed bid from a qualified contractor for the proposed work. Estimates may differ from bids changing the loan amount.
5. A statement addressing asbestos inspections for buildings built before 1985 shall accompany the application.
6. The financial information shall be reviewed by the appointed committee for financial feasibility and collateral requirements.
7. The committee will contact the applicant as to the Committee's decision and requirements.

The committee will be made up of member of Council, the Franklin Business Center, Franklin Chamber of Commerce and the Downtown Franklin Association (DFA). The City Council would approve the list of names for participants that are eligible for the program.

Ms. Jarrett reminded Council that this was a group effort of the Business Friendly Committee. Some of the members present to show their support of the program were: Dan Howe, DFA Executive Director; Juanita Richards of Richwood Graphics; Teresa Beale, Executive Director of the Franklin/Southampton County Area Chamber of Commerce; Mike Smith, property owner; and Donald Goodwin, Director of Community Development. Ms. Jarrett also mentioned the support of Ellis Cofield, Blake Blythe and Jim Hart; other business owners who helped with this project.

Councilman Johnson asked if the interest would be a fixed rate.

Ms. Jarrett stated that it would be a fixed interest rate and that the repayment period could stretch to seven (7) years.

Councilman McLemore asked if these loans could be used in conjunction with microloans just awarded by the state.

Ms. Jarrett explained that yes the funds may be used in conjunction with the microloan program and the Startup program.

Ms. Jarrett advised Council that once action is taken and approved, the Commercial Rehabilitation Loan program could begin within a sixty (60) to ninety (90) day timeframe.

After discussion and comments from Council members, Mayor Rabil asked for the desire of Council.

Vice-Mayor Cheatham made the motion to approve the Commercial Rehabilitation Loan Program as recommended and Councilman Johnson seconded the motion.

The motion was approved by a 7 – 0 vote.

Hayden School Property Sale Update

Mayor Rabil recognized Attorney William to give an update on the sale of the Hayden School Property. Attorney Williams gave an overview of the all the steps that led to the recent culmination of the sale of the Hayden School property. Attorney Williams stated that after seven (7) years, fifty-one (51) weeks and six (6) days after the initial contract was signed the sale was completed.

Attorney Williams stated that the project will bring new vitality and pride to an old jewel and concluded his report. There was no action needed on the agenda item and after some discussion from Council members the meeting moved forward.

Conflict of Interest

Mayor Rabil recognized Councilman McLemore to read his declaration concerning his Conflict of Interest pursuant to Virginia Code Section 2.2-3112 (B)(1) and 2.2-3115 (H) (personal interest in a transaction; exceptions). Councilman McLemore read the following letter aloud:

August 14, 2017

Gregory McLemore
Franklin City Council, Ward 3
204 Madison Street
Franklin, VA 23851

RE: Conflict of interest, Virginia Code Section 2.2-3112 (B)(1) and 2.2-3115 (H) Personal interest in a transaction; exceptions

To Whom It May Concern:

I am the Ward 3 Representative of Franklin City Council. At all times mentioned herein I was the Ward 3 Representative to the Franklin City Council. At all times mentioned herein I lived at 204 Madison Street.

In 2013, the City of Franklin began pursuing an application process for a Community Development Block Grant (CDBG) program through the Department of Housing and Community Development. The area of the City selected for the location of the CDBG rehabilitation program was a 6-block area containing approximately 50 single family residential homes on portions of Washington Street, Madison Street and Wilson Street. This area was named The Madison Street grant program. My residence at 204 Madison Street is located within the grant area.

I was initially opposed to the CDBG grant program location in Ward 3. City

Council met on February 12, 2014 for a public hearing to solicit community comment on the grant program. After the public hearing was closed Council members engaged in discussions about the program. I made several comments in opposition to the grant program location and in general. Council adopted a resolution to pursue the CDBG grant in a vote of 5 – 0 and 1 abstention. The City was awarded the grant for the Madison Street project area.

At the July 25, 2016, City Council meeting I was appointed to serve on the CDBG Madison Street Area Management Team. Up until June 21, 2017, I had not attended any meeting of the Management Team since the appointment. I did attend a Management Team meeting on June 21, 2017 and again on August 9, 2017.

I have seen the improvement within the Madison Street Grant area as different home rehabilitation projects are started and completed. I have changed my opinion of the CDBG Grant program. I have now submitted an application for a rehabilitation grant for my residence located at 204 Madison Street and the application has been approved by the Housing Advisory Board and is pending approval by DHCD. At present, 15 homes in the program have been rehabilitated. 12 other homes are in various stages of the application process. The grant was for a maximum of 30 homes and 27 applications have been received.

As a result of filing my application, I have a conflict of interest pursuant to Virginia Code Section 2.2-3112(A)(l)(i) as a member of City Council because I have filed this application for rehabilitation services for my home located in the Madison Street Grant project area. I have a personal interest in a transaction involving my residence.

The City Attorney has advised me I have an exception that allows me to participate in the Madison Street Grant project even though I have a personal interest in the CDBG rehabilitation grant project. I am advised by the City Attorney that the exception is pursuant to Virginia Code Section 2.2-3112 (B)(l). I am a member of the group of more than three persons being considered in the grant program and my application must follow the same approval process as any other applicant for a rehabilitation grant within the Madison Street Grant
Project area and I have declared this conflict of interest pursuant to Virginia Code Section 2.2- 3115 (H). I declare I am able to participate in the transaction fairly, objectively and in the public interest. This statement of conflict of interest shall remain on file for a period of 5 years.

Respectfully submitted,

Gregory McLemore
Ward 3 Council Representative

After a few comments the meeting moved forward.

City Manager's Report

Mayor Rabil recognized Manager Martin to present his report. Manager Martin stated that he had prepared a rather lengthy report that was included in the agenda. He stated that he would not read the entire report aloud but he did want to update Council on a few of the items.

Manager Martin stated that there wasn't anything further to report on the Courthouse special election but he did include in his written report the action taken by the Southampton Board of Advisors at their meeting.

Manager Martin advised that all grant applications have been completed and submitted. He advised that there has been some media coverage about the Armory Park Playground project and thanked the community partners that have been involved.

Manager Martin reported that he had received an update on the City/County Utility Asset Valuation Study since he had written his report. He updated Council that the city has received a draft study from the consultant and there will be a meeting on Tuesday, August 15, 2017 to further discuss the draft. The draft will be reviewed and information compiled before it is taken back to the subcommittee. The study will be brought before Council once the subcommittee has reviewed it and made recommendations.

Manager Martin stated that the timber sale at the industrial park adjacent to the airport has been awarded to Nottoway Forest Resources based upon unit prices expected to yield an estimated amount of $37,584.25. The contractor expects to begin the work, weather permitting, in the Labor Day timeframe. Manager Martin stated that he will keep the Council updated on the progress of the project.

Mayor Rabil asked Manager Martin to confirm that the city planned to reforest the timber once it has been cut.

Manager Martin stated that the property would be reseeded and the future yield is expected to be greater than the current timber due to inadequate previous reseeding of the property.

Councilman Johnson asked what type of timber would be planted.

Attorney Williams stated they would be reseeding with plantation pine.

Councilman McLemore asked Council members of their recollections on previous meetings concerning the discussion of the playground at the Armory Park.

Several Council members stated that the topic had been discussed at previous meetings. Manager Martin noted that the minutes of the work session that reflected the discussion were included in the agenda along with documentation that Council approved the project and location in the City's Capital Improvement Program (CIP) when the FY 2017 – 2018 budget was adopted.

Councilman McLemore stated that he had objections as to the location choice of where the park will be located. He stated that the College Drive Park would have been a better choice. He was vehement with comments on the matter and wanted his objection to be noted. After a lengthy discussion, Manager Martin continued his report.

Manager Martin also advised Council that there is going to be a planning meeting on Wednesday, August 16, 2017 to work on the proposal for the city objections to the draft DEQ Groundwater Permit. This meeting is to prepare for the upcoming DEQ public hearing which will be attended by a State board member and staff from DEQ. The public hearing is set for August 30th in City Hall at 6:00 p.m. The city is looking for other alternatives to use other than the Potomac Aquifer. Manager Martin stated that he would be sharing with Council some of the objections that staff has concerning the groundwater permit after talking with the engineer and attorney with expertise in this matter about the city presentation at the public hearing.

Manager Martin updated Council on appearance related concerns stating that staff has been addressing those items and progress is being made. He welcomed Council to bring any comments or concerns to his attention to make sure things are being addressed in a timely manner.

Mayor Rabil commented that the appearance of the city is not just the responsibility of the citizens but the city staff as well when it comes to public areas.

Manager Martin updated Council on the utility billing status report. He stated that it has improved since last month by going out eleven (11) days earlier. Manager Martin advised Council that it is improving but he is looking for more improvement in the month to come. He shared there will be additional training with the utility and power and light departments on Thursday and Friday, the 16th and 17th of August with Edmunds and Associates. He also stated that the staff is working with the billing company that is sending out the bills to lessen the turnaround time from five (5) days to two (2) to three (3) days for the printing and mailing of bills.

Mayor Rabil asked if there were any further questions concerning the City Manager's report. Vice-Mayor Cheatham reminded everyone to take a look at the education meetings on the upcoming courthouse referendum. Manager Martin advised that those meetings will be held at the September 11, 2017 City Council regular meeting at 7:00 p.m. and October 17, 2017 at the Paul D. Camp Workforce Development Center at 6:00 p.m.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Councilman Burgess reported on the meeting recently held at the Franklin Business Center. They approved one new tenant which brings the number of businesses to 25 and the occupancy rate is 76%. Councilman Burgess stated that the new occupant is Vaishali Patel. The name of the company is Summit Clinical Research, LLC. They will be conducting some clinical trials in regards to different medical equipment, drugs, methods of treatment, etc. Councilman Burgess also reported that there was another business that has graduated from the Franklin Business Center.

Vice-Mayor Cheatham reported on the Western Tidewater Regional Jail (WTRJ) meeting. He stated that the finances of the jail are doing well and reflected a sustained increase in the number of Federal inmates. He reported that the cash reserves have been replenished and the board is hoping to establish a pay-as-you-go fund to help the jail with future capital expenditures and help alleviate some of the financial burdens on the three (3) funding entities.

Councilman Johnson congratulated Vice-Mayor Cheatham on being elected as the Vice-Chairmen on the WTRJ Board. He reported on the jail's twenty-fifth (25th) anniversary event and the screening processes of the inmates. He also advised Council that he has been trained with Norchem to assist in overdose situations. He questioned if our EMS and Police Department had been trained in Norchem. Deputy Chief Carr stated that EMS has been trained. Chief Hardison stated that the police department has not because it is costly and the drug is unaffordable within the current budget. After discussion and comments on Norchem; Councilman Johnson thanked management and staff of Public Works for taking care of the potholes that had been reported in Ward 4.

Mayor Rabil reported on the Shared Services meeting. Mayor Rabil also reported that at the Cruise-In had one hundred fifty-six (156) cars at the previous show. He invited citizens to come out for the Cruise-In, as well as the Farmers' Market on Wednesdays and We Be Jammin on Thursdays. Mayor Rabil concluded his report by stating that the Downtown Franklin Association (DFA) had a meeting with a consultant from the Main Street group and DFA is addressing the areas that were discussed.

Adjournment

Vice-Mayor Cheatham made the motion to adjourn the meeting and Councilman Johnson seconded it.

The motion was approved by a 7 – 0 vote.

Mayor Rabil declared the meeting adjourned at 8:20 p.m.

These Minutes for the August 14, 2017 City Council Regular Meeting were adopted on the 28th day of August, 2017.

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Mayor

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Clerk to City Council

FINANCE

A. End-of-Year Financial Report: June, 2017

HIGHLIGHTS – GENERAL FUND
Ending June 30, 2017

Based on Unaudited Financial Data

Basis of Reporting

- The information enclosed in the City's Financial Report for the period ending June 30, 2017.
- The report contains provisions for most revenue and expenditure accruals.
  - Reflects 12 months of revenue & expenditures in most cases (where noted, the 12th month has been estimated) – modified accrual basis of accounting.
- Financial Report presentation is consistent with department's objectives to:
  - Report timely, relevant, understandable and accurate financial data
  - Promote accountability through monitoring, assessment and reporting.

Revenue Highlights – Tax Collections

- Overall General Property Taxes collections of $7.22 mil is down from FY 16 collections of $7.43 mil. There are five major sources included in General Property Taxes:
  - Real Estate taxes (Current & Delinquent)
  - Personal Property (Current & Delinquent)
  - Penalty and Interest on Taxes
  - Public Service Corporation taxes
  - Machinery & Tools Taxes

Revenue Highlights – Tax Collections

- Current Real Estate taxes at $5.12 million is $112,918 or 2.2% less than the prior year.
- Delinquent RE taxes at $225,600 is 94.0% of the budget realized.
- Personal Property taxes at $1.59 mil is106.6% of budget and 5.1% higher than prior period collections of $1.52 million.
- Penalties and Interest at $147,442 is 95.1% of budget and down from prior year period collections of $181,431.
- Public Service Corporation taxes - $68,614 is at 101% of budget.

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General Property Taxes- Overall BUDGET COMPARISON-Cash Basis

REVENUE SOURCE	BUDGET	Current Year	%	BUDGET	Prior Year	%
Real Estate Taxes-Current	$ 5,447,115	$ 5,122,817	94.0%	$ 5,456,874	$ 5,235,735	95.9%
Real Estate Taxes-Delinquent	240,000	225,600	94.0%	190,000	361,577	190.3%
Personal Property Taxes-Current	1,500,000	1,599,397	106.6%	1,450,000	1,522,258	105.0%
Personal Property Taxes-Delinquent	45,000	32,142	71.4%	65,000	39,245	60.4%
Machinery & Tools	23,578	20,114	85.3%	23,577	19,402	82.3%
Penalities & Interest Taxes	155,000	147,442	95.1%	179,830	181,431	100.9%
Public Service Corporation Taxes	68,000	68,614	100.9%	66,863	67,088	100.3%
GENERAL PROPERTY TAX	$ 7,478,693	$ 7,216,126	96.5%	$ 7,432,144	$ 7,426,736	99.9%

Current	$ 7,216,126
Prior Year	$ 7,426,736
Net Change $	(210,610)
Net Change %	(2.8)%

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Local Tax Revenue - (Prior Year Comparison) – Modified Accrual Basis

	Meals Taxes	Lodging Taxes	Cigarette Taxes	Sales Taxes	Total
Jun-16	1,494,137	123,626	352,199	1,767,781	3,737,743
Jun-17	1,498,567	141,317	316,662	1,785,517	3,742,063
Prior Year $	4,430	17,691	(35,537)	17,736	4,320
Prior Year %	**0.30%**	**14.31%**	**-10.09%**	**1.00%**	**0.12%**

At fiscal year end, it is projected that the Local Tax Revenue sources will meet the targeted projections.

Local Tax Revenue (Budget per Actual Comparison-(Modified Accrual Basis)

Benchmark – 100%

	FY 16-17 Budget	6/30/2017	% of Budget Realized
Local Sales & Use*	$ 1,823,000	$ 1,785,517	97.9%
Cigarette Taxes	$ 345,000	$ 316,662	91.8%
Meals Taxes*	$ 1,420,000	$ 1,498,567	105.5%
Lodging Taxes*	$ 130,000	$ 141,317	108.7%
Total Local Tax Revenue	$ 3,718,000	$ 3,742,063	100.6%

*prepared on modified accrual basis - revenue sources include a one or two month projection based on prior history

At fiscal year end, it is projected that local sales & use taxes and cigarette taxes will not meet targeted projections; overall net Local Tax Revenue sources will meet targeted dollar projections.

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Revenue & Expenditure Summary – Cash Basis

- General Fund revenue at $20 mil (95.5% of budget) is net $932,789 less when compared to the $20.95 mil (100.0% of budget) realized in the prior fiscal year. The decrease is comprised primarily of:
  - Real estate taxes $160k
  - Sales & use taxes $280k
  - Restaurant & meals taxes $130k
  - SoCo inspection fees $118k
  - VDOT Paving Award $237k

- General Fund expenditures at the end of the period totaled $15.6 mil and represents 95.8% of the total budget; when compared to the prior year period of $16.03 mil, this is a $404,155 (2.52%) decrease.

General Fund Revenue – Prior Year Comparison - Cash Basis

Account Id	Account Description	Prior Revenue	Budgeted	YTD Revenue	Balance/Excess/ Deficit	% Realized	Prior Year Variance
100-3-11010-	REAL ESTATE TAXES	5,512,695	5,687,115	5,348,416	(338,699)	94.0	(164,279)
100-3-11020-	PUBLIC SERVICE CORPORATION TAXES	67,088	68,000	68,614	614	100.9	1,526
100-3-11031-	PERSONAL PROPERTY TAXES	1,562,470	1,545,000	1,631,539	86,539	105.6	69,069
100-3-11040-	MACHINERY & TOOLS TAXES	19,402	23,578	20,114	(3,464)	85.3	712
100-3-11060-	PENALTIES AND INTEREST	181,431	155,000	147,442	(7,558)	95.1	(33,989)
100-3-12010-	OTHER LOCAL TAXES	1,767,781	1,823,000	1,485,031	(337,969)	81.5	(282,749)
100-3-12020-	UTILITY TAXES	574,958	516,000	562,789	46,789	109.1	(12,169)
100-3-12030-	BUSINESS LICENSE TAXES	968,871	950,000	955,963	5,963	100.6	(12,908)
100-3-12035-	BUSINESS LICENSE TAXES-PENALTY	310	500	1,421	921	284.2	1,111
100-3-12050-	MOTOR VEHICLE LICENSES	163,097	160,000	160,399	399	100.3	(2,698)
100-3-12055-	MOTOR VEHICLE LICENSES-PENALTY	24,983	23,000	25,106	2,106	109.2	122
100-3-12060-	BANK STOCK TAXES	56,200	65,000	56,930	(8,070)	87.6	729
100-3-12070-	TAXES ON RECORDATION AND WILLS	38,082	46,000	49,729	3,729	108.1	11,646
100-3-12080-	CIGARETTE TAXES	352,199	345,000	316,662	(28,338)	91.8	(35,537)
100-3-12100-	LODGING TAXES	123,626	130,000	128,474	(1,526)	98.8	4,848
100-3-12110-	MEALS TAX	1,494,137	1,420,000	1,364,243	(55,757)	96.1	(129,894)
100-3-12180-	PROBATE TAXES	2,729	2,500	5,001	2,501	200.1	2,272
100-3-13010-	PERMITS AND OTHER LICENSES	3,686	4,000	3,107	(894)	77.7	(579)
100-3-13030-	PERMITS AND OTHER LICENSES	169,620	387,526	529,474	141,948	135.6	359,854
100-3-14010-	FINES AND FORFEITURES	31,899	40,250	31,159	(9,091)	77.4	(739)
100-3-15010-	REVENUE FROM USE OF MONEY	2,688	3,250	959	(2,291)	29.5	(1,729)
100-3-15020-	REVENUE FROM USE OF PROPERTY	255,745	240,796	220,093	(20,703)	91.4	(35,651)
100-3-16010-	CHARGES FOR CURRENT SERVICES	11,875	9,600	9,242	(358)	96.3	(2,633)
100-3-16040-	CHARGES FOR OTHER PROTECTION	384,536	453,051	318,641	(134,410)	70.3	(65,895)
100-3-16060-	CHARGES FOR OTHER PROTECTIONS	18,054	17,150	12,515	(4,635)	73.0	(5,539)
100-3-16070-	MISC BILLING SERVICES	5,735	-	5,756	5,756	0.0	21
100-3-16080-	CHG FOR SANITATION & WASTE REMOVAL	7,726	6,150	9,912	3,762	161.2	2,187
100-3-16095-	CHARGES FOR ADMIN-FUNDS	939,824	964,866	964,868	2	100.0	25,044
100-3-16130-	RECREATIONAL FEES	7,566	8,150	6,525	(1,625)	80.1	(1,041)
100-3-18990-	MISCELLANEOUS	1,284,273	1,240,079	1,205,909	(34,170)	97.2	(78,364)
100-3-19020-	RECOVERED COSTS	296,988	295,000	198,031	(96,969)	54.8	(98,957)
100-3-22010-	NON-CATEGORICAL AID STATE	1,639,089	1,668,897	1,536,548	(132,349)	92.1	(102,541)
100-3-23030-	SHARED EXPENSES	78,709	79,876	71,455	(8,421)	89.5	(7,254)
100-3-23040-	SHARED EXPENSES	71,831	72,896	65,739	(7,157)	90.2	(6,092)
100-3-23060-	SHARED EXPENSES	34,911	34,723	35,297	574	101.7	386
100-3-24040-	CATEGORICAL AID - STATE	2,718,360	2,440,908	2,447,888	6,980	100.3	(270,472)
100-3-33010-	CATEGORICAL AID -FEDERAL GOVERNMENT	82,604	28,715	21,995	(6,720)	76.6	(60,608)
100-3-41040-	PROCEEDS FROM INDEBTNESS		-	-	-	0.0	-
100-3-41050-	FUNDS TRANSFERS	-	-	-	-	0.0	-
	General Fund Revenue Total (Less Other Financing Sources)	**20,955,776**	**20,955,576**	**20,022,986**	**(932,590)**		**(932,789)**

General Fund Expenditures – Prior Year Comparison – Cash Basis

Account Description	Prior Expense	Budgeted	YTD Expended	Balance/Excess/ Deficit	% Expended	Prior Year Variance
**CITY COUNCIL **	158,844	153,492	150,230	3,262	97.9	8,614
CITY MANAGER *******	183,377	209,138	198,718	10,369	95.0	(15,341)
CITY ATTORNEY *******	191,961	205,580	195,094	10,486	94.9	(3,132)
MANAGEMENT SERVICES & HR***********	142,099	138,854	98,637	40,217	71.0	43,463
COMMISSIONER OF THE REVENUE ******	253,857	265,609	260,616	4,993	98.1	(6,759)
REAL ESTATE ASSESSOR ******	102,554	60,725	59,247	1,478	97.6	43,306
CITY TREASURER *******	264,456	301,342	286,282	15,060	95.0	(21,826)
ACCOUNTING ********	252,301	337,711	334,171	(5,595)	101.7	(81,870)
PURCHASING & GENERAL SERVICES****	85,679	90,279	86,249	4,030	95.5	(570)
UTILITY COLLECTIONS & BILLING *****	237,677	253,308	244,097	9,211	96.4	(6,419)
INSURANCE ********	158,175	178,159	190,731	(12,572)	107.1	(32,555)
INFORMATION TECHNOLOGY******	700,122	289,771	191,942	97,829	66.2	508,179
BOARD OF ELECTIONS ********	123,076	114,638	115,785	(1,147)	139.7	7,291
CIRCUIT COURT ***	9,529	9,036	9,036	-	100.0	493
GENERAL DISTRICT COURT ***	11,135	18,091	14,477	3,614	80.0	(3,343)
CLERK OF CIRCUIT COURT ***	54,861	50,089	50,089	-	100.0	4,772
SHERIFF'S OFFICE ***	140,370	132,877	132,877	-	100.0	7,493
DISTRICT COURT SERVICE ***	24,503	73,416	86,834	(13,418)	118.3	(62,331)
COMMONWEALTH'S ATTORNEY ***	55,185	63,855	63,855	-	100.0	(8,670)
WESTERN TIDEWATER REGIONAL JAIL**	922,091	921,980	921,980	-	100.0	111
POLICE ***	2,856,295	3,030,120	2,911,295	118,825	96.1	(55,000)
E - 911 ******	664,569	642,947	618,470	24,477	96.2	46,100
EMERGENCY MANAGEMENT SERVICES ***	2,130,694	2,391,047	2,318,459	72,589	97.0	(187,764)
BUILDING INSP & CODE ENFORCEMENT***	479,326	537,742	512,412	25,330	95.3	(33,086)
ANIMAL CONTROL*****	93,051	105,308	89,059	16,249	84.6	3,992
CIVIL DEFENSE *********	69,129	0	0	-	0.0	69,129
PUBLIC WORKS-STREET MAINTENANCE****	2,384,596	2,367,809	2,235,802	132,007	94.4	148,794
PUBLIC WORKS-SNOW REMOVAL****	10,914	18,500	18,722	(222)	101.2	(7,808)
PUBLIC WORKS-GARAGE****	223,718	233,442	231,137	2,305	99.0	(7,419)
BUILDING MAINTENANCE-GENERAL*******	645,816	698,622	695,346	3,276	99.5	(49,530)
BUILDING MAINTENANCE-ARMORY***	46,781	47,836	37,189	10,647	77.7	9,592
BUILDING MAINTENANCE-CITY HALL****	208,698	197,535	194,743	2,792	98.6	13,955
BLDG MAINTENANCE-SOC SERVICES****	68,098	87,926	83,331	4,595	94.8	(15,232)
BUILDING MAINTENANCE-HEALTH DEPT***	21,385	34,533	27,256	7,277	78.9	(5,871)
HEALTH DEPARTMENT*****	110,000	110,000	110,000	0	100.0	0
MENTAL HEALTH*****	35,198	35,198	35,198	-	100.0	-
RECREATION*****	361,788	385,727	385,041	225	99.9	(23,253)
CEMETERIES*****	37,400	40,500	42,263	(1,763)	104.4	(4,863)
SENIOR CITIZENS TITLE III ***	6,350	6,659	0	6,659	0.0	6,350
SENIOR CITIZENS NUTRITION ***	33,694	46,979	46,145	834	98.2	(12,451)
LIBRARY*****	285,202	304,725	298,986	5,739	98.1	(13,784)
PLANNNING AND ZONING****	160,230	233,553	217,892	15,661	93.3	(57,661)
BEAUTIFICATION COMMISSION ****	10,454	19,528	9,173	10,355	47.0	1,281
DOWNTOWN DEVELOPMENT *****	112,661	111,250	107,921	3,329	97.0	4,740
PAYMENTS TO SOUTHAMPTON COUNTY ***	763,232	700,000	651,192	48,808	93.0	112,040
NON-DEPARTMENT MISCELLANEOUS***	49,188	60,000	60,475	(475)	100.8	(11,287)
NON-DEPARTMENTAL CAPITAL***	92,283	0	0	-	0.0	92,283
TRANSFERS******	-	-	-	-	0.0	-
General Fund Expenditure Total (Less Transfers)	**16,032,605**	**16,315,436**	**15,628,450**	**677,339**		**404,155**

ENTERPRISE FUNDS

For the period ending June 30, 2017

Based on Unaudited Financial Data

Airport Fund

- Revenue Analysis
  - Fuel sales and airport rental fees are below target with 89% of budgeted realized.
- Expense Analysis
  - Expenses in the fund are below target with 93% of budget expended (net of capital outlay and transfers).
- Cash Balance
  - The cash balance in the Airport Fund is a negative $47,064. The fund should be monitored on an ongoing basis relative to revenue, expenditures and cash position

Water & Sewer Fund

- Revenue Analysis
  - Revenue from the sale of water and sewer service charges of $3.4 mil at the end of the period is slightly below target at 98.9% of budget. Sale of water and sewer service charges are higher than prior year by $189k and $273k, respectively.

- Expense Analysis
  - Expenses in the Fund are $2.84 mil at the end of the period and are 86% of budget. Expenses in the current year for the sewer system have exceeded the prior year while expenses associated with the water division and the waste water treatment division are comparable with the prior year.

- Cash Balance
  - The cash balance in the Fund at the end of the month is $173k down from the $1.78 million reported last month and 5.7% more than the $1.52 mil reflected in the prior year period.

City of Franklin VIRGINIA
Growth • Community • Spirit

Solid Waste Fund

- Revenue Analysis
  - Revenue for the Solid Waste Fund is slightly below target with revenue at $1.3 mil or 98.4% and is comparable to the prior year period collections.

- Expense Analysis
  - Total net expenses at $1.1 mil are 92.3% of the total budget.
    - Salaries and benefits savings due to vacancies
    - Tipping fees savings
    - One time equipment purchase in current year was acquired at lower cost
    - Landfill closure expenses reflect a reduction - DEQ compliance requirements met resulting in no further costs for closure activities

Solid Waste Fund – Cash Balance

Cash balance - $240,652

	Month	FY 15-16	FY 16-17
	June	$489,888	$409,400
	July	$500,732	$410,551
	August	$516,372	$425,486
	September	$516,226	$420,154
	October	$523,758	$416,155
	November	$576,078	$422,723
	December	$526,270	$411,298
	January	$505,773	$418,851
	February	$553,646	$445,948
	March	$394,249	$252,699
	April	$428,223	$260,852
	May	$428,088	$246,169
	June	$409,400	$240,652

Cash in the fund is lower than the prior year period as anticipated due to the “Pay as You Go” alternative to purchase capital equipment in the prior year.

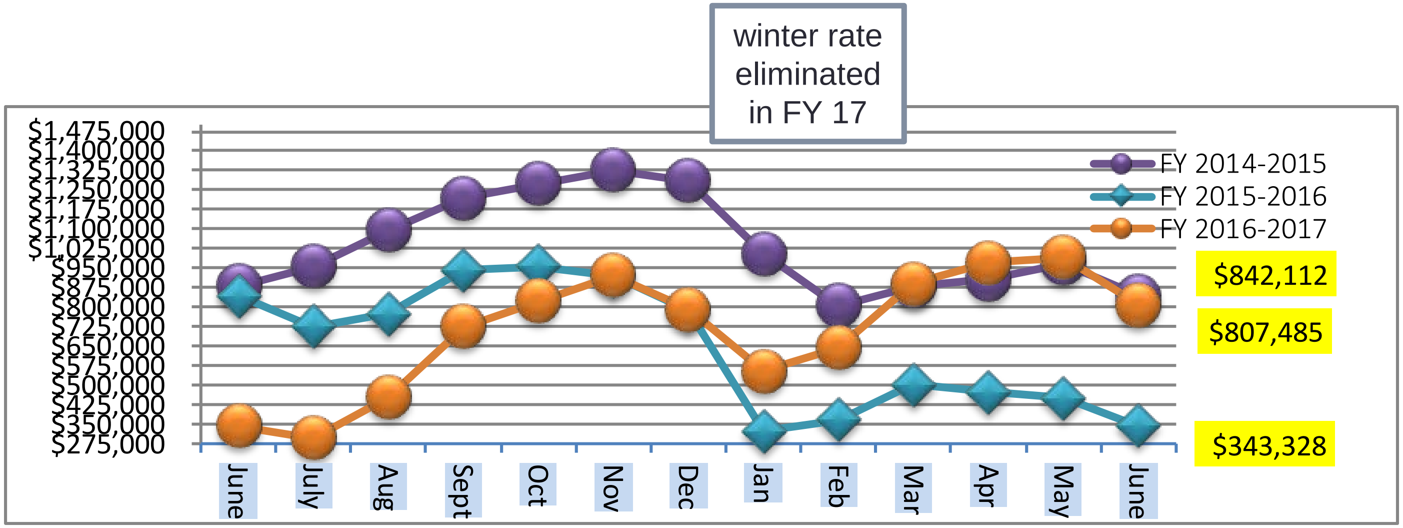
Electric Fund – Revenue Analysis

- Revenue from energy sales at $14.69 mil is slightly below target at 96.3% of budget; below is a snapshot of prior year billed service revenue, current year budget, actual and % of budget realized:

Account Description	Prior Revenue	FY17 Budget	YTD Revenue	% Realized
Sale of Electricity -Fuel Adj	994,621	315,911	452,307	143.2%
Sale of Electric Energy-Residential	7,095,206	8,578,082	7,979,450	93.0%
Sale of Electricity-Commercial	5,446,688	6,221,368	5,984,140	96.2%
Cycle & Save	(120,350)	(121,000)	(119,524)	98.8%

- Expenses associated with the sale of energy for the fiscal year (excluding fuel adjustment) is $9.68 mil and is below target with 92.4% of the total budget expended. This will be lower than the prior year period of $9.92 million, about 99% of the budget.

ELECTRIC FUND CASH ANALYSIS



Cash in the Electric Fund at $807,485 decreased by 18.5% from the prior month period cash of $990,559

Policy Evaluation:
Cash is below minimum policy guideline of $1.494 million by $686K.

ELECTRIC FUND CASH ANALYSIS

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
6/30	**$ 1,320,285**	**$ 365,374**	$ 643,257	$ 882,030	$ 842,112	$ 343,328
7/31	$ 1,215,100	$ 232,177	$ 642,085	$ 957,000	$ 724,794	$ 276,984
8/31	$ 922,039	$ 179,939	$ 672,538	$ 1,095,099	$ 774,246	$ 453,148
9/30	$ 839,265	$ 272,263	$ 784,569	$ 1,220,000	$ 942,197	$ 729,003
10/31	$ 941,608	$ 346,776	$ 904,924	$ 1,273,878	$ 956,592	$ 822,659
11/30	$ 893,591	$ 359,027	$ 876,767	$ 1,327,621	$ 919,275	$ 922,617
12/31	$ 827,204	$ 287,190	$ 733,859	$ 1,284,717	$ 788,629	$ 791,600
1/31	$ 686,342	$ 389,986	$ 438,344	$ 1,004,954	$ 322,369	$ 554,258
2/28	$ 620,337	$ 287,764	$ 559,511	$ 805,356	$ 366,352	$ 644,526
3/31	$ 552,907	$ 370,727	$ 803,846	$ 881,641	$ 502,204	$ 888,414
4/30	$ 380,372	$ 412,409	$ 751,999	$ 906,867	$ 474,040	$ 970,688
5/31	$ 412,409	$ 672,007	$ 908,047	$ 968,713	$ 448,880	$ 990,559
6/30	$ 365,474	$ 643,257	$ 882,157	$ 842,112	$ 343,328	$ 807,485

Cash in the Electric Fund at $807,485 decreased by $183,074 from the prior month period.

OLD/NEW BUSINESS

A. **Discussion Regarding Agreement for Recreational Golf Services**
B. **SPSA Update – H. Taylor Williams, IV**
C. **City Manager's Report**
   1. **Reinvent Hampton Roads Industry Scale-Up Project Request**
   2. **Airport Taxiway Grant Award**

Office Of The City Manager
R. Randy Martin

August 24, 2017

TO: Mayor & Council Members
FROM: R. Randy Martin, City Manager
SUBJECT: Discussion Regarding Agreement for Recreational Golf Services

As discussed during the FY 2017 – 2018 budget work sessions last spring, both the City and Southampton County appropriated a $30,000 “placeholder” in the adopted budgets for Parks & Recreation shared services. Since that time, representatives of the City/County Shared Services committee have been pursuing discussions with Cypress Cove Country Club officials about an agreement that would allow all residents of Franklin and Southampton County access to use the excellent quality golf facilities at Cypress Cove without the cost of becoming members for a reduced rate. The details of the result of these discussions are highlighted in the enclosed documentation which was prepared and will be shared by Mike Johnson at the County Board of Supervisors meeting on August 28th. This funding arrangement as noted would be for one year and would provide funding to the club to benefit residents and youth as detailed, but also help ensure the continued availability of the golf course in the community by increasing usage of the facilities that are currently underutilized.

This arrangement deeply discounts the user fee for students and ensures the continued availability of the course for school golf teams. With the planned addition of a college golf program at Paul D. Camp Community College this should enhance the likelihood of the team being based in Franklin rather than the college’s other campuses in nearby communities. In any event, the City’s Parks & Recreation Department will collaborate with the Boys & Girls Club and 1sst Tee Youth programs to promote participation by city youth many of whom may not otherwise be likely to participate in this opportunity.

This item is on this agenda for discussion and further feedback from Council after which Council can consider action at this meeting or an upcoming September as desired. Since funds are already available in the budget, the only action necessary is to authorize the one year agreement contingent upon agreement by all parties. Future funding and terms would be subject to annual review and approval.

Enclosures

207 W. 2nd Ave., Post Office Box 179, Franklin, VA 23851 -757-562-8561
E-Mail rmartin@franklinva.com City Web Site: www.franklinva.com

Parks & Recreation Department Funding

Manager Martin advised Council of the recommendation to provide $30,000 for consideration of a Shared Service opportunity with Southampton County. This is a placeholder allocation in the event that the City and County agree on a project to use the funds for recreation. This was discussed at the Shared Services Committee meeting and the County is also considering it. Mayor Rabil then described the idea discussed by the Committee to partner with the Cypress Cove Golf Course to allow City and County schools to use their facility and for City and County residents to access the facility at a reduced rate. He commented on the current use by the Schools and the First Tee program and its history with the golf course and Schools. This is an opportunity to broaden the beneficiaries of Parks & Recreation services at low cost to the city and county by partnering with the golf course. Of course this is not a proposal and all three parties would have to agree to the details of the arrangement before it would be official. It was noted that the City's tennis courts had deteriorated and the tennis courts at the course were in good condition. The use of the courts might be a possibility as they had been used in the past.

Revenue Generation

It was noted that much of the discussion is typically focused on expenditures, but revenue enhancement opportunities should also be discussed. It was suggested that t topic during goal sessions into the new fiscal year include revenue generation. Council discussed possibilities to generate growth such as expanding natural gas availability. Discussion ensued on a pending request from Columbia Gas to get a franchise in the city. This is expected to come to Council in the months ahead. City Attorney Williams and Manager Martin commented on discussions of expanding service within the city. It was a consensus that a retreat format on the revenue enhancement options be considered in the new year.

ADJOURNMENT

Mayor Rabil then asked for a motion to adjourn. Vice-Mayor Cheatham made the motion to adjourn and Councilman Johnson seconded it. The motion was approved by a 6 – 0 vote (Councilman McLemore absent).

Mayor Rabil thanked all present for their efforts on the budget. He recognized the Manager for presenting a budget proposal consistent with the Council's desires expressed in earlier work sessions. He then declared the meeting adjourned at 8:00 p.m.

These Minutes for May 15, 2017 City Council Called Meeting were adopted on the 22nd day of May, 2017.

____

Mayor

____

Clerk to City Council


Franklin – Southampton Shared Services
Recreational Golf Opportunity

Terms of Agreement

- Contract with Cypress Cove golf course
- Service limited exclusively to golf
  - No tennis, pool, clubhouse or dining privileges
- County and city residents can play golf anytime during normal hours of operation, subject to availability – no membership required
- Fee is $25 per round which includes greens and cart fees
- Resident students under age 21 can play for $10 per round, which does not include a cart
- Course made available to golf teams from SHS, FHS, Southampton Academy and PDCCC
- Course made available to any class taught at PDCCC
- Course made available to youth programs including the *First Tee*
- One (1) year term, subject to annual review and appropriation
- County and city would appropriate $30,000 each in FY 2018

Benefits

- Opens up an opportunity for all county and city residents to play golf locally without investing in membership

- Preserves one of the few remaining community assets, invaluable to economic development efforts

Benefits

- Helps retain a conveniently-located golf course in Southampton County

- Preserves local property values and helps maintain direct tax revenues of almost $20,000 annually

Benefits

- **Enhances leisure activities for all age groups without the need to construct any improvements, staff any programs, or directly cover any operation and maintenance expenses**

- **Provides an opportunity for youth programs including, *The First Tee* which teaches honesty, integrity, sportsmanship, respect and confidence among other things**

Benefits

- Provides a venue for local high school golf teams to play matches

Southampton Golf advances to regionals

GOLF 20/20

The 2011 Golf Economy Report

Executive Summary

SRI International

OVERVIEW

The 2011 Golf Economy Report represents the third study estimating the economic impact of the golf industry in the United States (2000, 2005, 2011).[1] This research represents part of a larger strategy by the World Golf Foundation, and the golf industry's allied associations, to measure the longitudinal growth and impact of the game over time. The results presented in this report focus primarily on the economic activity supported by the game of golf in 2011, but also highlight changes since 2000 and 2005.

Over the past decade, the golf industry has endured two significant U.S. economic recessions (in 2001 and in 2007-09). In spite of a challenging economic environment, the game of golf continues to offer lifelong recreational opportunities and enjoyment for millions of people in the U.S. In 2011, golf attracted approximately 25.7 million participants.[2] Since the second Golf Economy Report in 2005, the total number of traditional golf facilities contracted slightly from 16,052 to 15,751 in 2011, but remains at a higher level than in 2000. Facility attrition and weaker revenues for some types of facilities (such as daily fees) were most likely a result of declines in overall participation and spending given the weaker economic conditions in the latter half of the decade.

SRI estimates that **the U.S. golf economy generated $68.8 billion of goods and services in the year 2011.** This represents an overall decline of 9.4 percent from 2005 (when the estimated size of the golf economy was $75.9 billion), primarily reflecting a contraction in golf real estate and capital investment, which includes new course construction. Relative strengths were in core golf facility operations, tournaments and associations, and golf-related travel, which increased by 6.4 percent, 21.6 percent, and 14.2 percent, respectively. By comparison, inflation grew 13.4 percent over this same time period.[3] When the indirect and induced economic activity driven by golf's core and enabled industry segments are taken into consideration, SRI estimates that **golf generated a total economic impact of $176.8 billion in 2011, supporting approximately 1.98 million jobs with wage income of $55.6 billion.**

[1] This report was researched and written by SRI International, and commissioned by the World Golf Foundation and GOLF 20/20, with support from the Allied Associations of Golf.

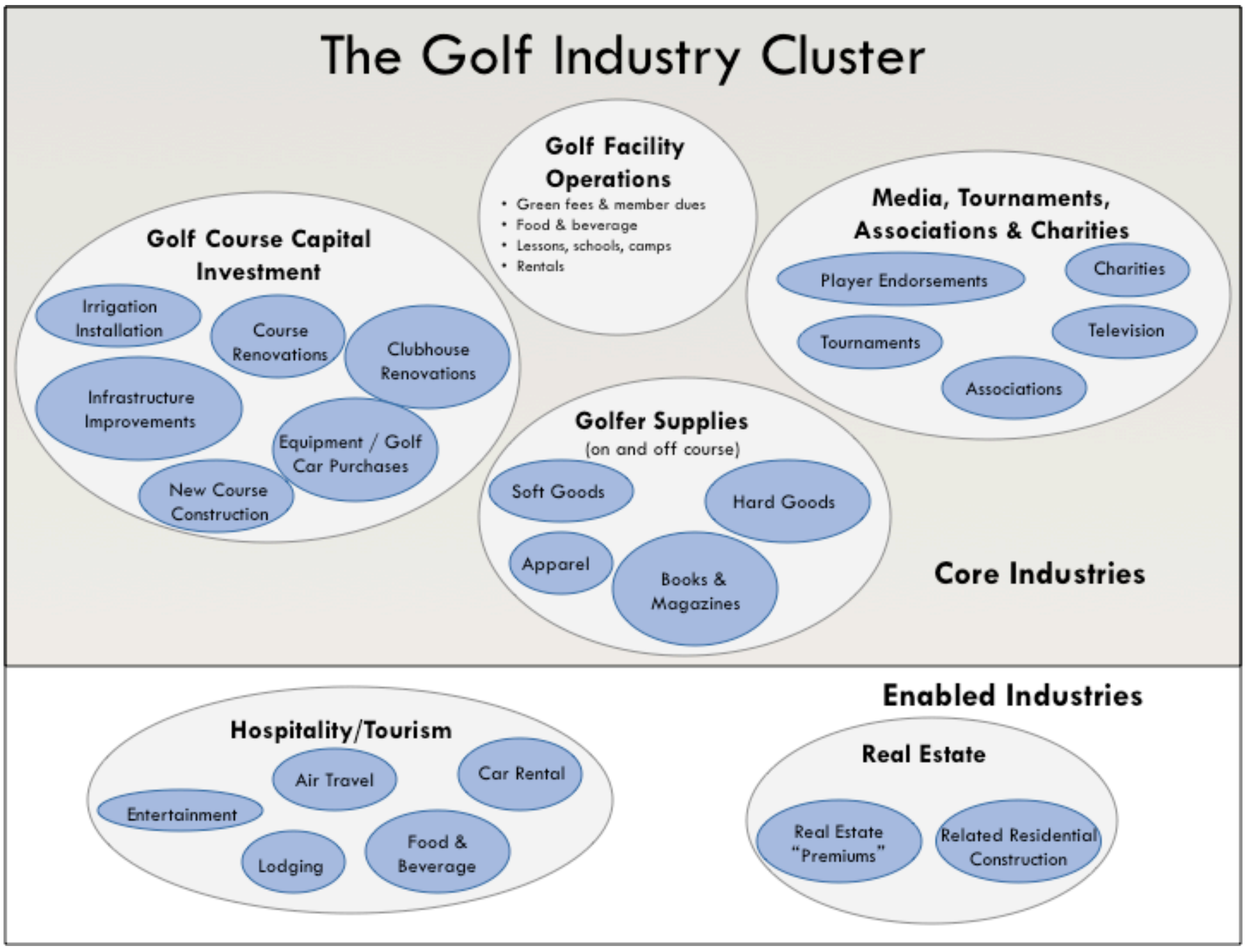
[2] National Golf Foundation.

[3] U.S. Bureau of Economic Analysis, GDP Deflator.

ANALYTIC FRAMEWORK

The Golf Industry Cluster map pictured below illustrates the analytical framework developed and employed by SRI and GOLF 20/20 to measure the comprehensive set of golf-driven industry components. This framework, originally developed to measure the size of the golf economy in the year 2000, was again applied to the estimation of the golf economy in 2005 and 2011.

The golf industry cluster can be divided into two major categories: core industries and enabled industries (see figure below). The golf industry cluster begins with the golf facilities themselves and with the other core industries that produce goods and services used to operate facilities and to play the game: golf equipment and apparel designers and manufacturers, golf course architects, golf associations, and club management services. The game of golf further enables a number of other industries, such as golf-related tourism and real estate development.



THE 2011 GOLF ECONOMY

Size of the Golf Economy

The table below presents SRI's estimates for the size of each of the six golf industry segments and the overall golf economy in 2000, 2005, and 2011. While the U.S. golf economy grew 10.7 percent from 2000 to 2011, there was a noticeable decline of 9.4 percent in the latter half of the decade, from 2005 to 2011. From 2000 to 2005, the expansion of the U.S. golf economy was driven by growth in facility operations revenue, golf real estate, and golf tourism. **In the most recent 2005 to 2011 period, the decline in the U.S. golf economy was driven primarily by weaknesses in two industry segments: golf real estate and golf course capital investment, which includes new course construction.**

Size of the U.S. Golf Economy by Industry Segment in 2000, 2005 and 2011 ($ millions)

Core Industries	**2000**	**2005**	**2011**
Golf Facility Operations	$20,496	$28,052	$29,852
Golf Course Capital Investment	$7,812	$3,578	$2,073
Golfer Supplies	$5,982	$6,151	$5,639
Endorsements, Tournaments & Associations	$1,293	$1,682	$2,045
Charities	$3,200	$3,501	$3,900
Total Core Industries	**$38,783**	**$42,964**	**$43,509**
Enabled Industries			
Real Estate	$9,904	$14,973	$4,745
Hospitality/Tourism	$13,480	$18,001	$20,555
Total Enabled Industries	**$23,384**	**$32,974**	**$25,300**
TOTAL GOLF ECONOMY	**$62,167**	**$75,939**	**$68,809**

Note: Columns sum based on rounding of individual estimates. Numbers also have not been adjusted for inflation but are expressed as nominal dollars.

In spite of the recent downturn, the $68.8 billion U.S. golf economy remains significant, and comparisons to other industries illustrate this point. Revenues generated by golf's core industries, alone, exceed that of spectator sports, performing arts, and other amusement and recreation industries (which include skiing facilities, marinas, fitness and recreational sport centers, and bowling). (See table below.) The total golf economy is approximately 74 percent the size of television broadcasting, cable, and other subscription programming, and is approximately 83 percent as large as the motion picture and video industries.

Size of the U.S. Golf Economy in Comparison to Other Industries, 2011 ($ billions)	
Performing arts companies[1]	$15.1
Other amusement and recreation industries (including skiing facilities, marinas, fitness and recreational sport centers, bowling, etc.)[1]	$32.3
Spectator sports (including baseball, basketball, football, hockey, etc.) [1]	$33.1
Golf (core industries only)	**$43.5**
Motion pictures and videos[2]	$83.1
TV broadcasting, cable and other subscription programming[2]	$92.4
Golf (including core and enabled industries)	**$68.8**

Note: Revenues for comparison industries adjusted from 2010 dollars to 2011 dollars using the GDP deflator.
Source: [1] U.S. Census Bureau, Performing Arts Companies (NAICS 7111), Spectator Sports (NAICS 7112), and Other Amusement and Recreation Industries (NAICS 7139 excluding NAICS 71391, Golf Courses and Country Clubs), "2010 Service Annual Survey, Arts, Entertainment, and Recreation Services"; [2] U.S. Census Bureau, Motion Pictures and Videos (NAICS 5121), TV Broadcasting (NAICS 51512), and Cable and Other Subscription Programming (NAICS 5152), "2010 Service Annual Survey, Information Sector Services."

While the total golf economy declined 9.4 percent in nominal terms from 2005 to 2011, golf's core industries grew 1.3 percent, demonstrating resilience and stability in core operations associated with playing the game. By comparison, many other U.S. economic indicators and industries were down dramatically during this period that included a major global and U.S. economic recession (2007-09). For example, from 2005 to 2011, total U.S. private residential construction spending fell by 74.4 percent.[4] Equally significant, average monthly U.S. nonfarm employment in 2011 (131.4 million employees) was still down 6.2 million from the peak average monthly employment of 137.6 million in 2007.[5] (See the following chart.)

[4] U.S. Census Bureau (2012), "Single Family and Multi-Family Home Construction Spending" data.
[5] U.S. Bureau of Labor Statistics (2012), "Employment, Hours, and Earnings from the Current Employment Statistics" data.

Having defined the core and enabled golf industries, it is possible to estimate the size of each industry segment and to total them for an overall estimate of the size of the golf economy. Economic multipliers can then be applied to calculate the ripple effects of these economic activities in terms of: (1) impact on total economic output, (2) total employment, and (3) total wage income. However, this process is complicated by the fact that, while most of these industries produce golf-related goods and services, many companies may not limit their activities exclusively to the golf industry. Therefore, in general, our approach is to include only those revenues that are directly attributable or linked to the game of golf. In so doing, we used a number of different estimation techniques to ensure that our final estimates are reasonable and robust.

Figure 1 Total Nonfarm Employment, 2005-2011

Source 1 U.S. Bureau of Labor Statistics (2012)

Golf's Economic Impact

Golf's impact on the U.S. economy includes the direct effects of economic activity in the core and enabled golf industries, as well as the indirect and induced (or multiplier) effects on the overall economy. In economics, the idea of the multiplier is that changes in the level of economic activity in one industry impact other industries throughout the economy. For example, a fraction of each dollar spent at a golf facility is, in turn, spent by the facility to purchase goods and services for golf facility operation; these are indirect effects. In addition, golf course employees spend a portion of their disposable incomes on personal goods and services, and this stimulates economic activity in a myriad of other industries; these are induced effects.

Therefore, golf's total (direct plus multiplier) economic impact includes both the direct employment and wage income of those employed in golf-related industries, as well as the secondary employment and wages supported in other sectors of the economy through subsequent purchases of goods and services by golf industry employees.

In 2011, the $68.8 billion national golf economy generated:

- A total economic impact of $176.8 billion for the U.S. economy, including the indirect and induced economic impacts stimulated by golf sector activity;
- A total employment impact of 1.98 million jobs; and
- Total wage income of $55.6 billion.

The table below presents the total economic activity supported by each of the six golf industry segments in 2011.

Multiplier Impacts on U.S. Economy by Golf Industry Segment, 2011						
Industry	**Direct**	**Indirect**	**Induced**	**Total Output ($ millions)**	**Total Jobs**	**Total Wage Income ($ millions)**
Golf Facility Operations	$29,852			$86,442	971,737	$27,595
Golf Course Capital Investment*	$2,073			$1,771	14,086	$545
Golfer Supplies**	$5,639			$6,533	65,230	$1,984
Endorsements, Tournaments & Associations	$2,045			$6,568	70,172	$2,276
Charities***	$3,900			-	-	-
Real Estate ****	$4,745			$10,782	85,744	$3,314
Hospitality/Tourism	$20,555			$64,733	769,508	$19,842
TOTAL	**$68,809**			**$176,829**	**1,976,477**	**$55,556**

Note: Columns sum based on rounding of individual estimates. Some of the industry segments included in the direct economy calculations are excluded from the economic impact estimation, because they do not represent new economic activity or their inclusion would result in double-counting. Economic impact analysis is calculated on $58.4 billion of direct golf economy revenues. The following industry segments are excluded in the economic impact analysis: (1) *capital investment—only new golf course construction is included for this category since other types of golf facility capital investment are typically financed through facility revenues (and therefore not included because of double counting); (2) **golfer supplies—only the retail margin from the sale of golfer supplies is included in economic impact estimation, since the U.S. is a net importer of golf equipment and apparel; (3) ***charitable giving—this is a transfer of income rather than new economic activity; and (4) ****real estate—new golf-related residential construction is included for this category, but the golf premium (the additional amount a buyer is willing to pay for a home located on/near a golf course) is considered a transfer of assets rather than new economic activity.

Economic multipliers vary depending on the number of linkages to the local and regional economy and to the average wage associated with the golf industry segment. Golf industry segments with higher average wages and more linkages to the regional economy (larger purchases of goods and services) will have larger economic multipliers compared to segments with lower average wages and fewer linkages to other industries in the local economy. This is because the increased spending associated with sourcing more inputs locally and with higher wages (and typically greater disposable income) will support more economic activity and jobs in industries that are both indirectly related and even unrelated to the golf industry.

The following table compares changes in the golf industry's direct and total economic impact on the U.S. economy in 2000, 2005, and 2011. In 2000, only the size of the direct golf economy, not the golf economy's total economic impact, was estimated. The size of the direct golf economy in 2000 was $62.2 billion. In 2005, the golf economy expanded significantly to $75.9 billion driven by strong residential construction and consumer spending and the overall health of the U.S. economy. In 2011, the direct golf economy contracted to $68.8 billion due primarily to significant declines in golf real estate and golf capital investment, including new course construction. The table shows the related declines in total economic output, employment, and wage income associated with the lower level of direct economic activity supported by the game of golf.

Golf's Impact on the U.S. Economy in 2000, 2005 and 2011

Core and Enabled Industries	2000	2005	2011
Direct Impact ($ millions)	$62,167	$75,939	$68,809
Total Output Impact ($ millions)	Not estimated	$195,115	$176,829
Total Jobs Impact	Not estimated	2,066,404	1,976,477
Total Wage Income Impact ($ millions)	Not estimated	$61,183	$55,556

Core Industries

Golf Facility Operations

At the center of any golf economy are the golf facilities—the largest component in terms of revenues. The revenue that flows through a golf facility comes primarily from green fees, membership fees, range fees, golf car rentals, and associated spending on food and beverage. This revenue, in turn, supports a host of supply sectors, including golf equipment manufacturers, food and beverage providers, and turfgrass equipment and maintenance service providers. The country's 15,751 golf courses, 1,000 stand-alone ranges (indoor and outdoor), 1,366 miniature golf facilities, and 415 golf academies/schools generated $29.9 billion in revenues in 2011. In nominal terms, facility operations revenue in 2011 was higher than in 2005, but when adjusted for inflation, revenue in 2011 ($29.9 billion) was actually lower than in 2005 ($31.8 billion in 2011 dollars) in real terms. According to the National Golf Foundation, the total number of rounds declined by 7.3 percent, from 499.6 million in 2005 to 463.0 million in 2011,[6] but inflation grew by 13.4 percent during that period, which may account for why 2011 revenues are not as low as may have been expected.

[6] NGF (2012). *Rounds Played in the U.S. – 2012 Edition.*

Golf Facility Revenues in 2011 ($ millions)	
Golf Facilities	$28,944.6
Practice Ranges & Alternative Facilities	$907.1
TOTAL[1]	**$29,851.7**

Note: [1]Golf facility revenues exclude on-course merchandise sales, which are included in the Golf-Related Supplies industry segment. Column does not sum due to rounding.

Golf facility revenue is sizable on its own, and compares favorably to other popular sports. For example, all professional spectator sports—including baseball, basketball, football, and hockey—generated revenues of $33.1 billion, and fitness and recreational sports centers had annual revenues of $23.0 billion.[7]

Golf Course Capital Investments

Golf facilities generate economic impacts beyond operational revenues through investments to upgrade and maintain facilities and infrastructure, and through the construction, expansion, and renovation of courses. SRI measures two types of capital investments: capital investments at existing facilities, and new course construction. In 2011, SRI estimates that golf facilities spent $1.6 billion on capital investments. This represents a substantial decline from the $2.2 billion (or $2.4 billion in 2011 dollars when adjusted for inflation) invested by golf facilities in 2005, reflecting a much weaker economic landscape.

In addition to maintaining and renovating existing facilities, considerable investment is made each year in constructing new golf courses. Investment in golf course construction includes the costs of constructing the golf course, clubhouse, pro shop, and maintenance buildings, as well as the initial outlay on equipment and course amenities.

In 2011, approximately 75.5 golf course construction projects were underway (63 new facilities and 12.5 major golf course expansion projects, in 18-hole equivalents). These 75.5 projects represent a sharp decline from the 308 construction projects undertaken in 2005. New golf course construction has been in sharp decline since 2006, reflecting a correction of golf course supply and demand. SRI estimates new golf course construction contributed $515.8 million to the U.S. economy in 2011, which is significantly lower relative to 2005 ($1.4 billion, or $1.6 billion in 2011 dollars when adjusted for inflation).

[7] U.S. Bureau of the Census, *2010 Annual Survey: Arts, Entertainment, and Recreation Services*, 2012. Revenues for comparison industries were adjusted from 2010 dollars to 2011 dollars using the GDP deflator.

In total, golf course capital investments were $2.1 billion in 2011, as compared to $3.6 billion in 2005 (or $4.1 billion in 2011 dollars when adjusted for inflation).

Golf Course Construction and Capital Investment in 2011 ($ millions)	
Existing Facility Capital Investment	$1,557.4
New Golf Course Construction	$515.8
TOTAL	**$2,073.2**

Note: Column sums based on rounding of individual estimates. Only the New Course Construction category is included in the economic impact analysis, because it represents new economic activity. Golf course capital investment is typically financed through golf facility revenues, so including both Golf Course Capital Investment and Golf Facility Operations in economic impact analysis would result in double counting.

Golfer Supplies

In 2011, American golfers spent significant sums on items, such as golf balls, golf clubs, golf apparel, and golf books. The U.S. is home to a number of companies that manufacture golf equipment, golf apparel, and other golfer products. The economic value that accrues to the U.S. economy comes from both the production and retail sales of such items. However, because the U.S. is a net importer of golfer supplies, we focus on the retail side of the picture at the national level.

In 2011, Americans spent $5.6 billion on golfer supplies. Of this amount, the largest proportion, or $3.5 billion, was spent on equipment, such as golf clubs, golf balls, and golf bags. Americans purchased $1.6 billion worth of apparel, including popular clothing with golfer brands (e.g., Adidas, Greg Norman Collection, Nike, Inc., Page and Tuttle Golf, PING, etc.) that are worn on and off the course. Golf media (excluding TV) represented approximately $523 million of total purchases in 2011. Golf media include golf magazines, such as *Golf Digest, Golf Magazine,* and *Golf World*; golf video games, such as *Tiger Woods PGA TOUR 12*; golf DVD sales, such as Tom Watson's *Lessons of a Lifetime* and Butch Harmon's *About Golf*; and golf books, including golfer biographies, course guides, instructional books (such as Tom Watson's *The Timeless Swing*), histories of the game, and other golf-related topics. In total, golfer supplies totaled $5.6 billion in 2011.[8]

Compared to 2005, consumers in 2011 spent less on golf equipment, golf apparel, and golf media. The decline in consumer spending on golf equipment is driven by a number of factors,

[8] In calculating the economic impact of these retail sales, the economic multiplier is applied to the margin that the retailer makes from the sale of the golf product (i.e., the retailer's net revenues after covering the cost of purchasing the wholesale golf equipment or apparel from the manufacturer). The margin that U.S. retailers and golf facilities made on the sale of golfer supplies in 2011 totaled $2.1 billion.

including the U.S. recession of 2007-09, the weak economic recovery, and the decline in rounds played at golf facilities. Spending on golf apparel increased slightly in nominal terms, but declined in real terms over this period. The decline in spending on golf media reflects a drop in subscriptions and retail sales, the paradigmatic shift from print to digital media, and the price and ad revenue compression associated with the shift from print to digital media.

Consumer Purchases of Golfer Supplies in 2011 ($ millions)	
Equipment	$3,524.9
Apparel	$1,591.7
Media (excluding TV)	$522.6
TOTAL	**$5,639.2**

Note: This includes on-course and off-course purchases of golf equipment, apparel and media.

Endorsements, Tournaments, and Associations

This segment of the golf economy encompasses industries driven by golf's entertainment and advertising value, in addition to its recreational value (e.g., watching the U.S. Open and other golf championship events on TV). It includes economic activity driven by holding and broadcasting major golf tournaments; spending by national, regional and state golf associations; and corporate endorsements of individual players. Total revenues for this industry segment reached $2.0 billion in 2011, compared to $1.7 billion in 2005 (or $1.9 billion in 2011 dollars when adjusted for inflation).

Tournaments

Major golf tournaments directed by The PGA of America, the PGA TOUR, the USGA, and the LPGA generated approximately $1.2 billion in 2011, compared to $954 million in 2005 (or $1.1 billion in 2011 dollars when adjusted for inflation). Tournament revenues include fees generated by selling broadcast rights to tournaments, corporate sponsorship of events, spectator ticket sales, and merchandise.

Associations

Numerous golf associations represent different segments of the industry in the U.S. (e.g., golf professionals, course owners, club managers, superintendents, etc.). These associations provide valuable services to their members, including updates on equipment and rules, personal job and retirement benefits, certifications, professional development assistance, referral services, and other information. The major national-level associations, such as the CMAA, GCSAA, NGCOA, and The PGA of America, are represented at the state or regional level by chapters/sections. In 2011, the aggregate revenues of these professional associations were approximately $554 million, compared to $464 million in 2005 (or $526 million in 2011 dollars when adjusted for inflation).[9]

Endorsements

Some golfers are themselves mini-advertising and product endorsement industries, often earning more off the golf course than on the golf course. Endorsement earnings can come from both golf-related industries (such as club and apparel manufacturers) and completely unrelated industries, such as food and automobiles. While golf superstars are the most visible of these endorsement recipients, many other professional golfers receive smaller sums for endorsing products. In total, SRI estimates that golfers received $320 million for endorsements in 2011, compared to $265 million in 2005 (or $300 million in 2011 dollars when adjusted for inflation).

Tournaments, Association and Associated Revenues in 2011 ($ millions)	
Major Tournaments	$1,171.0
Associations	$554.4
Player Endorsements	$319.7
TOTAL	**$2,045.1**

Charitable Giving

The U.S. golf industry makes substantial contributions to a variety of charities. Golf course owners, operators and golf professionals are happy to serve as access points for annual fundraising by local service organizations. Golfers pay fees to play in charitable golf tournaments, with the net proceeds going to local charities or local branches of national charitable foundations. Revenues accruing to golf courses have been included in the Golf Facilities segment above, and the net portion going to charities is included here. According to National Golf Foundation research (2002, 2011) the amount of charitable giving attributed to the game of golf in the U.S. increased from $3.2 billion in 2000 to $3.9 billion in 2011.

Charitable Giving in 2011 ($ millions)	
TOTAL	**$3,900**

Note: Charitable giving is not included in economic impact estimation, because it represents a transfer of income rather than new economic activity.

[9] A small number of associations (though representing a large share of economic impact) secure a large percentage of their revenues from professional golf tournaments. These tournament-related activities are included exclusively in the "Tournaments" section.

Enabled Industries

Real Estate

Golf courses are a key amenity in resort and vacation properties, as well as primary residences. Golf supports real estate activity on two fronts: through new residential construction, and through a golf course's positive impact on the value of existing homes. SRI estimates 19,152 new golf community homes were constructed in 2011, with total golf residential construction spending of $3.1 billion, down from an estimated 63,840 new golf community homes constructed in 2005 with total golf residential construction spending of $11.6 billion (or $13.2 billion in 2011 when adjusted for inflation). The steep decline in the number of golf residences constructed mirrors the sharp decline in total U.S. new home starts (which fell by 70.5 percent from 2005 to 2011)[10] and total U.S. private residential construction spending (which fell by 74.4 percent from 2005 to 2011)[11] from the peak in 2005. The financial crisis and recession of 2007-09 hit the real estate sector hard, and it has yet to fully recover.

Additionally, SRI estimates that sales of existing homes in golf communities generated $1.6 billion in increased real estate value or premium (the premium is the additional amount a buyer is willing to pay for a home or property located on a golf course or within a golf community). This is down from an estimated $3.3 billion real estate premium in 2005, reflecting a significant decline in both existing home sales (which fell by 39.8 percent from 2005-11) and average sales price. In total, SRI estimates the total value of golf-related real estate to be approximately $4.7 billion in 2011.

Golf-Related Residential Real Estate in 2011 ($ millions)	
Golf-Related Residential Construction	$3,139.6
Realized Golf Premium	$1,605.5
TOTAL	**$4,745.1**

Note: The sale of existing homes is considered a transfer of assets rather than new economic output, so the golf premium that is realized in the sale of an existing home is not included in the economic impact analysis.

Hospitality/Tourism

Across the country, many people play golf while on a trip, whether golf is the primary motivation for a trip or is connected to other recreational time spent with friends, family, or business colleagues. Golf resorts attract business meetings and vacationers, and golf is often a secondary activity for those visiting friends and family. Core golf enthusiasts follow professional golfers and

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10 National Association of Home Builders (2012), "Annual Housing Starts" data.

11 U.S. Census Bureau (2012), "Single Family and Multi-Family Home Construction Spending" data.

thousands of fans attend major tournaments. They also travel to play golf at famous golf courses (e.g., Pebble Beach Golf Links in Pebble Beach, CA; TPC Sawgrass in Ponte Vedra Beach, FL; Bethpage in Farmingdale, NY; etc) or to play at courses outside of their immediate community.

SRI estimates that golf travelers made approximately 115.9 million golf-related visits (referred to as "person-stays"[12] in the travel industry) and spent an average of $177 per person per stay. In total, golf-related travel expenditures amounted to an estimated $20.6 billion in 2011, compared to $18.0 billion in 2005 (or $20.4 billion in 2011 dollars when adjusted for inflation). In real terms, this reflects a 0.7 percent increase from 2005 to 2011, consistent with the overall growth in the volume of total domestic person trips from 2005 to 2011 (which grew by 0.6 percent from 1,992.4 million person trips in 2005 to 2,004.9 million in 2011, according to the U.S. Travel Association).

U.S. Golf-Related Travel Expenditures in 2011	
# Golf person stays (million)	115.9
Average travel $ per person per stay	$177
TOTAL ($ millions)	**$20,555.0**

[12] According to D.K. Shifflet & Associates, a "person-stay" is the number of unique people who are on a stay. A stay is counted for each unique destination on a trip. A trip from Boston, MA to Durham, NC that included stops in New York, NY and Philadelphia, PA would be counted as three stays—one for each destination city (New York, Philadelphia, and Durham). If there were two people on this trip, this would equate to two person-stays per destination, or a total of six person-stays.

CONCLUSIONS

- The game of golf is an industry in its own right, and contributes significantly to the U.S. economy.
- The 2005-11 decline in U.S. golf economy revenue was driven primarily by weaknesses in golf real estate (-68.3 percent) and golf course capital investment (-42.1 percent), including new course construction. New golf residential construction was severely impacted by the housing market crash and the economic recession of 2007-09. New course construction slowed considerably during this period, and golf facility operators made significantly lower average capital investments in response to the weakened economic landscape. In addition, spending on golfer supplies (-8.3 percent) declined due to weakened overall retail spending.
- Relative strengths were in core golf facility operations, tournaments and associations, and golf-related travel, which increased by 6.4 percent, 21.6 percent, and 14.2 percent respectively during this six-year period.
- As a $68.8 billion industry, the continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of U.S. communities and industries.
- The total economic impact of golf on the economy of the United States in 2011 was $176.8 billion, a decline from $195.1 billion in 2005.
- The U.S. golf economy supported 1.98 million jobs with total wage income of $55.6 billion in 2011, compared to 2.07 million jobs with total wage income of $61.2 billion in 2005.

Office Of The City Attorney
H. Taylor Williams, IV

August 24, 2017

To: Members of City Council

From: H. Taylor Williams, IV, City Attorney

Re: SPSA Update

There are several matters of importance to bring to Council's attention regarding SPSA.

First: Termination of Agreement with Repower: At its regularly scheduled Board of Director's meeting held on August 23, the SPSA Board of Directors voted 10 to 6 to terminate the Waste Supply and Services Agreement with Repower South Chesapeake, LLC, dated March 4, 2016, due to Repowers inability to obtain a fully executed agreement with a customer to purchase waste pellets as a alternative energy source. The failure to have the offtake agreement prevented Repower from being able to obtain financing for its project. This is a disappointing result as the agreement was projecting a tipping fee of less than half of the current tipping fee of $125. The project was projected to bring the latest equipment advances for the sorting of recyclable materials which would provide the added benefit of less waste going into the landfill and provide a longer life span for the landfill.

There is a good summary of the events occurring at the SPSA Board meeting in the August 24 edition of the Virginian Pilot on the front page and continued on to page 8.

The SPSA staff was directed to bring another Request for Proposals to the Board to find another company to be the handler of SPSA's municipal waste. In the meantime, SPSA's agreement with Wheelabrator will expire on January 24, 2018. SPSA will once again be hauling its municipal waste to the landfill for disposal. There is sufficient space in the existing Cell's V and VI to handle SPSA's waste for the next 7 years under current conditions.

Second: Leachate levels at the Regional Landfill: The leachate levels in Cells V and VI are now under control and are no longer exceeding maximum levels of collection. As you may recall, leachate is the name of the liquid that passes through or leaches through the landfill from rain. In January is was discovered that equipment to handle leachate was not operating properly and the leachate had built up beyond maximum accepted levels. For over 2 months now the levels have been at or below acceptable levels. A program to "pump and haul" leachate was initiated and SPSA installed or repaired equipment to rid the landfill of the excess leachate. That work has resulted in DEQ approval of the progress made. The "pump and haul" program has been terminated. SPSA now just needs to maintain the current levels of leachate for a period of time while under a consent order from DEQ. This is very good news.

Third: Suffolk's approval of a Conditional Use Permit for Cell VII. On August 14, the Suffolk City Council approved SPSA's application for a new cell, Cell VII, at the landfill. This approval of the CUP ensures SPSA's ability to handle and dispose of South Hampton Roads municipal waste in a safe and sanitary manner for the next 25 years or longer if SPSA is not able to contract with a company to handle its municipal waste in some manner other than landfilling. New technologies are coming into the waste management industry all the time. Hopefully SPSA can utilize new technology to further extend the life span of the existing cells and development of Cell VII in a more environmental friendly manner. This is very good news.

Lastly: SPSA has begun the search for a new executive director of the SPSA organization. Roland L. (Bucky) Taylor retired from the position on July 31, 2017 after 9 years of service.

H. Taylor Williams, IV
City Attorney

Cc: R. Randy Martin, City Manager

207 W. 2nd Ave., Post Office Box 179, Franklin, VA 23851 / twilliams@franklinva.com / Phone: (757) 562 - 8505

City of Franklin Virginia
Growth • Community • Spirit

Office Of The City Manager
R. Randy Martin

August 24, 2017

To: Mayor & Council Members
From: R. Randy Martin
SUBJECT: City Manager's Report 08/28/17

I will report on the following information and offer any other updates at the August 28th regular meeting:

1) **Reinvent Hampton Roads Industry Scale-Up Project Request**

Reninvent Hampton Roads was formed in 2012 as a regional economic competitiveness initiative focused on generating high-paying jobs to better diversify employment opportunities in Hampton Roads. In January, 2016 former Virginia Beach City Manager Jim Spore became President and CEO of the organization. Since 2016, the organization has taken the lead in a number of initiatives aimed at developing a collaborative approach to advancing the region's economic performance and preparing the region to apply for new state financial incentives (GO VIRGINIA) intended to encourage collaboration among communities on economic development projects.

Recent analysis by Reinvent identified seven (7) core areas that are prime for growth in the Hampton Roads economy which are: Advanced Manufacturing, Food & Beverage Manufacturing, Ship Building & Repair, Life Sciences, Port Operation (including logistics and warehousing), Business Services and Tourism/Recreation.

To this end, Reinvent has entered into a partnership with GENEDGE, to provide resources (i.e. advisors, consultants and mentors) to companies within these sectors which are poised to grow. GENEDGE is offering its services at a deeply subsidized rate, with 25% being paid by the company and 75% from Reinvent Hampton Roads/GENEDGE. To pay the Reinvent share for this initiative, Hampton Roads communities have been asked to assist as follows: a) to identify potential companies in each community that might benefit from the program and b) to participate in one-time funding for this program in a small but meaningful way.

Reinvent has requested that the communities with a population larger than 150,000 contribute $25,000, with those having populations between 50,000 and 150,000 contributing $10,000 and those less than 50,000 paying $5,000. To date Norfolk, Virginia Beach and York County have appropriated funds. Reinvent has asked for responses by September. The Shared Services Committee members discussed this at their recent meeting. Southampton County is planning to consider it at their meeting on Monday as well. I will be prepared to offer a recommendation at the meeting if the Council is willing to consider action. Enclosed are supporting documents from Reinvent.

207 W. 2nd Ave., Post Office Box 179, Franklin, VA 23851 -757-562-8561
E-Mail rmartin@franklinva.com City Web Site: www.franklinva.com

2) **Airport Taxiway Grant Award**

During budget work sessions the last couple of years, Council has been briefed on planned capital improvements at the airport. The city is fortunate that grants have been available for the vast majority (98%) of the cost for projects from the federal government (90% share) and state (8% share) leaving the local share at only 2%. A safety project identified some time ago and discussed with Council was the need for a partial parallel taxiway to limit planes from meeting incoming plane traffic while being in the taxiway. Last year the city was awarded grant funds to complete the design for the project. That grant work has been completed. Based upon feedback from the grant agencies and consultant, the city did not expect to receive the construction grant until FY 2018 – 2019; so the project was included in the second year of the approved Capital Improvements Program in June.

As the enclosed email indicates, Airport Manager Jimmy Gray was notified August 24th that the city has been awarded the grant funds this fiscal year. The project bids were significantly higher than previous estimates, but the $1.8 million project will be funded with the local share being $36,280.00 or 2% as in previous projects. I recommend Council authorize acceptance of the project and then staff will prepare the required budget amendment for action at the next Council meeting.

Enclosures

RE INVENT
HAMPTON ROADS

June 30, 2017

City of Franklin
Attn: Randy Martin, County Administrator
207 W. 2nd Ave
Franklin, VA 23851

Re: Industry Cluster Scale-Up Project

Dear Mr. ~~Martin~~ Randy:

By letter of May 9th I wrote to outline the nature and rationale behind an important regional effort designed to accelerate the growth of small and medium sized businesses in your jurisdiction and to request your help in furthering the initiative. Since that letter our GO VA Regional Council has received State approval of our budget to include the Industry Scale-Up project and partnership with GENEDGE. Also, several of you have responded and joined this collaborative regional effort.

This letter is intended to invite your jurisdictions' participation or remaining questions you may have prior to reaching a decision to join this effort. For all the reasons outlined in my previous letter, I know you will give this job creating opportunity serious consideration. For your convenience an invoice is attached to this letter. Please note the effective date of September 30th. That date is intended to correspond to the end of our current initial cohort of companies and fit with the project schedule of our partner GENEDGE. While financial participation is three months out, I would appreciate your questions or decision as soon as possible for planning and scheduling purposes.

Thank you for all the great work you do for our communities. It is understood and sincerely appreciated.

Best Regards,

Jim

James K. Spore
President and CEO

Attachment

James K. Spore
President & CEO
101 W. Main Street
Suite 415
Norfolk, VA 23510
757-961-8181
reinventhr.org
Jspore@reinventhr.org

REINVENT
HAMPTON ROADS

Invoice

TO: City of Franklin
207 W. 2nd Ave
Franklin, VA 23851

ATTN: Randy Martin, County Administrator

Description	Amount
Local Jurisdictional Financial Support: Scale-Up Project DUE: September 30, 2017	$5,000.00

REMIT TO: **Reinvent Hampton Roads**
101 West Main Street, Suite 415
Norfolk, Virginia 23510

May 9, 2017

City of Franklin
Attn: Randy Martin, County Administrator
207 W. 2nd Ave
Franklin, VA 23851

Re: Industry Cluster Scale-Up Project

Dear Mr. Randy Martin:

At your April 15th CAO monthly meeting I provided an update regarding the State's GO VA program and several initiatives underway by Reinvent Hampton Roads. Thank you for the opportunity to meet with you. This letter is prepared since several CAO's could not be present and several others asked for more detail on the regional Industry Cluster Scale-Up project.

Background

In 2016, the Hampton Roads Community foundation and Reinvent Hampton Roads (RHR) funded the preparation of a detailed examination of our regional economy. This analysis confirmed that the performance of the Hampton Roads regional economy is lagging the Commonwealth of Virginia and national economies as well as the performances of it's peer metropolitan areas. This is not a one-time event but reflects a long-term trend dating since 2010. This lagging performance is apparent in both the region's generation of new jobs, the value of these jobs and contribution to the region's gross regional product. The region's economy still has not replaced all of the private sector jobs that it lost during the Great Recession and the jobs that it has added during the recovery have had a lower average salary than the jobs it lost during the recession resulting in a six-year period (2010-2015) in which annual economic growth averaged only 0.3 percent.

The Hampton Roads regional economy has undergone a major structural change since 2010. Cutbacks in federal spending, in payroll but particularly in contracting, have resulted in the region's economy registering little or no growth between 2009 and 2014, and losing more private sector jobs during the recession between 2007 and 2010 than the regional economy has generated during the recovery between 2010 and 2016. The Hampton Roads region had the smallest job growth rate among its 35 peer metropolitan areas over the 2001-2014 period. This pattern of under-performance is projected to continue into the future as long as the region's economy remains overly dependent for it's growth on increases in federal spending and fails to shift its growth-generating activities to its competitively positioned, core industrial clusters. The analysis concluded that the focus of the Hampton Roads "new" economy must shift to non-federally dependent businesses that serve non-local markets, that are characterized by higher-

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value added, higher-wage jobs and for which the Hampton Roads region possesses distinct competitive advantages. The longer that the Hampton Roads economic growth lags its peer metropolitan areas and the nation more broadly, the more difficult it will be to successfully pivot the region's economy within the highly competitive non-government markets for its products and services. Economic growth and development are cumulative and Hampton Roads' peer metropolitan areas are gaining traction, adding value and strengthening their competitive positions while the Hampton Roads' economy has struggled to remain positive.

Having just completed the preparation of your respective municipal budgets, you undoubtedly appreciate the financial and economic impacts these trends are presenting all of us throughout the region. The question becomes, what can we do about these trends to alter the economic trajectory of the region?

<u>Industry Cluster Scale-Up Project</u>

Our analysis of the Hampton Roads regional economy identified seven core industrial clusters that have developed over time reflecting the region's competitive assets that provide goods and services to non-local markets, that have growth potential sufficient to compensate the contraction of the federal market and that can support long-term accelerating growth to the benefit of the Hampton Roads region.

These core clusters are established, they are export-based, they have above average growth potential and most have above average wage levels that can help grow the region's local service business base. Seven existing regional core clusters were identified: Advanced Manufacturing, Food and Beverage Manufacturing, Ship Building and Repair, Life Sciences, Port Operations-Logistics-Warehousing, Business Services, Tourism and Recreation. In addition, four aspirational clusters were identified: Cybersecurity, Unmanned Systems, Advanced Materials, and Alternative Energy. These aspirational or emerging clusters are areas that are not yet well-established/dense in Hampton Roads but are areas that we believe have significant growth potential in the region.

Hampton Roads' core industrial clusters employ nearly 154,000 workers or 20% of the region's workforce. They are adding jobs significantly faster than the rest of the economy and paid annual wages in 2015 on average of $60,524 versus $39,542 in the non-core clusters and in predominately local-serving businesses.

Therefore, we have designed a project to play to our strengths and to scale-up or accelerate the growth of individual small and medium sized businesses, in these core clusters. We have generally defined a small to medium sized business as one with 10 to 50 employees that has a revenue producing ($2+ million/year) product or service. As these firms grow their clusters will deepen and grow as well and in turn add to our ability to attract associated supply chain operations to the region.

<u>Project Approach and Description</u>

A Cluster Scale-Up model was developed and is shown in Attachment One. Starting at the top, the various clusters were identified and confirmed by the GMU/ODU cluster analysis work.

Next moving clockwise on the model, an in-depth Situation Analysis is conducted for each cluster. The analysis is prepared by a Cluster Steering Committee focused on each cluster. The Steering Committees are lead by co-chairs and are comprised of six to eight members that have "skin-in-the-game" – actual businesses in the particular cluster. In addition, one member from either a university or federal laboratory is involved that is knowledgeable on trends in research and potential opportunities in the cluster area.

The situational analysis is intended to develop a better understanding of each cluster area, identify who is in that space, what challenges and opportunities are present. The Cluster Steering Committee via the Situational Analysis identifies a list of small and mid-sized businesses operating in the Cluster that they feel have the potential and desire to accelerate their growth and scale-up. Generally, a company that's scaling up would be able to achieve at least a 20% growth rate annually five consecutive years – doubling its size in five years.

Once those potential companies have been identified, those interested in participating in the program are "on-boarded" and utilize a diagnostic tool called Core Value to quickly and easily display information on 18 key business elements. The Core Value tool has been developed on research at MIT and successfully used for years. The tool flags areas where problems may exist based on comparison with an extensive data base of comparable companies.

Reinvent Hampton Roads has entered into a partnership with GENEDGE. GENEDGE, as the Commonwealth of Virginia affiliate of the National Institute of Standards and Technology Manufacturing Extension Partnership is committed to the long term success of Virginia enterprises through the provision of high quality, affordable consulting services. GENEDGE was created and partially funded by the General Assembly and has been in operation since 1994 serving thousands of industrial businesses across the Commonwealth. According to the U.S. Department of Commerce, GENEDGE provides a 25:1 return for every dollar invested by clients in its services. GENEDGE provides the resources – advisors, consultants and mentors needed at various stages of the analysis, strategy development and growth process to facilitate the companies growth and scale-up.

The services provided to participating companies are offered at a deeply subsidized rate – 25% from the participating company and 75% from Reinvent Hampton Roads/GENEDGE. Initial assessments are provided at no cost to the company. Once completed, in a few hours, the company elects to proceed further or not in the process. Previous participants have provided very positive feedback on the value of the process and tangible results achieved.

<u>Local Partnership Proposal</u>

As explained above, Reinvent Hampton Roads has conducted the needed analysis of the regional economy, developed a process to accelerate company and cluster growth, and partnered with GENEDGE to provided cost effective services. The project offers real promise to achieve higher paying jobs growth and positive economic activity in the identified industry clusters. We have piloted the process and are currently working with companies in the cybersecurity and unmanned systems clusters. Funding is being provided by various sources including, state/federal, foundation, private donors and RHR sponsors. We believe this effort will provide real results for regional economic growth and that the regions cities and counties ought to want to be involved as partners. You can help in two ways – by helping to identify potential scale-up companies in your jurisdiction that might benefit from the process and by participating in a minor, but symbolically important financial way to help cover a small portion of program costs that will allow more companies to benefit and in turn create additional job growth in the region.

A suggested local jurisdictional financial support schedule has been prepared, which was distributed at your April CAO meeting, and is included here as Attachment Two.

<u>The Local Value Proposition</u>

Although the individual support amounts suggested are small and represent a minor percentage of program costs, the benefit to each city, county and the region as a whole can be very substantial:

- Higher paying job growth and associated increased revenues to localities.
- As existing companies scale-up and associated cluster "density" increases in the region this will encourage additional companies to locate in the region.
- As each cluster becomes more 'dense' elements of supporting supply chains will consider location in Hampton Roads, causing further job and tax base growth.
- As companies in the core clusters scale-up additional jobs/establishments in support sectors, retail, restaurant, entertainment and personal services will be created.
- Localities can market the scale-up program to local companies within their jurisdiction as a beneficial and business improvement option.
- By strengthening and deepening our core industry clusters we will collectively assist in HREDA's efforts to recruit new firms to Hampton Roads. This is consistent with HREDA's new cluster focused attraction strategy and goals.
- Participating in the collaborative scale-up program would send a concrete and positive message to constituents as a real example of localities working together to improve the regional economy.

Conclusion

The Cluster Scale-Up Project offers an innovative approach consistent with established economic growth theory, to target higher paying job creation where the region is most likely to succeed – in those areas where we are already highly competitive. This effort is one of several initiatives being collaboratively pursued with our partners by Reinvent Hampton Roads. Its focus is growth among existing companies in our identified competitive clusters in the areas most likely to succeed. Most authorities confirm that at least 70% of job growth will occur in existing businesses. The Cluster Scale-Up project prioritizes the areas of highest probability for success and growth.

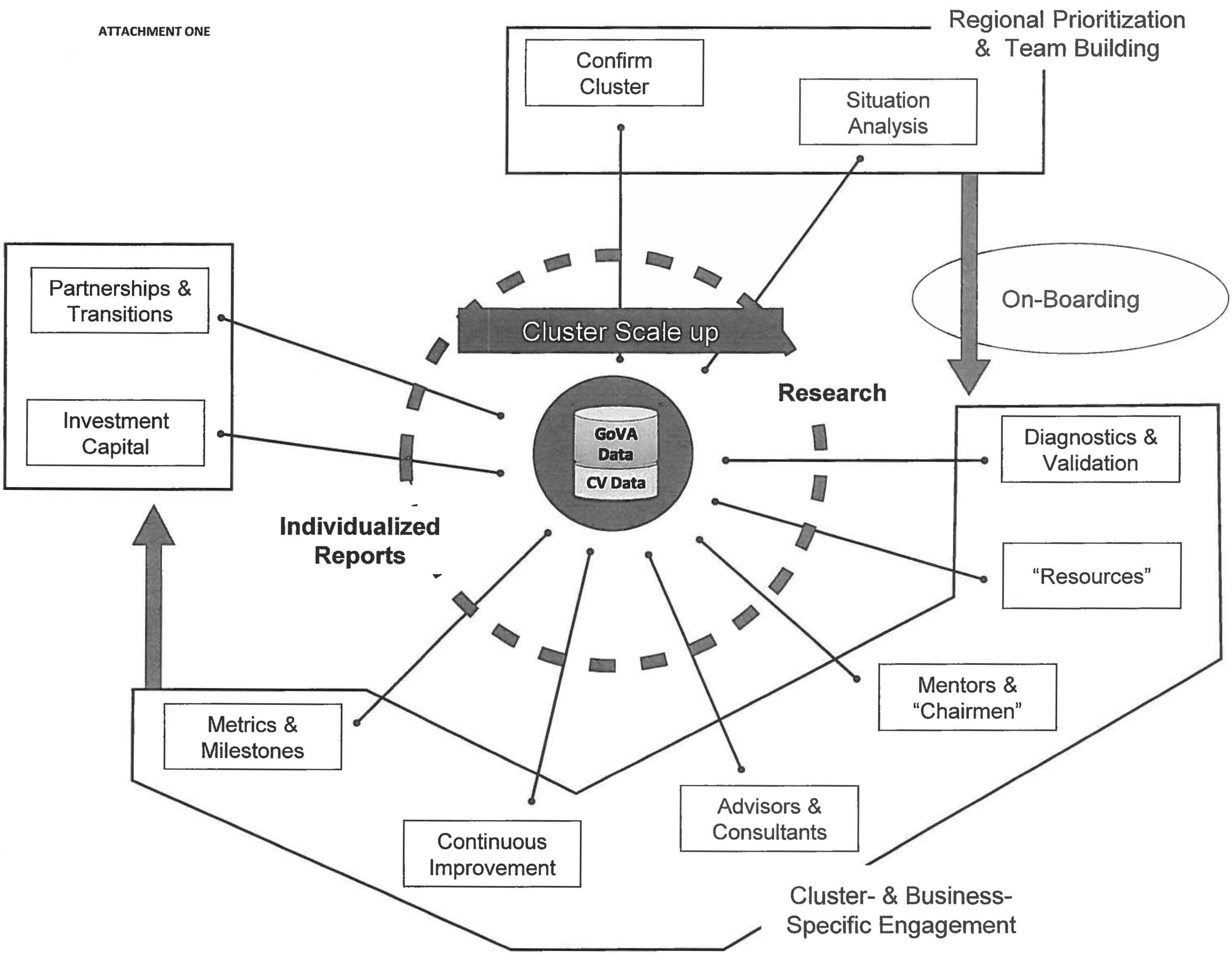
Reinvent Hampton Roads encourages your jurisdiction to join with us and others to extend the reach of this innovative effort and thereby improve the economic performance of the entire region. I am available to respond to questions you may have or meet personally to discuss the project at your convenience.

Best Regards,

James K. Spore
President and CEO

Attachment

ATTACHMENT ONE



ATTACHMENT TWO

Local Jurisdictional Financial Support: Scale-Up Project

Population	Jurisdiction	Amount	'Membership' Category
450,980	Virginia Beach	$25,000	150,000 + up
245,428	Norfolk	$25,000	
233,371	Chesapeake	$25,000	
182,965	Newport News	$25,000	
136,879	Hampton	$10,000	50,000 to 150,000
96,004	Portsmouth	$10,000	
86,806	Suffolk	$10,000	
72,583	James City County	$10,000	
66,342	York County	$10,000	
37,141	Gloucester County	$5,000	Under 50,000
36,007	Isle of Wight County	$5,000	
32,973	Accomack County	$5,000	
18,059	Southampton County	$5,000	
14,691	Williamsburg	$5,000	
12,155	Northampton County	$5,000	
12,048	Poquoson	$5,000	
8,526	Franklin	$5,000	
8,220	Smithfield	$5,000	
6,790	Surry County	$5,000	

REINVENT HAMPTON ROADS

July 20, 2017

City of Franklin
Attn: Mayor Frank M. Rabil
101 Beechwood Drive
Franklin, VA 23851

Re: GO VA Schedule

Dear Mayor Rabil:

Last year the Virginia General Assembly and the Governor authorized an innovative program called GO VA which has as its goal the creation of more higher paying jobs throughout the commonwealth. The program provides funding to encourage and incentivize collaborations among various local governments that will result in job creation and improved economic performance. The effort focuses on nine economic regions across the Commonwealth.

In order to qualify for funding, projects need to represent a collaborative effort between two or more jurisdictions. Specific project proposals will be solicited by the Hampton Roads GO VA Regional Council in late August. Detailed information will be provided soon including a project application form and criteria. The purpose of this letter is to bring this opportunity to your attention as soon as possible, since the schedule for candidate submissions will be on a fairly short timeframe.

Project applications will be due to the Hampton Roads GO VA Regional Council (c/o Reinvent Hampton Roads) by close of business on October 31, 2017. All project submissions will be reviewed, prioritized and recommended for consideration by the Regional Council by November 15, 2017. Applications submitted by all nine GO VA regions will be considered and finally approved by the State GO VA Board, presently schedule to occur on December 12, 2017. For those projects selected, funding would flow immediately upon the completion of project agreements.

The General Assembly and the Governor have provided this unique opportunity for our jurisdictions and regions to creatively work together to enhance our economies. If you have questions, please feel free to call.

Best Regards,

James K. Spore

James K. Spore
President and CEO

Cc: Randy Martin, City Manager
Amanda Jarrett, E.D. Director

James K. Spore
President & CEO

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REINVENT
HAMPTON ROADS

June 30, 2017

City of Franklin
Attn: Randy Martin, County Administrator
207 W. 2nd Ave
Franklin, VA 23851

Re: GO VA Potential Projects

Dear Mr. Martin: Randy

Recently, we have received inquiries about the nature of the application process for potential collaborative projects under the GO VA program. While no specific information has been provided to Reinvent, my sense of the process and schedule would indicate that the nine Regional Councils across the Commonwealth would be encouraging applications by mid-October. Therefore, as I have mentioned to many of you, please be thinking of those opportunities that can creatively bring jurisdictions together in ways that will lead to a strengthening of the economy and create higher paying jobs.

As soon as a schedule and application process is available we will send to your attention. I know several of you are actively engaged in joint efforts that may be eligible for GO VA funding. That's great; but wanted to remind everyone to be thinking now about potential approaches – don't wait until mid-October to start collaborating.

Best Regards,

Jim

James K. Spore
President and CEO

Cc: Bob Crum, HRPDC

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RE INVENT
HAMPTON ROADS

June 30, 2017

City of Franklin
Attn: Randy Martin, County Administrator
207 W. 2nd Ave
Franklin, VA 23851

Re: Reinvent Hampton Roads - Mid-Year Update

Dear Mr. ~~Martin~~: Randy

This letter is intended to provide a brief mid-year update on some of the key initiatives underway by Reinvent Hampton Roads and our many partners. These collaborative initiatives are all intended to improve the economic performance of the Hampton Roads region. Fundamentally, the most encouraging overarching development is the spirit of cooperation exhibited by so many of our existing regional organizations and communities. There is a commonly held and realistic understanding of the challenges we face, the vast assets present in the region and alignment of purpose around the many potential opportunities for a better future for our entire region.

Earlier this month the State GO VA Board approved the budget submitted by our newly formed Regional Council. The Reinvent Hampton Roads staff serves as the support organization of the GO VA Regional Council. The following seven initiatives are funded by the approved budget effective July 1st.

1. Economic Growth and Diversification Plan

   Each of the nine GO VA regions throughout the Commonwealth are required to prepare this plan in order to be eligible to receive GO VA incentive funds. The plan will be a guiding document that the Regional Council will use to:
   a) Identify economic opportunities, needs and challenges facing the region;
   b) Establish priorities among identified opportunities, and
   c) Outline needed enhancements where GO VA funds can support collaborative programs or projects between two or more localities or regions in order to create more higher paying jobs.

   In response to a competitive RFP, we have selected the proposal submitted by ODU/GMU/ and The Natelson Dale Group to prepare the actual plan. Although the time to prepare the plan is very compressed we will develop approaches to achieve the broadest input possible to guide the document. The implementation of the Economic Growth and Diversification Plan should focus on creation of higher paying jobs that will bring new investment, enhance the competiveness of the region, in turn spur the growth of the region and the Virginia economy.

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2. Port and Maritime Economic Development Strategy

The port is the major feature that differentiates our region from others. Its influence on the economy of the region and state is enormous. The development of this strategy will outline approaches to expand the economic impact of the port by encouraging the location and development of uses and associated supply chains that utilize the port and bring additional manufacturing, logistics, and warehousing activities to our area. The strategy will involve the participation of many stakeholders and agencies throughout the Commonwealth.

3. Workforce Gap Analysis

This effort builds off the work completed earlier this year through the partnership between Opportunity Inc, the Peninsula Council for Workforce Development, the Hampton Roads Economic Development Alliance and Reinvent thanks in part to assistance from the Hampton Roads Community Foundation. It will address gaps in labor supply, skills, and employer needs to enhance the capability and desirability of our regional workforce. A goal is to comprehensively address workforce needs and market this collaborative approach as a regional asset when attracting new businesses to Hampton Roads.

4. Entrepreneur In Residence Program

This partnership between the State of Virginia, NASA and Reinvent Hampton Roads will locate an entrepreneur in residence on the NASA-Langley campus in order to commercialize research efforts emanating within NASA and thereby create new start-ups and jobs in our region.

5. Regional Economic Development Site Inventory

The Hampton Roads Planning District Commission, the Hampton Roads Economic Development Alliance, Reinvent Hampton Roads, and our utility providers are collaborating to prepare a comprehensive inventory of larger industrial/commercial sites. The inventory process will assess the assets and development readiness of sites throughout the region. This process and inventory will provide not only useful site information but lead to increasing the regions' supply of "shovel-ready sites" that can be more effectively marketed as a significant regional asset by our communities and HREDA.

6. Acceleration Pathway Project

This unprecedented region-wide collaboration aims to address identified gaps in our entrepreneurial ecosystem by establishing a first class general business accelerator and capital seed fund for Hampton Roads. Partners include five cities, six universities, many non-profits, NIA, 757 Angels, financial institutions, NASA, the Global Accelerator Network and others. This consortium has just submitted grant applications to the U.S. Department of Commerce Economic Development Administration for FY 2017 Regional Innovation Strategies I-6 Challenge to create "757 Accelerate" and a Seed Fund Support Grant to create "757 Seed".

7. Industry Cluster Scale-Up Initiative

This effort is designed to assist individual small and mid-sized established companies scale-up their growth (goal to double in size in five years) and by so doing contribute to the eventual increase in employment and firm density in our targeted industry clusters. Reinvent Hampton Roads has designed a model for the scale-up process and has obtained the license for the Core

Value diagnostic tool for use by potential scale-up companies. We have partnered with GENEDGE, Inc. to provide consulting assistance to our scale-up companies as identified by our Industry Cluster Steering Committees and staff contacts and referrals. Reinvent is partnering with the State and regional cities to provide funding to underwrite much of the costs of the scale-up consulting/advisory services. National studies have indicated that jobs can be most effectively grown by focusing on these potential scale-up companies.

In conclusion, I am most encouraged by the willingness to collaborate and the alignment of our efforts to improve the economic performance of Hampton Roads and the Commonwealth. The progress to establish GO VA as an innovative and potentially game changing effort has been impressive and is receiving national attention. While the work on many of our initiatives is only beginning, the spirit of cooperation and commitment can only bring positive and meaningful results. Many thanks to our partners. If you have suggestions for programs/projects that can enhance the performance of the region please bring them to our attention. If we can assist you in any of your efforts do not hesitate to reach out. Please be thinking about ways our regional and local institutions can work together to improve regional economic performance. While, specific ideas and applications for consideration for the limited GO VA resources won't be solicited until fall, it is not to early to consider joint approaches that lead to increased higher paying job creation throughout region.

Best Regards,

James K. Spore
President and CEO

August 11, 2016

City of Franklin
Attn: Randy Martin, County Administrator
207 W. 2nd Ave
Franklin, VA 23851

Re: Reinvent Hampton Roads Progress Report

Dear Mr. ~~Martin~~ Randy:

Attached for your information is a progress report which I recently sent to the investor groups supporting the Reinvent Hampton Roads project. It summarizes many of the initiatives we have undertaken during our 'start-up' period.

Thank you for all you do on a daily basis to make your jurisdiction and the Hampton Roads region such a great place to live and work. I look forward to working with you as we move forward together.

Best Regards,

Jim

James K. Spore
President and CEO

Attachment

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INVENT
HAMPTON ROADS

August 8, 2016

Virginia Port Authority
Attn: John Reinhart
101 West Main Street
600 World Trade Center
Norfolk, VA 23510

Re: Reinvent Hampton Roads Progress Report

Dear Mr. Reinhart:

Much has progressed since the 'spin-off' of Reinvent Hampton Roads from the Hampton Roads Community Foundation earlier this year. This letter is intended as a progress summary report to our investors. Although, we received approval of our 501(c)(3) status in March, work commenced in early January. The description that follows briefly highlights our efforts to date.

Significant energy has gone into informing the region about Reinvent Hampton Roads, making clear the need for improved regional economic performance. The focus and importance of the alignment of our efforts to create more and higher paying jobs has been the theme communicated to all elected and chief administrative officers of our region's seventeen local government jurisdictions. Numerous presentations have been made to business and civic organizations highlighting Hampton Roads' economic performance relative to other regions throughout the United States and the urgent need to develop potential solutions for future improvements to assure our collective prosperity.

A regional job creation model was conceptualized that focuses on the three areas where jobs are created: the expansion of businesses already in our economy, the creation of new jobs associated with new business start-ups, and the attraction of new businesses from outside our region to Hampton Roads. Activities are underway to improve our performance in all three areas of job creation.

In the area of existing business expansion, two major efforts include the identification and analysis of our existing industry clusters and the growth of our economy by expanding exports. We have contracted with Dr. Stephen Fuller of George Mason University to conduct the Hampton Roads Industry Cluster Analysis. The goals of this work are:

1. To identify the region's competitive advantages that can be the basis for accelerated economic growth over the next five years;
2. To identify the core non-federally dependent advanced industrial clusters serving non-local markets that are beneficiary of the region's competitive advantages;
3. To identify the region's competitive disadvantages acting to constrain the economic growth of these export-based, high growth potential, high-value added advanced industrial clusters;
4. To identify the requirements for the region's future economic growth and to accelerate the achievements of the region's export-based, high-growth and value-added economic growth potential; and

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5. To recommend regional economic strategies to guide local economic development initiatives consistent with achieving the region's growth targets by 2025 and sustaining this growth trajectory going forward.

Regional workshops on the study process were held in May and June. The final report will contain the results of the technical analysis (conducted by ODU), insights gained from extensive corporate interviews with cluster companies, and recommendations for regional economic strategies to guide our initiatives. The final report is on schedule for completion by the end of August.

The second major initiative is focused on existing business growth and recognizes that the more our small to medium size companies can export products and services outside Hampton Roads, the better performing the regional economy will be. Consequently, the Regional Export Accelerator Program (REAP) was created and a grant was provided to the College of Business at ODU to test the viability of assisting existing small and mid-sized companies to be more successful in accessing and developing export markets for their products and services. 'Export' under our program definition includes business conducted outside of Hampton Roads and the Commonwealth in addition to internationally. This project is underway and is designed to show results within a year.

Research has shown that both Virginia and particularly Hampton Roads have underperformed in the important area of entrepreneurial business start-ups. Currently, Reinvent Hampton Roads is actively participating in an effort to comprehensively assess our region's entrepreneurial eco-system and develop specific actions to foster a better environment to encourage small business start-ups.

All essential components of the eco-system are being examined, including existing start-up programs, capital availability, start-up networking events and communications, the existing incubator/accelerator network, mentoring, educational programs, etc. Participants in this effort include 757-Angels, Startwheel, ODU (Strome Center for Entrepreneurship and the College of Business), as well as experienced entrepreneurs. The Virginia Velocity Tour will be coming to Hampton Roads on September 21st, providing a great platform to highlight our progress in enhancing the eco-system. While entrepreneurial start-ups create only a small number of jobs initially, they are a vibrant part of the region's long-term strategy to attract and retain young and creative talent.

Two specific initiatives to enhance the eco-system include collaborating with the existing regional incubator network to create a more coordinated and integrated system to assist entrepreneurs and the effort to work with our significant federal lab and university R&D resources to encourage and increase commercialization of their research. For example, NASA Langley alone conducts approximately $700 million per year in research activities, making it the largest research institution in Virginia. They have been very receptive to collaborating with us to increase the commercialization of their research.

In the area of new business attraction, Reinvent Hampton Roads is working closely with the new Executive Director of the Hampton Roads Economic Development Alliance (HREDA) as he and the Board restructures their activities. For example, Reinvent Hampton Roads is sharing the results of the Industry Cluster Analysis which should prove most helpful in targeting HREDA's program. Finally, the opportunity to better align the region's many independent marketing efforts offers opportunities to be more consistent with our messaging and more impactful and cost effective.

In addition to the three areas of job creation a fourth area that overarches all three is workforce availability and development. Without an adequate supply of labor with the right skills we will struggle to grow businesses and good jobs. Reinvent Hampton Roads is collaborating with the two regional Workforce Investment Boards and HREDA to conduct an updated Workforce Gap Analysis. This project will describe our existing regional labor supply and compare those resources to current and future business needs. The Workforce Gap Analysis is scheduled to be complete by November 7th. Upon completion the intent is to bring together all existing workforce education and training providers to develop a more coordinated approach to assist in closing any labor supply gaps identified. The creation of this integrated regional workforce development system should be "branded" and marketed as a competitive advantage for Hampton Roads.

Reinvent Hampton Roads is actively engaged with many other organizations to help build the positive economic growth culture that the region needs to thrive in the decades ahead. This engagement and collaboration represents the essence of the collective impact model upon which the ultimate success of Reinvent Hampton Roads and, more importantly, the region depends.

Examples include:

- Informal but regular meetings between the executive directors of regional agencies
- Work with the CIVIC Leadership Institute and Volunteer Hampton Roads
- Efforts with ODU for the creation of a Center for Regional Excellence
- Work with HRPDC on the updated regional Comprehensive Economic Development Strategy (CEDS)
- Development of a "shovel-ready" site inventory with HREDA, the HRPDC and area local governments
- Work with Virginia Beach CONNEX to assure the next extension of the Tide
- Coordination with North Carolina on the potential to connect Hampton Roads and Raleigh with a new interstate level roadway
- Work with the Commonwealth on how to fund needed rail improvements for more efficient movement of freight and passengers
- Efforts with TCC to create a new hospitality industry education curriculum and facility
- Collaboration with the Virginia Unmanned Systems Commission
- Work with grassroots cyber security interests in the region

In many cases, Reinvent Hampton Roads' role is simply as an engaged partner, working with others to create positive outcomes throughout the region. Progress in the region must ultimately rest on the development of trusting relationships and good will between all of us actively striving to improve Hampton Roads.

Thank you for your confidence and support of this new effort. Real tangible improvements in Hampton Roads will take time and considerable joint effort on the part many. Throughout my first six months, as I have met with the government and civic leadership in the region, it is clear that the need for regional solutions to our economic performance is well understood and the desire to be part of achieving a positive outcome is much stronger now than I have experienced in my twenty five years in Hampton Roads. We clearly have vast assets and need to creatively proceed to maximize their potential for the benefit of the entire region.

Sincerely,

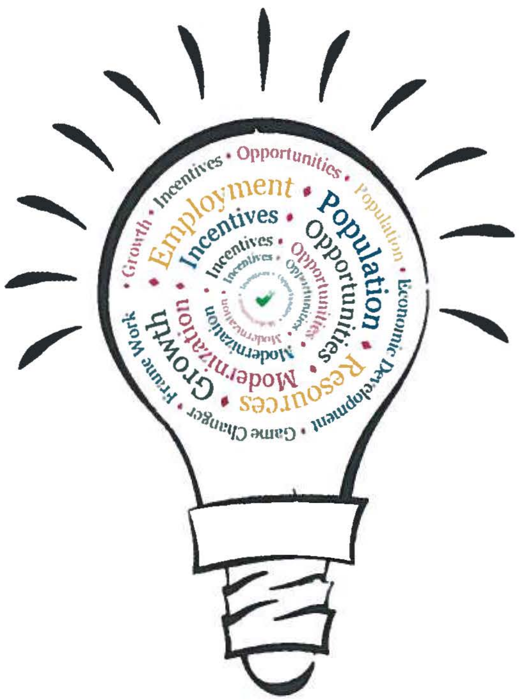
James K. Spore

James K. Spore
President and CEO

REINVENT HAMPTON ROADS

- A frame for game-changing work that will fundamentally alter the region's economic profile and performance over time

BACKGROUND



Hampton Roads Community Foundation convenes examination of our region's comparative economic underperformance

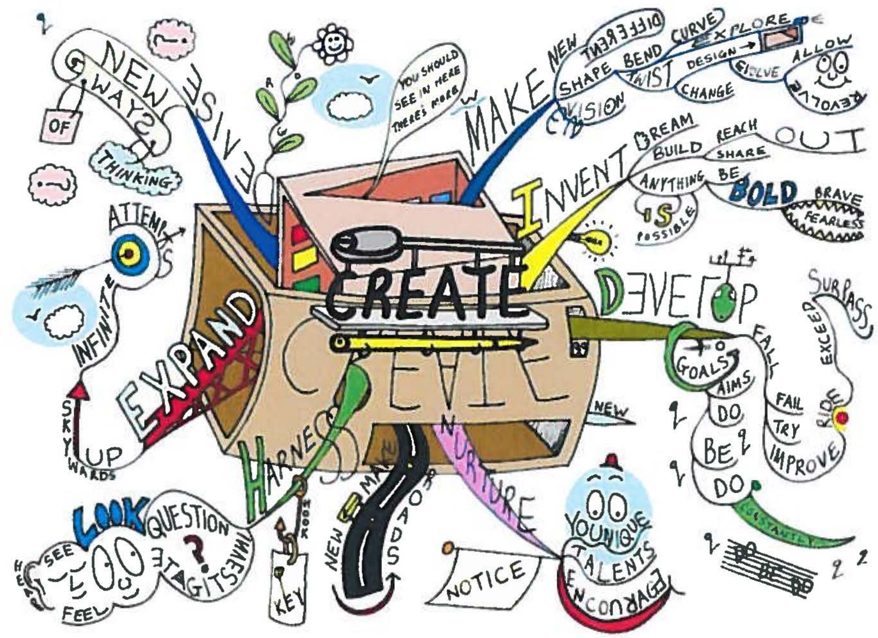
Involved 100+ individuals focused on key areas:

- → Leadership
- → Industry Clusters
- → Entrepreneurship
- → Workforce Development

Partners with Brookings Institution's Metropolitan Policy Program

CONCLUSION

- We need to fundamentally alter the region's economic profile and performance over time.
  - → Create more and higher paying jobs
  - → Create a culture where entrepreneurship can thrive
  - → Diversify the economy



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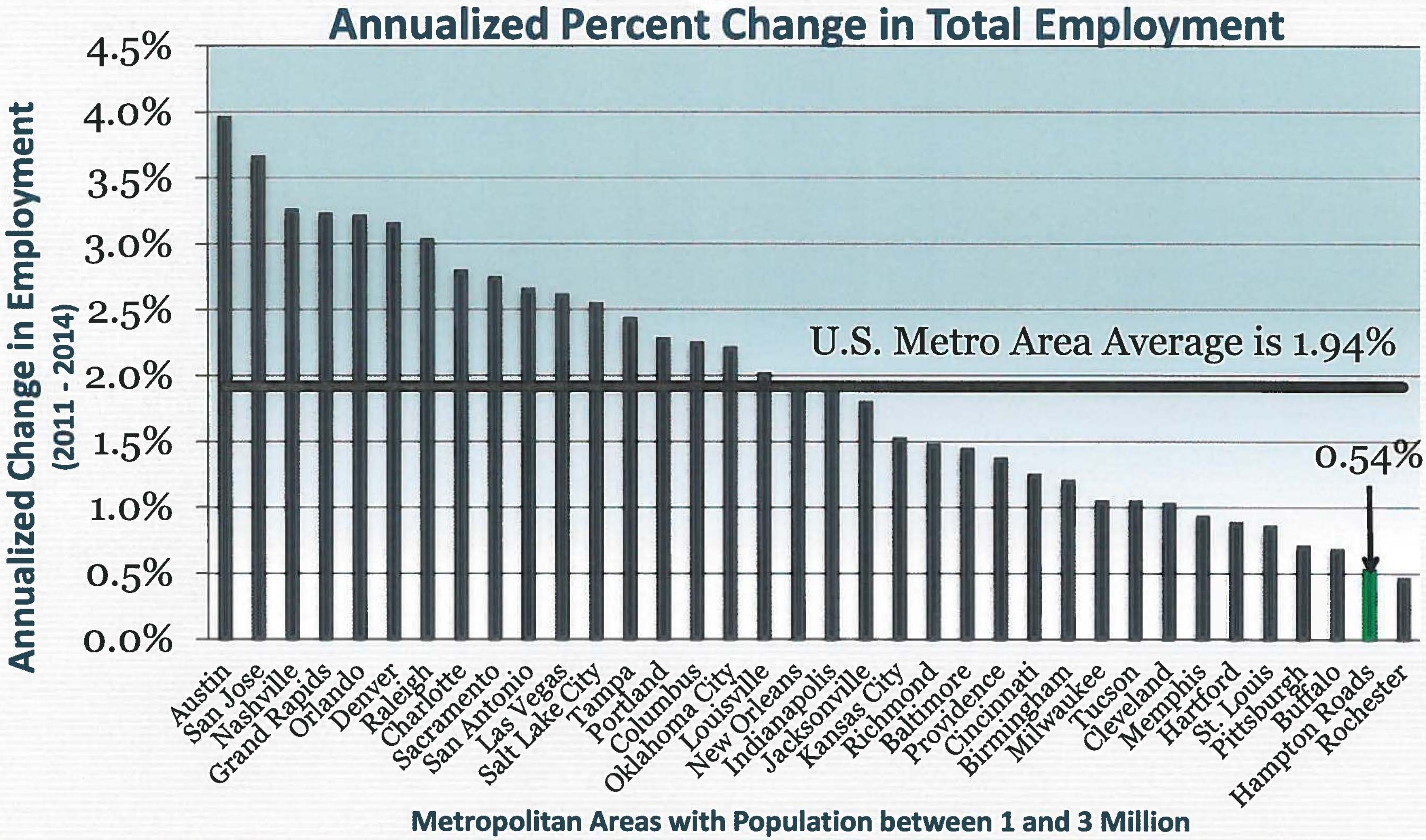
WHAT DROVE THE CONCLUSION?



RE INVENT HAMPTON ROADS

WHAT DROVE THE CONCLUSION?

Brookings Metro-Monitor Project

→ Looks at: 100 Largest Metro Regions in the U.S.

→ Ranks: Strength of recovery from Great Recession (2008 – 2015)

→ Factors: Job Creation, GRP Growth, Unemployment, Housing Prices

→ Findings: Hampton Roads ranked 100th (worst) in terms of recovery

NEED TO FOCUS ON ACTIONABLE SOLUTIONS

Current Projects:

- REAP (Regional Export Acceleration Program)
- Government Collaboration and Efficiency
- Workforce Development
  - → **Governor's STEM-H School/Career Technical Education**
  - → **Transitioning Military Initiative**
- "Shovel-ready" sites
- Industry Clusters
- Identification of Collaborative Projects
- Fostering Entrepreneurial Ecosystem

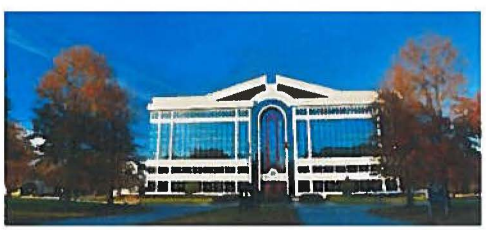
RE INVENT
HAMPTON ROADS

GO VIRGINIA

VIRGINIA INITIATIVE FOR
GROWTH &
OPPORTUNITY
IN EACH REGION

REINVENT HAMPTON ROADS

- Based upon sound research
- Recognition of long-term nature or issues – no "silver bullet" or quick fix
- Collective Impact model
  - → **Collaboration**
  - → **Communication**
  - → **Alignment of many efforts and initiatives**



RE INVENT

HAMPTON ROADS

101 W. Main Street, Suite 415
Norfolk, VA 23510
www.reinventhr.org

Robert Randy Martin

From:	Jimmy Gray
Sent:	Thursday, August 24, 2017 12:34 PM
To:	Robert Randy Martin
Cc:	Tracy Gregory; Russ Pace; Chad Edwards
Subject:	FAA Grant Offer (Taxiway to Runway 27-Construction)

Mr. Martin,

As we discussed earlier, the FAA has issued a Grant Offer for Airport Improvement Program (AIP) Project No. 3-51-0017-020-2017 (Partial Parallel Taxiway to Runway 27-Construction) at Franklin Municipal Airport. The amount of this grant offer and project is as follows:

FAA	$1,632,600.00	90%
State	$ 145,120.00	8%
Local Match	$ 36,280.00	2%

Total Project $1,814,000.00

The Airport budget will need to be amended to reflect this project. Would you please put this matter on City Council's agenda for their consideration.

If you require any additional information please give me a call.

Thank you for your help in this matter.

Jimmy Gray
Airport Manager

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS