



Resort Advisory Commission
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RESORT ADVISORY COMMISSION
MINUTES

DATE: April 2, 2015
TIME: 3:00 pm
PLACE: Virginia Beach Convention Center, 2nd Floor

COMMISSION MEMBERS PRESENT

Billy Almond
Jim Davis
Bobby Melatti
Kristina Chastain
Laura Habr
Sam Reid
Craig Roback
Sylvia Strickland
Michael Cloud-Butler
Gerrie West
Randy Thompson
Preston Midgett
Joe DaBiero
Tom Brown
John Hawa

Nancy Creech
Bill Gambrell

OTHERS PRESENT

Bob Matthias, City Manager's Office
Eileen Levandoski, Virginia Beach Sierra Club
Caroline Wood, OCEANA
Matt McInerney, 2nd Prec.
Michele Colson, VBHA / VSA Resorts
Betsi Radd, Holiday Inn, Virginia Beach/Norfolk
Jimmy Capps, TPPC
Stacey Parker, The Pilot
Bill Reed, BEACON
John Uhrin, Council
Mike Eason, SGA/Resort Mgmt.
Robin Hart, SGA/Recorder

COMMISSION MEMBERS ABSENT

Bryan Cuffee

Chair Billy Almond called the meeting to order at 3:00p.m.

Motion carried to approve the minutes from the March 5, 2015 meeting as written.

Offshore Energy Presentations

Billy introduces two parties to give presentations of offshore energy programs. He asks the commissioners to hold questions until after both presentations, each lasting about ten minutes. After discussion, the commission will decide on whether they will take a position on this or if they need to have more discussion and review next month.

Bob Matthias, COVB City Manager's Office

Bob Matthias first reviews wind energy. Virginia has a very robust wind energy environment off the coast, and the City has reviewed ocean data, whale migration activity (with the assistance of the Virginia Aquarium), access studies for the port, the offshore industry, and federal and state variables for wind development. The study involved the DOD, the USCG and others.

The wave energy area is 24 miles offshore. Dominion Power has already

purchased a lease off Virginia a couple years ago, and there is area off Maryland still available. The workforce and supply chain are pretty much the same for wind as it is for oil and gas development. Virginia Power is in the process of building two six-megawatt test turbines offshore, which will prove the technology for a new six-megawatt turbine. Each blade is 72 feet across and each hub is 300 feet tall.

The price of natural gas, less than \$3.00/mean c.f., is the biggest deterrent for wind energy right now. They understand that the price will stay under \$4.00, which is good news for natural gas users, but bad news for regulated areas like Virginia, where you have to go with the least costly alternative.

On offshore oil and gas, the Gulf of Mexico is the most active right now with 8,000 leases and 4,000 production facilities that produce 1M barrels of oil/day and 8B c.f. of gas/day. There is also activity in the Pacific and in Alaska.

The Virginia area is called Lease Block 220. The western edge is 50 miles offshore and the eastern edge is 200 miles offshore, which is considered a small area. After fifty miles offshore, the depth drops to 60-100 feet to 300 feet to several thousand feet quickly. The area off Virginia looks a lot like areas off Africa and Brazil where they have found substantial amounts of oil and gas. The Office of Minerals Management predicts \$8B annual revenue.

We are interested in offshore energy because we do not have to go far for our supply and the project could diversify the economy. Risks include oil spills, blowouts, residue on beaches, and loss of income and loss of reputation. Long-term residual benefits include loss of anticipated royalty payments, ship collisions, etc. Data based on technology from the 1970s and 1980s estimates the potential source conservatively at 130M barrels of oil and 4 trillion c.f. of gas.

DOD Restrictions for Lease Block 220 are separated into areas with varying restrictions as to what can be done in a particular area, such as having permanent installations, etc.

*Eileen Levandoski, Virginia Beach Sierra Club and
Caroline Wood, Campaign Organizer, OCEANA Climate and Energy Campaign / Mid-Atlantic: Virginia, Maryland, Delaware*

Caroline works as a campaign organizer in Washington D.C. for Virginia, Maryland and Delaware. Her focus is on offshore drilling. They are facing a decision in Virginia as to whether or not they allow offshore drilling off the coast. We can preserve or risk losing our coastal resources with the decisions we make.

She says that it is important to talk about tourism and fishing. Restaurant and lodging sales for Virginia Beach alone generated \$1.5B last year. Recreational fishing brings in \$1.3B in revenue and provides 15K jobs in Virginia Beach alone. For Virginia as a whole, there are 90K jobs held between tourism, ocean-based recreation and fishing. All are directly depend on a clean beaches and a healthy ecosystem.

To illustrate the amount of risk we are talking, she brings up the BP Oil Spill, the largest oil spill in world history and the greatest environmental catastrophe, which lost 210 million gallons of oil into the Gulf over several months. Almost five years later (April 20), we have not fully recovered as shown by oil under the water, tar on beaches, and

illnesses in the marine animals (tuna and dolphin).

Since the spill, the changes made for safety have not happened. Congress has not passed any laws strengthening federal oversight of development, drilling safety or environmental safeguards in the event of a disaster. Eileen adds that the Bureau of Ocean Energy Management has yet to put into place any of the major recommendations of the Gulf Oil Spill Commission.

In addition to the threat of catastrophic spills, there are problems and accidents with everyday operations, which leave frequent spills. The project would require a complete industrialization of the coast, which involves moving and processing the oil, and she does not think that we are considering the impact enough. Deepwater drilling is dangerous due to cold temperatures, high pressure and little to no light. Seismic blasting to search for the reserves is just as harmful as the drilling operations, as it affects the marine life. This area is also in a hurricane zone.

Less than 3% and 4% of all domestic oil and gas, respectively, is in the Atlantic. The need for tapping into the resources to reduce our oil dependency is misleading as information from the Energy Information Administration states that even if we opened up all the reserves to drilling, we would drop the price of oil per gallon only by 3 cents, and that would not occur until 2030.

She says that offshore drilling is a dirty (not clean) business, fueled by small interest groups, we do not have a revenue sharing system and their primary concerns are exploration and impacts of industrialization of the coast.

The four states slated for drilling now are VA, NC, SC and GA. A lot of her work involves talking to groups like the RAC and they have seen a growth in opposition to the offshore activity. She encourages us to do the same.

QUESTIONS

Caroline represents OCEANA, an oceans conservation program. She works on the climate campaigns for them. They have offices all round the world. They are not affiliated with Oceana.

Preston asks about the presentation by Frank Wagner and he told them that the amount of oil and gas, and at that time there were more gas reserves than oil. Is it a possibility that there is not as much oil as we estimated?

Eileen says that the seismic testing to locate the deposits is moving right along. They have about eight permits ranging from DE to FL. They still have an opportunity to weigh in on those and mitigate the damage as much as possible. She says that Preston is right that there is more gas than oil, but there is not as much precedent in drilling for gas as there is oil. Rigs rent for \$575,000/day and pipelines run \$1M/mile, and they do not even start until 50 miles off; the cost is too high to drill for gas.

Bob says that the technology is better today for searching for natural gas.

Preston asks about the depths and asks if the depths off our coast are the same depths that they dealt with in the BP oil spill, and Eileen verifies that they are both considered deep water.

Preston feels that the major benefactors of the oil and gas off the coast is going to be Norfolk, Portsmouth and Chesapeake, as we do not have the capacity to store it here.

Bob says that the locality that gets the best monetary payback from this type of industry (longshoremen) is Virginia Beach, because they spend their money here.

Jim Davis asks about revenue sharing.

Eileen says that revenue sharing with all the states would cost about \$6B according to the Congressional Budget Office. Revenues for offshore oil and gas are second, right behind taxes, as the largest contributors to the US General Fund. Tight deficits and budget reduction times explain why there is no political will for it. Interior states that are already benefitting from this do not want to lose that.

Bob says that Senators Kaine and Warner have both said that they would not support offshore oil and gas unless there was revenue sharing. This "lost revenue" is money that does not exist now; it is money that would be developed from new offshore oil or gas. For the budget office to show it as money they are losing is inopportune.

Kristina feels that their position as the Resort Advisory Commission is to advise and protect their resort area, and having not heard any real benefits only detriments, from this industry, she makes a motion that the RAC oppose offshore drilling. Sam seconded.

Discussion included thoughts from Randy Thompson, who thinks there is a benefit for 25K jobs. He wonders what it would take to create that kind of impact for our area and wonders if the technology is that good. He does nothing that we have enough information to make that recommendation.

Billy asks if Randy is trying to make a substitute motion.

Joe DaBiero says that the VBHA is in discussion on this right now. Hopefully in the future they will have a decision and asks RAC to postpone their recommendation for 30 days until the next RAC meeting and VBHA can weigh in. Joe cannot guarantee it, but he hopes to have a stance from the VBHA.

Billy clarifies the substitute motion to defer the RAC stance on offshore drilling for 30 days until the next RAC meeting. Seconded. **Motion carried to defer the RAC stance on offshore drilling for 30 days until the next RAC meeting.** Two opposed.

Sam believes that we need to wait and see how things pan out. He thinks that we need to wait and see if we are going to have revenue sharing. He thinks that we need more data on revenue sharing and jobs. Even 30 days from now will not give us that information. This is years away.

Preston asks if anyone knows when we will know what is out there.

Bob replies that their lease will probably take place in 2021. They have taken all comments in, they will ask for another set of comments in a year. During that time, they will do seismic testing and results will be confidential as companies are paying a lot of money for that.

Sylvia asks when the seismic testing will happen and Bob replies that it will probably happen in the next couple of months.

Billy says that there are things happening daily up and down the coast. He says that they can wait it out but thinks the commission needs to make a decision fairly soon,

weighing what they have heard. Billy asks if it is the mood of the commission to defer this decision until the next RAC meeting, then he asks Joe to do what he can to have VBHA take a position.

Bob cannot give Sam an expected time for revenue sharing to be voted on, meaning one or several years from now, as it depends on Congress.

Kristina asks what the revenue sharing would mean for the average citizen in Virginia Beach.

Bob replies by giving an example of \$300M coming to the Commonwealth. That is about as much as the lottery provides to the General Fund in a year. It is about one-third of one cent on the sales tax rate. That money can go to education, transportation, environmental mitigation, wherever the General Assembly decides to focus.

Another RAC member believes that this project does not involve whether there is going to be a problem, but when. He thinks that if there are so many questions, we should look twice. We have to stand for what we know which is our resort city, which has taken years to build. He asks that the Commission not be shortsighted.

Bob Matthias included in his package the resolution of City Council, the resolution of the restaurant association, and the resolution from the hotel-motel association in 2000.

Caroline Wood says that in their package on the left-hand side you will find a summary and some examples of the local opposition, tourism awards, a couple of articles that could be of use, and a copy of the a resolution of opposition recently adopted by Charleston. On the right-hand side some facts.

COMMITTEE REPORTS

Transportation, Parking, Pedestrian Committee (TPPC)

Preston Midgett says they had HRT talk to them about the trolleys. They are tracking the passengers per trip for each of the routes. They have one route they want to watch, but the bottom line is that the Route 32, aka the Shoppers Express, was down 37%; the other two routes were down 7% and 5%. The purpose of the trolleys is to increase ridership.

Two weeks ago, himself, two from HRT and Mark Shea traveled to WI to look at the vehicles. They were pleased with the way the vehicles look. The manufacturers have a high quality of work, and they were able to pick out the exact exterior color blue recommended by committee members, which will match the interior seats. They redesigned the back of the vehicle, to fit the engine and air conditioning units in the back. They simulated the open air part all around the back porch. They originally wanted a fare box that wanted credit cards but HRT has to change their whole system to accept credit cards. The HRT techs outfitted them with capacity for credit cards anyway so when the technology catches up, they will have it.

Six trolleys will be here by June, and the others here in July and August, and the last in October. The warranty for the later arriving vehicles will begin in the following year.

There is a new supervisor for trolleys, Bobby Edwards from HRT. He was introduced to us at the last meeting.

These trolleys have two different types of radios. One is a network with HRT and the other radio belongs to the supervisor who has access to every trolley and he can speak with the drivers directly.

Preston says that they have a one-day pass, where you can board the trolley and pay, and three-day passes will be available at TVMs and Sunstations, as well as spots along Atlantic Avenue.

They are putting together a trolley marketing program and hoping CVB and the VBHA will be involved.

There question was asked if the trolleys will have bike racks, and Preston replied that they will not, as with the current style they do not look good. They will make the vehicles with the installable plates and if we think we will need a bike rack, it is just a matter of installing in on there.

John Uhrin replies that he thinks we need them on there, as it would be the only rolling stock in the fleet that would not have a bike rack. Preston says that the vehicle will have one available for purchase. It is not a long-term item; it is considered a stock item.

Other TPPC business involved an update on the bike path, which should be restriped this summer with the new bike logo in the middle of the bike path.

They also had a short update on the boardwalk lights and they will be changed over next winter. The type of light and head style is being negotiated now.

Planning and Design Review Committee (PDRC)

Billy Almond reports that PDRC met this month, and reviewed two towers, one at 27th Street and one at 27th ½ Street under construction. The focus of the PDRC was to study the use of 27th Street as an access for the hotel.

Right now, it is a pedestrian park and there is no vehicular access on that street. Then there was a desire of the PDRC to be concerned about turning what is now a pedestrian promenade into a street, having vehicles, etc. After a great deal of discussion, the committee voted unanimously not to use the promenade as a street and he is not exactly sure where the developer is now and what they plan to do.

They reviewed another hotel renovation project at 1101 Atlantic Avenue, the Grand Ocean hotel. A major renovation, they have a drop-off on Atlantic, but they are still tied to 11th Street. Previously, when that owner and the owner of the adjacent hotel were doing renovations at the same time, they had floated up the idea of improving that street as one of the hotels had the side for service and the other hotel had the side for entrance. They never got both hotel developers to agree, and the issue died. There is a new owner, new developer, and new project. They resurrected the old project to see if they wanted to participate. As of now, walking down the street looks very service-oriented, and they are trying to see what they can do with that.

There was a request for optional form development for CP Shuckers. Right now, they have a restaurant that is temporary looking, and they asked to come in and have a more permanent roof and add a wall, making it look more attractive. PDRC approved.

After a month of study, they denied an open-air café application for 2809 Atlantic Avenue, because they did not meet the criteria for food service in the kitchen and wait service, etc.

The canopy design for 17th Street park will have a new design. They have a contractor under contract, per Mike Eason.

Oceanfront Enhancement Committee (OEC)

Jim Davis reports that the OEC did meet last month, and they appointed Sam Reid as the vice-chair. They had no other items to report.

Resort Investment Committee (RIC)

Kristina Chastain reports that they met yesterday morning and had a presentation from Bobby Levin on the District Walls project, which is an attempt to bring a street mural festival to Virginia Beach. A two-week event, where professional street mural artists are brought in during Week One and Week Two would involve a local artist component. They needed additional information from Bobby, so Emily Labows, MOCA and some other city members will form a small committee to review the project and convey to Bobby exactly what is needed in order for them to make a decision. The committee did feel that the project had a lot of promise.

Oceanfront Visionary Committee (OVC)

Kristina Chastain reports that the OVC did not meet this month.

G.R.E.E.N. Committee

Laura Habr reports that the G.R.E.E.N. committee discussed the Clean Beach Program. They sharpened what they want to talk to their guests about, water quality issues and beach closures.

Earth Hour was very successful this year and she hopes to see more participation next year.

The City's earth Day will be Saturday April 8.

The Great American Clean-Up will be happening on 17th Street.

The Cigarette Littler Prevention pilot program, a grant, will be starting soon. They will have some information up by the hotels and they will be collecting butts to provide before-and-after information on their efforts.

Mike Eason says that to follow up on that information, they will be requesting five recyclable containers for the boardwalk, and they are coming up with an agreement to include that in their pilot program.

New RAC Member

John Uhrin announces that BJ Baumann is their new replacement on the RAC. She has held leadership roles throughout the resort and is owner of Rockafellers Restaurant.

Economic Development Report

None

Staff Report

None

Old Business

None

New Business

None

Public Comment

A new resident to Virginia Beach as of eight months ago, with a family of six, comments on the offshore drilling. *Dirty Energy* is the aftermath of the BP oil spill, and asks the Commission to watch it.

He asks what is going to happen to the tourist industry and how many jobs could be lost due to the industry. He is asking us to think about our international visitors and how this could affect them.

He refers to a Pilot article "Still Time to Get Right on Beach Drilling". He quotes the article, saying that "the City's leaders have the option to reverse a major mishap" and he says that the sign that we do not want to see is BEACH CLOSED.

Meeting adjourned at 4:30pm.