



Resort Advisory Commission
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RESORT ADVISORY COMMISSION
MINUTES

DATE: December 6, 2018
TIME: 3:00 pm
PLACE: Virginia Beach Convention Center, 2nd Floor

COMMISSION MEMBERS PRESENT

BJ Baumann
Billy Almond
Bobby Melatti
Gerrie West
Keith Ireland
Laura Habr
Craig Roback
Sylvia Strickland
Tyler Brown
John Hawa
Randy Thompson
Sam Reid
Michael Cloud-Butler
Ron Villanueva
Russell Lyons
Bryan Cuffee

COMMISSION MEMBERS ABSENT

Preston Midgett
Kristina Chastain
Nancy Creech
Phil Boyer

OTHERS PRESENT

Steve Lawson, The Lawson Companies
Michael Levinson, Attorney
Kate Pittman, MOCA
Capt. Mike Ronan, VBLE
Ron Williams, Deputy City Manager
Brad Van Dommelen, CVB
Kathy Warren, SGA
Teresa Diaz, CVB
Diana Burke, VBHA
Stacey Parker, The Virginian-Pilot
John Uhrin, Council
Mike Eason, CVB/Resort Mgmt.
Robin Hart, CVB/Recorder

BJ Baumann called the meeting to order at 3:00pm. **The October 4, 2018 and November 1, 2018 minutes were approved as written.**

Headquarters Hotel - Brad Van Dommelen

Responding to renewed discussion over the last few days, Brad Van Dommelen appeared before the RAC to provide an update to the Commission since the City Manager last spoke to the Commission about a headquarters hotel in March 2018. Then, the hotel project was seen as a needed item to create the vision of the entertainment corridor that they have been working to achieve.

There is no project at this point, but an outside developer has expressed interest. No proposals have been submitted, and they have not been made aware of any local developers are interested in such a project.

A new element has been added to the project. The area under consideration, across 19th street from the convention center, has been designated as a federal qualified opportunity zone,

which defers the tax payments on capital gains into the future, and discounts those tax payments at that future time, along with other benefits. The issue with the opportunity zone is that there is a limited window for a qualified project to take place. It would have to be under construction, probably by the end of 2020 to meet the scheduled time for any developer to benefit from the designation.

Two studies – one in 1994 for the Pavilion and one in 2018 for the Virginia Beach Convention Center – came to similar conclusions that the two buildings had experienced lost business opportunities because of lacking nearby/convention center hotels. The industry has become more competitive over the years, and over the past 6 years the city has been able to track the lost business from over 200 groups representing over 200,000 room nights, specifically due to lack of a headquarters hotel. Many groups now have in their Board Requirements that they will not meet in cities without headquarter hotels.

Brad Van Dommelen reviewed the impacts of a headquarters hotel on the convention center, which included being able to book higher-end conventions for the city, increase booking and food and beverage revenues, and reduce the operating subsidy for the convention center by half. This analysis reviewed projected occupancy rates with competitive hotels through 2024, assuming a headquarters hotel opening in 2021, and a two-year recovery rate as occupancy continues to grow, given the new demand that a headquarters hotel would bring.

One of the benefits of bringing a headquarters hotel to the beach would grow the non-summer season business. The conferences usually run from September and October, and are over by June; they do not interfere with the July and August summer business. Development of the hotel would get the city in the game, and he believed that the city could be doing better.

QUESTIONS / COMMENTS

Questions were asked concerning whether the developer expressed interest as a public-private partnership, and how much public money an opportunity zone might require.

Brad replied that a developer probably would express interest in such a partnership. Although he was unsure if what the opportunity zone would offer would fit with their financing model, it would be unreasonable to anticipate no municipal participation on the public portion of the project. They would working with public meeting space, public connection with the VBCC and the hotel, and probably public parking.

There was support expressed from some of the Commission for aggressively moving forward with a headquarters hotel and Brad believed that it is a key element of what they are missing for the area.

Discussions on the desired square footage for the hotel would include approx. 400 hotel rooms, with another 30-35K sf of meeting space. The lower number of rooms (versus 600 or 800) would still fill a significant number of rooms, fulfill the organization's needs for meeting space, etc. and be able to benefit the destination by driving room rates to four, five or six other properties. At the same time, they can reduce the number of hotels that are required in a block to be competitive with other destinations. Most meeting organizers do not want to divide their membership among too many hotels.

When asked about the push in the area for a nontraditional hotel group, such as one that had casinos, thinking that an attraction might be needed other than the convention center, Brad replied that many groups would not meet in casino properties. Not only would it take longer to secure a deal like that, although it could be a benefit, he would have to consider the possible detrimental effects on other types of businesses in the area.

Billy Almond commented, having served on the steering committee for the Virginia Beach Convention Center from 2003-2005, saying that they were told that they had to have a headquarters hotel. He urged them to review the bridge they have planned go across 19th Street to go into the side of a glass element, as it can be tricky. When they looked at the design from years ago, they had a good idea going through Parks Avenue.

Brad Van Dommelen agreed that the city already owns the property they are looking at now, and to use any other piece of property would add additional cost.

Until they have a competitive opportunity to have some proposals, they would like to have a deliberate discussion with City Council and have direction then on whether another steering committee might be established.

John Uhrin believed that we do not need to discount what they are putting to the west. They cannot say that the project would be on one site, as they do not control the other sites.

One member asked if the airport facilities were cited as lacking when it came to holding conventions in the area.

Brad replied that they have not heard that issue very often, and the airport is improving. He gave examples of other successful convention cities that were serviced by an airport not much different from what is here.

There was a clarification that the opportunity zone is not a funding source from the federal government; it would serve as a tax benefit that is offered for someone who needs a vehicle to invest and have that benefit. Virginia Beach is a city that is open for investment, and the strategic move right now is to pair investors with developers into the zones to become projects. They have eight specific zones, most aligned with our strategic growth areas, and Corporate Landing. An open house is scheduled in January for the local and regional community interest, and the city is working on its marketing plan.

Sam Reid also served on the headquarters hotel committee in the past and asked why it failed. The consensus was that the amount of public investment did not sit well. It is important to the community to understand the level of investment in the future.

BJ Baumann requested that a separate group form to have a hard look at the numbers, combine the comments and come back for discussion.

Seaside Harbor Apartments – Steve Lawson

The Seaside Harbor location is at 18th Street and Mediterranean in the ViBe District.

The site, with 39 apartments, was formerly owned by the Samaritan House, which provides emergency and permanent housing and support for victims of domestic violence and homeless families, as well as working in human trafficking. They have teamed as a 50% joint venture partner with the Lawson Companies, a multi-generational, multi-family builder, developer and manager based in Virginia Beach.

The Seaside project is composed of 76 units, three residential floors over pedestal parking, located in the oceanfront resort district. Composed of 25 one-bedroom, 42 two-bedroom and nine three-bedroom units, with 11 units set aside for clients with development disabilities. They have 19 units available in accordance to ADA guidelines. They are working with The Hope House Foundation to manage the needs of their developmentally disabled clients in their own homes and apartments.

Steve reviewed the rents for families at differing levels of income. Approx. half their current residents work in the hospitality industry, and that is designated as workforce housing.

For funding, they were able to receive allocation tax credits from the Virginia Housing Development Authority (VHDA) for the special needs, disabled, and developmentally disabled

clients, and both a low-interest mortgage and special incentive financing from VHDA. There is a total of \$15.5M in development costs.

Steve reviewed the direct and indirect economic impacts resulting in Year 1 and annually on local wages and profits, taxes and other local government revenue, and jobs.

Steve Lawson credited the form-based code as a direct catalyst for the redevelopment and pointed out that this is market-rate housing, not substandard housing, which makes units available to a variety of incomes. That diversity is key to the sustainability of cultural districts, like the ViBe.

QUESTIONS / COMMENTS

BJ Baumann expressed her appreciation for the project, as a restaurant owner.

John Uhrin believed that a presentation to City Council after the first of the year would be appropriate. They have talked about how to create affordable housing throughout the city for a long time. They do have some other housing charities that own parcels that would be right for development.

Chairman Report

RAC Membership Announcements

BJ welcomed the reappointment of Tyler Brown and John Hawa for another term with the RAC. She announced the departure of Nancy Creech, recognizing Mike Levinson in the audience as the newest RAC member. He will officially join the Commission at the January 2019 meeting.

RAC Nominations

Billy Almond was supporting Preston Midgett as Chair of the Nominating Committee for the Chair and Vice-Chair for the 2019 RAC term. Hearing no nominations from the floor, he closed the nominations and requested a motion to approve the slate. **Motion carried to elect BJ Baumann as Chair and Randy Thompson as Vice-Chair of the RAC for the next term.**

RAC and Subcommittee Meeting Schedule

BJ Baumann reviewed the 2019 meeting schedule, which will be emailed to members, and requested that before Commissioners leave today that they put a checkmark beside the subcommittee for which they would like to serve for the coming year. Service on the subcommittees is where the hard work takes place before items are brought to the RAC, and she understood and appreciated the commitment.

Committee Reports

Transportation, Parking, Pedestrian Committee (TPPC)

Billy Almond reported for Preston Midgett that although the TPPC did not meet, the VDOT grant for which the SGA applied for a safety project involving Pacific Avenue was approved. They will receive funding for a pedestrian safety project starting at 33rd Street, running north about a block, with the intent to carry it north to the front of the Cavalier. Because they did receive more funding, they will have to rethink the design, so the project will start next year at the end of the summer.

John Uhrin added that one of the key requests of the design is that they want to get height in the area, and since they cannot afford underground utilities to improve the vertical scape, he wants that to remain a key element. Billy replied that they would have Emily Archer return to show the revised designs.

Planning & Design Review Committee (PDRC)

Billy Almond reported that the PDRC did not meet last month.

Oceanfront Enhancement Committee (OEC)

Sam Reid reported that they reviewed their 2019 priorities and discussed the following:

Secure lighting - Cost estimates have been submitted and two of the three areas identified are funded in this year's CIP.

The OEC felt that widening the sidewalks on Atlantic and Pacific would have to be part of a much broader streetscape improvement project, incorporated in the RASAP update.

The city is responding with funding for all camera needs identified by law enforcement. Capt. Ronan projected that all on duty officers will be equipped with body cameras within the next 12 - 18 months.

There is a document listing approximately 25 strategies for behavioral management that John Uhrin had presented earlier to Council. The OEC will use that list as a starting point for future recommendations.

The OEC will review a bike share program like those found in Norfolk and other cities, along with scooter share policies.

Resort Investment Committee (RIC)

BJ Baumann reported for Kristina Chastain that the committee discussed the RAC and subcommittee attendance (reviewed earlier in today's RAC meeting).

Oceanfront Strategic Growth Area Committee (OSGAC)

BJ Baumann reported that the OSGAC met long enough to approve minutes and adjourned.

G.R.E.E.N. Report

Laura Habr reported that the committee did not meet last month, but did express a need for additional members and encouraged Commissioners to attend a G.R.E.E.N. meeting. They lost member Jay Thompson from TFC recycling this year.

One of their committee goals is to watch for offshore drilling and wind energy progress. She reported that seismic testing permits were issued last week; however, they have time to weigh in by sending letters to representatives. Their activity is scheduled to start around Memorial Day Weekend. The Business Alliance for Protecting the Atlantic Coast (BPAC) was formed in 2015 by small business owners along the east coast in order to have a voice to politicians, and has been supported by the VBRA and VBHA. Laura Habr also thanked the RAC and Councilman Uhrin for their support.

Their next G.R.E.E.N. meeting is January 30, 2019 and she hopes to have a report on their recycling plan and open green space.

Staff Report

Mike Eason reported on the status of the *Something in the Water* project. There have been ongoing meetings and there are future meetings to determine the exact location, security and transportation plans. Each month they should have more to report on how that event is progressing.

The Surf N Santa race is coming up and they have had a change in the route due to construction. Anyone who has an interest in staying informed on the road closures may contact him to add their contact information to their database.

The Holiday Lights program is up and running. He welcomes any feedback. A lot of making the project work goes to Councilman Uhrin in an attempt to keep the resort vibrant this time of year.

Bobby Melatti added that they brought three more displays this year. He explained that the only two Saturdays that they have in operation, it has rained, so attendance was down, but the good news is that the revenue has increased because they increased the admission price.

Mike Eason noted the price of Holiday Lights to Norfolk Botanical Gardens, and they felt the price increase is reasonable.

The parade, held last weekend, also had a good turnout.

Old Business

None

New Business

Russell Lyons congratulated Capt. Ronan on almost 35 years of service for Virginia Beach, noting Capt. Ronan's plans to retire effective January 1, 2019. Capt. Ronan announced that Capt. Shannon Wichtendahl would be taking his place at the first of the year; he will remain local.

BJ Baumann recalled that at the November meeting, Sylvia Strickland referred to the Legislative Package, Item. No. 8, Expansion of the Human Rights Act, number 19, pointing out that, in the State of Virginia it is still legal to discriminate against sexual preference for hiring purposes and housing.

The RAC has prepared a letter of support to City Council for the legislative package that might assist with non-discrimination in employment and housing practices for the LGBT community. **Motion carried to approve the draft letter addressing the expansion of the human rights act to include specific non-discrimination language in the city's legislative packet.** Ron Villanueva recommended that additional members, including the Speaker, and the General Laws chair, be copied.

Public Comment

Sylvia Strickland announced that December 10, 2019 is the 70th anniversary of the International National Human Rights Day and the City's Human Rights Commission 25th Anniversary. There will be a forum at 6:00pm on human trafficking at the Meyera E. Oberndorf Central Library.

Meeting adjourned at 4:33 p.m.