

October 29, 2025

Memorandum #2025-144

TO: Hampton Roads Chief Administrative Officers

BY: Mary Bunting, Chair

RE: Hampton Roads Chief Administrative Officer (CAO) Committee Meeting – November 5, 2025

The next meeting of the Hampton Roads Chief Administrative Officer (CAO) Committee is scheduled for **Wednesday, November 5, 2025, beginning at 11:30 AM**. This meeting will be held at the Grey Goose Restaurant located at 10 S Mallory St, Hampton, VA 23663. The agenda and related materials are attached.

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Attachments

Chief Administrative Officers:

Mary Bunting, HA
Chris Price, CH
Lincoln Saunders, FR
Carol Steele, GL
Don Robertson, IW
Scott Stevens, JC
Alan Archer, NN
Patrick Roberts, NO
Randy Wheeler, PQ

Steven Carter, PO
Michael Stallings, SM
Brian Thrower, SH
Kevin Hughes, SU
Melissa Rollins, SY
Patrick Duhaney, VB
William Saunders, WN
Andrew Trivette, WM
Mark Bellamy, YK

**Hampton Roads
Chief Administrative Officer (CAO) Committee Meeting
Agenda**

**Wednesday, November 5, 2025
11:30 AM**

**Grey Goose Restaurant
10 S Mallory St, Hampton, VA 23663**

1) Call to Order

2) Approval of Agenda

3) Public Comment

Members of the public will be provided with an opportunity to address the CAOs. Comments will be limited to three minutes per speaker.

4) Items of Regional Interest

CAO Committee members will be asked to share any items of regional interest from their locality.

5) Introduction and Comments from Michael Davis, P.E., VDOT District Engineer

Mr. Davis was named as the new Hampton Roads District Engineer effective September 25, 2025. He has over 36 years of experience in the transportation industry, working as a licensed professional engineer in both the public and private sectors. For the past six years, he has served as the VDOT Hampton Roads' Deputy District Engineer, overseeing the development and delivery of all projects within the Hampton Roads District's \$1 billion annual program and leading the district's planning, programming, design, construction, and Locally Administered Projects (LAP) divisions. He succeeds Christopher Hall, P.E., who is retiring after eight years leading the Hampton Roads District.

Mr. Davis will provide some introductory remarks and welcome comments or questions from CAO Committee members.

6) Regional Infrastructure Framework

At their October meetings, the HRTPO and HRPDC approved the Regional Legislative Agenda for the upcoming General Assembly session. As part of this Regional Legislative Agenda, the HRTPO Board requested that the General Assembly establish a Primary and Secondary Road Fund to address transportation needs on non-

interstate roadways within Hampton Roads. While the HRTPO endorsed the creation of this fund as a mechanism to collect and invest future revenues for transportation improvements, the Board did not identify a specific revenue source.

In recent years, discussions surrounding the Primary and Secondary Road Fund have often focused on a potential increase in the regional sales and use tax as a funding mechanism. Local officials at both the HRTPO and HRPDC October meetings emphasized that Hampton Roads communities face infrastructure funding needs beyond transportation – particularly in areas such as flood prevention, school modernization & construction, and other essential local projects. A suggestion was made that the region needs to consider a broader “Fiscal Infrastructure Framework”.

Attached for CAO members' review is a paper entitled “Fiscal Infrastructure Framework for Hampton Roads.” This summary paper briefly describes an overview of regional infrastructure funding needs, discusses funding challenges and considerations, and outlines a potential path forward.

The Executive Director will introduce this information and request discussion, feedback, and direction from the CAO Committee.

7) State Tax Exemptions and Update on Collaboration with Other Regions

The Executive Director will brief the CAO Committee on updated language for the Regional Legislative Agenda regarding State Tax Exemptions. In addition, an update will be provided on coordination with other PDC regions in Virginia's urban crescent related to this issue.

8) Other Business

9) Next Scheduled Meeting

The next regularly scheduled meeting will be held on January 7, 2026, at 11:30 AM and will be hosted by the City of Portsmouth.

10) Adjournment

Fiscal Infrastructure Framework for Hampton Roads

Introduction and Background

At their October meetings, the Hampton Roads Transportation Planning Organization (HRTPO) and the Hampton Roads Planning District Commission (HRPDC) approved the Regional Legislative Agenda for the upcoming General Assembly session. As part of this agenda, the HRTPO Board requested that the General Assembly establish a Primary and Secondary Road Fund to address transportation needs on non-interstate roadways within Hampton Roads. While the HRTPO endorsed the creation of this fund as a mechanism to collect and invest future revenues for transportation improvements, the Board did not identify a specific revenue source.

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Overview of Funding Needs

Local governments in Hampton Roads are responsible for advancing projects across a wide range of infrastructure areas that are vital to maintaining and enhancing our region's quality of life and economic strength. The cost of these projects, however, far exceeds the financial capacity of local governments under Virginia's current tax structure, given the high costs of major infrastructure investments.

Hampton Roads hosts a number of state and federal facilities of national importance. The region is home to the largest naval base in the world and one of the highest concentrations of military assets in the United States, including significant presences from the U.S. Navy, Army, Marine Corps, and Coast Guard. It also contains the Port of Virginia, which supports both the Commonwealth's economy and supply chains across the Mid-Atlantic and Midwest. These nationally significant assets are at risk if the region's infrastructure needs are not adequately addressed. Below are three examples of major infrastructure priorities for the region:

Transportation

Over the past decade, the approach to funding and advancing major transportation projects in Hampton Roads has changed dramatically. Historically, interstate transportation projects were primarily funded by the federal and state governments. However, over the past 30 years, Hampton Roads has not received sufficient federal and state funding to address long-standing transportation

challenges. Following the construction of the Monitor-Merrimac Memorial Bridge-Tunnel in 1992, the region saw a long gap in large-scale, publicly funded transportation projects until local governments urged the General Assembly to establish the Hampton Roads Transportation Fund (HRTF) in 2013. This fund created an additional regional sales & use tax and gasoline tax, and the General Assembly also formed the Hampton Roads Transportation Accountability Commission (HRTAC) to manage these revenues and implement large-scale congestion relief projects.

The impact has been transformational. In just ten years, the region has advanced nearly \$6 billion in regional transportation projects, 93% of which have been funded through regional tax revenues managed by HRTAC.

More recent discussions have shifted to focus on the region's local primary and secondary roadways, which connect to or run parallel with interstate corridors. The HRTPO has identified more than \$3 billion in unfunded projects on this local road network. However, local officials have cautioned that increasing the regional sales & use tax further to fund these projects cannot be considered in isolation, given significant needs in other infrastructure categories.

Recurrent Flooding

Flooding is a persistent challenge in Hampton Roads, caused by a combination of tidal events, heavy rainfall, and coastal storms. These issues are further compounded by well-documented trends of sea level rise and land subsidence, which will continue to exacerbate the problem in the coming decades.

Several local governments have developed detailed plans identifying the infrastructure investments necessary to reduce flooding risks. However, the costs of these projects are substantial and far beyond what local governments can fund alone. Although federal funds are available, they typically require a 35% non-federal match. For example, Norfolk would need to provide approximately \$950 million in local matching funds to access federal support for the construction of its floodwall. Virginia Beach recently approved a \$568 million bond referendum to fund flood mitigation projects, but inflation has significantly increased costs. On the Peninsula, localities are collaborating to complete an Army Corps of Engineers study to identify eligible projects, but these smaller jurisdictions will face even greater challenges in meeting required local match obligations.

Without a comprehensive financing strategy for flood prevention, the region's federal and state assets, economy, and quality of life remain at risk.

School Construction and Modernization

High-quality public education is a cornerstone of a strong community and a healthy economy. There is a clear link between school performance, quality of life, property values, and local tax revenue. However, many urban localities in Hampton Roads face limited land availability, revenue-generating constraints, and tax exemptions under Virginia's current tax system.

These constraints make it difficult for some localities to balance the need for school investment with other financial priorities. In some cases, school closures have been proposed as a cost-saving measure. Ensuring continued investment in quality K-12 education is critical to providing equitable, high-quality learning opportunities for all students across Hampton Roads.

Other Infrastructure Needs

Beyond the priorities outlined above, local officials have highlighted the need for toll relief for the Elizabeth River Crossings Downtown and Midtown tunnels. These tolls have had significant impacts on the residents and businesses of Portsmouth and Norfolk, as well as commuters throughout the region. Additionally, there is growing regional interest in expanding investment in public transportation to improve frequency, reliability, and accessibility across Hampton Roads.

Funding Challenges and Considerations

As noted earlier, Hampton Roads residents and businesses have already contributed more than \$5 billion toward major transportation investments. The regional sales & use tax has been the primary source of this funding. Local officials are concerned that continued increases to this high tax rate could reduce the region's economic competitiveness.

Moreover, state tax exemptions significantly reduce local revenue. One locality reports losing as much as \$50 million annually due to exemptions and unfunded mandates. These exemptions cause smaller localities to lack sufficient financial reserves to handle unexpected budgetary pressures.

Virginia's tax structure is outdated, and regional leaders, notably the Chief Administrative Officers, have discussed the urgent need for comprehensive modernization. Currently, localities in Virginia do not receive income tax revenue and rely heavily on real estate and sales taxes to fund essential infrastructure. Other taxes, such as the car tax, are politically unpopular and often targeted for elimination without clear plans to replace the lost revenue.

Path Forward

Hampton Roads should consider action by the HRTPO and HRPDC to seek assistance from the Virginia General Assembly to undertake a comprehensive review and modernization of the state's tax system. This review should focus on establishing modern revenue mechanisms to fund a broad range of infrastructure needs, including transportation, flood prevention, school construction and modernization, public transportation, and toll relief.

Hampton Roads has already demonstrated success through HRTAC's effective management of regional transportation investments. Through the collaboration of 17 local governments, the region has established a proven model for setting priorities, developing financing strategies, and partnering with VDOT to deliver transformative projects. This same model could be adapted to address other critical infrastructure needs, provided that localities have access to sustainable and equitable funding sources.

Now is the time to take a comprehensive, forward-looking approach to infrastructure funding that will strengthen our region and our Commonwealth, improving quality of life for generations to come.