

Virginia Port Authority Board of Commissioners
Facilities Committee Meeting
March 28, 2006
Open Session Minutes

Committee Members Present:

Virginia M. Murphy, Vice Chairwoman
William M. Grace
Deborah K. Stearns
J. Braxton Powell

Committee Members Absent:

Ranjit K. Sen, Chairman

Commissioners Present:

John G. Milliken, Chairman
E. Massie Valentine, Jr., Vice Chairman
Mark B. Goodwin

Staff:

J. Robert Bray, Executive Director
J. J. Keever, Deputy Executive Director
Jeffrey L. Florin, Chief Engineer
Rodney W. Oliver, Director of Finance
Linda G. Ford, Director of Port Promotion
David M. James, Director of Contracts and Real Estate
Carla Welsh, Program Manager – Port Promotion
Debra J. McNulty, Clerk

Guests:

Michael T. Crist, Moffatt & Nichol Engineers

Members of the Press:

Gregory Richards, *The Virginian-Pilot*

Pursuant to call by Ms. Murphy, Committee Vice Chair, the Facilities Committee convened an open session on this date at 10:00 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following item was discussed:

1. Proposed construction of a Maritime Center.

Mr. Keever referred to the background paper in the agenda materials that described the need for the construction of a "Hampton Roads Maritime Center", next to the ILA/HRSA building on Terminal Boulevard, Norfolk. He explained that, several years ago, VPA had identified the need to demolish several warehouses at NIT in order to provide container handling capacity and to relocate some personnel off the terminal for security reasons.

Mr. Keever explained that relocating these personnel will allow for the planned demolition of existing warehouses in order to consolidate and expand NIT rail operations.

Mr. Keever presented a slide indicating the location of the warehouses at NIT (Central) and one that depicted the proposed rail facility planned for that location. He advised that the Hampton Roads Maritime Association (HRMA) and Hampton Roads Shipping Association (HRSA) had planned to construct a 50,000 square-foot building on the proposed 40-acre site for both organizations. The total value of the effort to date is \$400K. However, after further evaluation, and deliberations of their respective Boards, HRMA/HRSA determined it was not feasible for them to proceed with the project and they would remain in their existing location. He reported that the HRSA released development plans to VPA that were approved by the Norfolk City Council.

Mr. Keever reported that VPA intends to construct a smaller building, 20,000-square feet, to relocate approximately 75 VIT personnel and other maritime offices from the terminal. He advised that the building would be Class A. He reported that the Authority intends to seek Board approval for the project and to include the cost for construction within its current funding sources. Mr. Florin noted that there would be room for expansion.

Ms. Stearns questioned the necessity for personnel to be located next to the terminal and she suggested that the Authority look into available office space in the downtown area rather than construct a new building. Mr. Keever stated that having personnel next to NIT was not essential and that VPA could look at other options. Ms. Stearns said there is a very high percentage of Class A rent available. She said it would be logical to explore the alternatives as construction costs are higher than they have ever been. These options could be more effective than construction options. The Chairman agreed.

Chairman Milliken asked if the land, which is currently owned by VPA, could be put to other uses. Mr. Bray advised that the property had always been an issue for the city as they do not want VPA to use it for cargo-handling. He explained how the ILA building was leased initially. Mr. Bray said there had been much consideration taken into account as the project makes space available at the terminal and gets the cars off the terminal. He said that employees need to be close by.

Mr. Grace advised that VPA, by owning the land, has invested a lot so far. He questioned the cost of the building. Mr. Bray advised that the building is estimated to cost \$4 million. Ms. Stearns remarked that was too high.

Mr. Bray advised that today's briefing was just an informational meeting with recommendations for action scheduled for the May or July meeting. Ms. Stearns recommended that VPA do a cost comparison to determine the feasibility of constructing a new building or renting available space. She said it would be prudent to evaluate the options first.

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Mr. Florin referred to the background paper and advised that the mention of a ground lease does not apply at this time.

There were no comments from the public. The meeting adjourned at 10:30 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board