

## Regionalist Paper No. 2

### **The Regional Structure: The History of Regional Cooperation in Hampton Roads**

The current patchwork structure of the institutions of regional governance in Hampton Roads—public and private—is best understood as the result of a piecemeal evolution over some four decades. Describing our region’s experiences with regionalism in an historical context has several advantages. First, history reminds us that regionalism is an old idea, dating back at least to World War II on the national scene. Second, an historical approach is a convenient way of describing the somewhat odd institutional structure in which we practice regional cooperation, and to a lesser extent, regional governance, today in Hampton Roads. Finally, it helps explain why we are organized as we are today.<sup>1</sup>

In Virginia, we have learned a lot, but in some respects we still seem awfully slow to learn. Today, in the absence of effective regional government, we are nevertheless steadily becoming more proficient practitioners of regional cooperation, albeit through a somewhat ramshackle structure.

In Virginia, the government framework below the state level has been shaped by the Dillon Rule and the Independent Cities Act.

First, the Dillon Rule is the result of a nineteenth century court case in Iowa, in which a certain Judge Dillon ruled that cities and towns and counties have only the powers granted to them under their charters by the state legislature. In a non-Dillon state, the municipalities have all powers except those denied to them by the state legislature. Municipalities dislike the Dillon Rule. Big business likes the Dillon Rule. Virginia strictly follows the Dillon Rule, and it is a pillar of our strong business environment, as it prevents a local city council from going overboard with taxes or restrictive legislation. Currently, 31 states follow the Dillon Rule, 10 states follow Home Rule, and eight follow both rules, meaning some municipalities are managed by the Dillon Rule, while others adhere to Home Rule procedures.<sup>2</sup>

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<sup>1</sup> See Regionalist Paper No. 3, *Contemporary Regionalism and Hampton Roads: Where We Stand in the Process, and What Might be Next*.

<sup>2</sup> Jesse J. Richardson, Jr., Meghan Gough, and Robert Puentes, *Is Home Rule the Answer? Clarifying the Influence of the Dillon Rule on Growth Management*, (Virginia Polytechnic Institute and The Brookings Institution Center on Urban and Metropolitan Policy, 2003) p. 17-21.

Secondly, Virginia is the only state with the Independent Cities Act, which means that our cities and counties are separated. Elsewhere, cities typically are embedded in counties, and the cities were able historically to annex county land to expand their tax bases. Annexation as a process of achieving improved regional coherence started to decline sharply in the 1950s for various reasons, including rural and suburban objections to being used or not being treated as equal partners. In Virginia, the cities gave up their annexation rights in the 1970s in exchange for promises from the state legislature to make up the resulting loss in tax revenue. Although confirmed again in 1990, this promise was not kept, and the backlog of the unpaid obligation amounts to hundreds of millions of dollars.

In any case, the first institutional fact of life in Virginia and Hampton Roads is that what the municipalities can do and how they can coordinate to achieve the benefits of regionalism are conditioned by the Dillon Rule and the Independent Cities Act<sup>3</sup>. And that is the point; in Hampton Roads, we must work within the state systems of governance that exist or modify those systems. Public administration practitioners differ in this regard. Some suggest that these rules make it difficult to regionalize, others suggest they make it easier, while most practitioners believe that regionalism can be, and has been, achieved successfully in states with or without these rules.<sup>4</sup>

The next important piece of the regional structure is the Hampton Roads Planning District Commission. Virginia's 21 planning districts were created by the Virginia Regional Cooperation Act of 1968.<sup>5</sup> These District Commissions are widely recognized as one of the substantial accomplishments of the Hahn Commission<sup>6</sup> on the Structure of Local and Metropolitan Government. The Hahn Commission was appointed in the mid-1960s by Governor Mills Godwin to struggle with the same issues of regionalization we continue to struggle with today. Although planning district commissions do not have the coercive powers of government, they provide important research and planning services for their member municipalities. Municipal government membership is voluntary, but all localities in Hampton Roads belong to the Hampton Roads Planning District Commission (HRPDC).

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<sup>3</sup> See Regionalist Paper No. 14, *Regionalism: Does the Dillon Rule Help or Hinder Metropolitan Progress?* for a discussion on this ruling in Virginia.

<sup>4</sup> Richardson, Puentes, et al, *Chapter C: Dillon's Rule and Intergovernmental Cooperation*, p. 28-30, and *Conclusion*, p. 34.

<sup>5</sup> The Code of Virginia, § 15.2-4200-4222 establishes the mission, goals, composition, and responsibilities for District Commissions.

<sup>6</sup> Marshall Hahn, Jr., *The Report of the Virginia Metropolitan Areas Study Commission*, referred to as the "Hahn Commission Report" (Senate Document No. 14, Commonwealth of Virginia, 1967).

Next, and stemming from federal transportation and environmental legislation<sup>7</sup>, major metropolitan areas must also have a Metropolitan Planning Organization<sup>8</sup>, or MPO, to manage the regional planning and programming for the multi-modal transportation infrastructure and the air quality compliance plan required as a prerequisite of receiving federal transportation funds. The Hampton Roads MPO was formed in 1973, and it receives staff and administrative support as needed from the HRPDC.

Next in the regional governance structure are regional authorities, of which Hampton Roads or sections of Hampton Roads have about a dozen. Where municipalities find a rationale for working together, usually on coordinating some specific public service, they often ask the state legislature to charter an authority. Examples in our area include the Southeastern Public Service Authority, which provides trash disposal on Southside, and a parallel authority for the Peninsula; Hampton Roads Transit, which operates the buses<sup>9</sup>; the airport authorities of Norfolk and Williamsburg-Newport News; the Hampton Roads Sports Authority; and so on. The board of directors of such a regional authority is appointed either by its constituent municipalities or by the governor; it is empowered to collect user fees to support its operations; and usually it just goes quietly about the business of providing an efficient and professional public service relatively free of political gamesmanship<sup>10</sup>.

The economically most important of these vehicles in Hampton Roads is clearly the Virginia Port Authority (VPA). Created by the General Assembly in 1983<sup>11</sup> to manage the merger of four port complexes located in three cities, the VPA is operated now as a business for the benefit not of our cities but for the State, which controls it entirely. The Port Authority is useful to our history of regional economic development by providing an outstanding case study of what a cooperative marketing effort can do for a regional economy. Before 1983, port volume was growing annually in single digits. After the merger of the ports into the VPA, growth surged into double digits year after year, and Hampton Roads surpassed Baltimore to become the leading mid-Atlantic load center. Regionalism as an economic strategy delivers significant results.

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<sup>7</sup> See Regionalist Paper No. 4, *Federal Support for Regionalism: Understanding Trends and Available Resources*.

<sup>8</sup> As defined and empowered in U.S Code Title 23 and Title 49, Chapter 52

<sup>9</sup> Hampton Roads Transit (HRT) operates buses and ferries in Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach.

<sup>10</sup> See Regionalist Paper No. 3, *Contemporary Regionalism and Hampton Roads: Where We Stand in the Process, and What Might be Next*, for a discussion of regional authorities, their pros and cons.

<sup>11</sup> The Code of Virginia, § 62.1-128-147.2

Finally, in addition to the planning district, the MPO, and the various authorities, there are scores of other collaborative arrangements among our municipalities that range from bi-lateral to various multi-lateral coordination agreements. For example, the cities of Hampton and Newport News were once taking so much criticism from the Peninsula newspaper about regional cooperation that they counted all their agreements for mutual services—they came up with over 90 such arrangements. Other notable inter-city arrangements are the water contracts that exist not only between Norfolk and Virginia Beach but also among other suppliers and users of water on both sides of the James River. The Hampton Roads Partnership recently prepared a compendium of all these inter-government agreements; it found hundreds of them ranging from participation in authorities to simple arrangements for meeting together on particular issues.

Thus the principal formal public entities at the regional level that impact economic developments are the Planning District Commission, the Metropolitan Planning Organization, the various public service authorities, and the network of inter-city agreements.

The *private sector* has not been idle when it comes to regionalism. Often, it has led the way. In 1965, leaders in the communications industry brought together all the school districts to create the Hampton Roads Educational Television Association, better known as WHRO. In 1979, lovers of fine music realized that the area could afford to field a much better symphony orchestra if they pooled the resources of the Norfolk Symphony, the Peninsula Symphony, and the Virginia Beach Pops. Thus was born the Virginia Symphony—which has since become a major symphony orchestra that is ranked 20<sup>th</sup> among the nation's 51 majors. The Virginia Symphony is another sterling example of the higher level of performance that flows from concentrating regional resources on a shared strategy. The growth efforts of all our arts organizations have turned Hampton Roads into the arts capital of Virginia, capped by the world-class Virginia Arts Festival first staged in 1997. With respect to economic development, these cultural ornaments enhance our attractiveness to corporate relocation prospects.

A united business community can similarly be a structural asset for the region. In the early 1980s, the leaders of the various city chambers of commerce on Southside came together to form a regional chamber of commerce for Hampton Roads. A Peninsula Chamber and Williamsburg Chamber already existed for the cities there, and those organizations were invited to join as well, but they decided to remain separate for the time being. Hence the resulting entity, though hopefully named the Hampton Roads Chamber of Commerce, merged only the five southside organizations. Today, the Hampton Roads Chamber and the Peninsula Chamber do cooperate on a number of

programs, including those that encourage economic growth, such as the Small Business Development Centers and events such as a 2005 Forum on Transportation at the new Hampton Roads Conference Center in Hampton.

Interestingly, the creation of the Hampton Roads Chamber of Commerce in 1983 was pushed by the southside business leadership not so much to have a fine chamber but precisely for the purpose of funding a stronger regional economic development marketing plan for the entire region, including the Peninsula. Instead, however, and until 2005, separate regional marketing organizations have been maintained for southside and the Peninsula. The southside regional development effort began in the 1960s as the Tidewater Virginia Development Corporation, or TVDC, which eventually languished for lack of funding. The effort was restarted in the late 1970s as the Greater Hampton Roads Organization, or GHRO. GHRO too eventually foundered because the cities, intent at that time on building their own development departments, feuded about the regional approach and pulled their money out. Hence, in 1983, the newly formed Hampton Roads Chamber of Commerce took over GHRO and restarted it as Forward Hampton Roads, funded entirely with private money. Nine years ago, Forward Hampton Roads was reorganized to include the cities once again and it was renamed the Hampton Roads Economic Development Alliance (HREDA). The value of regionalism in economic development was thus once again recognized by the southside cities.

Meanwhile, on the Peninsula, by contrast, the regional economic development organization has always been a strong public-private partnership, funded mostly with municipal money. It too was reorganized a few years ago in order to expand beyond economic development marketing to workforce training and other development functions, and it was renamed the Virginia Peninsula Economic Development Alliance (VPEDA).

As with the Chambers, there had been a quiet ongoing effort to merge these two economic development Alliances into a single powerhouse marketing organization for the entire region, and this was finally accomplished in 2005. This unification of the region's economic development marketing effort is an extremely important development, just as was the earlier merger of the ports.

Another important private initiative in the mid-1980s was the creation of a visioning organization known as the Future of Hampton Roads. FHR was the first attempt to put together a strategic set of development priorities for the entire region. Perhaps its principal contribution was to change the terms of discourse about what regionalism could do for the area. A more positive dialog on regional cooperation followed in the media, and the public became more than ever oriented to the notion that

regional cooperation is good for the economy. The Future of Hampton Roads continues today as a non-profit, non-political body for shaping opinion on major issues. Beginning in 2004, FHR organized a “Hampton Roads Regional Structure Project” involving 37 public and private organizations to consider structural reforms to the region’s mechanisms of regional governance and regional cooperation, including the important goal of giving the region a stronger political voice for pursuing regional interests both locally and in Richmond and Washington.

Another exceedingly important private initiative in the 1980s was the merger of the two local metropolitan statistical areas, or MSAs, in time for the 1990 census. MSAs are designated by the federal Census Bureau<sup>12</sup>, and this merger effort required convincing federal officials that indeed both sides of the James River were sufficiently integrated economically to form a single statistical entity. Again, the motive was economic competitiveness. Formerly the separate Tidewater and Peninsula MSAs ranked 42nd and 82nd among national markets. The newspaper interests on both sides of the James River argued that a single MSA would rank 27<sup>th</sup>, thus bringing our area to the attention of national advertisers. In the 2000 census, using three city names because the region is deemed not to have a definite central city, the statistical entity was designated the “Virginia Beach-Norfolk-Newport News MSA.”

At the end of the 1980s, with a concept of regionalism floating about that included both sides of the James, the municipal leaders also took additional creative steps. Mayor Joe Leafe of Norfolk, in his 1989 State of the City address proposed that the then separate Southeastern and Peninsula planning districts, like the MSAs, also should be merged. This was done in 1990. Mayor Leafe also suggested that the local elected officials should meet monthly. This was the origin of the group known as the Mayors and Chairs Caucus of Hampton Roads. A parallel organization of city managers—the Chief Administrative Officers Organization—arose at the same time. The regular monthly meetings of the elected and administrative leaders of the cities and counties of the Hampton Roads Planning District and the MPO have been immensely important in facilitating decisions and creating personal relationships that have fostered more productive dialog among the cities. In the absence of regional government, such relationship building provides an essential base for cooperation and future planning.

In the early 1990s the private sector again became deeply concerned about the regional economy. With the recession, the competition of the other port cities, and the

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<sup>12</sup> See Regionalist Paper No. 4, *Federal Support for Regionalism: Understanding Trends and Available Resources*.

threat of base closures and defense downsizing, the Hampton Roads Chamber of Commerce could see that the region was headed for further erosion of its growth rate and income level. In 1992, as a means for stimulating a sense of urgency about the economy and the need to act regionally in order to be competitive internationally, the Chamber initiated a regional visioning exercise known as “Plan 2007”. Over 400 leaders from all over the region came together in the summer of 1993 to set priorities for transportation, high tech business development, port expansion, tourism, and other key economic clusters. The material developed by Plan 2007 was used during 1994 to challenge the elected officials to join with the business community in a concerted development effort, in particular to create a regional organization of leaders to advance the Plan’s ambitious strategies.

A Regional Identity Task Force created by the Plan 2007 Organization worked for two years on a list of initiatives to improve recognition of the regional name. This led to proper labeling of maps, wider use of the name in regional marketing by the private sector, and creation of the regional flag<sup>13</sup> in 1998.

At the same time that Plan 2007 was generating some local momentum, at state level a group was brought together by the mayors of Norfolk, Richmond, and Roanoke to discuss the growing fiscal plight of the cities and their surrounding metropolitan areas. The Virginia Commonwealth Chamber of Commerce, concerned by the weakened competitiveness of the cities, joined with these municipal leaders to form the “Urban Partnership.” The Urban Partnership was a statewide public-private initiative. Its principal achievement was the Regional Competitiveness Act of 1997. The Regional Competitiveness Act—until the 2003 budget crisis—provided annual financial incentives to municipalities that would join together in a newly formed regional council to implement a regional development plan.

Out of these parallel efforts of Plan 2007 and the Urban Partnership was born, in 1996, the Hampton Roads Partnership (HRP). The Hampton Roads Partnership was the new regional council required by the Regional Competitiveness Act. As required by the Act, the board includes the mayors and county chairs, all the university presidents, the principal military commanders, and representatives of business, labor, and civic organizations. The Partnership adopted the Plan 2007 document as its regional plan. In 1999 and 2004 updated strategic plans set fresh priorities for workforce training, transportation, the port, high tech manufacturing, military partnering, tourism, and regionalism itself.

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<sup>13</sup> The flag is itself historic as it is the first flag ever created for a metropolitan region in the United States.

The Hampton Roads Partnership is a unique public-private organization formed in 1996 to provide leadership on strategic issues that will improve our competitive position in the global economy.<sup>14</sup> With a membership representing all major sectors of the entire region, the Hampton Roads Partnership has provided significant leadership. For example, it organized the broad Transportation Alliance that supported the referendum on highway funding; it brought together the legislators in support of the bill to allow the referendum; and it raised the funds for the advertising campaign. Until 2003, the Partnership received more than \$2 million a year in appropriations under the state's Regional Competitiveness Act. These funds were used to initiate or support some fifteen specific programs designed to move the regional economy forward—a technology council, a pre-school program, a university research partnership, business incubators, the arts festival, a business park.

Finally, the roster of important elements of the regional development structure is completed by the Hampton Roads research community, consisting of the national labs—NASA Langley in aeronautics and space, and Jefferson Lab in nuclear physics—plus the universities, especially Old Dominion University with its engineering school. Old Dominion has fostered dozens of partnerships with industry, runs the largest program producing high tech engineers and technicians, and works with the military to retrain exiting personnel for careers in business and education. ODU Oceanography Department and William & Mary's Virginia Institute of Marine Science do world-class research in oceanography. The Medical College of Hampton Roads has generated millions of dollars worth of medical research. The latest addition to the region's research complex is the modern ship design facility created at Northrop Grumman's Newport News Shipbuilding. Today, in a consortium sponsored by the Hampton Roads Partnership, these research entities are collaborating in a Hampton Roads Research Partnership that aims to increase aggregate research funding from \$115 million to \$400 million in ten years.

Even with all its complexity, the above is still only a sketchy narrative of how our region got to where it is today. Omitted are the many business organizations, such as the Greater Norfolk Corporation, Virginia Beach Vision, or Greater Peninsula Now, that include regional objectives in their programs. The arts community unites in the Cultural Alliance of Greater Hampton Roads, a service and advocacy organization for the region's arts and cultural organizations and artists. Numerous non-profits provide volunteer and social services. Some of these entities are region-wide, some are not. All represent a

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<sup>14</sup> Hampton Roads Partnership mission statement, [www.hrp.org](http://www.hrp.org)

start on the concentration of funds and talent that lead to more professional and more effective service delivery.

The public definitely supports regional cooperation and development. A survey commissioned by the Hampton Roads Partnership asked “Would taxpayers in Hampton Roads benefit if area cities and counties worked together more?” - 90% said “yes!” Furthermore, there is hope in recent calls for more public dialog at the grass roots level to reaffirm our regional vision. Out of such discussion may emerge the understanding and the will power that will allow some key decisions to be made and implemented.

This brief history has been a complicated story, no doubt confusing, just as our resulting regional institutional structure that impacts development is confusing to our public. Nevertheless, over the last four decades, we have created important institutions that provide for regional cooperation and regional coordination. As one seasoned observer has noted, “Citizenship in Virginia has made its way back into the public purpose realm with creative involvement in diverse ways .....However, the future may not work for all of us as well as it can if we do not broaden citizenship to include a significant regional dimension”.<sup>15</sup> We do have some gaps in our arrangements, and continuing population and economic growth delivers new challenges for which we will need new solutions and new instruments of regional governance. In addition to our mayors and county chairs and our city and county managers, who do meet periodically, the 104 members of our 16 city and county councils never meet together to share information and coordinate objectives. Our legislative delegation in the General Assembly also does not work together actively to foster regional goals. Currently, neither the Hampton Roads Planning District Commission (HRPDC), the Hampton Roads Metropolitan Organization (MPO) or the Hampton Roads Partnership (HRP) possess a sufficient public profile or the authority required in order to serve as the leading organ of regional cooperation in Hampton Roads.

These considerations motivate the ongoing search for improvement. It’s a competitive world, and the clock is always ticking. “Regions are the new communities of the 21st century. They have emerged just as villages, towns, cities and counties did before them... and now they determine our fates”.<sup>16</sup>

James F. Babcock and Ray Taylor, Board members, Future of Hampton Roads, December 2005

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<sup>15</sup> James V. Koch, *The Annual State of the [Hampton Roads] Region - 2001 Report, Chapter 6: Regionalism and the Dillon Rule: An Interpretive Essay*, (Old Dominion University, 2002), p. 114.

<sup>16</sup> William R. Dodge, *Regional Excellence: Governing Together To Compete Globally and Flourish Locally*,