

hampton roads



KRISTEN ZEIS | THE VIRGINIAN PILOT

Norfolk Mayor Kenny Alexander speaks with Optima Health President and CEO Michael Dudley before a news conference Wednesday at the former J.C. Penney location in Military Circle Mall in Norfolk.

Health insurer plans to hire 200 for new Military Circle Mall office

By Eric Hartley
The Virginian-Pilot

NORFOLK

A health insurance company will hire about 200 people for a new customer-service center inside the former J.C. Penney at Military Circle Mall, the city announced Wednesday.

The contract with Optima Health is the first major development deal since Mayor Kenny Alexander and two other new council members took office last summer. It's also part of a broader city effort to revitalize Military Highway and the struggling mall.

Optima, a unit of Sentara Healthcare, will rent 45,000 square feet in the building, which is owned by the Norfolk Economic Development Authority.

Starting June 1, Optima will become the second tenant in the two-story former department store. Movement Mortgage is leasing the first floor, about 90,000 square feet, and also plans to open its office there in June. Movement is relocating 550 jobs from Virginia Beach and plans to hire 200 new people over two years.

Under an initial seven-

year lease, Optima will pay rent that starts at just under \$600,000 per year, then goes up by 2.5 percent a year. The new office is linked to a deal Optima signed with the state in February to serve people covered by Medicaid who have long-term needs.

The new program, called Commonwealth Coordinated Care Plus, covers older people and those with disabilities and chronic illnesses.

Randy Ricker, a vice president with Optima, said the new Military Circle center will house two main groups of employees. The first is an operations team that will pay claims, answer phones and do other administrative tasks. The second includes nurses and social workers who will call people who are homebound or in nursing homes to make sure they're getting the care they need. That can include doctor's appointments, but also non-medical needs such as Meals on Wheels visit, Ricker said.

Serving those with long-term needs more efficiently is key, Ricker said, because they make up only 30 percent of the people on Medic-

aid in Virginia but account for 70 percent of the costs.

The J.C. Penney store at Military Circle closed in 2014. Later that year, Norfolk's development arm bought it and 1,400 parking spaces – 16 acres in all – for \$2.5 million. The City Council and Development Authority voted last year to spend \$18 million to renovate the building into office space.

The deal with Optima for half the second floor leaves 45,000 square feet left to rent. Alexander and other officials said it also moves Norfolk past the break-even point on the investment.

Following a news conference inside the old department store, the Development Authority voted to approve the Optima deal. Members then took a tour of the building, which is unfinished but will soon be filled with hundreds of cubicles. Movement Mortgage plans to start moving in furniture this month.

Andrew Yancey, a business development manager for the city, said nearly everything except the structural steel is new, including the electrical and HVAC systems, sprinklers

and roof. Crews removed the old department store escalator and filled in the resulting hole in the first-floor ceiling. They also added windows for more lighting. "It's basically a new building on top of some old bones," Yancey said while walking through the second floor.

Alexander pointed to the promise of almost 1,000 new workers coming to Military Circle every day. City officials hope those jobs will draw new restaurants and other businesses.

Councilwoman Angelia Williams Graves, whose ward includes the mall, said she has fond memories of going there as a child.

But in the past five years, it has lost three anchor stores – Sears in 2012, J.C. Penney in 2014 and Macy's last year.

"Our mall was on life support, and so now I think it might be able to breathe a little bit on its own," Graves said.

Turning to the city staff present, she added: "But I don't want you guys to stop. I want you to make sure we bring this area back so that it is a living, breathing facility here in the city of Norfolk."

Localities, led by Hampton, line up for \$2B windfall

HRSD project would yield pollution credits, share them with cities, counties

By Dave Mayfield
The Virginian-Pilot

HAMPTON

Every time the Hampton Roads Sanitation District clears another hurdle in its proposal to inject as much as 120 million gallons a day of highly treated wastewater deep below ground, some leaders of local cities and counties see dollar signs.

The project, called SWIFT – Sustainable Water Initiative for Tomorrow – promises to all but end HRSD's discharges of treated, but still polluted, water into the Chesapeake Bay. That would earn HRSD a massive amount of pollution-reduction credits that it's offering to localities to help them dodge toughening standards for stormwater runoff into the bay.

Regional planners have estimated the credits could be worth as much as \$2 billion in combined savings for the 11 cities and counties that stand to benefit.

Hampton is the first of the localities aiming to lock in its windfall. Its City Council is scheduled to vote March 22 on a deal to acquire nitrogen, phosphorus and sediment reduction credits generated by HRSD's project.

On Wednesday, when council members got a sneak peek of the agreement at a work session, HRSD's general manager, Ted Henifin, acknowledged the too-good-to-be-true appearance of the deal.

Hampton will get the credits for free, allowing it to avoid as much as \$200 million in stormwater system upgrades it otherwise would have to make.

"Is it something for nothing? Yes," Henifin said. "A free lunch."

The potential windfall is enough to lead Hampton to put off a planned increase this year in a fee that city residents pay for stormwater management, City Manager Mary Bunting said. She didn't specify how much the rate would have gone up.

Henifin said he expects the other localities that stand to

gain from the credit-trading deal – the cities of Chesapeake, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg, and the counties of James City and York – to reach similar agreements with HRSD by Aug. 1.

In an interview, he said that Chesapeake likely will be next in line. According to a Hampton Roads Planning District Commission consultant's memo in 2011, that city faced having to invest \$255 million in stormwater upgrades to comply with tightening guidelines for nitrogen, phosphorus and sediment pollution under the bay cleanup.

HRSD's project calls for treating wastewater at seven of its plants to drinking-water standards, then injecting it into the Potomac aquifer, the main aquifer underlying the region.

HRSD plans in early 2018 to begin a one-year demonstration of the project at its Nansmond plant in northern Suffolk, also the site of a new research center that it plans to break ground for March 31. The Suffolk demo calls for pumping 1 million gallons a day into the ground, and if it succeeds, HRSD plans to phase in full-scale aquifer injection at that plant and others over the next decade. It estimates the total project could cost \$1 billion.

The pollution credits it stands to earn would be more than enough to cover the 11 localities' stormwater cleanup obligations in the York and James rivers and their tributaries.

Henifin said HRSD plans to tell the cities and counties by 2025 whether it will proceed fully with its project and that it will guarantee them credits through 2036 – allowing them time to make other plans under the bay cleanup, should the project not come to fruition.

Officials in Hampton and other localities have said that, regardless of what happens with the HRSD project, they still plan to invest in some stormwater improvement projects to address flooding and other issues. And any new housing or commercial developments will have to meet tougher standards for runoff.