



March 5, 2025

Senator Mark Warner
Senator Tim Kaine
Congressman Rob Wittman (VA-1)
Congresswoman Jen Kiggans (VA-2)
Congressman Bobby Scott (VA-3)
Congresswoman Jennifer McClellan (VA-4)

Subject: Hampton Roads Leaders Address Federal Policy Matters

Dear Senators Warner and Kaine, and Representatives Wittman, Kiggans, Scott, and McClellan:

On behalf of a coalition of regional business and government organizations, we write to share our perspectives on current federal policy matters and how they may affect Hampton Roads. Our organizations represent business, higher education, and local government, with missions that seek to expand the region’s economy, identify major strategic initiatives, foster innovation, and promote regional collaboration.

The nation’s security demands the economic vitality of Hampton Roads. As we navigate current national and international dynamics, our region is uniquely positioned for growth, and your support is needed to ensure Hampton Roads fully capitalizes on our strengths.

The following memorandum outlines the areas we believe Hampton Roads aligns with the current administration, as well as policies that raise specific concerns for our region:

Areas of opportunity: Investments in defense & AUKUS, space, energy, and artificial intelligence & digital infrastructure.

Areas of risk: Tariffs, reductions in the federal workforce & defense spending, offshore wind, and any clawback of previously awarded federal funding.

Notably, the region has benefited from the Bipartisan Infrastructure Law and the Inflation Reduction Act, with awards over \$1 billion and \$600 million, respectively. This document will evolve, and as new administration policies and priorities emerge, we will update you, as appropriate, on their effects on the Hampton Roads region.

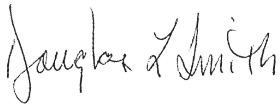
We ask that you work with us to do the following ahead:

- Protect the gains Hampton Roads made in recent years,
- Help Hampton Roads build upon those gains, and
- Work with Hampton Roads to achieve new gains with this administration.

We are committed to working collaboratively with you to advance policies that will drive long-term economic prosperity for Hampton Roads, and we appreciate your support in advocating for policies that align with our shared goals.

Thank you for your service to our region, the Commonwealth of Virginia, and our nation.

Sincerely,



Douglas L. Smith
President & CEO
Hampton Roads Alliance



Bryan Stephens
President & CEO
Hampton Roads Chamber



Nancy Grden
President & CEO
Hampton Roads Executive Roundtable



Rick Dwyer
Executive Director
Hampton Roads Military and Federal Facilities Alliance



Shawn Avery
President and CEO
Hampton Roads Workforce Council



David White
Executive Director
Virginia Maritime Association



Bob McKenna
President & CEO
Virginia Peninsula Chamber

CC:

Governor Glenn Youngkin
Hampton Roads General Assembly Delegation
Hampton Roads City Mayors and Chairs of Boards of Supervisors

ATTACHMENTS:

Memorandum from Regional Leaders
Infographic

MEMORANDUM

TO: Senator Mark Warner
Senator Tim Kaine
Congressman Rob Wittman (VA-1)
Congresswoman Jen Kiggans (VA-2)
Congressman Bobby Scott (VA-3)
Congresswoman Jennifer McClellan (VA-4)

FROM: Hampton Roads Alliance
Hampton Roads Chamber
Hampton Roads Executive Roundtable
Hampton Roads Military and Federal Facilities Alliance
Hampton Roads Workforce Council
Virginia Maritime Association
Virginia Peninsula Chamber

DATE: March 5, 2025

RE: **Hampton Roads Leaders Address Federal Policy Matters**

I. INTRODUCTION

As regional business and government leaders in Hampton Roads, we write with both optimism and concern for specific policies and priorities of the current administration and their effects on Hampton Roads. Our organizations are comprised of elected officials, business executives, and higher education leaders with missions to expand the region's economy and competitiveness, identify major strategic initiatives, foster innovation, and promote regional collaboration.

We are living in an era of unprecedented national and global shifts, and Hampton Roads is uniquely positioned to thrive. Our national economy is amid a profound restructuring, beyond cyclical ebbs and flows, driven by large federal and private investments in three key areas: (1) the reconstitution and strengthening of our military, (2) the re-onshoring of vulnerable supply chains and critical technologies, and (3) the need for diverse energy sources and resilient infrastructure. Put another way, in a time of increased global conflicts and escalating near-peer tensions, our country is prioritizing military, economic, technological, and energy security. Regions that recognize their position within and leverage their innate strengths in these areas will prevail in this new economy. We believe Hampton Roads is poised for growth since the central pillars of our regional economy positively reflect these economic shifts.

Hampton Roads is the epicenter of our nation's security interests. As you know, Hampton Roads is home to the largest naval base in the world, and the region is the domestic hub for shipbuilding and ship repair; our nation builds and projects our military strength from Hampton Roads. Similarly, the Port of Virginia is the 3rd largest port on the East Coast by container volume, has the deepest harbor and without overhead restrictions, and imports cargo from nearly 50 countries with distribution to 75% of the country within two days. In recent years, the disruptions of commerce due to COVID-19, dockworker strikes at the Port of Los Angeles, and the tragic collapse of the Francis Scott Key Bridge in Baltimore highlight the importance of the Port of Virginia to our nation's economic resilience. Our innovation ecosystem boasts NASA Langley, NASA Wallops, and the Department of Energy's Thomas Jefferson National Accelerator Facility (Jefferson Lab), the future home of the High Performance Data Facility (HPDF). Hampton Roads is also a first-mover in energy security, with the first offshore wind farm in federal waters, positive momentum in clean hydrogen production, and a maritime workforce capable of building small modular nuclear reactors in the future.

The Hampton Roads Alliance, in partnership with the regional organizations listed here, is developing a **Regional Investment Playbook** that aims to bolster the holistic growth of our region during this period of

industrial/energy restructuring and unprecedented federal investment. The **Regional Investment Playbook** will identify, in close collaboration with local stakeholders, a set of concrete, highly transformative project proposals that leverage the metro's economic strengths, harness the full potential of federal, state, and private sector investments, and establish a strong foundation for the next phase of Hampton Roads' growth and development. The end goal will be to transition Hampton Roads from a metropolis focused on the final assembly of sophisticated products (e.g., nuclear-powered submarines and aircraft carriers, offshore wind turbines) to one that participates more extensively in technological innovation and "upstream activities" in the supply chain.

With this direction in mind, as regional leaders, we are eager to work with the second Trump administration in ways that further strengthen our economic position. We, however, must also voice our concern over some of the policies and priorities that we believe could weaken our progress.

II. AREAS OF OPPORTUNITY FOR HAMPTON ROADS

The President's overarching "America First" philosophy, in our understanding, concentrates on building and maintaining a strong military, sustaining our energy independence, growing American manufacturing jobs, and unleashing American innovation, among other pertinent issues facing our nation. We are eager to work with our congressional delegation and the administration on achieving these broader aims, especially as they pertain to Hampton Roads.

A. INVESTMENTS IN DEFENSE & AUKUS

As you know, budgetary decisions on military spending directly impact Hampton Roads. The region is the 5th largest metro receiving direct Department of Defense spending, and we estimate that, in 2024, the DoD spent \$28.6 billion directly in Hampton Roads. Additionally, approximately 40% of the region's GDP is tied to federal defense spending. As this administration and federal appropriators contemplate investments in our nation's security apparatus, Hampton Roads would benefit from defense spending increases, given our array of military installations, prominent commands among every branch of service, and extensive shipbuilding and ship repair infrastructure.

President Trump's belief in "peace through strength," posits that a strong, mission-ready military will deter our adversaries from engaging in aggressive behavior against our interests abroad. To achieve this goal, **we look forward to ways we can work with this administration and our congressional delegation to implement the National Defense Industrial Strategy** locally, to grow and diversify our military industrial base, to co-locate and strengthen our supply chains, and to ensure that our workforce has the training and technology needed to develop our military assets.

On September 2021, Australia (AU), the United Kingdom (UK), and the United States (US) announced the creation of an enhanced trilateral security partnership called "AUKUS." With a goal to strengthen the ability of each government to support security and defense interests, the partnership aims to promote deeper information and technology sharing and foster deeper integration of security and defense-related science, technology, industrial bases and supply chains — to include producing nuclear-powered submarines for Australia. In support of this critical initiative, our regional business leaders utilized strategic opportunities to connect and engage with industry leaders and elected officials in key regions in both Australia and the UK, including South Australia and South Yorkshire County, respectively. Secretary of Defense Pete Hegseth re-affirmed our nation's commitment to AUKUS, and as nuclear submarines are built in the region, **we view AUKUS as a critical near-term economic development opportunity to grow and diversify our military industrial base.**

B. INVESTMENTS IN SPACE

President Trump's first term had positive effects on the space industry. The President directed NASA to return Americans to the Moon, known as the Artemis program, and he established the Artemis

Accords, a multilateral agreement establishing international norms for outer space. He created the US Space Force whose mission ensures superiority in space, our access to space, and that our military has undeterred visibility, communication, and navigation, especially during conflict. Similarly, in the inaugural address of his second term, President Trump stated his intentions to send our nation to Mars. **Hampton Roads is well positioned for possible increased investments in space exploration and space dominance.**

NASA Langley, NASA Wallops, and the Virginia Spaceport Authority are jewels within our innovation ecosystem to test, develop, and prove technologies to move us deeper into space, opening new commercial markets. As the birthplace for our nation's space program, NASA Langley continues to play a central role in space exploration, as well as in advanced aviation, unmanned systems, and other scientific research. **We ask for increased investment in facilities and capabilities at NASA Langley, especially as they support space exploration.** On the Eastern Shore, the Commonwealth's Virginia Space Port Authority owns and operates the orbital launch pads and other launch support infrastructure, constituting the Mid-Atlantic Regional Spaceport (MARS). MARS is co-located with NASA Wallops and utilizes various Wallops services, such as launch range assets, to directly provide assured access to space for national security missions and government and commercial services. MARS is a proven launch location with potential to grow and to relieve the current bottlenecks and demand pressures at the two other major spaceports, while creating high paying jobs and increasing local tourism. **We ask for continued federal support for Virginia's Spaceport.** NASA Wallops supports governmental and commercial launch services for orbital and suborbital rockets, among other mission sets. Since it operates the federal launch range, NASA Wallops is essential for continued support for MARS launches. **We ask for increased investment at NASA Wallops** to modernize its facilities and to construct the additional, requisite infrastructure for increased launch cadence and capacity.

C. INVESTMENTS IN ENERGY

On January 20, 2025, President Trump issued an Executive Order declaring a national energy emergency. Similarly noted in the ***Hampton Roads Long-Term Energy Roadmap***, commissioned by the Hampton Roads Alliance and published in September 2022, our energy-constricted region will struggle to meet growing energy demands in the future unless we bring online new, reliable, and diverse energy sources. To ensure that Hampton Roads has an energy secure future requires an "all of the above" approach, including offshore wind projects already in the pipeline and increasing access to and the capacity of natural gas. An energy secure future also necessitates the investment in and the development of small modular nuclear reactors, and because Hampton Roads has expertise in building nuclear submarines and aircraft carriers, we believe this region will be critical in the development and exportation of this technology. Relatedly, Hampton Roads is also home to the Surry Nuclear Power Station, which powers 420,000 homes and generates 14% of Dominion Energy's total energy within their Virginia footprint. On the one hand, the region needs more energy, regardless of source, and on the other, **we believe that the innovation pathway of new, emerging energy technology runs through Hampton Roads.**

D. INVESTMENTS IN AI & DIGITAL INFRASTRUCTURE

We are also interested in exploring ways in which Hampton Roads can be part of the artificial intelligence (AI) revolution. We believe our region, together with the Richmond region, is a Global Internet Hub, by virtue of our connections to four trans-Atlantic sub-sea cables, the development of our regional fiber network ring connecting our municipalities, our internet exchanges, and an emerging cluster of data centers. Combined with the future construction of the HPDF at Jefferson Lab — a project initiated by the first Trump administration — **Hampton Roads and Richmond have the digital infrastructure necessary to support and advance the AI evolution.**

III. AREAS OF RISK TO HAMPTON ROADS

We understand that a change of presidential administrations brings corresponding changes in the approaches, priorities, and actions required to protect our national interests. We believe, however, that we have a responsibility to express how federal policies and executive actions of any administration will negatively affect Hampton Roads and the Commonwealth of Virginia.

A. TARIFF INCREASES

The Trump administration has been clear in its approach to tariffs. Tariffs are paid by importers, and those costs must be either absorbed or passed on to the consumer of those goods.

U.S. exporters are often targeted with retaliatory tariffs. In Virginia, agricultural products are the largest export sector, and Virginia agricultural exporters have felt disproportionate harm from previous trade disputes.

In recent years, the Port of Virginia has seen dramatic increases in cargo throughput, due to substantial state and federal investment to dredge the Norfolk Harbor and to modernize its equipment and facilities. Businesses have responded, locating closer to the Port, generating billions of dollars in private investment and creating thousands of jobs locally. Likewise, logistics companies and transportation providers are moving increasing cargo volumes. Hampton Roads thrives with the fluid movement of international imports and U.S. produced exports. **We encourage you to work with the Trump administration to institute tariff changes in a manner that considers these impacts and seeks to mitigate the ramifications to our region.**

B. FEDERAL WORKFORCE AND DEFENSE SPENDING

Hampton Roads is the 4th largest metro in terms of the percentage of federal workers, and the region is home to over 60,000 federal civilian employees and over 80,000 military service members. As mentioned, the DoD spent \$28.6 billion in Hampton Roads in 2024, accounting for approximately 40% of the regional economy. Any large-scale federal workforce or defense spending reductions would have significant and disproportionately negative consequences for the economic conditions in Hampton Roads and Virginia.

The vast majority of the federal workforce in Hampton Roads, over 85%, collectively support 18 military installations (including two joint bases), all six branches of the military, accounting for approximately 120,000 active duty, reserve, and civilian personnel. Hampton Roads is the only region in the nation that hosts four different 4-star commands, signifying the strategic importance of the region to national security.

While the lion's share of federal civilian employees in Hampton Roads are employed by the DoD, the footprint of other federal operations here is extensive, including but not limited to, NASA, Veterans Affairs, and the Departments of Energy, Interior, and Justice. The Coast Guard and National Oceanic and Atmospheric Administration (NOAA) also have a substantial presence in the region, performing services vital to our maritime industry. Together, these agencies have essential missions which support national defense, homeland security, veterans' healthcare, innovating for space exploration, launching satellites for information assurance and space dominance, or protecting our port and our homeland. Given the region's importance to the security of our nation, both military and economic, a sudden and dramatic shift in the employment of the federal workforce in Hampton Roads would have outsized and harmful consequences to our region.

Jefferson Lab, with nearly 1,000 employees and contractors, has an annual operating budget of \$250 million and was awarded the future site selection of the HPDF, a \$300 million to \$500 million investment in Newport News. The Jefferson Science Associates (JSA), owned by Southeastern University Research Associates (SURA), currently manages and operates the facility, but the current contract expires on May 31st, 2025. The current management and operations (M&O) solicitation was canceled on February 28th, because the solicitation and evaluation criteria do not align with the priorities of the current administration. While this

could just mean that there was some objectionable language in the solicitation contrary to recently issued executive orders, there is concern about the implications for the future of Jefferson Lab and the HPDF. **We ask for continued advocacy and funding for Jefferson Lab and the HPDF.**

As the administration seeks to implement reductions to the federal workforce and defense spending, we ask that you work with the administration for a deliberate and thoughtful enactment to avoid and mitigate shocks and disruptions to our economy, our national security, and to the services necessary for the health and safety of our residents. Furthermore, should discussions arise regarding the closure or relocation of military commands or federal assets from the region, we ask for your support in rejecting such considerations.

C. OFFSHORE WIND

Hampton Roads has become an East Coast hub for the offshore wind industry. What began as Dominion Energy's Coastal Virginia Offshore Wind (CVOW) 12-megawatt, two-turbine pilot project has grown into an emerging, region-defining industry cluster. Dominion is halfway through installing 176 new turbines in CVOW. Dominion has also secured the offshore wind lease area East of CVOW and purchased Avangrid's Kitty Hawk North offshore wind lease area. Given the geographic and logistical advantages of servicing the entire East Coast from Hampton Roads and the stalled offshore wind projects in New England, offshore wind businesses were eyeing the region for investment. Wind energy business leaders are now taking a wait-and-see approach to further investment, given the uncertainty of the regulatory environment under the new administration. While this uncertainty will not affect the installation of turbines in CVOW, it directly affects economic development within the region. Not counting Dominion's CVOW project, Hampton Roads has realized over \$1 billion in offshore wind investment.

This industry growth recently culminated in the announcement of LS GreenLink, a \$681 million submarine cable manufacturing facility in the City of Chesapeake creating 330 jobs. LS GreenLink is a subsidiary of the South Korean company LS Cable & System. This announcement, in July 2024, was the largest private investment in our region's history and made possible by approximately \$100 million in 48C advanced energy tax credits from the IRA. Other companies are also seriously considering large, \$100+ million investments in Hampton Roads, utilizing tens of millions from the 48C tax credits program should it remain available. Further, our offshore wind industry needs a pipeline of future projects; otherwise, this nascent industry will atrophy. Hampton Roads has a strong nucleus for this industry cluster, and we would like to grow the industry locally, not settling for already achieved gains.

The future energy requirements of our nation highlight the necessity for these production capabilities as part of an "all-of-the-above" energy strategy.

Therefore, **we ask that our congressional delegation work with the administration to recognize these investments result in American manufacturing jobs, creating American products, and contributing to energy security and independence.**

D. FEDERAL GRANT AWARDS

President Trump campaigned on repealing parts of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), the Inflation Reduction Act (IRA).

Our localities and communities benefited greatly from BIL and IRA funding, allowing the region to undertake generational projects that were up-to-then economically unfeasible. Cataloging only awards greater than or equal to \$10 million, we show that Hampton Roads has received over \$1 billion in awards from BIL and \$600 million from the IRA in the last three years. As examples, these awards are being used to dredge the Norfolk Harbor (\$141 million, BIL) for safer, two-way commercial and Navy ship traffic, and these awards are being used to design and mitigate against future hurricane damage to the flood

prone City of Norfolk (\$399 million, BIL); a detailed list of federal awards is available upon request. These awards are helping build and repair our airports, our regional transit system, and our roads, and **we ask that you protect these federal investments in our region, ensuring that awards, contractually signed and obligated, are honored and delivered.**

While not exhaustive, Hampton Roads institutions have other noteworthy federal funding, also requiring protection:

- Our region's higher education institutions, the nucleus of the region's innovation and workforce development systems, have received over \$130 million in federal funds for research.
- Our colleges and universities — both public and private, combining graduate and undergraduate awards — have received approximately \$687 million in federal student aid, of which \$147 million is from Pell grants.
- The Hampton Roads Workforce Council was awarded \$51 million in federal grants, of which \$7.8 million was funded through the BIL.
- The Hampton Roads Sanitation District (HRSD) has over \$971 million in loans through the EPA's Water Infrastructure Finance and Innovation Act of 2014 (WIFIA), and HRSD plans to draw down nearly \$400 million of these funds in the next 18 months for active construction projects.
- The Hampton Roads Planning District Commission (HRPDC) and the Hampton Roads Transportation Planning Organization (HRTPO) have accessed federal awards totaling over \$54 million to support its operations and deliver projects critical to the region. These federal funds support projects and program areas, including but not limited to, emergency management, solid waste management, housing and human services, transportation planning and programming, broadband/fiber construction, and flood mitigation.

These awards put our people to work, help our children prepare for careers, allow for the research and development of the next generation of technologies, and build our region's water and transportation infrastructure.

IV. CONCLUSION

Our national economy is experiencing dramatic restructuring, as federal and private investment is currently prioritizing our national, economic, technological, and energy security, given the rising geopolitical tensions around the globe. We believe that Hampton Roads is perfectly situated to thrive amid this economic transformation, and as regional leaders, we are working to strategically position the region to take advantage of these investments, fully leveraging our authentic assets and talent.

We are working collaboratively to develop a **Regional Investment Playbook**, highlighting stakeholder-defined and consensus-driven priorities with an emphasis on defense and energy supply chains. As priorities emerge, we will identify the capital stack required to accomplish these projects, and we ask your help to find and secure federal funding opportunities aligned with our priorities.

With our clear direction in mind, we look forward to working with our congressional delegation to comport our future growth opportunities to the current administration's priorities. Specifically, we believe that investments in our defense industrial base, in our space facilities, in fostering energy innovation, and in AI and digital infrastructure will further strengthen our economic position. As previously stated, Hampton Roads is the epicenter of our nation's security interests, and with your help, this region can further protect and harden our nation against adversaries' intent on chaos and disruption.

We also express our concern that the administration's policies may uniquely and adversely affect the economic growth of the region. Tariffs present risks to our region's manufacturers, importers, exporters, and

port-related economic growth. Reductions in the federal workforce and defense spending have outsized implications for Hampton Roads. We ask that you protect our offshore wind industry cluster from policies that would stunt or hinder its growth. Lastly, Hampton Roads has benefited from the BIL and the IRA, receiving over \$1 billion and \$600 million, respectively. These funds must be deployed as obligated.

To simplify, **we would like for you to protect the gains we have made in recent years, help build upon those gains, and work with us to advance the region, ensuring new gains under this administration.** Please help identify and flag federal funding opportunities aligned with our priorities and support any resulting regional applications.

Given that we are only months into the President's second term, this document will evolve, and as new administration policies and priorities emerge, we will update you, as appropriate, on their effects on the region.

As always, thank you for your service to Hampton Roads, the Commonwealth of Virginia, and to our nation. We stand ready to work with you on these important priorities.



80,000
Military
Service
Members

60,000
Federal Civilian
Employees
(Over 85% DoD)



#4 LARGEST METRO BY
FEDERAL WORKFORCE
(Per Capita)

#5 LARGEST METRO
BY DoD SPENDING

#37 LARGEST METRO
BY POPULATION



HAMPTON ROADS, VIRGINIA EPICENTER OF OUR NATION'S SECURITY INTERESTS



AREAS OF OPPORTUNITY:

Investments in Defense & AUKUS, Space, Energy, and Artificial Intelligence & Digital Infrastructure

AREAS OF RISK:

Tariffs, Reductions in the Federal Workforce, Offshore Wind, and Clawbacks of Previously Awarded Federal Funding

**40% OF GDP TIED TO
FEDERAL SPENDING**



\$28.6 BILLION

Estimated Direct
Spend by DoD in 2024

\$1 BILLION

BIPARTISAN INFRASTRUCTURE
LEGISLATION AWARDS

\$600 MILLION

INFLATION REDUCTION ACT AWARDS

\$130 MILLION

HIGHER ED RESEARCH GRANTS

\$1 BILLION

OFFSHORE WIND INVESTMENTS

**AMERICA'S
MARITIME
INDUSTRIAL
HUB**

