



Department of Economic Development

February 11, 1997

Mr. Sonny Hines
Hines Farley Offshore Yachts, Inc.
3300 Eberwine Lane
Suffolk, Virginia 23435

Dear Mr. Hines:

It was a pleasure to meet you and learn about Hines Farley Offshore Yachts. I look forward to visiting again soon to tour your operations and step aboard one of these magnificent crafts.

Our discussion focused on the need to dredge Bennetts Creek in order for you to maintain and possibly expand your operations, in addition to the continued viability of an independent restaurant and marina close by. It is my understanding that the Creek was last dredged in 1992 and that the City has proposed a future capital investment to share in the cost of dredging during the 1998-1999 fiscal year. However, at mean low water today you cannot access your dock and must time your boat trials around high tide, with the channel worsening daily. Further, you stated that the estimated use of Bennetts Creek is 59 percent commercial traffic and 41 percent residential traffic, and thus the Army Corps of Engineers may participate in the range of 50 percent of the cost to dredge the channel.

Hines Farley and the other commercial businesses on Bennetts Creek are important to the City, and I certainly want to do all I can to help you not only maintain your current operations, but to grow and create new jobs and stimulate new capital investment. I would like to begin by arranging a second meeting with City Manager Myles Standish to discuss if the funding proposed for the 1998-1999 fiscal year might be accelerated to 1997-1998, and give him a clear idea how much money might be needed and how important this is in terms of the jobs lost and fiscal impact without this investment. If you could assist me with preparing answers to the following questions, I think this will help our cause with the City Manager.

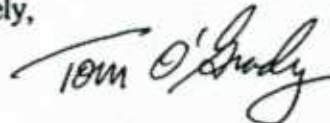
- 1) Estimated cost to dredge Bennetts Creek to establish channel depth of 6 to 7 feet?
- 2) Estimated participation by Army Corps of Engineers and any other sources of capital?
(Perhaps based on 1992 dredging.)
- 3) Estimated annual cost to maintain channel at necessary depth once dredged (6 to 7 feet)?

Mr. Sonny Hines
February 11, 1997
Page 2

- 4) Number of jobs (FTE) today at Hines Farley (or annualized average if seasonal)?
- 5) Estimated number of jobs (FTE) lost if dredging is delayed until fall 1998?
- 6) Total taxes paid, or to be paid, to the City by Hines Farley during 1996-1997? (Real estate tax, machinery and tools tax, personal property tax, utility tax, sales tax, etc.)
- 7) If dredging is delayed until fall 1998, estimated lost tax revenue to the City for 1997-1998 and 1998-1999 (50 percent decrease, 20 percent decrease?)
- 8) Assuming channel is dredged in the fall of 1997 and maintained annually, how will this affect your business plans (new jobs to be created, new capital investment)?
- 9) Affect on other commercial businesses on Bennetts Creek (questions #4, 5, 6, 7, 8 for each business).

Please bring up any other economic issues that I might have overlooked. Let me know if you want to meet again to discuss these points or if you would like me to meet with other businesses on Bennetts Creek or make contact with the Army Corps of Engineers, or however I may help. I look forward to hearing from you.

Sincerely,



Thomas A. O'Grady
Economic Development Director

TOG/twB

cc: Cindy Rohlff
Assistant to the City Manager